

Wakefit Innovations Private Limited

Balance Sheet

(Amount in Rs Lakhs except share and per share data, unless otherwise stated)

Particulars	Notes	As at	As at	As at
		March 31, 2023	March 31, 2022	April 01, 2021
ASSETS				
Non-current assets				
Property, plant and equipment	3	15,593	10,461	4,849
Capital work-in-progress	3 (A)	347	4,297	153
Intangible assets	4	112	131	5
Right of use assets	5	13,256	12,111	2,301
Financial assets				
(i) Other financial assets	6	10,398	583	301
Other tax assets (net)	7	342	767	457
Other non-current assets	8	574	611	1,833
Total non-current assets		40,622	28,961	9,899
Current assets				
Inventories	9	11,558	13,702	7,620
Financial assets				
(i) Investments	10	3,150	6,504	3,927
(ii) Trade receivables	11	1,683	1,366	905
(iii) Cash and cash equivalents	12	6,152	856	1,616
(iv) Bank balances other than (iii) above	13	11,164	910	7,481
(v) Other financial assets	14	554	414	374
Other current assets	15	4,297	4,659	1,814
Total current assets		38,558	28,411	23,737
TOTAL ASSETS		79,180	57,372	33,636
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	101	101	101
Instruments entirely equity in nature	16	1,708	80	65
Other equity	17	48,699	33,953	23,830
Total equity		50,508	34,134	23,996
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Lease liabilities	18	11,346	10,289	1,658
Provisions	19	133	83	32
Total non-current liabilities		11,479	10,372	1,690
Current liabilities				
Financial liabilities				
(i) Lease liabilities	18	3,047	2,270	558
(ii) Trade payables	20			
Total outstanding dues of micro and small enterprises		1,505	626	420
Total outstanding dues of creditors other than micro and small enterprises		9,447	7,630	5,432
(iii) Other financial liabilities	21	250	644	134
Other current liabilities	22	2,234	1,338	1,231
Provisions	23	710	358	175
Total current liabilities		17,193	12,866	7,950
TOTAL EQUITY & LIABILITIES		79,180	57,372	33,636

Significant accounting policies

The notes referred to above form an integral part of the financial statements

As per our report of even date:

for B S R & Associates LLP

Chartered Accountants

Firm's Registration Number: 116231W/W-100024

Vipin Lodha

Vipin Lodha

Partner

Membership Number: 076806

Place: Bengaluru

Date: September 29, 2023

for and on behalf of the Board of Directors

Wakefit Innovations Private Limited

Anil Arya

Anil Arya

Director

DIN: 07451481

Place: Bengaluru

Date: September 29, 2023

Chaitanya Ramalingegowda

Chaitanya Ramalingegowda

Director

DIN: 03458997

Place: Bengaluru

Date: September 29, 2023

Anil Arya

Anil Arya

Chief Financial Officer

Place: Bengaluru

Date: September 29, 2023

Pawani Bhawe

Pawani Bhawe

Company Secretary

M.No: A48587

Place: Bengaluru

Date: September 29, 2023



Wakefit Innovations Private Limited
Statement of profit and loss
(Amount in Rs Lakhs except share and per share data, unless otherwise stated)

Particulars	Notes	Year ended	Year ended
		March 31, 2023	March 31, 2022
Income			
Revenue from operations	24	81,262	63,259
Other income	25	739	444
Total income		82,001	63,703
Expenses			
Cost of materials consumed	26	47,171	38,003
Purchases of stock-in-trade	27	493	847
Changes in inventories of finished goods, stock in trade and work in progress	28	(1,067)	(1,493)
Employee benefits expense	29	10,577	9,152
Finance costs	30	1,266	755
Depreciation and amortization expenses	31	4,727	2,405
Other expenses	32	33,402	24,686
Total expenses		96,569	74,355
Loss before tax		(14,568)	(10,652)
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Loss for the year		(14,568)	(10,652)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement gain / (losses) on defined benefit plans		(6)	(7)
- Income tax relating to above		-	-
Total comprehensive income for the year		(14,574)	(10,659)
Earnings per share			
Basic (in Rs)	33	(78.60)	(62.24)
Diluted (in Rs)	33	(78.60)	(62.24)
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date:

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

Vipin Lodha

Vipin Lodha
Partner
Membership Number: 076806
Place: Bengaluru
Date: September 29, 2023

for and on behalf of the Board of Directors
Wakefit Innovations Private Limited

Ankit Garg

Ankit Garg
Director
DIN: 07451481
Place: Bengaluru
Date: September 29, 2023

Anil Arya

Anil Arya
Chief Financial Officer
Place: Bengaluru
Date: September 29, 2023

Chaitanya

Chaitanya Ramalingegowda
Director
DIN: 03458997
Place: Bengaluru
Date: September 29, 2023

Pawani

Pawani Bhawe
Company Secretary
M No: A48587
Place: Bengaluru
Date: September 29, 2023



Wakefit Innovations Private Limited
Statement of changes in equity
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

A. Equity Share Capital :	No. of Shares	Amount
Equity share of Rs. 1 each issued, subscribed & fully paid		
Balance at April 01, 2022	1,01,10,200	101
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting year	1,01,10,200	101
Changes in equity share capital during the current year	10	0
Balance at March 31, 2023	1,01,10,210	101
Balance at April 01, 2021	1,01,10,100	101
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting year	1,01,10,100	101
Changes in equity share capital during the current year	100	-
Balance at March 31, 2022	1,01,10,200	101
B. Instruments entirely equity in nature :	No. of Shares	Amount
(i) Compulsorily Convertible Preference Shares of Rs. 1 each issued, subscribed & fully paid		
Balance at April 01, 2022	79,70,250	80
Changes in Compulsorily Convertible Preference Shares due to prior period errors	-	-
Restated balance at the beginning of the current reporting year	79,70,250	80
Changes in compulsorily convertible preference shares during the current year	-	-
Balance at March 31, 2023	79,70,250	80
Balance at April 1, 2021	64,89,250	65
Changes in Compulsorily Convertible Preference Shares due to prior period errors	-	-
Restated balance at the beginning of the current reporting year	64,89,250	65
Changes in compulsorily convertible preference shares during the current year	14,81,000	15
Balance at March 31, 2022	79,70,250	80
(ii) Compulsorily Convertible Preference Shares of Rs. 50 each issued, subscribed & fully paid	No. of Shares	Amount
Balance at April 01, 2022	-	-
Changes in Compulsorily Convertible Preference Shares due to prior period errors	-	-
Restated balance at the beginning of the current reporting year	-	-
Changes in compulsorily convertible preference shares during the current year	32,55,599	1,628
Balance at March 31, 2023	32,55,599	1,628



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Wakefit Innovations Private Limited
Statement of changes in equity (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

C. Other equity	Reserves and surplus			Items of OCI	Total Other Equity
	Securities premium	Share based payment reserve	Retained earnings	Remeasurement of employee defined benefit plans	
Balance at April 01, 2022	20,262	1,230	(12,365)	(7)	9,120
Loss for the year	-	-	(14,568)	-	(14,568)
Re-measurement gain/ (loss) on defined benefit plans	-	-	-	(6)	(6)
Total comprehensive income for the year	-	-	(14,568)	(6)	(14,574)
Transactions with owners of the Company					
Contributions and distributions					
Issue of equity shares *	0	-	-	-	0
Issue of CCPS - Series D	29,990	-	-	-	29,990
Expenses incurred directly in connection with issue of CCPS - Series D	(705)	-	-	-	(705)
Share based payment cost	-	525	-	-	525
Compensation expense for options repurchased	-	(490)	-	-	(490)
Balance at March 31, 2023	49,546	1,265	(26,933)	(13)	23,866
Balance at April 1, 2021	-	710	(1,713)	-	(1,003)
Loss for the year	-	-	(10,652)	-	(10,652)
Re-measurement gain/ (loss) on defined benefit plans	-	-	-	(7)	(7)
Total comprehensive income for the year	-	-	(10,652)	(7)	(10,659)
Transactions with owners of the Company					
Contributions and distributions					
Issue of equity shares	1	-	-	-	1
Issue of CCPS - Series C	20,285	-	-	-	20,285
Expenses incurred directly in connection with issue of CCPS - Series C	(24)	-	-	-	(24)
Share based payment expense	-	520	-	-	520
Balance at March 31, 2022	20,262	1,230	(12,365)	(7)	9,119

* Amount less than a lakh

The notes referred to above form an integral part of the financial statements.

As per our report of even date:

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024

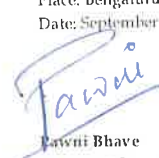

Vipin Lodha
Partner
Membership Number: 076806
Place: Bengaluru
Date: September 29, 2023

for and on behalf of the Board of Directors
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Ankit Garg
Director
DIN: 07451481
Place: Bengaluru
Date: September 29, 2023


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Chief Financial Officer
Place: Bengaluru
Date: September 29, 2023


Chaitanya Ramalingegowda
Director
DIN: 03458997
Place: Bengaluru
Date: September 29, 2023


Pawan Bhawe
Company Secretary
M.No: A48587
Place: Bengaluru
Date: September 29, 2023



Wakefit Innovations Private Limited
Statement of cash flows
(Amount in Rs Lakhs except share and per share data, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Cash flow from operating activities		(14,568)	(10,652)
Loss before tax			
Adjustments for:			
(Profit) / loss on sale of property, plant and equipment	25	(1)	15
Change in fair value of financial instruments at FVTPL	25	(25)	(77)
Interest income on unwinding of security deposits	25	(61)	(35)
Interest income	25	(270)	(125)
Profit on sale of investments	25	(122)	(108)
Provision against inventories	26	3,410	408
Employee stock option compensation cost	29	719	520
Finance costs	30	1,266	755
Depreciation and amortization expense	31	4,727	2,405
Provision for warranties	32	120	92
Write off of property, plant and equipment	32	30	-
Unrealised foreign currency (gain)/loss		(9)	24
		(4,784)	(6,778)
Change in operating assets and liabilities :		(317)	(461)
Increase in trade receivables		(1,206)	(6,490)
Increase in inventories		2,705	2,380
Increase in trade payables		(328)	(616)
Increase in other financial assets		361	(2,844)
Decrease/(increase) in other current assets		275	136
Increase in provisions		(13)	118
(Decrease)/increase in other financial liabilities		896	107
Increase in other current liabilities		(2,471)	(14,448)
Cash used in operations		425	(310)
Income taxes refunds/(paid) - net		(2,046)	(14,758)
Net cash used in operating activities (A)			
Cash flow from investing activities		(3,999)	(9,400)
Acquisition of property, plant and equipment including capital advances		20	72
Proceeds from sale of property, plant and equipment		(9,531)	(21,100)
Mutual fund investments made during the year		13,032	18,709
Mutual fund redemptions made during the year		(33,909)	(5,409)
Fixed deposits made during the year		13,998	11,980
Fixed deposits redemptions during the year		270	125
Interest received		(20,119)	(5,023)
Net cash used in investing activities (B)			



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Wakefit Innovations Private Limited
Statement of cash flows (continued)
(Amount in Rs Lakhs except share and per share data, unless otherwise stated)

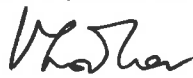
Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Cash flows from financing activities		0	1
Proceeds from issue of equity shares *		31,618	20,300
Proceeds from issue of convertible preference shares		(705)	(24)
Share issue expenses		(15)	(6)
Interest on overdraft/cash credit facilities		(684)	-
Share-based payment on cancellation of option		(1,505)	(500)
Payment of principal portion of lease liabilities		(1,248)	(750)
Payment of interest portion of lease liabilities		27,461	19,021
Net cash generated from financing activities (C)			
		5,296	(760)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		856	1,616
Cash and cash equivalents at the beginning of the year		6,152	856
Cash and cash equivalents at the end of the year			
		6,152	856
Reconciliation of closing balance of cash and cash equivalents to cash and cash equivalents as per the statement of cash flows			
Cash and cash equivalents	12	6,152	856
Cash and cash equivalents as per statement of cash flows		6,152	856

The above cash flow from operating activities has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Statement on Cash Flows.

* Amount less than a lakh

As per our report of even date:

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/W-100024



Vipin Lodha
Partner
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Company Secretary
M.No: A48587
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Date: September 29, 2023



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

1. Corporate Information

Wakefit Innovations Private Limited ('the Company') [Company Unique Identification Number U52590KA2016PTC086582] was incorporated on 01 March 2016 as per the provisions of Companies Act 2013. The registered office of the Company is located at Bengaluru, Karnataka, India. The Company is engaged in the business of manufacturing, packaging, distribution, marketing and sale of mattresses, pillows, comforters, furniture etc. The Company has transformed itself from a sleep solution Company to a diversified home solutions Company and caters to varied requirements of online customers primarily in D2C segment. Further, the Company is in the process of expanding its offline presence through Company owned Company operated retail stores.

2. Significant accounting policies

2.1 Basis of preparation

A. Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act. These financial statements for the year ended March 31, 2023 are the first set of financial statements prepared in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards. The date of transition is April 01, 2021. Refer note 51 for details of first-time transition options/exemptions availed by the Company.

The financial statements for all periods up to and including the year ended March 31, 2022, were prepared in accordance with the Companies (Accounting Standard) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('Indian GAAP').

These financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date March 31, 2023. The financial statements are authorised for issue by the Company's Board of Directors on September 29, 2023.

B. Basis of measurement

These financial statements have been prepared under the historical cost basis and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

- a) Financial instruments classified as fair value through profit or loss;
- b) Share based payments.

C. Functional and presentation currency

All amounts disclosed in the financial statements and notes have been rounded off to lakh as per the requirement of Schedule III, unless otherwise stated. Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes to these financial statements.



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

D. Use of judgements and estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Revenue recognition - whether recognised over time or at a point in time - Note 24
- Leases - lease tenure for Ind AS 116 measurement - Note 5 & 18

Estimates

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes;

- Revenue recognition: estimate of expected sales returns- Note 24
- Estimation of defined benefit obligation - Note 43
- Recognition of deferred tax assets for carried forward tax losses and other items- Note 44
- Measurement of ECL allowance for trade and finance receivables - Note 11
- Useful lives of property, plant and equipment - Note 3

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.



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Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

E. Current and non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle is twelve months.



2. Significant accounting policies (continued)

2.2 Revenue recognition

Revenue from contract from customers is recognized when the control of goods and services are transferred to the customers at a point in time at an amount that reflects the consideration to which the Company expects to be entitled in exchange of those goods. To recognise revenues the following five step approach is applied:

- identify the contract with a customer;
- identify the performance obligation in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenues when a performance obligation is satisfied.

(i) Revenue from sale of products

Revenue from the sale of products is recognised at a point in time when control of the product being sold is transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The performance obligation is completed upon delivery to the customer.

Revenue is measured on the contract price, net of returns and allowances, discounts and incentives and any taxes or duties collected on behalf of the Government such as goods and services tax (GST) on behalf of government. The Company does not receive any non-cash consideration from customer.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

The right to recover returned goods asset is measured at the carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other current liabilities (refer note 22) and the right to recover returned goods is included in inventories (refer note 9). The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

(ii) Revenue from sale of services

Revenue from sale of services is recognized as and when the services are rendered as per the terms of the contract.



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

Variable Consideration

If the consideration in a contract includes a variable amount (discounts and incentives), an estimate is made for the amount of consideration to which the Company will be entitled in exchange for transferring the goods/services to the customer and such discounts and incentives are estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The rights of return and volume rebates give rise to variable consideration.

Volume rebates

The most likely amount method or the expected value method to estimate the variable consideration in the contract is applied. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. Then the requirements on constraining estimates in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue is applied. A refund liability for the expected future rebates (i.e., the amount not included in the transaction price) is created.

Customer wallet points

The Company has a wallet points programme, which allows customers to accumulate points that can be redeemed for subsequent purchase. The wallet points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognized as a contract liability until the points are redeemed. Revenue is recognized upon redemption of points by the customer.

When estimating the stand-alone selling price of the loyalty points, the likelihood that the customer will redeem the points is considered. Estimates of the points that will be redeemed on each reporting date are updated and any adjustments to the contract liability balance are charged against revenue.



2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

Contract balances:

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment.

Trade receivables

A trade receivable is recognized if an amount of consideration is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets for initial recognition and subsequent measurement of financial assets.

Contract liabilities

A contract liability is recognized if a payment is received, or a payment is due (whichever is earlier) from the customer before the Company transfers the related goods or services. Contract liabilities are recognized as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.3 Property, plant and equipment

(i) Recognition and measurement

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Items of property, plant and equipment (including capital-work-in progress) are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

(ii) Transition to Ind AS

The cost of property, plant and equipment at April 01, 2021, the Company's date of transition to Ind AS, was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost), as at the date of transition to Ind AS.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

(iv) Capital advances and Capital work in progress

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets. The costs of property, plant and equipment, which are not ready for their intended use on such date, are disclosed as capital work in progress.

(v) Depreciation

Depreciation on property, plant and equipment is provided on straight line method, over the useful life of each asset as estimated by the management in accordance with Schedule II to the Companies Act, 2013 except for plant and machinery which are depreciated over a period of eight years, which is based on management's best estimate.



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

(v) Depreciation (continued)

Category of Assets	Useful lives (In Years)
Lease hold Improvements	3 Years or Lease Term whichever is lower
Plant and machinery *	8 Years
Office equipments	5 Years
Computers	3 Years
Furniture and Fittings	10 Years
Vehicles	10 Years

*Based on an internal technical evaluation, management believes that useful as given above are realistic & reflect fair approximation of period over which the assets are likely to be used. Hence, useful lives for these assets are different from the useful lives as prescribed under part C of schedule II of the companies Act, 2013.

Depreciation is calculated on a pro-rata basis for assets purchased/sold during the year. The residual value, appropriateness of depreciation period and depreciation method is reviewed by the management each financial year.

2.4 Intangible assets

Intangible assets are measured initially at cost. After initial recognition, intangible assets are recorded at cost less accumulated amortization and impairment cost, if any. Computer software is amortized on a straight-line method over a period of three years. The amortization period and method used for amortization are reviewed at each period end. All intangible assets are assessed for impairment whenever there is an indication for impairment that an intangible asset may be impaired.

The cost of intangible assets as at April 01, 2021 the Company's date of transition to Ind AS, was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost), as at the date of transition to Ind AS.

Any gain or loss on disposal of an intangible asset is recognised in the statement of profit or loss.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.5 Measurement of Fair Values

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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 for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (Refer Note 37).

2.6 Impairment

Non- Financial Assets

Non-financial assets includes property, plant and equipment and other intangible assets. Management at each reporting date determine whether there is any indication of impairment exists. If any such indication exists, then the assets are recoverable amount is determined. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rates that reflect current market assessments of time value of money and the risk specific to the CGU. The Company operates as single CGU.

For impairment testing, assets that do not generate independent cash inflows are combined together into a CGU. CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash flows of other assets (or) a CGU.

If such assets/ CGU are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets/CGU exceeds the estimated recoverable amount of the asset/CGU. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount.



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.6 Impairment: Non- financial assets (continued)

The carrying amount of the assets/ CGU is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables & unbilled revenue.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full; or
- the ageing is more than 12 months past due.

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

For recognition of impairment loss on other financial assets i.e., Investments, Bank balances/ deposits, etc., and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition.

If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all shortfalls), discounted at the original EIR.

The Company recognises loss allowances for expected credit losses on financial assets recorded at amortised cost. At each reporting date the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



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Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.6 Impairment – financial assets (continued)

Evidence that a financial asset is credit-impaired included the following observable data:

- significant financial difficulties of the borrower or issuer;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; and
- the disappearance of an active market for a security because of financial difficulties.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company measures loss allowances at an amount = life time expected credit losses, except for the following, which are measured as 12 month expected credit losses:-

- Debt securities that are determine to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instruments) has not increased significantly since initial recognition.

2.7 Employee benefits

(i) Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits and are measured on undiscounted basis. These benefits include salaries and wages, bonus etc., which are to be paid in exchange for the employee services and are recognised as an expense in the statement of profit and loss in the period in which the employee renders the related service.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan where the Company's legal or constructive obligation is limited. The employee's provident fund scheme and employees state insurance scheme are defined contribution plans. The Company's contribution paid/ payable under these schemes is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.7 Employee benefits (continued)

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company has an obligation towards gratuity, which is a defined benefit retirement plan. The Company's net obligation in respect of gratuity is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as liability. Actuarial gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in OCI are not to be subsequently reclassified to the statement of profit and loss.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

(iv) Other long-term employee benefits- Compensated absences

Benefits under the Company's compensated absences constitute other long-term employee benefits, recognised as an expense in the statement of profit and loss for the period in which the employee has rendered services. Estimated benefits on account of these benefits is provided for based on the actuarial valuation using the projected unit credit method at the year end. Remeasurements are recognised in profit or loss in the period in which they arise.

The Company presents the entire compensated absences balance as a current liability in the balance sheet since, the Company does not have an unconditional right to defer its settlement for twelve months after the reporting date.

(v) Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).



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Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.7 Employee benefits (continued)

(v) Share based payments (continued)

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model and the cost is recognized, together with a corresponding increase in share based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

In case cancellation or settlement of grant of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) the Company shall account for the cancellation or settlement as an acceleration of vesting and shall therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

Any payment made to the employee on the cancellation or settlement of the grant shall be accounted for as the repurchase of an equity interest, i.e., as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date. Any such excess shall be recognised as an expense.

2.8 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) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.



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Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.8 Financial Instruments (continued)

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income - debt instruments;
- Fair value through other comprehensive income - equity instruments; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on a specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets; and
- the contractual terms of the financial assets give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI- equity investment). This election is made on an investment-to-investment basis.

All financial assets not classified as amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



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Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.8 Financial Instruments (continued)

Financial Assets: Business model assessment

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessments whether contractual cash flows are solely payments of principal and interest.

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during the particular period of time and for the other basic lending risks and costs.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company claim to cash flows from specified assets.

(c) Subsequent measurement

Financial assets at FVTPL- Subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognized in the statement of profit and loss.

Financial assets at amortized cost- Subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit and loss. Any gain or loss on derecognition is recognized in the statement of profit and loss.

Debt instruments at FVOCI - Subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit and loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of profit and loss.

Equity instruments at FVOCI- Subsequently measured at fair value. Dividends are recognized as income in the statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to the statement of profit and loss.



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.8 Financial Instruments (continued)

(d) Derecognition

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(e) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Financial instruments - Financial liabilities

a) Recognition and initial measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortized cost. All financial liabilities are initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its issue.

b) Subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.8 Financial Instruments (continued)

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.9 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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.

For arrangements entered into prior to April 01, 2021, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments are initially measured using the index or a rate as at the commencement date, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising of the option to terminate.



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Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.9 Leases (continued)

b) Lease liabilities (continued)

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determine its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset (or) is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

c) Short term leases and low value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.10 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized/inventorised as part of the cost of the respective asset. All other borrowing costs are charged to the statement of profit and loss.



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Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.11 Inventories

Inventories which comprise finished goods, work in progress, traded goods are carried at lower of cost and net realizable value. 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. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Goods in transit are reported at purchase cost.

In case of Work in Progress, the production overheads are allocated on basis of normal capacity of production facilities.

The methods of determination of cost of various categories of inventories are as follows:

Raw material, packing material & traded goods	-	Moving average method.
Work-in-progress & finished goods	-	Moving average method.
Goods in transit	-	At purchase cost

The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished goods in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale. Raw materials, packing materials and other supplies held for use in production of inventories are not written below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

2.12 Income Taxes

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other comprehensive income.

(i) Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.12 Income Taxes (continued)

(ii) Deferred Tax

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

2.13 Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 a reliable estimate can be made of the amount of the obligation. Expected future operating losses are not provided for.



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.13 Provisions, Contingent liabilities and Contingent assets (continued)

Where the Company expects some or all of the expenditure required to settle a provision will be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the Company settles the obligation. The reimbursement is treated as a separate asset. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liability is a possible obligation arising from past events and whose existence 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 but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent asset is not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.14 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue 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 period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



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Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.15 Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.16 Segment reporting

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with our other components), whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess the Company's performance, and for which discrete financial information is available. The Company's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Accordingly, the Company identified two segments i.e., manufacture of sleep solution products & furniture for reporting.

2.17 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.18 Statement of cash flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.



Wakefit Innovations Private Limited

Notes to financial statements for the year ended March 31, 2023

2. Significant accounting policies (continued)

2.19 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 01, 2023, as below.

(i) Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

(ii) Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

(iii) Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

3	Property, plant and equipment	Particulars	Leasehold improvements	Plant & machinery	Office equipment	Computers	Furniture & fixtures	Vehicles	Total
		<u>Cost / Deemed cost *</u>							
		At April 01, 2021	199	3,908	88	346	302	6	4,849
		Additions	447	5,688	91	379	109	-	6,714
		Disposals/Transfers	-	(82)	-	-	(15)	-	(97)
		At March 31, 2022	646	9,514	179	725	396	6	11,466
		Additions	650	6,051	282	252	330	-	7,565
		Disposals/Transfers	-	(24)	-	-	-	-	(24)
		Write off	-	-	-	(179)	-	-	(179)
		At March 31, 2023	1,296	15,541	461	798	726	6	18,828
		<u>Accumulated Depreciation</u>							
		At April 01, 2021	-	-	-	-	-	-	-
		Charge for the year	110	644	27	195	38	1	1,015
		Disposals/Transfers	-	(8)	-	-	(2)	-	(10)
		At March 31, 2022	110	636	27	195	36	1	1,005
		Charge for the year	331	1,650	65	280	57	1	2,384
		Disposals/Transfers	-	(4)	-	-	-	-	(4)
		Write off	-	-	-	(150)	-	-	(150)
		At March 31, 2023	441	2,282	92	325	93	2	3,235
		<u>Net Book value</u>							
		At April 01, 2021	199	3,908	88	346	302	6	4,849
		At March 31, 2022	536	8,878	152	530	360	5	10,461
		At March 31, 2023	855	13,259	369	473	633	4	15,593

* Reconciliation of deemed cost on first time adoption of Ind AS

On transition to Ind AS (i.e. April 01, 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 as carrying value as the deemed cost of PPE.

Particulars	Leasehold improvements	Plant & machinery	Office equipment	Computers	Furniture & fixtures	Vehicles	Total
Gross block value as at April 01, 2021	235	4,375	106	467	338	7	5,528
Accumulated depreciation as at April 01, 2021	(36)	(467)	(18)	(121)	(36)	(1)	(679)
Deemed cost as at April 01, 2021	199	3,908	88	346	302	6	4,849



Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

3 A. Capital work in progress

Particulars	CWIP Amount	Total
At April 01, 2021	153	153
Additions	4,297	4,297
Capitalisation	(153)	(153)
At March 31, 2022	4,297	4,297
Additions	347	347
Capitalisation	(4,297)	(4,297)
At March 31, 2023	347	347

B. Ageing of Capital work-in-progress:

As at March 31, 2023	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	347	-	-	-	347
Projects temporarily suspended	-	-	-	-	-
Total	347	-	-	-	347

As at March 31, 2022	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	4,297	-	-	-	4,297
Projects temporarily suspended	-	-	-	-	-
Total	4,297	-	-	-	4,297

As at April 01, 2021	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	153	-	-	-	153
Projects temporarily suspended	-	-	-	-	-
Total	153	-	-	-	153

C. There are no projects where the completion is overdue or cost has exceeded when compared to its original plan.

4 Intangible assets

Particulars	Software	Total
<u>Cost / Deemed cost *</u>	5	5
At April 01, 2021	156	156
Additions	-	-
Disposals	161	161
At March 31, 2022	39	39
Additions	-	-
Disposals	200	200
At March 31, 2023	-	-
<u>Accumulated Amortisation</u>	-	-
At April 01, 2021	30	30
Amortisation	-	-
Disposals	30	30
At March 31, 2022	58	58
Amortisation	-	-
Disposals	88	88
At March 31, 2023	-	-
<u>Net Book value</u>	5	5
At April 01, 2021	131	131
At March 31, 2022	112	112
At March 31, 2023	-	-



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

4 Intangible assets (continued)

* Reconciliation of deemed cost on first time adoption of Ind AS

Particulars	Software	Total
Gross Block Value as at April 01, 2021	6	6
Accumulated Deprecation as at April 01, 2021	(1)	(1)
Deemed Cost as at April 01, 2021	5	5

* On transition to Ind AS (i.e. April 01, 2021), the Company has elected to continue with the carrying value of Intangible Assets measured as per the previous GAAP and use that carrying value as the deemed cost.

5 Right of use assets *

A. Gross Block	Buildings	Furniture	Total
Balance at April 01, 2021	2,281	20	2,301
Additions	11,170	-	11,170
Derecognition	-	-	-
Balance at March 31, 2022	13,451	20	13,471
Additions	3,430	-	3,430
Derecognition	-	-	-
Balance at March 31, 2023	16,881	20	16,901
Accumulated Depreciation	Buildings	Furniture	Total
Balance at April 01, 2021	-	-	-
Depreciation	1,349	11	1,360
Derecognition	-	-	-
Balance at March 31, 2022	1,349	11	1,360
Depreciation	2,276	9	2,285
Derecognition	-	-	-
Balance at March 31, 2023	3,625	20	3,645
Net Block	Buildings	Furniture	Total
As at April 01, 2021	2,281	20	2,301
As at March 31, 2022	12,102	9	12,111
As at March 31, 2023	13,256	-	13,256

B. Amounts recognised in the statement of profit or loss

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation expense of right-of-use assets (refer note 31)	2,285	1,360
Interest expense on lease liabilities (refer note 30)	1,248	749
Expense relating to short-term/low value leases (refer note 32)	384	319
	3,917	2,428

C. Amounts recognised in the statement of cash flows

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total cash outflow for leases	2,753	1,250
Total cash outflow for short term leases	384	319
	3,137	1,569

* Also refer note 18 - Lease liabilities



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

6	Other financial assets - Non Current	March 31, 2023	As at March 31, 2022	April 01, 2021
	Particulars			
	Security deposits	741	583	301
	Bank deposits with maturity more than 12 months	9,657	-	-
		10,398	583	301
7	Other tax assets (net)	March 31, 2023	As at March 31, 2022	April 01, 2021
	Particulars			
	Advance tax including tax deducted at source	342	767	457
		342	767	457
8	Other non-current assets	March 31, 2023	As at March 31, 2022	April 01, 2021
	Particulars			
	Capital advances	574	611	1,833
		574	611	1,833
9	Inventories *	March 31, 2023	As at March 31, 2022	April 01, 2021
	Particulars			
	Valued at lower of Cost or NRV			
	Raw material (refer foot note i & ii)	4,732	7,943	3,354
	Work in progress (refer foot note iii)	2,813	1,001	788
	Finished goods (refer foot note iv)	3,753	4,144	3,415
	Stock in trade (refer foot note v)	260	614	63
		11,558	13,702	7,620

- (i) Raw Material value includes Goods in Transit of Rs. 339 Lakhs as of March 31, 2023 (March 31, 2022: Rs 977 Lakhs and April 01, 2021: Rs.196 Lakhs)
- (ii) Raw materials have been written down to net realisable value at 31 March 2023 by Rs. 1,302 Lakhs (31 March 2022: Rs 48 Lakhs and April 01, 2021 : Nil)
- (iii) Work in progress have been written down to net realisable value as at 31 March 2023 by Rs. 339 Lakhs (31 March 2022: Rs 36 Lakhs and April 01, 2021 : Nil)
- (iv) Finished goods have been written down to net realisable value as at 31 March 2023 by Rs. 1,939 Lakhs (31 March 2022: Rs 96 Lakhs and April 01, 2021 : Nil)
- (v) Stock in trade have been written down to net realisable value as at 31 March 2023 by Rs. 238 Lakhs (31 March 2022: Rs 7 Lakhs and April 01, 2021 : Nil)

The write-downs are included in changes in inventories of finished goods, stock in trade, work in progress and cost of materials consumed in case of raw materials.

* Working capital facilities are secured by hypothecation of inventories of the company, both present and future (also refer note 48).



Nil



Wakefit Innovations Private Limited

Notes to Financial Statements (continued)

(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

10 Current investments

[Investments measured at fair value through profit or loss (Un-Quoted)]

Particulars	March 31, 2023		March 31, 2022		April 01, 2021	
	No. of Units	Amount	No. of Units	Amount	No. of Units	Amount
Investments in mutual fund						
Aditya Birla Sun Life Liquid (Direct Growth)	1,53,321	557	-	-	28,214	94
Aditya Birla Sun Life Money Manager Fund (Direct Growth)	-	-	-	-	21,810	63
Axis Liquid (Direct Growth)	22,343	559	68,791	1,626	4,163	95
HDFC Money market Fund (Direct Growth)	-	-	-	-	24,880	1,113
ICICI Prudential Money Market (Direct Growth)	-	-	-	-	5,67,627	1,676
ICICI Prudential Liquid Fund (Direct Growth)	1,52,652	508	5,47,278	1,725	97,753	298
Bandhan Liquid Fund (Direct Growth)	18,708	508	-	-	-	-
Kotak Liquid (Direct Growth)	11,183	509	37,796	1,626	-	-
Nippon India Low Duration (Direct Growth)	-	-	-	-	13,499	435
SBI Liquid Fund (Direct Growth)	14,435	509	45,780	1,527	4,779	153
Total		3,150		6,504		3,927
Aggregate amount of unquoted investment and cost thereof		3,125		6,427		3,890

11 Trade receivables

(Carried at amortised cost)

Particulars	As at		
	March 31, 2023	March 31, 2022	April 01, 2021
Trade receivables - Unsecured, considered good	1,683	1,366	905
Trade receivables - Significant increase in credit risk	-	-	-
Trade receivables - Credit impaired	-	-	72
	1,683	1,366	977
Less: Allowance for expected credit loss	-	-	(72)
Total	1,683	1,366	905
Movement in allowance for expected credit loss			
Balance at beginning of the year	-	(72)	-
Allowance for expected credit loss for the year	-	-	(72)
Utilisation of allowance	-	72	-
Balance at end of the year	-	-	(72)

During the year ended March 31, 2022 trade receivables aggregating to Rs. 72 lakhs have been written off against allowance for expected credit loss.

Trade receivables are non-interest bearing and are generally on terms of 15 to 60 days. Information about the Company's exposure to credit risk are included in Note 38.



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

11 Trade receivables (continued)

(a) Ageing as at March 31, 2023

Particulars	Not due	Outstanding for the following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables	-	1,508	140	-	-	-	1,648
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables	-	-	-	-	-	-	-
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Unbilled revenue	35	-	-	-	-	-	35
Total	35	1,508	140	-	-	-	1,683

Less: Allowance for expected credit loss
Net Trade receivables

(b) Ageing as at March 31, 2022

Particulars	Not due	Outstanding for the following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables	-	1,299	-	-	-	-	1,299
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables	-	-	-	-	-	-	-
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Unbilled revenue	67	-	-	-	-	-	67
Total	67	1,299	-	-	-	-	1,366

Less: Allowance for expected credit loss
Net Trade receivables

(c) Ageing as at April 01, 2021

Particulars	Not due	Outstanding for the following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables	-	782	-	-	-	-	782
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	26	-	46	-	-	72
- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables	-	-	-	-	-	-	-
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Unbilled revenue	123	-	-	46	-	-	179
Total	123	808	-	46	-	-	977

Less: Allowance for expected credit loss
Net Trade receivables



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

12 Cash and cash equivalents	As at		
	March 31, 2023	March 31, 2022	April 01, 2021
Particulars			
Balances with banks	602	455	1,604
On current accounts	5,550	400	-
Deposits with original maturity of less than three months	-	1	12
Cash on hand	6,152	856	1,616

13 Bank balances other than cash and cash equivalents	As at		
	March 31, 2023	March 31, 2022	April 01, 2021
Particulars			
Deposits with banks with original maturity of more than three months but less than twelve months	11,164	910	7,481
	11,164	910	7,481

14 Other financial assets - Current (carried at amortised cost)	As at		
	March 31, 2023	March 31, 2022	April 01, 2021
Particulars			
Employee advances	37	57	7
Security deposits	214	235	314
Others	303	122	53
	554	414	374

15 Other current assets	As at		
	March 31, 2023	March 31, 2022	April 01, 2021
Particulars			
Advances to suppliers	135	612	266
Prepaid expenses	533	232	181
Balances with government authorities	3,629	3,815	1,367
	4,297	4,659	1,814



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

16 Share capital

	March 31, 2023	March 31, 2022	April 01, 2021
Authorised Share Capital			
(i) 1,00,00,000 (March 31, 2022 - 1,25,00,000, April 01, 2021 - 1,10,00,000) Equity shares of Rs. 1 each	160	125	110
(ii) 1,03,00,000 (March 31, 2022 - 1,03,00,000, April 01, 2021 - 1,03,00,000) 0.0001% Compulsorily Convertible Cumulative Preference Shares of face value of Rs. 1 each	103	103	103
(iii) 50,00,000 (March 31, 2022 - Nil, April 01, 2021 - Nil) 0.0001% Compulsorily Convertible Cumulative Preference Shares of face value of Rs. 50 each	2,500	-	-
	2,763	228	213
Issued, subscribed and fully paid-up			
Equity Shares			
1,01,10,210 (March 31, 2022 - 1,01,10,200, April 01, 2021 - 1,01,10,100) Equity shares of Rs. 1 each	101	101	101
	101	101	101
Instruments entirely equity in nature			
(i) 79,70,250 (March 31, 2022: 79,70,250, April 01, 2021: 64,89,250) 0.0001% Compulsorily Convertible Cumulative Preference Shares of INR 1 each (Series A, B & C)	80	80	65
(ii) 32,55,599 (March 31, 2022: Nil, April 01, 2021: Nil) 0.0001% Compulsorily Convertible Cumulative Preference Shares of INR 50 each (Series D)	1,628	-	-
	1,708	80	65
Total	1,809	181	166

Notes to Share Capital

(i) Reconciliation of number of Shares

Equity Shares

Particulars	No. of Shares	Amount
As at April 01, 2021	1,01,10,100	101
Shares issued during the year	100	-
As at March 31, 2022	1,01,10,200	101
Shares issued during the year	10	-
As at March 31, 2023	1,01,10,210	101

Instruments entirely equity in nature

Particulars	March 31, 2023		March 31, 2022		April 01, 2021	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Series A Compulsorily Convertible Preference Shares (Face value - Rs. 1)						
Balance at the beginning of the year	47,36,900	47	47,36,900	47	47,36,900	47
Shares issued during the year	-	-	-	-	-	-
Balance at the end of the year	47,36,900	47	47,36,900	47	47,36,900	47
Series B Compulsorily Convertible Preference Shares (Face value - Rs. 1)						
Balance at the beginning of the year	17,52,350	18	17,52,350	18	17,52,350	18
Shares issued during the year	-	-	-	-	-	-
Balance at the end of the year	17,52,350	18	17,52,350	18	17,52,350	18
Series C Compulsorily Convertible Preference Shares (Face value - Rs. 1)						
Balance at the beginning of the year	14,81,000	15	14,81,000	15	-	-
Shares issued during the year	-	-	-	-	-	-
Balance at the end of the year	14,81,000	15	14,81,000	15	-	-
Series D Compulsorily Convertible Preference Shares (Face value - Rs. 50)						
Balance at the beginning of the year	-	-	-	-	-	-
Shares issued during the year	32,55,599	1,628	-	-	-	-
Balance at the end of the year	32,55,599	1,628	-	-	-	-



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16 Share capital (continued)

(ii) Rights, preferences and restrictions attached to equity and different classes of preference shares

A. Equity shares

The Company has a single class of equity shares. The holder of the equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Each holder is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

B. Instruments entirely equity in nature

Compulsory Convertible Preference Shares - Series A

Subject to compliance with law, each Series A CCCPS shall automatically be converted into equity shares in the ratio of 1:0.9997 upon earlier occurrence of following events:

- i) 1 (One) day prior to the expiry of 20 (Twenty) Years from the date of their issuance; or
- ii) In connection with an IPO, prior to filing of the prospectus (or equivalent document, by whatever name called) by the Company with the competent authority or such later date as may be permitted under Law.

Compulsory Convertible Preference Shares - Series B

Subject to compliance with law, each Series B CCCPS shall automatically be converted into equity shares in the ratio of 1:1.0837 upon earlier occurrence of following events:

- i) 1 (One) day prior to the expiry of 20 (Twenty) Years from the date of their issuance; or
- ii) In connection with an IPO, prior to filing of the prospectus (or equivalent document, by whatever name called) by the Company with the competent authority or such later date as may be permitted under Law.

Compulsory Convertible Preference Shares - Series C

Subject to compliance with law, each Series C CCCPS shall automatically be converted into equity shares in the ratio of 1:1.3054 upon earlier occurrence of following events:

- i) 1 (One) day prior to the expiry of 20 (Twenty) Years from the date of their issuance; or
- ii) In connection with an IPO, prior to filing of the prospectus (or equivalent document, by whatever name called) by the Company with the competent authority or such later date as may be permitted under Law.

Compulsory Convertible Preference Shares - Series D

Subject to compliance with law, each Series D CCCPS shall automatically be converted into equity shares in the ratio of 1:1 upon earlier occurrence of following events:

- i) 1 (One) day prior to the expiry of 20 (Twenty) Years from the date of their issuance; or
- ii) In connection with an IPO, prior to filing of the prospectus (or equivalent document, by whatever name called) by the Company with the competent authority or such later date as may be permitted under Law.

Rights attached to preference share holders

(a) The holder of preference shares are entitled to cumulative dividend of 0.0001%. In addition, the holder of preference shares carry preferential rights as to dividend over equity shareholders. The holders of preference shares are entitled to one vote per share on as-if converted basis. In the event of liquidation, the preference shareholders have preferential rights over equity shareholders to be repaid to the extent of capital paid up and dividend in arrears on such shares.

(b) Exit Clause -As per the shareholders agreement with the CCCPS holders, the Company and the Promoters shall provide exit by way of IPO or sale to another person within the exit period. If the Company is unable to provide an exit within the Exit Period, investors may require the Company by way of an Exit Notice to provide an exit by Sale of their Equity Shares to any other person or Buy-back of their Equity Share by the Company within the extended exit period. If the exit is not provided within the Extended Exit Period, Qualified Investor Majority have the right to compel the Company and the Promoters to undertake an IPO or Conduct a Drag Sale. The Company's management is of the view that the Company has a substantive contractual right to avoid making cash payment and therefore the exit option doesn't result in the instrument being classified as financial liability. Accordingly, management continued to carry the aforementioned CCCPS as equity instrument.

(c) Dividend Right - Each compulsory convertible preference share will entitle the holder thereof to receive out of funds legally available cumulative cash dividends, if and when declared at the rate of 0.0001% per annum of initial purchase price (as appropriately adjusted for any bonus share, share split, reclassification or similar event affecting the compulsory convertible preference shares). The Board of Directors may fix a record date for the determination of holders of compulsory convertible preference shares entitled to receive payment of a dividend declared thereon, which record date will be not more than sixty days prior to the date fixed for payment thereof.



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16 Share capital (continued)

(iii) Details of share holders holding more than 5% shares in the Company

Equity Shares	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Name of the shareholder						
Ankit Garg	71,59,890	70.82%	71,59,890	70.82%	71,59,890	70.82%
Chaitanya Ramalingegowda	21,45,240	21.22%	21,45,240	21.22%	21,45,240	21.22%
	93,05,130	92.04%	93,05,130	92.04%	93,05,130	92.04%
Series A preference shares						
Name of the shareholder	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
SCI Investments VI	47,03,570	99.30%	47,03,570	99.30%	47,03,570	99.30%
Series B preference shares						
Name of the shareholder	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Verlinvest	13,71,580	78.27%	13,71,580	78.27%	13,71,580	78.27%
SCI Investments VI	3,77,740	21.56%	3,77,740	21.56%	3,77,740	21.56%
	17,49,320	99.83%	17,49,320	99.83%	17,49,320	99.83%
Series C preference shares						
Name of the shareholder	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
SAI Global India Fund I, LLP	8,02,500	54.19%	8,02,500	54.19%	-	-
Verlinvest SA	5,47,200	36.95%	5,47,200	36.95%	-	-
SCI Investments VI	1,31,300	8.86%	1,31,300	8.86%	-	-
	14,81,000	100%	14,81,000	100%	-	-
Series D preference shares						
Name of the shareholder	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Investcorp India Private Equity Opportunity Limited	24,19,726	74.33%	-	-	-	-
Verlinvest SA	3,37,585	10.37%	-	-	-	-
SCI Investments VI	1,68,792	5.18%	-	-	-	-
SAI Global India Fund I, LLP	3,29,496	10.12%	-	-	-	-
	32,55,599	100%	-	-	-	-

(iv) Terms attached to stock options granted to employees are disclosed in note 41 regarding share based payments.

(v) The Company has issued bonus shares for consideration other than cash during the last five years as per the below table

Nature of Instrument	Particulars	As at March 31, 2021	
		No. of shares	Amount
Equity shares	NA	1,00,10,000	100
Instruments entirely equity in nature issued and fully paid	CCCCPS - Series A Preference Shares	46,90,000	47
	CCCCPS - Series B Preference Shares	17,35,000	17
		1,64,35,000	164

During the financial year ended March 31, 2021, the shareholders have approved bonus issue in the ratio of 100:1. The Company allotted 1,00,10,000 equity shares as fully paid up bonus shares on February 20, 2021 by utilising securities premium account amounting to Rs. 100 Lakhs. The bonus shares shall rank pari passu in all respects and carry the same rights as the existing shareholders and shall be entitled to participate in full, in any dividend and other corporate action, recommended and declared after the new shares are allotted.



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

16 Share capital (continued)

(vi) Details of equity shares held by the Promoters

Name of the shareholder	As at March 31, 2023			As at March 31, 2022		
	No. of shares	% of holding	% Change during the year	No. of shares	% of holding	% Change during the year
Ankit Garg	71,59,890	70.82%	0.00%	71,59,890	70.82%	0.00%
Chaitanya Ramalingegowda	21,45,240	21.22%	0.00%	21,45,240	21.22%	0.00%
	93,05,130	92.04%	0.00%	93,05,130	92.04%	0.00%

Name of the shareholder	As at April 01, 2021		
	No. of shares	% of holding	% Change during the year
Ankit Garg	71,59,890	70.82%	0.00%
Chaitanya Ramalingegowda	21,45,240	21.22%	0.00%
	93,05,130	92.04%	0.00%

17 Other equity

	As at		
	March 31, 2023	March 31, 2022	April 01, 2021
Retained earnings	(26,946)	(12,372)	(1,713)
Securities premium account	74,380	45,095	24,833
Share based payment reserve	1,265	1,230	710
	48,699	33,953	23,830
Retained earnings			
Balance at the beginning of year	(12,372)	(1,713)	
Loss for the year	(14,568)	(10,652)	
Items of other comprehensive income:			
Remeasurement gain/(loss) on defined benefit plans	(6)	(7)	
Balance at the end of the year	(26,946)	(12,372)	(1,713)
Securities premium account			
Balance at the beginning of year	45,095	24,833	
Additions during the year on account on new equity shares	0	1	
Additions during the year on account on new issue of CCPS	29,990	20,285	
Share issue expenses	(705)	(24)	
Balance at the end of the year	74,380	45,095	24,833
Share based payment reserve			
Balance at the beginning of year	1,230	710	
Add: Compensation cost for the year	525	520	
Less: Utilisation upon cancellation of options	(490)	-	
Balance at the end of the year	1,265	1,230	710
Total other equity	48,699	33,953	23,830

Nature and purpose of reserves:

Retained earnings

Retained earnings are the profits (losses) that the Company has earned/incurred till date, less any transfers to other reserves, dividends or other distributions paid to shareholders. Retained earnings includes remeasurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to statement of profit and loss. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

Securities premium

Securities premium is the amount received in excess of face value of the equity shares. This reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.

Share based payment reserve

Share based payment reserve is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium upon exercise of stock options by employees.



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

18 Lease liabilities *	Particulars	As at		
		March 31, 2023	March 31, 2022	April 01, 2021
	Non Current			
	Lease liabilities	11,346	10,289	1,658
		<u>11,346</u>	<u>10,289</u>	<u>1,658</u>
	Current			
	Lease liabilities	3,047	2,270	558
		<u>3,047</u>	<u>2,270</u>	<u>558</u>

The incremental borrowing rate of 9.10% per annum has been applied to lease liabilities recognised in the Balance sheet.

The Company has entered into various lease arrangements relating to office premises, manufacturing plants, warehouses, retail stores and equipments. These lease contracts of premises have lease terms ranging upto ten years. The Company also has certain leases of buildings (temporary spaces) with lease terms of 12 months or less. The Company has elected to apply the recognition exemption for leases with a lease term (or remaining lease term) of twelve months or less. Payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in the statement of profit and loss over the lease term.

(i) Movement of lease liabilities during the year

Particulars	As at		
	March 31, 2023	March 31, 2022	April 01, 2021
Opening lease liabilities	12,559	2,216	-
Additions during the year	3,339	10,844	-
Interest expense on lease liabilities	1,248	740	-
Payment of lease liabilities	(2,753)	(1,250)	-
Closing lease liabilities	<u>14,393</u>	<u>12,559</u>	<u>2,216</u>

(ii) Maturity analysis of the lease liabilities

Contractual undiscounted cash flows	As at		
	March 31, 2023	March 31, 2022	April 01, 2021
Less than 1 year	3,198	2,384	586
1-2 years	6,241	4,667	1,079
2-5 years	8,982	8,514	1,122

* Also refer note 5 - Right of use assets

19 Provisions	Particulars	As at		
		March 31, 2023	March 31, 2022	April 01, 2021
	Non current			
	Provision for employee benefits	133	83	32
	- Provision for gratuity (refer note 43)	<u>133</u>	<u>83</u>	<u>32</u>



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

20 Trade payables	As at		
	March 31, 2023	March 31, 2022	April 01, 2021
Particulars			
Total outstanding dues of micro and small enterprises	1,505	626	420
Total outstanding dues of creditors other than micro and small enterprises	9,447	7,630	5,432
	10,952	8,256	5,852

(a) Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	March 31, 2023	March 31, 2022	April 01, 2021
(i) the amount remaining unpaid to MSMED suppliers as at the end of the year; principal interest due thereon	1,505	626	420
(ii) the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year;	-	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006;	-	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of the year;	-	-	-
(v) amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purposes of disallowance of a deductible expenditure under section 23 of MSMED Act, 2006	-	-	-

(b) Ageing for trade payables outstanding as at March 31, 2023 is as follows:

Particulars	Not due	Outstanding for the following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Outstanding dues of micro and small enterprises	-	-	-	-	-	-
- Disputed dues	1,395	110	-	-	-	1,505
- Others	-	-	-	-	-	-
Outstanding dues other than micro and small enterprises	-	-	-	-	-	8,682
- Disputed dues	7,865	817	-	-	-	765
- Others	-	765	-	-	-	-
Accrued Expenses	9,260	1,692	-	-	-	10,952
Total						

(c) Ageing for trade payables outstanding as at March 31, 2022 is as follows:

Particulars	Not due	Outstanding for the following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Outstanding dues of micro and small enterprises	-	-	-	-	-	626
- Disputed dues	591	35	-	-	-	-
- Others	-	-	-	-	-	-
Outstanding dues other than micro and small enterprises	-	-	-	-	-	6,303
- Disputed dues	5,907	396	-	-	-	1,327
- Others	-	1,327	-	-	-	-
Accrued Expenses	6,498	1,758	-	-	-	8,256
Total						

(d) Ageing for trade payables outstanding as at April 01, 2021 is as follows:

Particulars	Not due	Outstanding for the following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Outstanding dues of micro and small enterprises	-	-	-	-	-	420
- Disputed dues	420	-	-	-	-	-
- Others	-	-	-	-	-	-
Outstanding dues other than micro and small enterprises	-	-	-	-	-	5,091
- Disputed dues	5,091	-	-	-	-	341
- Others	-	341	-	-	-	-
Accrued Expenses	5,511	341	-	-	-	5,852
Total						



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

21 Other financial liabilities		As at		
Particulars	March 31, 2023	March 31, 2022	April 01, 2021	
Capital creditors	34	415	23	
Accrued salaries	216	229	111	
	250	644	134	

22 Other current liabilities		As at		
Particulars	March 31, 2023	March 31, 2022	April 01, 2021	
Advances from customers	1,412	857	716	
Statutory dues payable (includes TDS, PF, ESIC)	471	259	315	
Refund liabilities	351	222	200	
	2,234	1,338	1,231	

23 Provisions		As at		
Particulars	March 31, 2023	March 31, 2022	April 01, 2021	
<u>Current</u>				
Provision for employee benefits	261	163	72	
- Provision for compensated absences	24	-	-	
- Provision for gratuity (refer note 43)	-	-	-	
Others Provisions	315	195	103	
- Provision for warranties (refer foot note (i))	35	-	-	
- Provision for decommissioning cost (refer foot note (ii))	75	-	-	
- Provision for reward points (refer foot note (iii))	-	-	-	
	710	358	175	

(i) Movement in provision for warranties

Provision is recognised for expected warranty claims on products sold, based on the past experience of the level of repairs and returns. The Company generally provides warranty for a term of 1-10 years on its products. The assumptions used to calculate the provision for warranties are based on current sales levels and current information available based on prior years' warranty cost for all the products sold. The table below gives information about movement in warranty provision:

	March 31, 2023	March 31, 2022	April 01, 2021
At the beginning of the year	195	103	42
Addition during the year	120	92	61
Utilised during the year	-	-	-
At the end of the year	315	195	103

(ii) Provision for decommissioning cost

Provision for decommissioning cost represents management's best estimate of the costs of dismantling and removing the asset and restoring the site on which it is located.

(iii) Provision for reward points

Provision for reward points represents management's best estimate of the Company's liability with respect to the customers contractual right to redeem the points upon future purchases.



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

24 Revenue from operations	Year ended	
	March 31, 2023	March 31, 2022
Particulars		
Sale of products	78,463	60,734
Sale of manufactured goods	1,215	560
Sale of traded goods	365	922
Sale of services		
Other operating revenue	1,219	1,043
Scrap sales	81,262	63,259

Disaggregation of revenue from contracts with customers is detailed below :

a) Segment-wise revenue	Year ended	
	March 31, 2023	March 31, 2022
Particulars		
Major products	60,637	49,132
Sleep solutions	19,406	13,084
Furniture		
Other operating revenue	1,114	906
Sleep solutions	105	137
Furniture	81,262	63,259

Total revenue from operations

b) Disaggregation by primary geographical market	Year ended	
	March 31, 2023	March 31, 2022
Particulars		
India	81,262	63,259
Outside India		
Total revenue from contracts with customers	81,262	63,259

(c) Disaggregation by timing of revenue recognition	Year ended	
	March 31, 2023	March 31, 2022
Particulars		
At a point in time	80,897	62,337
Over a period of time	365	922
Total revenue from contracts with customers	81,262	63,259

d) Reconciliation of revenue recognised with contract price	Year ended	
	March 31, 2023	March 31, 2022
Particulars		
Revenue as per contracted price	81,466	63,280
Refund liabilities	(129)	(22)
Contract liabilities - Reward points	(75)	
Total revenue from contracts with customers	81,262	63,259



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24. Revenue from operations (continued)

e) Changes in contract liabilities (Advances from customers) are as follows:

Particulars	As at	
	March 31, 2023	March 31, 2022
Opening balance	857	716
Additions during the year	1,412	857
Reclassification adjustments:		
- Transfer of opening balances of advances from customers to revenue	(857)	(716)
Closing balance	1,412	857

f) Contract balances

Particulars	As at	
	March 31, 2023	March 31, 2022
Contract assets	1,683	1,366
Trade receivables		
Contract liabilities	1,412	857
Advance from customers	75	-
Provision for reward points		

Contract assets represent right to receive consideration for sale of products/services delivered. Contract liabilities represent advance received from customers for sale of products at the reporting date.

25 Other income

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Interest income on:	270	125
Bank deposits	61	35
Interest income on financial assets carried at amortised cost	25	77
Fair valuation gain from investments designated at FVTPL (net)	-	95
Foreign exchange gain	122	108
Profit on sale of investments	1	-
Profit on sale of property, plant and equipment	57	-
Interest income on IT refund	183	-
Insurance refund claim	20	4
Miscellaneous income	739	444

26 Cost of materials consumed

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Raw materials	7,943	3,354
Inventory at the beginning of the year	43,960	42,592
Add: Purchases (net)	(4,732)	(7,943)
Less: Inventory at the end of the year	47,171	38,003



Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

27 Purchases of stock-in-trade	Year ended	
	March 31, 2023	March 31, 2022
Particulars		
Purchases of stock-in-trade	493	847
	<u>493</u>	<u>847</u>

28 Changes in inventories of finished goods, stock in trade and work in progress	Year ended	
	March 31, 2023	March 31, 2022
Particulars		
Inventories at the end of the year (including goods-in-transit)	3,753	4,144
Finished goods	2,813	1,001
Work-in-progress	260	614
Stock in trade	<u>6,826</u>	<u>5,759</u>
Inventories at the beginning of the year (including goods-in-transit)	4,144	3,415
Finished goods	1,001	788
Work-in-progress	614	63
Stock in trade	<u>5,759</u>	<u>4,266</u>
	<u>(1,067)</u>	<u>(1,493)</u>

29 Employee benefits expense	Year ended	
	March 31, 2023	March 31, 2022
Particulars		
Salaries, wages and bonus	9,214	8,008
Contribution to provident and other funds	342	361
Share based payments (refer note 41)*	719	520
Staff welfare	231	219
Gratuity (refer note 43)	71	44
	<u>10,577</u>	<u>9,152</u>

* During the year, the Company has cancelled 70,486 options in lieu of payment of Rs 683.84 lakhs to employees. The payment of Rs 489.74 lakhs i.e to the extent of fair value of the equity instruments on the date of cancellation has been accounted for as a deduction from equity and payment of Rs 194.10 lakhs i.e to the extent that the payment exceeds the fair value of the equity instruments measured at the cancellation date is recognised as part of employee stock option compensation cost.

30 Finance costs	Year ended	
	March 31, 2023	March 31, 2022
Particulars		
Interest on overdraft/cash credit facilities (measured at amortised cost)	15	6
Interest on lease liabilities	1,248	749
Interest on decommissioning liability	3	-
	<u>1,266</u>	<u>755</u>

31 Depreciation and amortization expenses	Year ended	
	March 31, 2023	March 31, 2022
Particulars		
Depreciation on property, plant and equipment	2,384	1,015
Depreciation on right of use assets	2,285	1,360
Amortization of intangible assets	58	30
	<u>4,727</u>	<u>2,405</u>



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

32 Other expenses	Year ended	
	March 31, 2023	March 31, 2022
Particulars		
	655	589
Consumption of stores and spares	896	513
Power and fuel	4,930	4,042
Commission	6,586	5,812
Courier and delivery charges	9,591	6,121
Advertisement and business promotion	5,120	4,062
Contract labour charges	384	319
Rent	1,301	809
Professional and consultancy charges (refer note 34)	176	48
Rates and taxes	120	92
Warranty	535	219
Travelling and conveyance		57
Repairs and maintenance	142	40
- machinery	158	42
- building	67	69
- others	97	-
Printing and stationery	134	176
Foreign exchange loss	348	571
Communication	863	606
Software support and maintenance	695	227
Payment gateway charges	303	36
Security charges	61	99
Insurance	-	15
Advances written off	-	-
Loss on sale of property, plant and equipment	30	18
Write off of property, plant and equipment	-	65
Corporate social responsibility (refer note 35)	108	39
Bank charges	102	
Miscellaneous		
	33,402	24,686



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

33 Earnings per share (EPS)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Loss attributable to equity holders	(14,568)	(10,652)
Weighted average number of equity shares for Basic EPS		
Number of equity shares at the beginning of the year	1,80,80,450	1,65,99,350
Add: shares issued during the year	4,53,934	5,15,541
Weighted average number of shares outstanding during the year for Basic EPS	1,85,34,384	1,71,14,891
Weighted average number of equity shares for Diluted EPS		
Number of equity shares at the beginning of the year	1,80,80,450	1,65,99,350
Add: shares issued during the year	4,53,934	5,15,541
Add: Employee stock options outstanding *	-	-
Weighted average number of shares outstanding during the year for Diluted EPS	1,85,34,384	1,71,14,891
Earnings Per Share (Rs.):		
Basic EPS	(78.60)	(62.24)
Diluted EPS *	(78.60)	(62.24)

* ESOPs outstanding as at March 31, 2023 and March 31, 2022 are anti-dilutive in nature and accordingly have not been considered for the purpose of Diluted EPS.

34 Auditors remuneration (excluding applicable taxes)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Statutory audit	36.00	26.00
Reimbursement of out of pocket expenses	1.00	1.00
	37.00	27.00

35 Corporate social responsibility

Pursuant to the requirement of Section 135 of the Companies Act, 2013, the Company is not required to spend towards CSR activities during year ended March 31, 2023.

Particulars	As at	
	March 31, 2023	March 31, 2022
Amount required to be spent by the Company during the year	-	-
Amount of expenditure incurred*	-	18
Amount of shortfall for the year	-	-
Amount of cumulative shortfall at the end of the year	-	-

* Amount incurred pertains to financial year ended March 31, 2021

36 Capital management

For the purpose of Company's capital management, capital includes subscribed capital (equity and preference), securities premium, all other equity reserves attributable to the owners of the Company. The primary objective of the Company's capital management is to safe guard the Company's ability to continue as a going concern in order to finance the sustained growth in the business and to protect the shareholders' value.

The Company is predominantly equity financed, which is evident from the capital structure below. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

The capital structure and key performance indicators of the Company at the year end is as follows:

Particulars	As at		
	March 31, 2023	March 31, 2022	April 01, 2021
I. Debt to equity position:			
A. Total equity attributable to the shareholders of the Company	50,508	34,134	23,996
B. Borrowings:			
Non-current borrowings	-	-	-
Current borrowings	-	-	-
Total borrowings	-	-	-
C. Total capital (A+B)	50,508	34,134	23,996
D. Debt to equity ratio (%) (B/A)	0%	0%	0%
E. Total borrowings as a % of total capital (B/C)	0%	0%	0%
F. Total equity as a % of total capital (A/C)	100%	100%	100%
II. Cash position:			
Cash and cash equivalents	6,152	856	1,616
Bank balances other than cash and cash equivalents	20,820	910	7,481
Investment in mutual funds	3,150	6,504	-
	30,122	8,270	13,024



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37 Financial instruments - category and fair value hierarchy

The following table presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2023:

Particulars	Carrying value			Fair value *	
	Balances at amortised cost	Balances at FVTOCI	Balances at FVTPL	Level 2	Level 3
Financial assets	-	-	3,150	3,150	-
Current investments	10,398	-	-	-	10,398
Other non current financial assets	-	-	-	-	-
Financial liabilities	11,346	-	-	-	11,346
Non-current lease liabilities	-	-	-	-	-

The following table presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2022:

Particulars	Carrying value			Fair value *	
	Balances at amortised cost	Balances at FVTOCI	Balances at FVTPL	Level 2	Level 3
Financial assets	-	-	6,504	6,504	-
Current investments	583	-	-	-	583
Other non current financial assets	-	-	-	-	-
Financial liabilities	10,289	-	-	-	10,289
Non-current lease liabilities	-	-	-	-	-

The following table presents the carrying value and fair value of each category of financial assets and liabilities as at April 01, 2021:

Particulars	Carrying value			Fair value *	
	Balances at amortised cost	Balances at FVTOCI	Balances at FVTPL	Level 2	Level 3
Financial assets	-	-	3,927	3,927	-
Current investments	301	-	-	-	301
Other non current financial assets	-	-	-	-	-
Financial liabilities	1,658	-	-	-	1,658
Non-current lease liabilities	-	-	-	-	-

Fair value hierarchy

The fair value of financial assets and financial liabilities are included at the amount at which the instrument can be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Cash and cash equivalents, trade receivables, bank deposits, other financial assets, trade payables and other financial liabilities (except Current Investments, Non-Current security deposits) have fair values that approximate to their carrying amounts due to their short-term nature.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques :

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs 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 for the assets and liabilities that are not based on observable market data (unobservable inputs).

* The Company does not have any financial assets and financial liabilities classifiable under Level 1 of fair value hierarchy.

The fair values of investments in mutual fund units is based on the net asset value ("NAV") as stated by the issuers of these mutual fund units in the published statements as at Balance sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

The carrying value of Non-current financial assets and liabilities in the financial statements are carried at amortised cost, to achieve a constant effective rate of interest over their respective lives



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38 Financial risk management

The Company is exposed to various financial risks majorly Credit risk, Liquidity risk, Interest rate risk and Market risk. The Company's senior management oversees the management of these risks. The Board of directors review and agree policies for managing each of these risks, which are summarised below:

1. Credit risk:

a. Trade receivables

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's credit risk with regards to receivables is reduced by its business model which allows it to have immediate cash collection. The Company predominantly deals with market places and online payment partners and these are short term and carry very low credit risk at the reporting date. The Company does not have significant risk exposure to any single counter party.

The Company reviews trade receivables on periodic basis and takes necessary mitigations, wherever required. The Company creates allowance for all trade receivables based on lifetime expected credit loss ('ECL'). Refer note 11 for the details on allowances for expected credit loss on trade receivables.

b. Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company's treasury team. Investments of surplus funds are made primarily in mutual fund units and fixed deposits. Basis its assessment, the Company has not identified any expected credit loss on the financial instruments and cash deposits. With respect to other financial assets including security deposits, Company have not identified any default in recovery of amounts basis the assessment of credit risk. Hence, Company has no significant class of financial assets that is past due but not impaired.

2. Liquidity risk:

Liquidity risk is the risk of being unable to meet the payment obligations resulting from financial liabilities, which may arise from unavailability of funds. The Company financial planning has ensured, as far as possible, that there is sufficient liquidity to meet the liabilities whenever due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company believes that cash and cash equivalents and current investments are sufficient to meet its current requirements, accordingly, no liquidity risk is perceived. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments:

Particulars	Carrying amount	0-1 year	1-2 years	2-5 years	5 years & above
As at March 31, 2023					
Lease liabilities	14,393	3,198	6,241	8,982	1,078
Trade payables	10,952	10,952	-	-	-
Other financial liabilities	250	250	-	-	-
As at March 31, 2022					
Lease liabilities	12,559	2,384	4,667	8,514	2,397
Trade payables	8,256	8,256	-	-	-
Other financial liabilities	644	644	-	-	-
As at April 01, 2021					
Lease liabilities	2,216	586	1,079	1,122	57
Trade payables	5,852	5,852	-	-	-
Other financial liabilities	134	134	-	-	-



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38 Financial risk management (continued)

3. Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

a) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The functional currency of the Company is Indian Rupees and its revenue is generated from operations in India. The Company does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

Particulars	As at		
	March 31, 2023	March 31, 2022	April 01, 2021
Payable in USD	16	22	2
Amount in foreign currency	1,349	1,646	154
Amount in INR			
Payable in EURO	0	2	1
Amount in foreign currency	11	207	50
Amount in INR			
Capital advances in USD	2	3	
Amount in foreign currency	144	260	
Amount in INR			
Capital advances in EURO		0	14
Amount in foreign currency	298	26	1,286
Amount in INR			

The Company is mainly exposed to changes in USD and EURO. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD and EURO against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

Particulars	Profit (or) Loss		Equity	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2023	(46)	46	(46)	46
INR (5% movement)	60	(60)	60	(60)
USD (5% movement)	(14)	14	(14)	14
EUR (5% movement)				
March 31, 2022	(78)	78	(78)	78
INR (5% movement)	69	(69)	69	(69)
USD (5% movement)	9	(9)	9	(9)
EUR (5% movement)				

b) Price risk:

The Company invests surplus funds in liquid mutual funds. The Company is exposed to market price risk arising from uncertainties about future values of the investment. The Company manages the equity price risk through investing surplus funds on liquid mutual funds for short term basis.

The table below summarises the impact of increase/decrease of the Net Asset Value (NAV) on the profit for the year. The analysis is based on the assumption that the NAV price would increase 5% and decrease by 5% with all variable constant:

Particulars	As at	
	March 31, 2023	March 31, 2022
Price - increase by 5%	Profit or (Loss)	157
Price - decrease by 5%	Profit or (Loss)	(157)
Price - increase by 5%	Equity	157
Price - decrease by 5%	Equity	(157)
		325
		(325)
		325
		(325)

c) Interest rate risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

As at the reporting date, the Company does not carry any variable interest rate fixed deposits which has an impact of interest rate risk.



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

39 Related party disclosures

A. Names of related parties and related party relationship:

Key management personnel	Relationship
Ankit Garg	Director
Chaitanya Ramalingegowda	Director
Sakshi Vijay Chopra	Nominee Director
Arjun Anand	Nominee Director (w.e.f. July 21, 2021)
Varun Lal	Nominee Director (w.e.f. Feb 01, 2023)
Anil Arya	Chief Financial Officer (w.e.f. July 25, 2023)
Abhishek Upadhyay	Company Secretary (till April 28, 2021)
Ishant Baranwal	Company Secretary (w.e.f. April 29, 2021 till July 21, 2021)
Pawni Bhawe	Company Secretary (w.e.f. July 21, 2021)

B. Transactions with related parties:

The following table provides summary of significant transactions with related parties:

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Short term benefits		
(i) Remuneration paid*	89.63	65.00
Ankit Garg	89.63	65.00
Chaitanya Ramalingegowda	11.87	6.74
Pawni Bhawe		
(ii) Reimbursement of expenses		
Ankit Garg	0.52	1
Chaitanya Ramalingegowda		

* Does not include gratuity or compensated absences that are done by actuary for the Company as a whole.

C. There are no balances outstanding to related parties as at the end of the current year and previous year

40 Contingent liabilities and capital commitments

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Contingent liabilities *	178	3
Claims against the Company, not acknowledged as debt		
Capital commitments	339	2,153
Estimated amount of contracts remaining to be executed on capital contracts		

* It includes a suit filed against the Company for alleged infringement of trademark on November 22, 2022. The Company is currently evaluating the matter and will take the necessary course of action in the due course. The Company's management believes that this matter is not likely to have any significant impact on its financial statements

- (i) Contingent liabilities disclosed above represent possible obligations where possibility of cash outflow to settle the obligations is not remote.
- (ii) Pending resolution of the proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with relevant forum/authority.
- (iii) The Company doesn't expect any reimbursements in respect of the above contingent liabilities.



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41 Share based payments

The Company provides share-based payment schemes to its employees (equity settled). On May 21, 2019 the Company's Board of Directors approved the equity settled "Wakefit ESOP Plan 2019" for issue of stock options to various employees (as defined in the ESOP policy) of the Company. According to the scheme, the employees will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 10 years from the date of such grant. On July 21, 2021, the Board of Directors adopted the revised plan. The Company expects to vest the instruments under ESOP plan over the period of 1 to 4 years.

The details of the activity under the Scheme are summarized below:

Particulars	31-Mar-23	31-Mar-22
	No. of options	No. of options
Outstanding at the beginning of the year	9,17,918	8,41,162
Granted during the year	1,61,966	1,52,812
Forfeited / Cancelled during the year (refer note 29)	(2,53,441)	(76,056)
Exercised during the year	-	-
Outstanding at the end of the year	8,26,443	9,17,918
Exercisable at the end of the year	5,79,155	2,94,041

The Company has used Black Scholes Option Pricing Model for valuing the ESOP's. The following table list the inputs to the models used:

Particulars	March 31, 2022				
	Apr 01, 2022 to May 31, 2022	March 31, 2023 Jun 01, 2022 to Dec 31, 2022	Jan 01, 2023 to Mar 31, 2023	Apr 01, 2021 to Dec 2021	Jan 01, 2022 to Mar 31, 2022
Risk free interest rate	7.55%	7.30%	7.28%	6.84%	6.84%
Expected life of options granted (in years)	6	6	6	6	6
Expected volatility (weighted average)	28.06%	28.06%	29.67%	28.06%	28.06%
Dividend Yield (%)	-	-	-	-	-
Fair value of the option	968.07	606.82	694.84	968.07	968.07
Exercise price (in Rs)	1	1	1	1	1

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Note 1: Weighted average remaining contractual life for the stock options outstanding as at March 31, 2023 is 7.33 years.

Note 2: Fair value of options granted ranges from Rs 607 to Rs 969.



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42 Segment Reporting

(a) **Description of segments:** The Chief Operating Decision Maker (CODM) of the Company examines the performance from a product perspective and has identified 2 reportable segments i.e., i) Sleep solutions & ii) Furniture. Unallocated represents expenses, assets and liabilities which relate to the company as a whole and not allocated to segments.

(b) Segment revenues and profit and loss

	For the Year ended March 31, 2023			For the Year ended March 31, 2022		
	Sleep solutions	Furniture	Total	Sleep solutions	Furniture	Total
Revenue *	61,751	19,511	81,262	50,038	13,221	63,259
External customers	61,751	19,511	81,262	50,038	13,221	63,259
Total Revenue	24,548	(1,034)	23,514	17,236	395	17,631
Segment operating profit/ (loss)	-	-	(37,555)	-	-	(27,972)
Less: Unallocable expenses	-	-	(1,266)	-	-	(755)
Less: Finance Cost	-	-	739	-	-	444
Add: Other income	-	-	(14,568)	-	-	(10,652)
Loss before tax	-	-	-	-	-	-

* There is no inter segment revenue

(c) Segment assets and liabilities

	As at March 31, 2023			As at March 31, 2022		
	Sleep solutions	Furniture	Total	Sleep solutions	Furniture	Total
Segment assets	8,814	21,581	30,395	10,458	21,816	32,274
Unallocable assets (including corporate)	-	-	40,785	-	-	25,098
	8,814	21,581	79,180	10,458	21,816	57,372
Segment liabilities	1,021	5,656	6,677	1,051	6,269	7,320
Unallocable liabilities (including corporate)	-	-	21,995	-	-	15,918
	1,021	5,656	28,672	1,051	6,269	23,238

(d) Other segment information - Depreciation and amortisation

	For the Year ended March 31, 2023			For the Year ended March 31, 2022		
	Sleep solutions	Furniture	Total	Sleep solutions	Furniture	Total
Segment wise	814	2,307	3,121	587	1,175	1,763
Unallocable (including corporate)	-	-	1,606	-	-	642
	814	2,307	4,727	587	1,175	2,405

(e) Additional information on geographical Market

- (i) The Company has revenue from operations only within India.
- (ii) All Non-current assets of the Company are located in India.

(e) Significant customers

No customer has individually accounted for more than 10% of the revenues for the years ended March 31, 2023 and March 31, 2022, respectively.



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43 Employee benefit plans

(i) Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries in respect of qualifying employees towards provident fund and employee state insurance fund which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related services.

During the year, the Company has recognised Rs. 342 lakhs (March 31, 2022: 361 lakhs) in the statement of profit and loss towards provident fund contribution and employee state insurance fund which are included in contribution to provident and other funds.

(ii) Defined benefit plans - Gratuity

The Company operates post-employment defined benefit plan that provides gratuity. Every employee who has completed five years or more of service is eligible for gratuity on separation, worked out at one-half month's salary (last drawn salary) for each completed year of service. The Company does not have any plan assets.

The defined benefit plan exposes the Company to actuarial risks such as longevity risk, interest rate risk and market (investment) risk.

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components:

Particulars	Year ended	
	March 31, 2023	March 31, 2022
A. Components of expense recognised in the statement of profit and loss		
Current service cost	65	42
Interest cost	6	2
Total (A)	71	44
B. Components of defined benefit costs recognised in other comprehensive income		
Remeasurement on the net defined benefit liability:		
-Actuarial (gains) and losses arising from changes in demographic assumptions	3	(5)
-Actuarial (gains) and losses arising from changes in financial assumptions	(16)	9
-Actuarial (gains) and losses arising from experience adjustments	19	3
Total (B)	6	7
C. Movements in the present value of the defined benefit obligation		
Opening defined benefit obligation	83	32
Current service cost	65	42
Interest cost	6	2
Remeasurement (gains)/losses:		
-Actuarial (gains) and losses arising from changes in demographic assumptions	3	(5)
-Actuarial (gains) and losses arising from changes in financial assumptions	(16)	9
-Actuarial (gains) and losses arising from experience adjustments	19	3
Benefits paid	(3)	-
	157	83
Closing defined benefit obligation (C)		



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43 Employee benefit plans (continued)

(ii) Defined benefit plans - Gratuity (continued)

Liability as at Balance sheet date	As at	
	March 31, 2023	March 31, 2022
Particulars		
Non-current	133	83
Current	24	-
Total	157	83

Sensitivity analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, salary escalation rate, withdrawal rate and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	March 31, 2023		March 31, 2022	
	Impact of decrease in % of assumption	Impact of increase in % of assumption	Impact of decrease in % of assumption	Impact of increase in % of assumption
A. Financial Assumptions				
Discount rate (- / + 100 basis points)	149.48	(163.78)	79.22	(87.48)
(% change compared to base due to sensitivity)	-4.36%	4.79%	-4.72%	5.21%
Salary growth rate (- / + 100 basis points)	(162.06)	150.90	(86.43)	80.08
(% change compared to base due to sensitivity)	3.70%	-3.45%	3.95%	-3.69%
B. Demographic Assumption				
Attrition rate (- / + 50% of attrition rates)	152.24	(160.52)	80.43	(86.04)
(% change compared to base due to sensitivity)	-2.59%	2.71%	-3.27%	3.48%
Mortality rate (- / + 10% of mortality rates)	156.78	(156.28)	83.14	(83.14)
(% change compared to base due to sensitivity)	0.00%	0.00%	-0.01%	0.01%

Principal assumptions: The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	For Gratuity	
	March 31, 2023	March 31, 2022
1. Discount rate	7.30%	6.47%
2. Salary escalation	10.94%	12.81%
3. Mortality rate	100% of IALM 12-14	100% of IALM 12-14
4. Withdrawal rate	54.87%	56.09%
5. Weighted average duration of the defined benefit obligation	4.99 years	4.84 years
6. Retirement age	58 years	58 years

- (i) The discount rate is based on the prevailing market yield on government bonds as at the balance sheet date for the estimated term of obligations.
(ii) The estimate of future salary increase considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Maturity profile of gratuity liability is as follows

Year	As at March 31, 2023		As at March 31, 2022	
	Undiscounted Value	Discounted Value	Undiscounted Value	Discounted Value
0 - 1 Year	25	24	15	14
1 - 2 Year	16	14	7	6
2 to 3 Year	11	9	5	4
3 to 4 Year	6	5	3	3
4 to 5 Year	4	3	2	2
Next 5 year pay-outs (6-10 years)	14	9	12	8
Pay-outs Above ten years	160	95	77	46



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44 Income taxes

a) Amounts recognised in the Statement of profit and loss

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Current tax	-	-
Deferred tax	-	-
Tax expense for the year	-	-

b) Amounts recognised in Other comprehensive income

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Current tax	-	-
Deferred tax	-	-
Tax expense for the year	-	-

c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Accounting profit before income tax	(14,568)	(10,652)
Tax charge at India's statutory income tax rate of 29.12% (March 31, 2022: 29.12%)	-	-
Income tax expense reported in the statement of profit and loss	-	-

d) Details of income tax assets and liabilities as of March 31, 2023 and March 31, 2022

Particulars	As at	
	March 31, 2023	March 31, 2022
Income tax assets	342	767
Income tax liabilities	-	-
Net income tax assets at the end of the year	342	767

e) Deferred Tax

Particulars	As at		
	March 31, 2023	March 31, 2022	April 01, 2021
Deferred tax assets	4,191	3,657	645
Lease liabilities	8,579	4,291	1,213
Brought forward losses including depreciation loss	124	115	30
Security deposits	46	24	9
Provision for gratuity	76	48	21
Provision for compensated absences	49	50	-
Provision on bonus	92	57	30
Provision for warranty	-	29	-
Provision for supplier advances	32	-	22
Others	13,291	8,336	2,029
Total Deferred tax assets (A)			
Deferred tax liabilities	1,055	632	301
Property, plant & equipment	3,860	3,527	670
Right-of-use assets	7	23	11
Investment in Mutual Funds	-	-3	-
Others	4,922	4,179	982
Total Deferred tax liabilities (B)	8,369	4,157	1,047
Net Deferred tax assets (A-B)			
Deferred tax assets recognised			

Note: No deferred tax asset has been recognised in the absence of reasonable certainty that sufficient future taxable income will be available in the foreseeable future against which such deferred tax can be utilized.



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

44 Income taxes (continued)

(f) Tax losses carried forward:

Tax losses for which no deferred tax asset was recognised expire as follows :

	March 31, 2023	Expiry Date	March 31, 2022	Expiry Date	April 01, 2021	Expiry Date
Gross amount of brought forward business losses	22,185	2029-2032	11,353	2029-2031	2,980	2029-2030

45 Analytical Ratios

Nature of Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	Variance	Reasons
Current Ratio (in times)	Current assets	Current liabilities	2.24	2.21	1%	NA
Debt- Equity Ratio (in times)	Total debt	Total equity	0.28	0.37	23%	NA
Debt Service Coverage Ratio (in times) *	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & principal repayments				NA
Return on Equity Ratio (in %)	Loss after tax	Average total equity	-34%	-37%	8%	NA
Inventory Turnover Ratio (in times)	Cost of goods sold	Average Inventory	3.69	3.50	5%	NA
Trade Receivable Turnover Ratio (in times)	Revenue from operations	Average trade receivables	53.30	55.72	-4%	NA
Trade Payable Turnover Ratio (in times)	Purchases	Average trade payable	4.63	6.16	-25%	Note 1
Net Capital Turnover Ratio (in times)	Revenue from operations	Average working capital (Working capital = Current assets - Current liabilities)	4.40	4.04	9%	NA
Net Profit ratio (in %)	Net loss for the year	Revenue from operations	-18%	-17%	-6%	NA
Return on Capital Employed (in %)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth	-20%	-21%	-5%	NA
Return on Investment (in %)	Income generated from invested funds	Average invested funds	2.23%	3.23%	-31%	Note 2

* Debt Service Coverage Ratio has not been computed as earnings available for debt service are negative for current year and previous year.

Note 1: Due to optimisation of inventory, there is reduction in trade payables ratio.

Note 2: Return on Investment for FY 22 is at 3.23% mainly due to capital gain for investments held in liquid mutual fund with an average holding period of 1-1.5 years.



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46 Quarterly Statements

The quarterly statement as submitted to the banks when compared to the books of accounts of the Company and the reasons for variances are as follows:

Reconciliation of statements submitted to banks for the year ended March 31, 2023

Quarter	Particulars	Amount as per Books of Accounts	Amount as per Quarterly Statements	Amount of Difference	Reason for Material discrepancies, if any	Bank Name
June-2022	Inventories	12,925	13,121	(196)	Due to purchase cut off entries and inventory provision entries.	Yes Bank, ICICI Bank, HDFC Bank and HSBC Bank
June-2022	Trade Payables	11,249	7,648	3,601	Due to considering accrued expenses as part of trade payables	
March-2023	Inventories	11,558	14,455	(2,897)	Due to purchase cut off entries and inventory provision entries.	Yes Bank, Axis Bank, ICICI Bank, HSBC Bank and HDFC Bank
March-2023	Trade receivables	1,683	2,214	(531)	Due to Sales cut off related adjustments	
March-2023	Trade Payables	10,952	10,878	74	Due to reclassifications to capital creditors	

Reconciliation of statements submitted to banks for the year ended March 31, 2022

Quarter	Particulars	Amount as per Books of Accounts	Amount as per Quarterly Statements	Amount of Difference	Reason for Material discrepancies, if any	Bank Name
June 2021	Inventories	7,761	7,532	229	Pertains to Sale Cut off reversals	
June 2021	Trade receivables	1,592	1,495	97	Cash on delivery related receivables were inadvertently not considered.	ICICI Bank
June 2021	Trade payables	3,834	3,849	(15)	Difference on account of foreign exchange restatement.	
December 2021	Trade receivables	2,172	2,252	(80)	Cash on delivery related receivables were inadvertently not considered.	Yes Bank, ICICI Bank and HDFC Bank
March 2022	Inventories	13,702	13,596	106	Due to purchase cut off entries and inventory provision entries.	
March 2022	Trade receivables	1,366	1,604	(238)	Pertains to Sale Cut off reversals	Yes Bank, ICICI Bank and HDFC Bank
March 2022	Trade payables	8,256	6,809	1,447	Due to considering accrued expenses as part of trade payables and partly offset by reclassifications to capital creditors.	

47 Additional regulatory information required by Schedule III

- The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding 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 to or on behalf of the Ultimate Beneficiaries.
- The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) 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.
- 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 year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- The restriction on number of layers prescribed under the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Company.
- To the best of its knowledge, the Company does not have any transactions with struck off companies.
- The Company has not revalued any of its property, plant and equipment (including right-of-use Assets) or intangible assets or both during the current or previous year.
- The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.



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48 Working capital facilities

The Company has following funded and unfunded working capital facilities from banks as at March 31, 2023:

Name of the Bank	Fund Based Limits	Non Fund Based Limits	Total Limits
Axis Bank	100	1,500	1,500
Yes Bank	200	2,500	2,600
HDFC Bank	2,000	5,300	5,500
ICICI Bank	2,000	1,000	3,000
HSBC Bank			2,000

The Company has following funded and unfunded working capital facilities from banks as at March 31, 2022:

Name of the Bank	Fund Based Limits	Non Fund Based Limits	Total Limits
ICICI Bank	2,000	1,000	3,000
Yes Bank	100	1,500	1,600
HDFC Bank		1,500	1,500

Note - These facilities are secured by first charge on current assets including inventories of the Company.

49 Reconciliation of movements of liabilities to cash flows arising from financing activities

Particulars	Lease liabilities	Share capital	Instruments entirely in equity	Securities premium	Total
Balance at April 01, 2022	12,559	101	80	20,262	33,001
Changes from financing cash flows					
Proceeds from issue of equity share capital	-	-	1,628	29,990	31,618
Proceeds from issue of CCPS	(1,505)	-	-	(705)	(705)
Payment of lease liabilities	-	-	-	-	-
Share issue expenses	-	-	-	-	3,339
Other changes	3,339	-	-	-	1,248
New leases	1,248	-	-	-	(1,248)
Interest expense	(1,248)	-	-	(705)	1,129
Interest paid	1,834	-	-	-	31,618
Total liability-related other changes	-	-	1,628	29,990	31,618
Total equity-related other changes	14,393	101	1,708	49,546	65,748
Balance at March 31, 2023					
Particulars	Lease liabilities	Share capital	Instruments entirely equity	Securities premium	Total
Balance at April 01, 2021	2,216	101	65	-	2,382
Proceeds from issue of equity share capital	-	-	15	20,285	1
Proceeds from issue of CCPS	(501)	-	-	(24)	(501)
Payment of lease liabilities	-	-	-	-	(24)
Share issue expenses	-	-	-	-	-
Other changes	10,844	-	-	-	10,844
New leases	749	-	-	-	749
Interest expense	(749)	-	-	(24)	(749)
Interest paid	10,343	-	15	20,286	10,319
Total liability-related other changes	-	-	15	20,286	20,301
Total equity-related other changes	12,559	101	80	20,262	33,002
Balance at March 31, 2022					

50 Subsequent events

Subsequent to balance sheet date, the Company has issued additional equity share capital (including premium) and Series D1 CCPS (including premium) for aggregate subscription amounting to Rs 4,214 Lacs.



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

51 First time adoption of Ind AS

As stated in Note 2.1, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended March 31, 2022, the Company had prepared its financial statements in accordance with Companies (Accounting standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ("Previous GAAP").

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended March 31, 2023 including comparative information for the year ended March 31, 2022 and the opening Ind AS balance sheet on the date of transition i.e., April 01, 2021.

In preparing its Ind AS balance sheet as at April 01, 2021 and its presenting the comparative information for the year ended March 31, 2022, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

A. Exemptions applied:

i) Mandatory exceptions:

(a) Estimates :

On assessment of the estimates made under the previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date. Key estimates considered in preparation of financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL;
- Determination of the discounted value for financial instruments carried at amortised cost; and
- Impairment of financial assets based on the expected credit loss model.

(b) Classification and measurement of financial assets :

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as at the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

ii) Optional exemptions:

(a) Deemed cost for property, plant and equipment and intangible assets:

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statement as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value as at transition date of April 01, 2021.

(b) Leases :

The Company has adopted Ind AS 116 following the full retrospective approach. The Company has applied the following available practical expedients wherein it:

- a) Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- b) Applied the short-term leases and low value asset exemptions to leases with lease term that ends within 12 months at the date of initial application; and
- c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

51. First time adoption of Ind AS (continued)

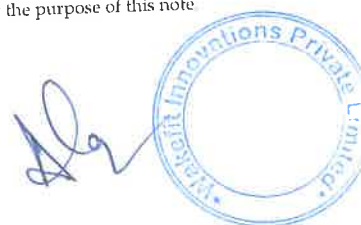
B. Reconciliation of Balance sheet as at April 01, 2021 (as at the date of transition)

Particulars	Notes	Previous GAAP *	Adjustments on transition to Ind AS	Ind AS
ASSETS				
Non-current assets		4,849	-	4,849
Property, plant and equipment		153	-	153
Capital work-in-progress		5	-	5
Intangible assets	i	-	2,301	2,301
Right of use assets		-	-	-
Financial assets	ii	717	(416)	301
(i) Other financial assets		457	-	457
Income tax assets		1,833	-	1,833
Other non-current assets		8,014	1,885	9,899
Total non-current assets				
Current assets		7,620	-	7,620
Inventories		-	-	-
Financial assets	iii	3,889	38	3,927
(i) Investments		782	123	905
(ii) Trade receivables		1,616	-	1,616
(iii) Cash and cash equivalents		7,467	14	7,481
(iv) Bank balances other than (iii) above	ii	198	176	374
(v) Other financial assets		1,814	-	1,814
Other current assets		23,386	351	23,737
Total current assets		31,400	2,236	33,636
TOTAL ASSETS				
EQUITY AND LIABILITIES				
Equity		101	-	101
Equity share capital		65	-	65
Instruments entirely equity in nature	vii	23,779	51	23,830
Other equity		23,945	51	23,996
Total equity				
Liabilities				
Non-current liabilities				
Financial liabilities	i	-	1,658	1,658
(i) Lease liabilities		32	-	32
Provisions		32	1,658	1,690
Total non-current liabilities				
Current liabilities				
Financial liabilities	i	-	558	558
(i) Lease liabilities		-	-	-
(ii) Trade payables		420	-	420
Total outstanding dues of micro and small enterprises		-	-	-
Total outstanding dues of creditors other than micro and small enterprises		5,432	-	5,432
(iii) Other financial liabilities	vi	134	-	134
Other current liabilities		1,262	(31)	1,231
Provisions		175	-	175
Total current liabilities		7,423	527	7,950
TOTAL EQUITY & LIABILITIES		31,400	2,236	33,636

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

51. First time adoption of Ind AS (continued)

C. Reconciliation of Balance sheet as at March 31, 2022

Particulars	Notes	Previous GAAP *	Adjustments on transition to Ind AS	Ind AS
ASSETS				
Non-current assets		10,461	-	10,461
Property, plant and equipment		4,297	-	4,297
Capital work-in-progress		131	-	131
Intangible assets	i	-	12,111	12,111
Right of use assets		-	-	-
Financial assets	ii	1,034	(451)	583
(i) Other financial assets		767	-	767
Income Tax Assets		611	-	611
Other non-current assets		17,301	11,660	28,961
Total non-current assets				13,702
Current assets		13,702	-	13,702
Inventories		-	-	-
Financial Assets	iii	6,427	77	6,504
(i) Investments		1,299	67	1,366
(ii) Trade receivables		837	19	856
(iii) Cash and cash equivalents		910	-	910
(iv) Bank balances other than (iii) above	ii	443	(29)	414
(v) Other financial assets		4,659	-	4,659
Other current assets		28,277	134	28,411
Total current assets		45,578	11,794	57,372
TOTAL ASSETS				
EQUITY AND LIABILITIES				
Equity		101	-	101
Equity share capital		80	-	80
Instruments entirely equity in nature	vii	34,407	(454)	33,953
Other equity		34,588	(454)	34,134
Total equity				
Liabilities				
Non-current liabilities				
Financial liabilities	i	-	10,289	10,289
(i) Lease liabilities		83	-	83
Provisions	vi	12	(12)	-
Other non-current liabilities		95	10,277	10,372
Total non-current liabilities				
Current liabilities				
Financial liabilities	i	-	2,270	2,270
(i) Lease liabilities		-	-	-
(ii) Trade payables		626	-	626
Total outstanding dues of micro and small enterprises		7,630	-	7,630
Total outstanding dues of creditors other than micro and small enterprises		644	-	644
(iii) Other financial liabilities	vi	1,637	(299)	1,338
Other current liabilities		358	-	358
Provisions		10,895	1,971	12,866
Total current liabilities		45,578	11,794	57,372
TOTAL EQUITY & LIABILITIES				

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note



Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

51. First time adoption of Ind AS (continued)

D. Reconciliation of Total comprehensive income for the year ended March 31, 2022

Particulars	Notes	Previous GAAP *	Adjustments on transition to Ind AS	Ind AS
Income				
Revenue from operations		63,281	(22)	63,259
Other income	ii & iii	370	74	444
Total income		63,651	52	63,703
Expenses				
Cost of materials consumed		38,003	-	38,003
Purchases of stock-in-trade		847	-	847
Changes in inventories of finished goods, stock in trade and work in		(1,493)	-	(1,493)
Employee benefits expense	v	9,159	(7)	9,152
Finance costs	i	6	749	755
Depreciation and amortization expenses	i	1,045	1,360	2,405
Other expenses	i & vi	26,261	(1,575)	24,686
Total expenses		73,828	527	74,355
Loss before tax		(10,177)	(475)	(10,652)
Tax expenses				
Current tax		-	-	-
Deferred tax		(10,177)	(475)	(10,652)
Loss for the year				

Other comprehensive income:

Items that will not be reclassified subsequently to profit or loss
- Remeasurement gain/(losses) on defined benefit plans

		(7)	(7)
		(7)	(7)
Total other comprehensive income		(10,177)	(10,659)
Total comprehensive income for the year			

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



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Wakefit Innovations Private Limited
Notes to Financial Statements (continued)
(Amount in Rs. Lakhs except share and per share data, unless otherwise stated)

51. First time adoption of Ind AS (continued)

E. Notes to Reconciliation

i) Under previous GAAP, lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incidental to the ownership of an asset. Operating lease were expensed in the statement of profit and loss. Under Ind AS 116, all arrangement that fall under the definition of lease except those for which short-term lease exemption or low value exemption is applied, the Company has recognised a right-of-use assets and a lease liability on the lease commencement date. Right-of-use assets is amortised over the lease term on a straight line basis and lease liability is measured at amortised cost at the present value of future lease payments.

ii) Under previous GAAP, the interest free security deposits given for lease are recorded at their transaction value. Whereas under Ind AS, the same are initially discounted and subsequently recorded at amortized cost at the end of every financial year. Accordingly, the difference between the transaction and discounted value of the security deposits is recognized as right-of-use assets and is amortized over the period of the lease term. Further, interest is accreted on the present value of the security deposits.

iii) Under previous GAAP, the investments in mutual funds were subsequently recognised at cost less provision for diminution in value. Whereas under Ind AS, the same are subsequently recognised at fair value at the end of every financial year. Accordingly, the difference between the cost and the fair value of the mutual funds is recognized as a gain / (loss) in the statement of profit and loss.

iv) Under previous GAAP, expenses incurred on issue of share capital were recognised as an expense in the statement of profit and loss. Whereas under Ind AS, the same are recognised directly in other equity. Accordingly, the expenses incurred on issue of CCPS have be reclassified to other equity.

v) Under Previous GAAP, the actuarial gain/(loss) on defined benefit plans was recognised in statement of profit and loss under employee benefits expense. Under Ind AS, the remeasurement gain/(loss) on defined benefit plans is recognised in Other comprehensive income (net of tax).

vi) Under Previous GAAP, the Company was recording rent equalisation reserve. Under Ind AS, if the increase in lease rentals is in line with inflation then there is no requirement for creation of rent equalisation reserve. Accordingly, rent equalisation reserve as on transition date and for the year ended March 31, 2022 has been reversed with the corresponding impact on retained earnings.

vii) Reconciliation of total equity between Previous GAAP and Ind AS:

Particulars	Notes	As at	
		March 31, 2022	April 01, 2021
Total equity reported earlier under previous GAAP		34,588	23,945
Ind AS adjustments			
(a) Impact due to leases			
(i) Interest expense on lease liabilities	i	(749)	(15)
(ii) Depreciation of right-of-use assets	i	(1,360)	-
(iii) Reversal of rent equalisation reserve	i	280	31
(iv) Reversal of rent expense	i	1,248	-
(b) Impact due to fair value of security deposits measured at amortised cost	ii	35	(2)
(c) Impact due to fair value of mutual Funds measured at FVTPL	iii	40	37
(d) Impact of previous year adjustments		52	-
Total equity as per Ind AS		34,134	23,996

for B S R & Associates LLP
Chartered Accountants
Firm's Registration Number: 116231W/IV-100024

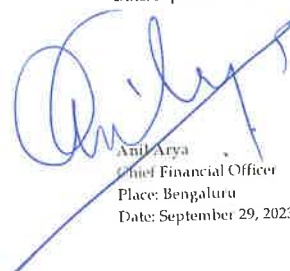


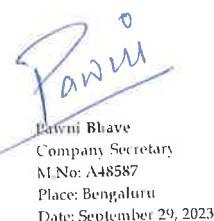
Vipin Lodha
Partner
Membership Number: 076806
Place: Bengaluru
Date: September 29, 2023

for and on behalf of the Board of Directors
Wakefit Innovations Private Limited


Ankit Garg
Director
DIN: 07451481
Place: Bengaluru
Date: September 29, 2023


Chaitanya Ramalingegowda
Director
DIN: 03458997
Place: Bengaluru
Date: September 29, 2023


Anil Arya
Chief Financial Officer
Place: Bengaluru
Date: September 29, 2023


Purni Bhawe
Company Secretary
M.No: A48587
Place: Bengaluru
Date: September 29, 2023

