



February 09, 2024

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

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

Subject: Report of the Monitoring Agency with respect to utilization of proceeds of the Preferential Issue for the quarter ended December 31, 2023

Dear Sir/Madam,

Pursuant to Regulation 173A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018 and Regulation 32(6) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find enclosed herewith the Monitoring Agency Report with respect to utilization of proceeds of the preferential Issue for the quarter ended on December 31, 2023, issued by Monitoring Agency i.e. CARE Ratings Limited.

Kindly place the same on your record.

Thanking you,

Yours truly,

For Sheela Foam Limited

Md. Iquebal Ahmad
Company Secretary & Compliance Officer

SHEELA FOAM LTD.

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

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Regd. Office: 604 Ashadeep, 9 Hailey Road, New Delhi-110001, India • Ph: Int-91(0)-11-23316875-76

Toll Free: 1800 103 6664 • www.sleepwellproducts.com • www.sheelafoam.com

CIN-L74899DL1971PLC005679

CARE/NRO/RL/2023-24/2970

**Mr. Davinder Kumar Ahuja,
Group Finance Controller
Sheela Foam Limited,
Sleepwell Tower
#14 Sector 135, Noida,
Uttar Pradesh - 201301 (India).**

February 07, 2024

Dear Sir,

**Monitoring Agency Report for the quarter ended December 31, 2023 - in relation to the
Qualified Institution Placement of Sheela Foam Limited ("the Company")**

We write in our capacity of Monitoring Agency for the Preferential Issue for the amount aggregating to Rs.1199.99 crore of the Company and refer to our duties cast under 173(A) of the Securities & Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations.

In this connection, we are enclosing the Monitoring Agency Report for the quarter ended December 31, 2023 as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated September 20, 2023.

Request you to kindly take the same on records.

Thanking you,
Yours faithfully,

Akhil Kumar

Akhil Kumar
Associate Director
Akhil.Kumar@careedge.in

CARE Ratings Limited

Plot no. C-001 A/2 Sector 16B, Berger Tower.
Noida, Gautam Budh Nagar (UP) - 201301,
Gautam Budh Nagar (UP) - 201301

CIN-L67190MH1993PLC071691

4th Floor, Godrej Coliseum, Somaiya Hospital
Road, Off Eastern Express Highway, Sion (East),
Mumbai - 400 022
Phone: +91-22-6754 3456 • www.careedge.in

Report of the Monitoring Agency (MA)

Name of the issuer: Sheela Foam Limited

For quarter ended: December 31, 2023

Name of the Monitoring Agency: CARE Ratings Limited

(a) Deviation from the objects: Nil

(b) Range of Deviation: Not applicable

Declaration:

We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.

The MA or its affiliates may have credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit related analyses. We confirm that there is no conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer, or while undertaking credit rating or other commercial transactions with the entity.

We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.



Signature:

Name of the Authorized Signatory: Akhil Kumar

Designation of Authorized person/Signing Authority: Associate Director

1) Issuer Details:

Name of the issuer : Sheela Foam Limited
 Name of the promoters : Mr. Tushaar Gautam and Mr. Rahul Gautam
 Industry/sector to which it belongs : Foam Based Home products

2) Issue Details

Issue Period : 365 days from date of passing of special resolution of shareholders of company which is September 01,2023
 Type of issue : Qualified Institution placement of equity shares
 Type of specified securities : Equity shares
 IPO Grading, if any : Not applicable
 Issue size (in ` crore) : Rs.1199.99 crore (Note 1)*

* The offer comprises of 1,11,31,725 number of equity shares of face value of Rs 5 at an issue price of Rs.1078 per equity share as determined on the relevant date in accordance with the provisions of Chapter V of the SEBI ICDR Regulations aggregating to Rs.11,99,99,99,550 for cash consideration by way of allotment to Specified investors/Identified investors.

Note 1:

Particulars	Remarks
Total equity shares issued	1,11,31,725
Equity issue price (Rs. per share)	1078.00
Total proceeds received from equity shares issued (in Rs. Crore)	1199.99
Net proceeds available for utilization (in Rs. Crore)	1185.69#

#Out of total proceeds received in previous quarter, utilization is being monitored excluding issue related actual expenses of Rs.14.30 crore.



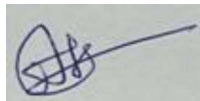
3) Details of the arrangement made to ensure the monitoring of issue proceeds:

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Audit Committee of the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes	Chartered Accountant certificate*, Bank statement	Nil for the quarter under review	NIL
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	No material deviation	Chartered Accountant certificate*, Bank statement	Not applicable	NIL
Whether the means of finance for the disclosed objects of the issue have changed?	Not applicable	Not applicable	Not applicable	NIL
Is there any major deviation observed over the earlier monitoring agency reports?	Not applicable	Not applicable	Not applicable	NIL
Whether all Government/statutory approvals related to the object(s) have been obtained?	Not applicable	Not applicable	Not applicable	NIL
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Not applicable	Not applicable	Not applicable	NIL
Are there any favorable/unfavorable events affecting the viability of these object(s)?	No	No	Not Applicable	NIL
Is there any other relevant information that may materially affect the decision making of the investors?	No	No	Not Applicable	NIL

* Chartered Accountant certificate from KK Mehra & Co. dated January 25, 2024

#Where material deviation may be defined to mean:

- a) Deviation in the objects or purposes for which the funds have been raised
- b) Deviation in the amount of funds actually utilized by more than 10% of the amount projected in the offer documents.



4) Details of objects to be monitored:

(i) Cost of objects –

Sr. No	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Original cost (as per the Offer Document) in Rs. Crore	Revised Cost in Rs. Crore	Comments of the Monitoring Agency	Comments of Audit Committee of the Board of Directors		
						Reason for cost revision	Proposed financing option	Particulars of firm arrangements made
1	Part-funding the proposed acquisition of equity shares of Kurlon Enterprise Limited	Chartered Accountant certificate*, Bank statements, Board Resolution copy, Placement document	950.00	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
2	General Corporate Purpose#	Chartered Accountant certificate*, Bank statements, Board Resolution copy, Placement document	235.69	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Total			1185.69					

* Chartered Accountant certificate from KK Mehra & Co. dated Nov 09, 2023

As per the Placement document dated 25 September 2023, general corporate purpose also includes acquisition of equity shares of Kurlon enterprise Limited. To the extent of lower issue related expenses, amount is transferred to general corporate purpose.



(ii) Progress in objects:-

Sr. No	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document in Rs. Crore	Amount raised in Rs. Crore	Amount utilised in Rs. Crore			Comments of the Monitoring Agency	Comments of Audit Committee of the Board of Directors		
					As at beginning of the quarter in Rs. Crore	During the quarter in Rs. Crore [^]	At the end of the quarter in Rs. Crore		Unutilised amount in Rs. crore	Reasons for idle funds	Proposed course of action
1	Part-funding the proposed acquisition of equity shares of Kurlon Enterprise Limited	Chartered Accountant certificate*, Bank statements, Board Resolution copy, Placement document	950.00	1185.69	0.00	950.00	950.00	0.00	PI. refer Note below	NIL	NIL
2	General Corporate Purpose#	Chartered Accountant certificate*, Bank statements, Board Resolution copy, Placement document	235.69		0.00	234.38	234.38	1.31	PI. refer Note below	NIL	NIL
Total			1185.69	1185.69	0.00	1184.38	1184.38	1.31			

*Chartered Accountant certificates from KK Mehra & Co. dated January 25, 2024.

As per the placement document dated 25 September 2023, general corporate purpose can also include acquisition of equity shares of Kurlon enterprise Limited. As against expectation of Rs.20.21 crore for issue related expenses, company incurred Rs.14.30 crore of issue expenses and accordingly, balance amount of Rs.5.91 crore is transferred to general corporate purpose.

Note:

As on October 01, 2023, company had Rs.1199.99 crore funds available with it (Rs.1170.06 crore in mutual funds, Rs.20.21 crore with Yes Bank escrow account and Rs.9.72 crore with Yes Bank Monitoring account). During Q3FY24, it got its mutual funds liquidated and realised the amount in its Yes Bank monitoring account. Rather than utilising the issue proceeds from the monitoring account, the funds were then transferred from its Yes Bank monitoring account to the company's current account with Yes Bank and expenses related to the objects of the issue were made from the said current account with Yes Bank. There are numerous other debits and credits in the said current account, and we are not directly able to ascertain utilisation of funds.

The company has represented to us that the funds have been used for the defined objects and has given specific supporting documents including Chartered Accountant certificate for the same. The Board may take note of this.



(iii) Deployment of un-utilized proceeds:

Sr. No.	Name of the Mutual Fund/Bank account	Type of account	Amount in Rs. crore	Source of information / certifications considered by Monitoring Agency for preparation of report
1	QIP Escrow Account	Escrow Account	1.31	Chartered Accountant certificate*, Bank statements#

*Chartered Accountant certificates from KK Mehra & Co. dated January 25, 2024.

#As on December 31, 2023, Rs 1.31 crore was maintained with Yes Bank Escrow account

(iv) Delay in implementation of the object(s): Not applicable

5) Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:

Sr. No	Item Head	Amount in Rs. Crore	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of Monitoring Agency	Comments of Audit Committee of the Board of Directors
1	Nil	0.00	Chartered Accountant certificate*, Bank statements, Board Resolution copy, Placement document	As per earlier envisaged amount of Rs.229.78 crore for general corporate purpose, company has utilised Rs.234.38 crore for acquisition purpose#	NIL
	Total				

* Chartered Accountant certificate from KK Mehra & Co. dated January 25, 2024

As per the placement document dated 25 September 2023, general corporate purpose also includes acquisition of equity shares of Kurlon enterprise Limited

