

June 19, 2017

To

The Secretary  
Listing Department  
The BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai-400001  
Symbol: SFL

The Manager,  
The National Stock Exchange India Limited  
Exchange Plaza, Bandra Kurla Complex  
Bandra(E), Mumbai-400051

Scrip Code: 540203

**Sub: Intimation of Annual General Meeting and information and book closure**

Sir/Mam

Please find attached Notice of Forty Fifth Annual General Meeting(AGM) and Annual Report for the Financial Year 2017. The same will be made available on the Company's website, at <http://www.sheelafoam.com/annual-report.html>.

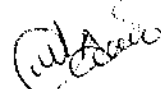
The Company is providing remote e-voting facility to its member to cast their vote electronically on the business as set forth in the Notice of the AGM through the electronic voting system of Central Depository Services India Limited(CDSL) from a place other than venue of AGM("Remote e-voting"). AVA Associates, Company Secretaries, appointed as a Scrutinizer. The Result of e-voting shall be declared on July 22, 2017.

The Cut-off/ Record date fixed for the purpose of ascertaining the member eligible for e-voting as Thursday, July 13, 2017.

The e-voting facility shall be commenced at 09.00 a.m. on July 16, 2017 and ended on 05.00 p.m. on July 19, 2017.

The register of members and Share Transfer book shall remain close from July 14, 2017 to July 20, 2017(both day inclusive) for the purpose of Annual General Meeting.

For Sheela-foam Limited

  
(Md Iqbal Ahmad)  
Company Secretary and Compliance Officer

**SHEELA FOAM LIMITED**



Sheela Group  
ISO 9001 Certified

## SHEELA FOAM LIMITED

(CIN: U74899DL1971PLC005679)

Registered Office: C-55, Preet Vihar, Vikas Marg, Delhi-110092

Email: iquebal.ahmad@sheelafoam.com

Phone: +91 11 2202 6875 Facsimile: +91 11 2202 6876

# NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY FIFTH ANNUAL GENERAL MEETING OF SHEELA FOAM LIMITED WILL BE HELD AT ARYA AUDITORIUM, DES RAJ CAMPUS, C-BLOCK, EAST OF KAILASH, NEW DELHI-110 065 ON THURSDAY 20<sup>th</sup> JULY, 2017 AT 10:30 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the year 2017 (Standalone and Consolidated) including audited Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports Auditors thereon.
2. To appoint a Director in place of Ms. Namita Gautam (DIN 00190463), who retires by rotation and, being eligible, offers herself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to section 139, 142 of the companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, appointment of M/s S. P. Chopra & Co., Chartered Accountants(Firm Registration No.-000346N), be and is hereby ratified to hold the office from conclusion of this Annual General Meeting until the conclusion of the 46<sup>th</sup> Annual General Meeting of the Company to be held in the year 2018.

**FURTHER RESOLVED THAT** the Board of Directors be and hereby authorized to fix the remuneration with the consultation of Auditors."

### SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:  

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and The Companies (Audit and Auditors)Rule, 2014(including any statutory modification(s) or re-enactment(s) thereof, for the time being enforce), M/s. Mahesh Singh & Co, Cost Accountants, appointed by the Board of Directors of the Company to conduct the Audit of the cost records of the Company, for the Financial Year 2017-18, be paid ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand only) plus applicable service tax."
5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Vijay Kumar Chopra (DIN 02103940), who has been appointed as an Additional Director of the Company by the Board of Directors with effect from 7<sup>th</sup> June, 2016, in terms of Section 161(1) of the Companies Act, and whose term of office expires, as an Additional Director, at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and the period of his office shall be not be liable to determination by retirement of directors by rotation."

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Som Mittal (DIN 00074842), who has been appointed as an Additional Director of the Company by the Board of Directors with effect from 7<sup>th</sup> June, 2016, in terms of Section 161(1) of the Companies Act, and whose term of office expires, as an Additional Director, at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and the period of his office shall be not be liable to determination by retirement of directors by rotation."

7. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Ravindra Dhariwal (DIN 00003922), who has been appointed as an Additional Director of the Company by the Board of Directors with effect from 7<sup>th</sup> June, 2016, in terms of Section 161(1) of the Companies Act, and whose term of office expires, as an Additional Director, at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and the period of his office shall be not be liable to determination by retirement of directors by rotation."

8. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Anil Tandon (DIN 00089404), who has been appointed as an Additional Director of the Company by the Board of Directors with effect from 7<sup>th</sup> June, 2016, in terms of Section 161(1) of the Companies Act, and whose term of office expires, as an Additional Director, at the Annual General Meeting and in respect

of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and the period of his office shall be not be liable to determination by retirement of directors by rotation."

9. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the Company hereby accords its approval to the reappointment of Mr. Rahul Gautam (DIN 0019299), as the Managing Director for a period of five years with effect from 1<sup>st</sup> April, 2017 on the terms and conditions of appointment and remuneration as contained in the draft Agreement, material terms of which are set out in the explanatory statement attached to this notice, and the period of his office shall be not be liable to determination by retirement of directors by rotation and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 as may be agreed to by the Board of Directors and Mr. Rahul Gautam."

10. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the Company hereby accords its approval to the reappointment of Ms. Namita Gautam (DIN 00190463), as the Whole-time Director for a period of five years with effect from 1<sup>st</sup> April, 2017 on the terms and conditions of appointment and remuneration as contained in the draft Agreement, material terms of which are set out in the explanatory statement attached to this notice, and the period of her office shall be liable to determination by retirement of directors by rotation and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 as may be agreed to by the Board of Directors and Ms Namita Gautam."

11. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the Company hereby accords its approval to the reappointment of Mr. Rakesh Chahar (DIN 00180587), as the Whole-time Director for a period of five years with effect from 1<sup>st</sup> April, 2017 on the terms and conditions of appointment and remuneration as contained in the draft Agreement, material terms of which are set out in the explanatory statement attached to this notice, and the period of his office shall be liable to determination by retirement of directors by rotation and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 as may be agreed to by the Board of Directors and Mr. Rakesh Chahar."

12. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the Company hereby accords its approval to the reappointment of Mr. Tushaar Gautam (DIN 01646487), as the Whole-time Director for a period of five years with effect from 1<sup>st</sup> April, 2017 on the terms and conditions of appointment and remuneration as contained in the draft Agreement, material terms of which are set out in the explanatory statement attached to this notice, and the period of his office shall be liable to determination by retirement of directors by rotation and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 as may be agreed to by the Board of Directors and Mr. Tushaar Gautam."

13. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT the Company hereby accords its approval for the payment of ₹ 10,00,000 (Rupees Ten Lakhs only) commission to each Independent Director that is over and above sitting fees payable to the Independent Directors and to be reviewed annually."

By Order of the Board

**Md Iquebal Ahmad**

Company Secretary and  
Compliance Officer

Date : 10 May, 2017

Place : Delhi

**IMPORTANT NOTES:**

1. The Register of Members and the Share Transfer books of the Company will remain closed from 14<sup>th</sup> July, 2017 to 20<sup>th</sup> July, 2017, both days inclusive, for annual closing.

2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 4 to 13 of the accompanying Notice, is annexed hereto.

3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the meeting. A Proxy Form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolutions/authority, as applicable.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

4. To prevent fraudulent transactions, members are advised to exercise due diligence and notify any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts.

6. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.

7. Details as required in sub-regulation (3) of Regulation 36 of the Listing Regulations in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice. Requisite declarations have been received from the Directors for seeking appointment/ re-appointment.

8. Electronic copy of the Annual Report for 2017 is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2017 is being sent in the permitted mode.

Electronic copy of the Notice of the 45<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of electronic voting ('e-voting') along with

Attendance Slip, Proxy Form and Route Map is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 45<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map is being sent in the permitted mode.

9. Members may also note that the Notice of the 45<sup>th</sup> Annual General Meeting, Attendance Slip, Proxy Form, Route Map, Ballot Paper and the Annual Report for 2017 will also be available on the Company's website [www.sheelafaam.com](http://www.sheelafaam.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office at New Delhi for inspection without any fee during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's email id: [iqubal.ahmad@sheelafaam.com](mailto:iqubal.ahmad@sheelafaam.com)

#### 11. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015'), Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 45<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).

II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

#### The instructions for shareholders voting electronically are as under:

(i) The voting period begins on July 16<sup>th</sup>, 2017 at 09.00 a.m. and ends on July 19<sup>th</sup>, 2017 at 05.00

p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 13<sup>th</sup>, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot/ Attendance Slip indicated in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form

will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for Sheela Foam Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non - Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on

approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## EXPLANATORY STATEMENT

### Item No. 4

The Board, on the recommendation of the Audit Committee, has approved at their Meeting held on 10<sup>th</sup> May, 2017 the appointment of M/s. Mahesh Singh & Co., Cost Accountants, New Delhi (Firm Registration No. 100441), as Cost Auditors to conduct the audit of the cost records of the Company pertaining to products covered by Central Excise Tariff Act, manufactured by the Company, for the financial year ending 31<sup>st</sup> March, 2018 at a remuneration of ₹ 1,50,000/- (One Lakh Fifty Thousand only) plus applicable taxes.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item No. 4 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2018.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise, in the proposed resolution. The Board recommends the passing of the resolution as set out at Item No. 4 as an ordinary resolution.

### Item Nos. 5

The Board of Directors at their meeting held on 7<sup>th</sup> June, 2016, appointed Mr. Vijay Kumar Chopra as an Additional Director of the Company with effect from 7<sup>th</sup> June, 2016. Subject to the approval of members he was appointed for 5 years. Under Section 161(1) of the Companies Act, 2013, he holds office only up to the date of the Annual General Meeting of the Company.

A Notice has been received from a member proposing Mr. Vijay Kumar Chopra as a candidate for the office of Director of the Company.

The approval of members is being sought for the appointment of Mr. Vijay Kumar Chopra as an Independent Director.

Brief Profile of Independent Director is given below:

**Mr. Vijay Kumar Chopra**, aged 71 years is a fellow member of the Institute of Chartered Accountants of India. In the past, he has held senior managerial positions in various banking organisations such as Central Bank of India and has been the chairman and managing director of Corporation Bank and SIDBI. He has also served as a whole time member of SEBI from June 6, 2006 to March 5, 2008. He has several years of experience in the banking and finance sector.

Except Mr. Vijay Kumar Chopra, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the accompanying Notice. Mr. Vijay Kumar Chopra is not related to any Director of the Company.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the Listing Regulations.

### Item Nos. 6

The Board of Directors at their meeting held on 7<sup>th</sup> June, 2016, appointed Mr. Som Mittal as an Additional Director of the Company with effect from 7<sup>th</sup> June, 2016. Subject to the approval of members he was appointed for 5 years. Under Section 161(1) of the Companies Act, 2013, he holds office only up to the date of the Annual General Meeting of the Company.

A Notice has been received from a member proposing Mr. Som Mittal as a candidate for the office of Director of the Company.

The approval of members is being sought for the appointment of Mr. Som Mittal as an Independent Director.

Brief Profile of Independent Director is given below:

**Mr. Som Mittal**, aged 65 years, is holding a bachelor's degree in metallurgical engineering from Indian Institute of Technology, Kanpur and a post graduate diploma in business administration from the Indian Institute of Management, Ahmedabad. In the past, he was associated with Larsen & Toubro, Escorts and Denso and held leadership roles in Digital, HP and Compaq. He served as the President of the National Association of Software and Services Companies (NASSCOM) from January 2008 to January 2014 and was the chairman of NASSCOM in the year 2003-04. He has won the lifetime achievement award for outstanding dedication to the growth of the Global ICT industry and leadership from the World Information Technology and Services Alliance for 2008-14 and a distinguished alumnus award from the Indian Institute of Technology Kanpur in 2000. Additionally, he has also served as a member of the Indian Prime Minister's Committee on National e-Governance and the Global Advisory Council of the World Information Technology and Services Alliance. He has several years of experience in manufacturing and information technology sectors.

Except Mr. Som Mittal, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the accompanying Notice. Mr. Som Mittal is not related to any Director of the Company.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the Listing Regulations.

#### Item Nos. 7

The Board of Directors at their meeting held on 7<sup>th</sup> June, 2016, appointed Mr. Ravindra Dhariwal as an Additional Director of the Company with effect from 7<sup>th</sup> June, 2016. Subject to the approval of members he was appointed for 5 years. Under Section 161(1) of the Companies Act, 2013, he holds office only up to the date of the Annual General Meeting of the Company.

A Notice has been received from a member proposing Mr. Ravindra Dhariwal as a candidate for the office of Director of the Company.

The approval of members is being sought for the appointment of Mr. Ravindra Dhariwal as an Independent Director.

Brief Profile of Independent Director is given below:

**Mr. Ravindra Dhariwal**, aged 65 years, is holding a bachelor's degree in chemical engineering from Indian Institute of Technology, Kanpur and a post graduate diploma in management from Indian Institute of Management, Calcutta. He was a whole-time director in Bennett, Coleman & Co. Limited from 2008 to 2015. Mr. Dhariwal also serves an independent director on the board of Varun Beverages Limited, which is a franchisee of PepsiCo products. He has several years of experience in various sectors including print media.

Except Mr. Ravindra Dhariwal, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the accompanying Notice. Mr. Ravindra Dhariwal is not related to any Director of the Company.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the Listing Regulations.

#### Item Nos. 8

The Board of Directors at their meeting held on 7<sup>th</sup> June, 2016, appointed Mr. Anil Tandon as an Additional Director of the Company with effect from 7<sup>th</sup> June, 2016. Subject to the approval of members he was appointed for 5 years. Under Section 161(1) of the Companies Act, 2013, he holds office only up to the date of the Annual General Meeting of the Company.

A Notice has been received from a member proposing Mr. Anil Tandon as a candidate for the office of Director of the Company.

The approval of members is being sought for the appointment of Mr. Anil Tandon as an Independent Director.

Brief Profile of Independent Director is given below:

**Mr. Anil Tandon**, aged 65 years, is holding a bachelor's degree of technology in electrical engineering from Indian Institute of Technology, Kanpur and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. Since 1995, he has been the Managing Director of Tex Corp Limited. He has several years of national and international experience in the zip fastening products sector.

Except Mr. Anil Tandon, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the accompanying Notice. Mr. Anil Tandon is not related to any Director of the Company.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the Listing Regulations.

#### Item No. 9

The Board of Directors, on the recommendation of Nomination and Remuneration Committee at their meeting held on 10<sup>th</sup> May, 2017, proposed reappointment Mr. Rahul Gautam as Managing Director for a period of five years with effect from 1<sup>st</sup> April, 2017 on the terms and conditions of appointment and remuneration as contained in the draft Agreement, material terms of remuneration are set out herein below and the period of his office shall not be liable to determination by retirement of directors by rotation.

The material terms of remuneration of Mr. Rahul Gautam is as under:

Salary, Allowances and Commission/Incentive (hereinafter referred to as "Remuneration"):

- a) Salary Comprising
  - (i) Basic salary : At the rate not exceeding ₹ 3,00,000 (Rupees Three Lakhs Only) per month; and
  - (ii) Allowances/Perquisites : Not exceeding one time of the Basic salary, with increments as per the annual increment decided by the HR, from time to time, subject to a ceiling on increment of 15% in a year (following April to March year) over the existing Basic salary and Allowances, as on 1<sup>st</sup> April every year, commencing from 1<sup>st</sup> April, 2018.
- b) Incentive : At the rate not exceeding 1.5% of the profit before tax.

Brief Profile of Mr Rahul Gautam is given below:

Mr. Rahul Gautam, aged 64 years, is the Managing Director of the Company. He has been associated with the Company since 1971 and as the Managing Director since 1<sup>st</sup> April, 1996. He holds a bachelor's degree in technology (chemical engineering) from the Indian Institute of Technology, Kanpur and a master's degree in science (chemical engineering) from the Polytechnic Institute of New York. He has over 41 years of experience in the home comfort products and PU foam industry, and is the Chairman Emeritus of the Indian Polyurethane Association.

Except Mr. Rahul Gautam, being an appointee, Ms. Namita Gautam and Mr. Tushaar Gautam, both Whole-time Directors of the Company, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 9.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the Listing Regulations.

#### Item No. 10

The Board of Directors, on the recommendation of Nomination and Remuneration Committee at their meeting held on 10<sup>th</sup> May, 2017, proposed reappointment Ms. Namita Gautam as Whole-time Director for a period of five years with effect from 1<sup>st</sup> April, 2017 on the terms and conditions of appointment and remuneration as contained in the draft Agreement, material terms of remuneration are set out herein below and the period of her office shall be liable to determination by retirement of directors by rotation.

The material terms of remuneration of Ms. Namita Gautam is as under:

Salary, Allowances and Commission/Incentive (hereinafter referred to as "Remuneration"):

- a) Salary Comprising
  - (i) Basic salary : At the rate not exceeding ₹ 2,50,000 (Rupees Two Lakhs Fifty Thousand Only) per month; and
  - (ii) Allowances/Perquisites : Not exceeding one time of the Basic salary, with increments as per the annual increment decided by the HR, from time to time, subject to a ceiling on increment of 15% in a year (following April to March year) over the existing Basic salary and Allowances, as on 1<sup>st</sup> April every year, commencing from 1<sup>st</sup> April, 2018.
- b) Incentive : At the rate not exceeding 0.75% of the profit before tax.

#### Brief Profile of Ms. Namita Gautam

Ms. Namita Gautam, aged 63 years, is a Whole-time Director of the Company. She has been associated with the Sheela group for the last 30 years and as a Whole-time Director of the Company since 14<sup>th</sup> November, 2003. During her tenure, marketing and projects departments of the Company. She currently heads our CSR initiative through "Sleepwell Foundation" and heads Special Projects. She holds a bachelor's degree in law and a master's degree in economics from Kanpur University. She has held various positions with FICCI Ladies Organization, including as its National President in 2004-05. She is also the chairperson of the Institute Management Committee of Jija Bai ITI for Women and is on the board of trustees of Indraprastha Educational Trust, which runs the Indraprastha College for Women, Delhi. She was a member of Special Task Force on skills, education and entrepreneurship development formulated by CII, Northern Region for the fiscal 2015-16 and is the convener of the Panel on Skills Development,

CII Delhi, a member of the NZ Skill Council and National Skill Council of CII for 2016-17.

Except Ms. Namita Gautam, being an appointee, Mr. Rahul Gautam, Managing Director and Mr. Tushaar Gautam, Whole-time Directors of the Company, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 10.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the Listing Regulations.

#### Item No. 11

The Board of Directors, on the recommendation of Nomination and Remuneration Committee at their meeting held on 10<sup>th</sup> May, 2017, proposed reappointment Mr. Rakesh Chahar as Whole-time Director for a period of five years with effect from 1<sup>st</sup> April, 2017 on the terms and conditions of appointment and remuneration as contained in the draft Agreement, material terms of remuneration are set out herein below and the period of his office shall be liable to determination by retirement of directors by rotation.

The material terms of remuneration of Mr. Rakesh Chahar is as under:

Salary, Allowances and Commission/Incentive (hereinafter referred to as "Remuneration"):

- a) Salary Comprising
  - (i) Basic salary : At the rate not exceeding ₹ 2,00,000 (Rupees Two Lakhs Only) per month; and
  - (ii) Allowances/Perquisites : Not exceeding one time of the Basic salary, with increments as per the annual increment decided by the HR, from time to time, subject to a ceiling on increment of 15% in a year (following April to March year) over the existing Basic salary and Allowances, as on 1<sup>st</sup> April every year, commencing from 1<sup>st</sup> April, 2018.
- b) Incentive : At the rate not exceeding 0.75% of the profit before tax.

#### Brief Profile of Mr. Rakesh Chahar:

Mr. Rakesh Chahar, aged 51 years, is a Whole-time Director of the Company. He has been associated with the Company since 1<sup>st</sup> November, 1990 and as the Whole-time director since 14<sup>th</sup> November, 2003. He is currently the chairman of the Indian Sleep Products Federation. He has over 26 years of experience in the business of selling and marketing of bedding products and polyurethane foam.

Except Mr. Rakesh Chahar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 11 of the accompanying Notice.



This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the Listing Regulations.

**Item No. 12**

The Board of Directors, on the recommendation of Nomination and Remuneration Committee at their meeting held on 10<sup>th</sup> May, 2017, proposed reappointment Mr. Tushaar Gautam as Whole-time Director for a period of five years with effect from 1<sup>st</sup> April, 2017 on the terms and conditions of appointment and remuneration as contained in the draft Agreement, material terms of remuneration are set out herein below and the period of his office shall be liable to determination by retirement of directors by rotation.

The material terms of remuneration of Mr. Tushaar Gautam is as under:

Salary, Allowances and Commission/Incentive (hereinafter referred to as "Remuneration"):

- a) Salary Comprising
  - (i) Basic salary: At the rate not exceeding ₹ 200,000 (Rupees Two Lakhs Only) per month; and
  - (ii) Allowances/Perquisites : Not exceeding one time the Basic salary, with increments as per the annual increment decided by the HR, from time to time, subject to a ceiling on increment of 15% in a year (following April to March year) over the existing Basic salary and Allowances, as on 1<sup>st</sup> April every year, commencing from 1<sup>st</sup> April, 2018.
- b) Incentive: At the rate not exceeding 0.75% of the profit before tax.

**Brief Profile of Mr. Tushaar Gautam:**

Mr. Tushaar Gautam, aged 38 years, is a Whole-time Director of the Company. He has been associated with our Company since 7<sup>th</sup> January, 2002 and as a Whole-time Director since 1<sup>st</sup> April, 2007. He holds a bachelor's degree from Purdue University, USA, where his courses of study included financial, marketing and operations management. In May 2005, he was recognized by the President's Council of Purdue University for pursuit of

excellence. He heads operations of the Company and also oversees the business and operations of our subsidiary Joyce Foam Pty Ltd and is a director on its board of directors. He has over 14 years of experience in heading production, research and development.

Except Mr. Tushaar Gautam, being an appointee, Mr. Rahul Gautam, Managing Director and Ms. Namita Gautam, Whole-time Directors of the Company, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 12.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the Listing Regulations.

**Item No. 13**

The Board of Directors of the Company ('the Board') in their meeting held on 7<sup>th</sup> June, 2016 appointed the Independent Directors. For the time devoted and the contribution made by Independent Directors, the Board at the meeting held on 10<sup>th</sup> May, 2017, have recommended for the approval of the Members, payment of ₹ 10,00,000/- (Rupees Ten Lakhs only) by way of commission to each Independent Directors of the Company for the Financial Year 2016-17. The Commission shall be reviewed annually. Additional information in respect of the Independent Directors, pursuant to the Secretarial Standard on General Meetings, is appearing in this notice above and Directors Report of the Company.

The Independent Directors (and their relatives) are interested in this Resolution insofar as the same relates to their respective commission. None of the Key Managerial Personnel of the Company, or their relatives, is interested in the resolution set out at Item No. 13.

The Board recommends this Resolution for your approval.

By Order of the Board

**Md Iquebal Ahmad**  
Company Secretary and  
Compliance Officer

Date : 10 May, 2017  
Place : Delhi

Form No. MGT-11  
**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014

CIN: U74899DL1971PLC005679

**Name of the Company:** Sheela Foam Limited

**Registered Office:** C-55, Preet Vihar, Vikas Marg, Delhi-110092

**Phone:** +91 11 2202 6875 **Facsimile:** +91 11 2202 6876

**Website:** www.sheelafoam.com / **Email:** [iqubal.ahmad@sheelafoam.com](mailto:iqubal.ahmad@sheelafoam.com)

Name of the Member(s) :
Registered Address :
E-mail ID :
Folio / DP ID and Client ID :

I/We, being the member(s) of ..... shares of the above named Company, hereby appoint:

1	Name	Address
	E-mail ID	Signature or failing him/her;
2	Name	Address
	E-mail ID	Signature or failing him/her;
3	Name	Address
	E-mail ID	Signature

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **FORTY FIFTH ANNUAL GENERAL MEETING** of the Company to be held on **THURSDAY, 20<sup>th</sup> JULY, 2017 at 10.30 a.m.** at 'ARYA AUDITORIUM, DES RAJ CAMPUS, C-BLOCK, EAST OF KAILASH, NEW DELHI-110 065 and at any adjournment thereof in respect of such resolutions and in such manner as indicated herein :

Resolution No.	Particulars of resolution	Vote (optional)	
		For	Against
<b>Ordinary Business</b>			
1	Adoption of the Standalone Audited Financial Statements and Consolidated Financial Statements for the year ended 31 <sup>st</sup> March, 2017 together with the reports of the Board of Directors and Auditors thereon.		

Resolution No.	Particulars of resolution	Vote (optional)	
		For	Against
2	Reappointment of Ms. Namita Gautam as a Director retiring by rotation.		
3	Ratification of the appointment of M/s. S. P. Chopra & Co., Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.		
<b>Special Business</b>			
4	Ratification of remuneration payable to the Cost Auditor for the in financial year ending 31 <sup>st</sup> March, 2018.		
5	Appointment of Mr. Vijay Kumar Chopra as an Independent Director of the Company.		
6	Appointment of Mr. Som Mittal as an Independent Director of the Company		
7	Appointment of Mr. Ravindra Dhariwal as an Independent Director of the Company		
8	Appointment of Mr. Anil Tandon as an Independent Director of the Company		
9	Reappointment of Mr. Rahul Gautam as Managing Director of the Company.		
10	Reappointment of Ms. Namita Gautam as Whole-time Director of the Company.		
11	Reappointment of Mr. Rakesh Chahar as Whole-time Director of the Company.		
12	Reappointment of Mr. Tushaar Gautam as Whole-time Director of the Company.		
13	Commission to Independent Director		

Signed this                      day of                      2017.

Signature of Member

Affix 30 Paisa Revenue Stamp
---------------------------------------

Signature of Proxy holder

Signature

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Company reserves its right to ask for identification of the proxy.
3. It is optional to put an (X) in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.
4. For the resolutions and explanatory statement, please refer the Notice of the 45<sup>th</sup> Annual General Meeting of the Company.



Sheela Group  
ISO 9001 Certified

## SHEELA FOAM LIMITED

(CIN: U74899DL1971PLC005679)

**Registered Office:** C-55, Preet Vihar, Vikas Marg, Delhi-110092

**Email:** iquebal.ahmad@sheelafoam.com

**Phone:** +91 11 2202 6875 **Facsimile:** +91 11 2202 6876

Sr. No.....

### ATTENDANCE SLIP

45<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, 20<sup>th</sup> July, 2017 at 10.30 a.m. at 'Arya Auditorium, Des Raj Campus, C-Block, East of Kailash, New Delhi-110 065

Name (in Block Letters)	
Address	
Registered Folio No. / DP ID & Client ID	
Shareholder / Proxy / Authorized Representative	
Mobile No. E-Mail Id	

I/ we certify that I am/we are Member(s)/ Proxy of the members of the Company holding ..... shares.

I/ We hereby record my/our presence at the 45<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, 20<sup>th</sup> July, 2017 at 10.30 a.m. at 'Arya Auditorium, Des Raj Campus, C-Block, East of Kailash, New Delhi-110 065

\_\_\_\_\_  
Signature of Shareholder/ Proxy/ Authorized Representative

*Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the Annual General Meeting.*

### ELECTRONIC VOTING PARTICULARS

EVSN (E-Voting Sequence Number)	USER ID	SEQUENCE NUMBER

**Notes:**

- 1) Each equity share of the Company carries one vote.
- 2) Please read carefully the instructions printed overleaf before exercising the vote.
- 3) Due to Security Reasons Mobile Phones, Cameras and Bags shall not be allowed inside the AGM Hall.

# ROUTE MAP



**Sleepwell®**



**Sheela Group**  
*ISO 9001 Certified*

**45** years  
of  
**excellence**

# What's inside?

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1	45 Years of Excellence
2	Corporate Snapshot
6	Our Journey over the Years
8	Financial Highlights
10	Chairman's Message
13	Board of Directors
14	Community Engagements
15	Corporate Information
16	Management Discussion and Analysis
20	Directors' Report
58	Financial Statements

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This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations of projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Company has sourced the industry information from the publicly available resources and has not verified those information independently.



# 45 Years of Excellence at Sheela Foam

It is not just about the destination that we have arrived at, it is more about our determination, perseverance and resilience.

It is about how we entered the market, which was and still is dominated by unorganised players, as a small player and emerged as the largest and the most trusted and passionate player.

It is about how we constantly innovated, improved the operational parameters and invested in state-of-the-art technologies to create a strong brand that is recognised for its ability to deliver superior products and services while exceeding customer expectations every time.

It is about how we took customer-centricity to newer levels through personalised products, unique shopping experience, creating awareness of healthy sleeping habits and reaching out closer to them geographically.

It is about how we transformed a commodity into a well established and most trustworthy brand.

It is about how we helped to transform the industry from an unorganised to a fast evolving one eager to cater to the country's needs.

**Most importantly, it is about our agility, resilience, quick decision-making and sharp focus to sustain this excellence.**

## *Excellence in numbers that define us*

15

manufacturing  
plants across India  
and Australia

1,23,000

tonnes foam per  
annum capacity

18,00,000

mattress capacity

110

exclusive  
distributors

5,500

dealers

2,500

exclusive brand  
outlets



# Corporate Snapshot

SHEELA FOAM LIMITED IS AMONGST INDIA'S LEADING PLAYERS IN THE MATTRESS INDUSTRY HAVING A STRONG BRAND RECALL, WIDE PRODUCT PORTFOLIO AND PRESENCE BOTH ACROSS INDIA AND AUSTRALIA. THE COMPANY, WITH OVER 45 YEARS OF EXPERIENCE, HAS ROBUST R&D CAPABILITIES AND AN EXPERIENCED AND WIDESPREAD DISTRIBUTION NETWORK. IT IS THE FIRST LARGE MATTRESS & HOME COMFORT PRODUCTS COMPANY IN INDIA TO BE LISTED ON STOCK EXCHANGES.

## Corporate Overview

- ★ Incorporated in 1971
- ★ It is the flagship company of the ₹ 1,750 Crores Sheela Group
- ★ Group Companies include: Sheela Foam Limited and Joyce Foam, Australia (a 100% subsidiary of Sheela Foam)
- ★ Sleepwell is the flagship brand of the group
- ★ It is an ISO 9001 certified Company

## Vision and Mission

We will continue to be recognised

As a leading organisation in quality comfort products

While practising values of integrity, reliability, pro-activity & transparency

To do business with a smile for customer delight

And a commitment to society

## Geographical Presence

- ★ Headquartered in NCR
- ★ It has 15 manufacturing facilities across India and Australia
- ★ It has exports to over 32 countries worldwide – Middle East, South Asia, Europe, ANZ, North America and South America

## Industries Catered

Bedding	Lingerie
Furniture	Electronic
Automotive	Acoustic Enclosures
Shoes	Garments



## *Product Portfolio*

### **Home Comfort range:**

- ★ Mattresses
- ★ Furniture Cushions
- ★ Pillows
- ★ Comforters/Duvets
- ★ Sofa-cum-Beds

### **Technical range:**

- ★ Lamination Foam
- ★ Reticulated Foam
- ★ UV Stable Foam
- ★ Sound Absorption Foam
- ★ Anti-Static Foam

*The Brand -  
Sleepwell*



*Economies of  
Scale*

**Key  
Strengths**



*Customer  
Centricity*

*Exclusive  
Distribution  
Network*

*Strong Research  
and Development  
Capability*

*Robust IT  
Infrastructure*



*Deeply  
Ingrained  
Value System*

*Rich  
Intellectual  
Capital*



## The Brand - Sleepwell

Sleepwell, the flagship brand of the Company for mattresses and comfort accessories has a strong resonance with the Indian consumers. The products under this brand have the reputation of being durable and high in quality.



## Economies of Scale

The Company has 15 manufacturing units spread across different locations in India and Australia. The huge production capacities derived from these enables to reduce cost of production as well as transportation.



## Exclusive Distribution Network

The Company has 110 exclusive distributors. Besides, most of the distributors have been associated with the Company for over 20 years. Under them, there are 5,500 dealers, of which 2,500 are exclusive dealers. The Company constantly maps the changing environment and keeps expanding its dealership network.



## Strong Research and Development Capability

The Company's committed team of engineers and scientists strive to improvise the existing foam products, develop innovative products and ensure enhancement in quality control parameters.



## Customer-Centricity

**Our customer care team is dedicated to provide:**

- ★ Quality after sales service
- ★ Educate customers on new technologies
- ★ Facilitate them to choose suitable product based on their specific needs through scientific analysis
- ★ Inputs on SLEEPEDIA - information on quality sleep for a good health and wellbeing



## Robust IT Infrastructure

The Company's in-house IT platform, Great Plus, connects all manufacturing units and Tier I and II channel partners in real time. This enables to assimilate information faster and take quick decisions.



## Rich Intellectual Capital

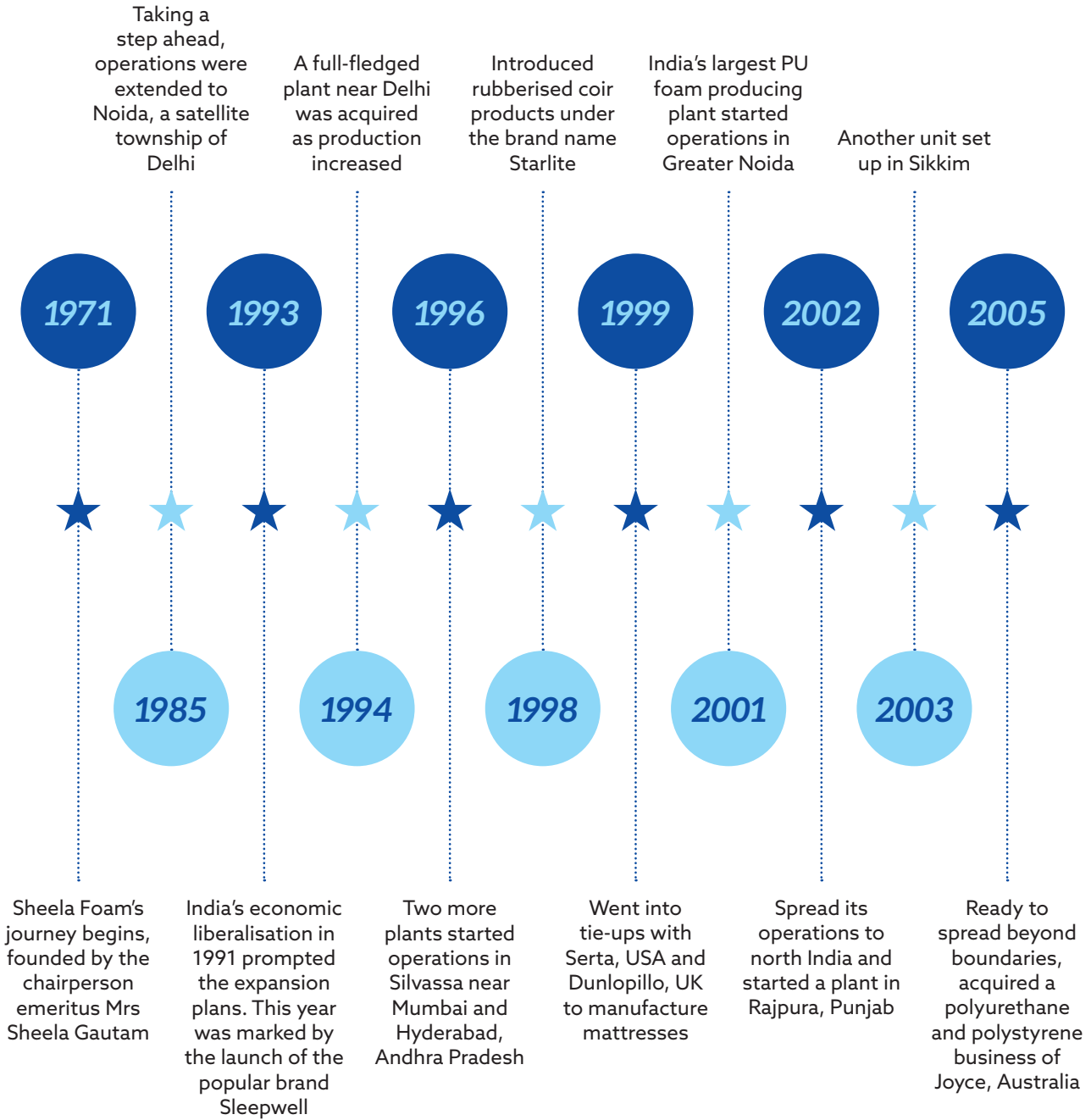
The Company has a team of highly qualified professionals and top management who work relentlessly to maintain quality, improvise products, ensure customer satisfaction and take crucial decisions.

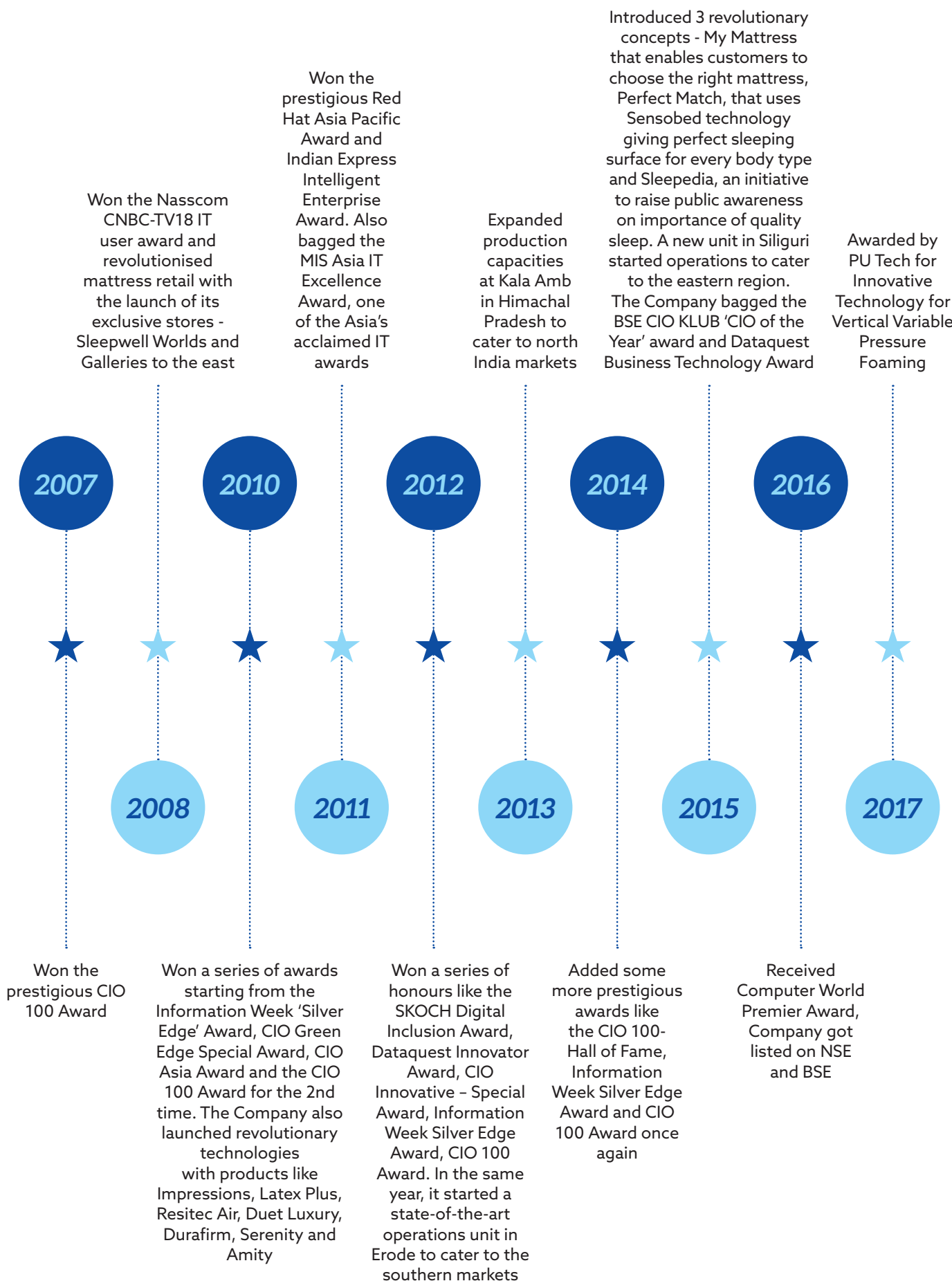


## Deeply Ingrained Value System

All employees of the Company everyday live the values enshrined in our Vision Statement with Integrity as paramount. Ethics and Fairplay are hallmarks of all business transactions. Additionally, there is a deep-rooted respect for environment and society.

# Our Journey over the Years





# Financial Highlights

₹ 1,750  
Crores  
Consolidated  
turnover

3,155  
Employee  
strength

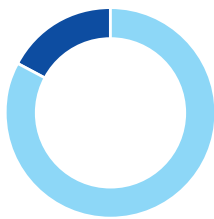
11%  
Revenue growth –  
CAGR 2013-17

24%  
EBITDA growth –  
CAGR 2013-17

45%  
PAT growth –  
CAGR 2013-17

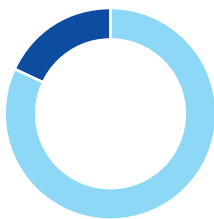
28%  
Net worth growth –  
CAGR 2013-17

## Segmental revenue break-up



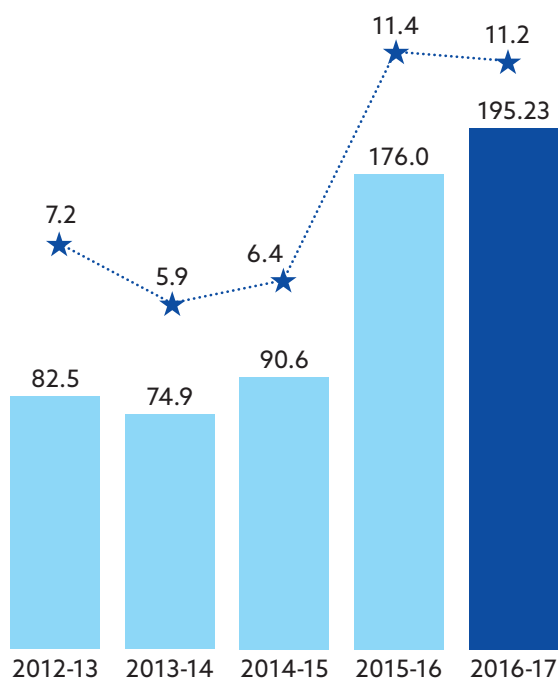
83% Indian Operations  
17% Australian Operations

## Revenue break-up (Indian operations)



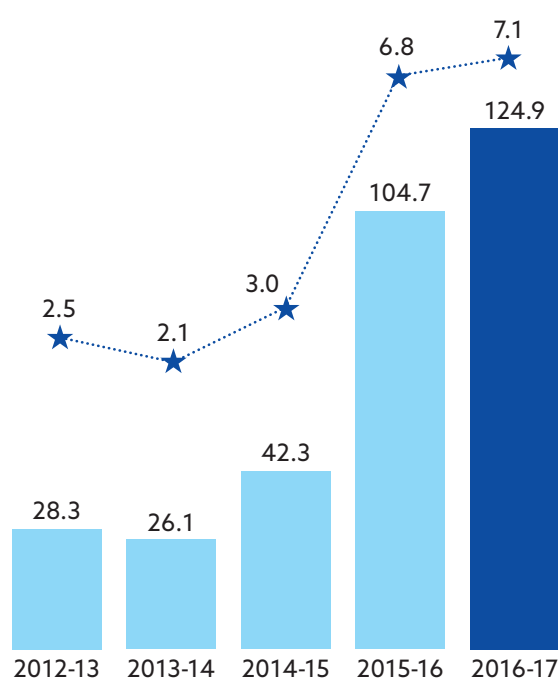
82% Home Comfort Line  
18% Technical Foam

### EBITDA



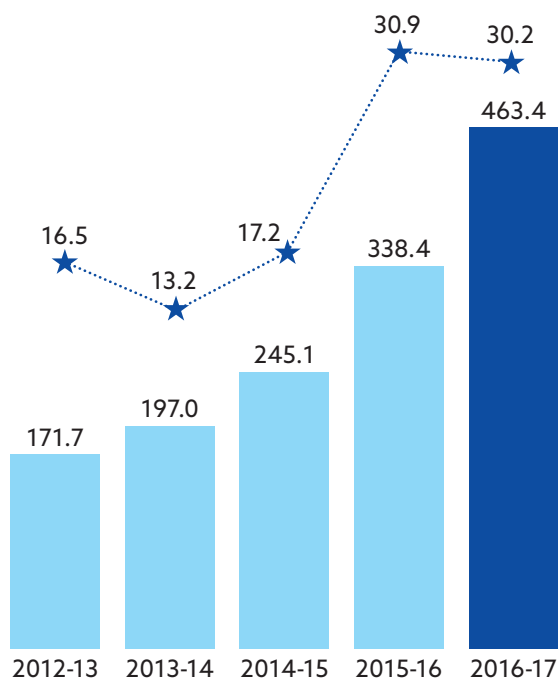
■ Absolute (₹ in Crores)    ★ Margins (%)

### Profit after tax



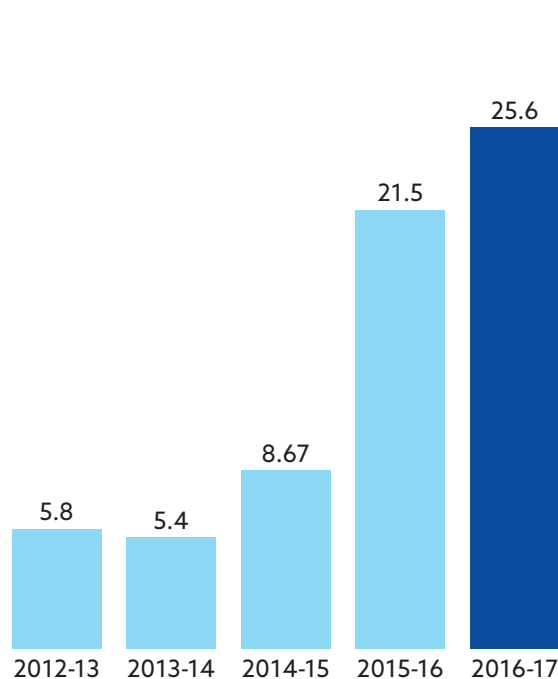
■ Absolute (₹ in Crores)    ★ Margins (%)

### Net worth (₹ in Crores)



★ Return on net worth (%)

### Earnings per share (in ₹)





# Chairman's Message



**13%**  
growth in topline

---



**83%**  
business from Indian operations

---



**17%**  
business from the Australian subsidiary

## *Dear Shareholders,*

It gives me immense pleasure and profound satisfaction to present the FY 2016-17 Annual Report of the Company, our first post the successful maiden public issue and listing this year. This is an important milestone in our corporate strategy and I place on record my gratitude to all the shareholders for their overwhelming response to our IPO and reiterating their faith in our long-term growth story. Regardless of the fact that we are a well-established player in the market with 45 years of rich experience, pan-India distribution and manufacturing network, presence in Australian market, diverse product portfolio and robust R&D capabilities; we believe that this move will provide us a platform to further enhance our brand name and contribute to long-term benefit of the Company and all stakeholders.

“ WE SUCCESSFULLY COMMENCED THE PRODUCTION OF SPECIAL GRADE FOAM USING THE AWARD-WINNING AND ONE-OF-ITS-KIND VERTICAL VARIABLE PRESSURE FOAMING TECHNOLOGY, WHICH WAS DEVELOPED IN-HOUSE BY OUR R&D EXPERTS.

### Macro-economic scenario

The year 2016 has overall been a good year for India with the GDP growth rate holding up near 7%. Two significant events dominated India's economic and business landscape. The bold step of demonetisation which in many ways is likely to be a point of inflection for the country and a welcome move to tackle corruption, black money, usher transparency, efficiency and convert our cash-based economy into a digital one. The second being the biggest tax reforms in Independent India, the Goods and Services Tax Act (GST), a consumption-based tax/levy.

### Performance review

Any change comes with short-term challenges and while demonetisation is expected to be good for the long run, it negatively impacted our business and sales volume. Despite this, we managed to grow topline by 13% from ₹ 1,550 crores in FY 2015-16 to ₹ 1,750 crores in FY 2016-17, 82.6% of which came from Indian operations and 17.4% from the Australian subsidiary. Taking a long-term view, we moved swiftly and aggressively to tackle the challenges by working relentlessly to reenergise our distribution network, pushing products strongly through innovative marketing activities and swiftly embracing the digital framework for newer payment modes. Further, in spite of a significant rise in the prices of our primary raw material TDI, our EBITDA and PAT increased 11% and 19% respectively to ₹ 195 crores and ₹ 125 crores respectively. This could be achieved through product price rationalisation to counter margin loss without impacting our market share.

In Australia, the performance of Joyce, our 100% owned subsidiary, engaged in the manufacture of technical foam supplied to B2B customers (mattress and furniture manufacturers) was in line with our expectation. In spite of challenging scenario, the proactive decision-making and long-term relations with B2B customers enabled us come out unscathed. The topline during the year grew 6.7% to

₹ 304 crores while the bottom line was maintained at ₹ 14 crores.

### Key developments in FY 2016-17

Our overall growth plans remained intact, and we have opened more than 260 new exclusive stores during the year taking the total count to 2,538 stores. These new stores will add to the convenience, improve consumers' engagement and loyalty, and overall strengthen our long-term market visibility. A key pull feature of these stores is the proactive education revolving around selecting the right product to enhance the comfort while sleeping. We are confident that our personal involvement in enabling consumers select the right product at the right price points, will go a long way in improving consumer loyalty.

On the operations side, we undertook several shop floor enhancement initiatives which enabled us to improve foam yield by 0.3% over previous year. Other initiatives include optimising production mix and cutting process, undertaking family foaming for better consistency and reducing losses, and improving the plant layout and enhancing productivity by adoption of Maynard Operating Sequence Technique (MOST).

To further enhance long-term efficiencies, we also commenced consolidation activities in one of our primary foam manufacturing plant in Talwada (Gujarat). The plant being in close proximity to ports facilitates cost-effective imports of raw materials. Post consolidation, this plant would also be able to manufacture mattress enabling us to shift the production of mattresses from the Saily plant (Dadra & Nagar Haveli) located at a distance of 26 km to Talwada, leading to significant savings in freight cost. Once this shift happens, we plan to dispose of the plant in Saily.

Finally and most importantly, we successfully commenced the production of special grade foam using

the award-winning and one-of-its-kind vertical variable pressure foaming technology, which was developed in-house by our R&D experts. This technology shall facilitate manufacture of foam with 30% lower material density but with higher durability. This shall provide significant competitive edge as on one hand costs shall decline driven by reduction in methylene chloride consumption while on the other, the better quality of product shall enhance our market share.

### Industry optimism

One of the underlying factors that make the mattress industry very interesting is the fact that nearly 70% of the country's population do not use modern mattress. While of the remaining 30% that use modern mattress, only 35% are catered by the organised segment. Besides, most of the organised sales come from urban markets owing to poor infrastructure and road connectivity in the rural areas, which makes transportation of voluminous products difficult. Keeping this viewpoint in mind, there is immense opportunity for the organised modern mattress players. Moreover, the implementation of GST shall narrow down the pricing gap and enable us to directly compete with the unorganised players and capture their market share.

The government's strong focus on infrastructure development, especially constructing roads and highways in the rural areas is another important development that shall facilitate rural market penetration.

### Strategic direction ahead

As a leading player in the industry, we further intend to strengthen our penetration in the market and grow faster than ever. Some of the key initiatives towards this objective include:

- ★ **Brand building:** We intend to leverage the audio, video and print media to undertake brand building on physiological, aesthetic and ergonomic attributes. Further, there shall be focus on developing customer-centric initiatives like My Mattress (offering customer choice of multiple mattress with varying thickness and foam-combination at same price range), Perfect Match (enabling customers to choose right product based on scientific analysis) and Sleepedia (educating customers on benefits of good sleep).
- ★ **Expand portfolio:** We shall focus on developing newer products catering to the customers' specific requirements. We intend to develop market for made-to-order 'Ultra-Premium Luxury' mattresses (generating better margins) and low-cost mattresses (for topline and market share growth). We also aim to increase involvement of upholsters for Furniture Cushioning Business through various incentive schemes.

★ **Expand distribution network:** We intend to further enhance our distribution network to tap opportunities in under-penetrated territories that are either characterised by lower transportation costs or have significant demand. We also focus on making products available through online channels and expanding our Exclusive Brand Outlets.

★ **Developing distributed manufacturing model:** Through this, we shall focus on outsourcing production of low density commercial PU foam cores to independent manufacturers under our quality supervision while we shall focus on increasing production of higher density premium foams. This shall enable us to focus more on production of high margin products.

★ **Enhancing B2B business:** For our institutional customers, we focus on manufacturing sophisticated grades of technical PU Foam which is a relatively niche market product with very few manufacturers in the country and primarily imported at high prices from international markets.

### Message to the shareholders

In line with our market strategies and industry growth prospects, our capacity utilisation is bound to increase in the coming years enabling us to better sweat assets and spread fixed cost. We are well placed in the industry with our diverse product portfolio being catered to diverse end-user segment at diverse price range. We intend to work around our core philosophies of transparency and ethics to focus on sustainable growth for stakeholders.

Once again I, on behalf of the Board, would like to thank all the shareholders for the trust reposed in us. We shall diligently focus on expanding our shareholders' worth through our experience and knowledge of the management team. I also take this opportunity to express my gratitude to our bankers, our supplier partners, customers and especially our employees for their continued support throughout the 45-year long journey.

With best regards,

**Rahul Gautam**

Chairman & Managing Director



# Board of Directors

## Sheela Gautam

Founder &  
Chairperson - Emeritus

An avid entrepreneur, seasoned politician, renowned social worker & philanthropist, Mrs. Sheela Gautam, has a multifaceted personality. Born in a family of freedom fighters and diplomats in 1931, she completed her graduation with an additional degree in education. She founded Sheela Foam in 1971 and has been actively involved in growing the organisation for two decades before moving into active politics.

A prominent figure in Indian Politics, she was elected as the Member of Parliament (Lok Sabha), for four consecutive terms. She has also been a member of several Consultative Committees formed by the Government of India like Health & Family Welfare, Railways, Public Undertakings, Communications, Petroleum & Natural Gas, Empowerment of Women, etc. to name a few.

## Rahul Gautam

Chairman &  
Managing Director

He has been associated with our Company since 1971 and as our Managing Director since 1 April, 1996. He holds a bachelor's degree in technology (chemical engineering) from the Indian Institute of Technology, Kanpur and a master's degree in science (chemical engineering) from the Polytechnic Institute of New York. He has over 40 years of experience in the home comfort products and PU foam industry, and is the Chairman Emeritus of the Indian Polyurethane Association.

## Namita Gautam

Whole-time Director

She has been associated with our group for the last 30 years and as a Whole-time Director of our Company since 14 November, 2003. During her tenure, she has headed the human resource, marketing and projects departments of the Company. She currently heads our CSR initiative through "Sleepwell Foundation" and heads special projects. She holds a bachelor's degree in law and a master's degree in economics from Kanpur University.

## Rakesh Chahar

Whole-time Director

He has been associated with our Company since 1 November, 1990 and as our Whole-time Director since 14 November, 2003. He has over 25 years of experience in the business of selling and marketing of bedding products and polyurethane foam. He heads the Sales & Marketing function.

## Tushaar Gautam

Whole-time Director

He has been associated with our Company since 7 January, 2002 and as our Whole-time Director since 1 April, 2007. He holds a bachelor's degree from Purdue University, USA, where his courses of study included financial, marketing and operations management. He oversees the operations of the Company and our subsidiary Joyce Foam Pty Ltd and is a director on its board of directors. He has over 14 years of experience in heading production, research and development.

## Ravindra Dhariwal

Independent Director  
(Additional)

He has been associated with our Company since 7 June, 2016. He holds a bachelor's degree in chemical engineering from Indian Institute of Technology, Kanpur and a post graduate diploma in management from Indian Institute of Management, Calcutta.

## Vijay Kumar Chopra

Independent Director  
(Additional)

He has been associated with our Company since 7 June, 2016. He is a fellow member of the Institute of Chartered Accountants of India. He has several years of experience in the banking and finance sector.

## Som Mittal

Independent Director  
(Additional)

He has been associated with the Company since 7 June, 2016. He holds a bachelor's degree in metallurgical engineering from Indian Institute of Technology, Kanpur and a post graduate diploma in business administration from the Indian Institute of Management, Ahmedabad. He has several years of experience in manufacturing and information technology sectors.

## Anil Tandon

Independent Director  
(Additional)

He has been associated with our Company since 7 June, 2016. He holds a bachelor's degree of technology in electrical engineering from Indian Institute of Technology, Kanpur and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has several years of national and international experience in the zip fastening products sector.

# Community Engagements

SLEEPWELL FOUNDATION IS THE CORPORATE SOCIAL RESPONSIBILITY (CSR) ARM OF SHEELA GROUP, REGISTERED IN 2001 WITH THE OBJECTIVE OF IMPLEMENTING CSR ACTIVITIES OF THE GROUP. SINCE INCEPTION, THE FOUNDATION IS WORKING IN FIELDS OF EDUCATION, SKILL DEVELOPMENT, ENTREPRENEURSHIP AND PROACTIVE WELLNESS.

## Vision

To see 'The India of our dreams' become a reality with India becoming a progressive, prosperous and powerful nation.

## Belief

Women are the most important change agents. To realise our dream, women must be educated, employed and empowered.

## Mission

To sensitise and positively impact the youth of India, specially the women through our awareness programmes, actions and advocacy on wellness, clean India, skill development and education.

## Key Initiatives

- ★ **Wellness Rules:** Inspiring young women to embrace proactive wellness in the form of advocacy, seminars, workshops, dialogues and networking. Proactive Emotional Wellness programmes and workshops helps participants gain insight about themselves.
- ★ **Act Clean:** Participating in Swachh Bharat Abhiyaan, the foundation has undertaken two important tasks:
  - To create awareness among people through a simple step-by-step action plan. Act Clean, for individuals and communities in the form of a short film and document
  - To implement cleaning programmes at schools, colleges, institutions and workplaces.
- ★ **Pro-Skill:** Imparting industrial skill training to the lowest level of unskilled workers, empowering them to move up. The foundation has started a skill development centre in Khurja, UP this year. The centre will provide essential job-oriented skills training specially for women.
- ★ **Shining Girls:** Sleepwell Foundation is firmly resolved to educate the girl child across the country. We encourage and support various institutions for this cause.



# Corporate Information



## Board of Directors

### Executive Directors

- ★ Rahul Gautam
- ★ Namita Gautam
- ★ Rakesh Chahar
- ★ Tushaar Gautam

### Non Executive, Independent Directors

- ★ V K Chopra
- ★ Som Mittal
- ★ Ravindra Dhariwal
- ★ Anil Tandon



### CFO

Dhruv Chandra Mathur



### Registered Office

C-55, Preet Vihar, New Delhi - 110 092, India

**Tel:** +91 11 2202 6875

**Facsimile:** +91 11 2202 6876



### Company Secretary

Md. Iquebal Ahmad



### Corporate Office

37/2, Site-IV, Sahibabad Industrial Area,  
Ghaziabad - 201 010, Uttar Pradesh, India

**Tel:** +91 120 4162 200

**Facsimile:** +91 120 4162 282

**E-mail:** iquebal.ahmad@sheelafoam.com



### Auditors

S. P. Chopra and Company



### Registrar of the Company

Link Intime India Private Limited  
44, Community Centre, 2nd Floor  
Naraina Industrial Area  
New Delhi - 110 028

**Tel:** +91 11-41410592, 93, 94

**E-mail:** delhi@linkintime.co.in

**Website:** www.linkintime.co.in



### Bankers

Central Bank of India

Yes Bank Limited

Citi Bank

Standard Chartered Bank

# Management Discussion and Analysis



₹ 195 Crores  
EBITDA

₹ 125 Crores  
PAT

## ECONOMIC OVERVIEW

### Global Economy

In FY 2016, the global economy continued to witness slowdown with growth projected at 3.1% (3.4% in FY 2015) driven by high political uncertainty, weak global trade, and market volatility.

Among the Advanced Economies, the growth slumped to 1.7% (2.1% in FY 2015). In the USA, the weak investments coupled with dollar appreciation and political instability led to growth restrained at 1.6% (2.6% in FY 2015). In the Euro area, the concerns relating to the UK's exit from Union, weak demand, falling productivity, and declining investments led to slower growth at 1.7% (2% in FY 2015).

Among the Emerging Markets and Developing Economies (EMDEs) growth marginally declined to 4.1% (4.2% in FY 2015). In China despite continued pressure on economy, the continuous policy stimulus and investment revival led to some stability with growth expected at 6.7%. Argentina, Brazil and Turkey faced headwinds, while scenario in Russia seemed to improve with oil price revival.

The outlook, driven by declining drags, manufacturing revival in advanced economies and better capital flows to EMDEs remains positive with growth expected to be 3.5% in FY 2017 and 3.6% in FY 2018. (Source: IMF - World Economic Outlook April 2017)

### Indian Economy

In FY 2016-17, the GDP growth in India is likely to be 7.1% compared to 7.9% in FY 2015-16. The growths in the primary sectors of industrial, services and agriculture is likely to be 5.2%, 8.8% and 4.1% respectively. The repo rates further eased by 50 basis points to 6.25%, inflation remained comfortable at 3.81% and forex reserves at the end of fiscal increased to ₹ 24,102.8 bn. The fiscal deficit during the year is likely to be 3.2%.

The year witnessed government undertaking one of the most crucial initiatives of demonetising high value currency in a bid to track black money hoarders and facilitate transition of parallel economy to formal one. Though this led to initial setbacks and decline in private consumption, its long-term benefits would be greater with likelihood of higher tax collections and growth in GDP with inclusion of unaccounted sector.

The current political scenario of the country also remains positive with a stable government that is keenly focussed on infrastructure development, easing business scenario, simplifying tax regime, reducing bureaucracy levels and attracting foreign investments. Most importantly, there is a clear direction to enhance accountability at all levels. The past two-year budgets have also witnessed the agriculture sector receiving its due importance with various facilitative schemes, while

allocation to infrastructure sector is constantly rising (₹ 3,96,135 crores being allocated for FY 2017-18).

### Outlook

In the mid-term to long-term scenario, the country's outlook remains positive. IMF expects Indian economy to grow at 7.2% in FY 2018 and 7.7% in FY 2019 driven by important structural reforms, easing bottlenecks from supply side, and facilitative fiscal and monetary policies.

## INDUSTRY OVERVIEW

### Indian mattress industry

The Indian mattress market comprising rubberised coir, polyurethane foam and spring mattress is pegged at ₹ 85-90 bn. The industry is primarily dominated by unorganised players accounting for nearly 65% of the market share. Driven by rapid urbanisation, rising disposable income, lifestyle and health-related issues, the industry recorded a compounded growth of nearly 8-10% during FY 2011-16 with the organised sector recording a faster growth at 10-12% compared to 7-9% for the unorganised sector.

### Classification of the industry

**Based on product:** The industry is classified into three broad product categories - rubberised coir, PU foam and spring mattresses - each accounting for nearly 30%, 50% and 20% market share respectively. The dominance of PU Foam mattress is primarily attributable to its quality, durability and pricing.

- ★ **Based on usage:** The two primary end-user segments for the mattresses are the residential and institutional (hotels, hospitals, and educational institutions including hostels) segments accounting for nearly 80% and 20% of the market share respectively.
- ★ **Based on distribution channel:** Distributor/dealer network, own/franchisee stores and online mode are the key sales channel in the organised sector accounting for nearly 87-89%, 9-11% and less than 3% of the total sales.
- ★ **Based on price segment:** The organised market is divided into four pricing segment - the economy segment (up to ₹ 8,000), the mid-segment (₹ 8,000-₹ 30,000), the premium segment (₹ 30,000-₹ 75,000) and luxury segment (₹ 75,000 and above).

### Indian flexible PU Foam industry

The Indian flexible PU Foam industry is currently pegged at nearly ₹ 50-60 bn. The industry is primarily unorganised with nearly 70% market share being dominated by small and medium industries. The growth in organised sector is restricted owing to its voluminous nature which

involve significant transportation cost making it unviable for national-level players. The industry witnessed a compounded growth of nearly 7-8% during FY 2011-16.

The flexible PU Foam is manufactured as flexible slabstock foam, flexible moulded foam, or integral skin foam. The flexible slabstock and flexible moulded account for a majority share of total flexible PU Foam production at nearly 65-70% and 30-35% respectively. Mattress and furnishings industry account for over 45% of flexible PU Foam market, while automotive industry accounts for over 30%. (Source: CRISIL Research)

## OPPORTUNITIES & CHALLENGES

### Opportunities

- ★ **Rapid urbanisation, affluence and nuclear families:** India's consumption is set to triple to USD 4 trillion by FY 2025 with elite and affluent income segments expected to account for 40% of the overall spending. During this time, 40% of the country's total population will live in urban areas. Moreover, nearly three-fourths of all the households are expected to be nuclear families. This will boost demand for modern mattress. (Source: BCG report)
- ★ **Rising disposable income:** The per capita income in India has witnessed a steady rise with the expanding macro-economy. In FY 2016-17, the country's per capita income is expected to have grown by over 10% to more than ₹ 1 Lakh.
- ★ **Health concerns:** The rising cases of back pain and spine-related cases in India are likely to trigger demand for better quality sleep products.
- ★ **Housing growth:** The housing demand across top eight cities in India during FY 2016-20 is expected to be nearly 4.2 mn units of which 1 mn units is likely to be delivered. Additionally, the government's housing for all scheme by FY 2022 and the smart cities project is a boost for residential construction.
- ★ **Hospitality:** By FY 2020, the hospitality industry is likely to add nearly 25,000 premium rooms.
- ★ **GST:** Implementation of GST would provide opportunity for shift from unorganised to organised.

### Challenges

- ★ **Transportation & warehousing:** PU Foam and mattresses being voluminous in nature pose significant handling, warehousing, and cost-related challenges making long distance transportation practically unviable.
- ★ **High taxation:** The implementation of various taxes makes products from the organised sector costlier and uncompetitive in comparison to unorganised sector.





**OUTLOOK**

The flexible PU Foam market is expected to grow at a CAGR of 11-12% during FY 2016-21 driven by rising demand from the end-user industries. In FY 2021, the market for flexible slabstock foam and flexible moulded foam is estimated to be around ₹ 53-58 bn and ₹ 33-38 bn respectively. During this time, the mattress industry is expected to grow at a CAGR of nearly 8-10% and reach an estimated value of ₹ 130-140 bn. Organised sector shall continue to be the primary growth contributor, while the residential segment the primary end-user segment.

The implementation of Goods and Services Tax (GST) is likely to be a significant opportunity for the organised players whereby the Company would be in a position to gain tax savings which in turn would allow it to compete with the unorganised sector. Besides, the Company has added 260 Exclusive Branded Outlets during the year which shall widen its penetration and boost growth of premium products. The Company is also ramping up its distribution network to reach wider customer base. The Company's revolutionary development of Vertical Variable Pressure Foaming technology that shall enhance product quality and durability is likely to be a game changer. The Company shall strongly focus on brand building, development of low-cost mattresses and enhancing upholstery business.

**REVIEW OF FINANCIAL PERFORMANCE**

During the current year, Net Revenue of the Company on standalone basis, increased from ₹ 1,265 Crores to

₹ 1,446 crores, registering a growth of 14.3% over last year. The profit after tax for the current year increased by 22.6% to ₹ 110 Crores as against the profit after tax of ₹ 90 Crores of last year.

**RISKS & CONCERNS**

**Macro-economic risk**

Any slowdown in macro-economic scenario could adversely impact the housing, hospitality and automotive industry, which in turn can impact the performance of the Company.

**Mitigation:**

- ★ India shall continue to be the fastest growing major economies with IMF forecasting the country's GDP growth in FY 2017 and FY 2018 to be 7.2% and 7.7% respectively.
- ★ Facilitative policies by the government, low interest rates, digitalisation and focus on infrastructure development are likely to boost growth across various downstream end-user industries.
- ★ The implementation of GST would reduce costs for the organised sector enabling it to compete strongly with the unorganised player.
- ★ With nearly 70% of the country's population not using modern mattress, the industry is poised to grow.
- ★ The Company's subsidiary in Australia facilitates geographical risk reduction.

**Competition risk**

Inability of the Company to manufacture both quality and low-cost products shall lead to loss of customers and market share.

**Mitigation:**

- ★ The Company's Sleepwell brand enjoys strong reputation and brand resonance. Besides, it continuously undertakes various R&D activities to develop innovative products and enhance quality. It has also invested in procuring advanced manufacturing technologies and improving shop floor operations to enhance operational efficiency focussed on cost reduction.
- ★ It offers wide range of home range products (catering to diverse customer segment) and technical grade products (catering to diverse industrial concerns).
- ★ It focusses on adopting distributed manufacturing whereby it would provide quality supervision to small manufacturers for encouraging production of low cost products to compete with the unorganised sector.

- ★ Its robust network of 2,500 Exclusive Brand Outlets provides customers unique buying experiences which facilitates sales of premium products.
- ★ It offers customers value-added services like My Mattress (facilitating product customisation) and Perfect Match (using scientific analysis to assist customers in choosing right products).

### Marketing risk

Inability of the Company to market its products would lead to inventory pile-up and losses.

#### Mitigation:

- ★ The Company has a huge distribution network comprising 110 exclusive distributors under whom there are 5,500 dealers of which 2,500 are exclusive dealers supplying products to 3,000 multi-branded outlets. This enables it to achieve widest and deepest penetration across the country.
- ★ It undertakes significant brand development initiatives through commercials in television, radio, newspaper and magazines.
- ★ It uses robust IT infrastructure to enable efficient product distribution and ensure timely availability of products at stores. Further, the IT network is even linked with the distributors and exclusive showrooms facilitating access to stock and orders positions in real time.

### Raw material risk

Inability of the Company to source regular supply of quality raw materials at desired quantity and prices can hamper production.

#### Mitigation:

- ★ The Company's scale of operations enable it to procure key raw materials (Polyol and TDI) in huge quantities enabling it to have competitive sourcing advantage.
- ★ It engages in tie-ups with large suppliers to ensure unhindered supply of materials.
- ★ It possesses tanks for effective storage of Polyol and TDI under required conditions.

### Counterfeiting risk

Inability of the Company to prevent product counterfeiting may lead to loss of turnover and market reputation.

#### Mitigation:

- ★ The Company regularly conducts market checks to prevent sale of counterfeit products.

- ★ It has also implemented technologies such as introduction of RFID micro-chips in mattresses to enable tracking of genuine products.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control system that is commensurate to the size and nature of the business it operates in. It has well-defined policies, systems, process guidelines, and operating procedures. It strictly adheres to various procedures, laws, rules and statutes. All transactions are recorded and reported in accordance with the Accounting Standards. The Independent Firm of Internal Auditors periodically conducts Internal Audit. Monitoring of activities is done on regular basis and any concerns are immediately flagged for effective addressing. The Company's MIS system ensures all expenses are within the budgetary allocations and undertakes corrective measures in case of mismatches.

### SIGNIFICANT DEVELOPMENT IN HUMAN RESOURCES

At Sheela Foam, the human resources are the key factors responsible for growth and long-term business sustainability. The Company's HR policies focus on providing employees a conducive, motivating, and safe work environment. These policies aim at recruiting talented and skilled workforce, facilitating their integration with the organisation, encouraging skill development and achieving higher employee satisfaction levels.

The Company also focusses on empowering employees and achieving higher engagement. It ensures a professional and healthy work culture built around strong corporate ethos. During the year, the Company maintained cordial relationships with its employees. As on 31 March, 2017, the Company had a total of 3,155 employees.

### CAUTIONARY STATEMENT

*The statements in the Management Discussion and Analysis Report that describes your Company's projections, estimates and expectations are "forward-looking statements". They are within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied depending upon the economic conditions affecting demand/supply, price scenario in the domestic and international markets in which it operates, changes in government regulations, tax laws and other statutes. Your Company undertakes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events.*

# Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 45<sup>th</sup> Annual Report on the business, operations and financial performance of the Company along with the Consolidated Audited Balance Sheet and Statement of Profit & Loss for the year ended 31 March, 2017.

## FINANCIAL INFORMATION

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2016-17	2015-16	2016-17	2015-16
Total Revenue-Net	1,750.00	1,550.00	1,445.86	1,265.05
Profit before Financial Charges, Depreciation & Tax	217.12	192.85	186.14	161.80
Less : Financial Charges	9.87	11.67	6.31	6.77
Cash Profit	207.25	181.18	179.84	155.03
Less : Depreciation	30.39	29.27	23.58	22.77
Profit before Tax	176.86	151.91	156.25	132.26
Add/(Less) : Income Tax-current year	(52.48)	(47.45)	(46.56)	(41.15)
Add/(Less): Deferred Tax - current year	0.46	0.25	0.79	(0.96)
Profit after Tax	124.84	104.71	110.48	90.15
Balance Surplus carried to Balance Sheet	124.84	104.71	110.48	90.15

During the current year, Net Revenue of the Company on standalone basis, increased from ₹ 1,265 Crores to ₹ 1,446 Crores registering a growth of 14.3% over last year. The Profit after tax for the current year increased by 22.6% to ₹ 110 Crores as against the profit after tax of ₹ 90 Crores of last year.

## PRESENT STATUS & FUTURE OUTLOOK

Your Company is the largest manufacturer of Mattresses and has a market shares of 23% of total organized market. It is also the largest Foam manufacturing Company of the Country, producing more than two times of its nearest competitor. The market share of the Company is increasing every year.

The Company registered a growth of more than 14% in turnover and more than 22% in profits despite demonetisation and unusual spurt in major raw material(TDI) prices.

70% of the Indian Mattress market is unaddressable, as the usage in this segment is of Cotton, Rugs etc. as sleeping surface. Of the balance 30% the organized market is 10% and unorganized market is 20%. The

Mattress Market is growing by around 10%. With the introduction of GST, increase in disposable income, increasing awareness about quality sleep and rapid improvement in infrastructure, the share of organized market is expected to increase at a faster rate.

The Per Capita Foam Consumption in India is less than 150 grams, whereas in Australia, where the subsidiary of the company has the largest market share, the per capita Foam Consumption is more than 6 times. This provides great opportunity to the company to increase its Foam production, as the consumption rate improves.

The Company is also expanding its distributor and dealer network to increase the penetration. The focus is on increasing Exclusive Brand Outlets (EBO) as well as Multi Brand Outlets (MBO) in new territories.

## DIVIDEND

Board of Directors do not recommend any dividend for the year 2016-17. The entire profits are being ploughed back in the business.

## SUBSIDIARIES

As on 31 March, 2017 the Company has three subsidiaries and one step down subsidiary. As required under the provisions of Section 129 of the Companies Act, 2013, read with Companies (Accounts) Rule, 2013, a statement containing salient features of the financial statements of subsidiaries is provided in the prescribed format AOC-1 as **Annexure-A** of the Board Report.

The Company has one 100% subsidiary in Australia, Joyce Foam Pty. Limited Joyce Foam is the largest producer of Foam in Australia and supplies its high quality Foam to Global Mattresses and Furnishing Companies. Joyce recorded a turnover of 61.76 Million Australian Dollars (AUD) in 2016-17, as compared with 58.60 Million AUD in 2015-16, recording a growth of more than 5% and has posted healthy pretax profit of 4.3 Million AUD in 2016-17, as against 3.8 Million AUD in 2015-16, an increase of around 13%. Joyce Foam deploys most modern technology -Variable Pressure Foaming (VPF), for producing best quality of Foam. Since full scale introduction of VPF technology, the revenues and profitability of company have improved.

Joyce Foam Pty Ltd has one wholly own subsidiary Joyce W C NSW Pty Limited

The Company has two other wholly owned subsidiaries as under:

- 1) Divya Software Solutions Private Limited since 2014-15 and
- 2) Sleepwell Enterprises Private Limited since this year.

### **MATERIAL SUBSIDIARIES**

In accordance with Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (Listing Regulations), none of the subsidiaries is a material non-listed subsidiary. The Company has formulated a policy for determining material subsidiaries. The policy has been uploaded on the website of the Company at <http://www.sheelafoam.com>.

### **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with Section 136 of the Companies Act, 2013 and the Accounting Standard 21 on the Consolidated Financial Statements, your Directors have attached the consolidated financial statements of the Company which form a part of the Annual Report.

The financial statements including consolidated financial statements and the audited accounts of each of the subsidiary are available on the Company's website [www.sheelafoam.com](http://www.sheelafoam.com)

### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- b) The directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The directors have prepared the annual accounts on a going concern basis.
- e) The directors have laid down internal financial controls to be followed by the Company and that

such internal financial controls are adequate and are operating effectively; and

- f) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **CORPORATE GOVERNANCE**

In accordance with SEBI Regulations, a separate report on Corporate Governance is given in **Annexure-B** along with the Auditors' Certificate on its compliance in **Annexure-B** to the Board's Report. The Auditors' Certificate does not contain any qualification, reservation and adverse remark.

### **RELATED PARTIES TRANSACTIONS**

The particulars of Contracts or arrangements with related parties, in the prescribed form, are annexed as **Annexure-C**

### **RISK MANAGEMENT**

The Company has formulated a Risk Management Policy duly reviewed by the Board of Directors. The policy includes risk identification, analysis and prioritisation of risk and development of risk mitigation plans.

### **INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate Internal Financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The report on the Internal Financial Control issued by M/s. S.P. Chopra & Co., Chartered Accountants, Statutory Auditors of the Company in view of the provisions under the Companies Act, 2013 is given elsewhere in this report.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

During the year, Mrs. Sheela Gautam, Director (Chairperson) resigned from the directorship.

As per the provisions of the Companies Act, 2013, Ms. Namita Gautam will retire by rotation at the ensuing Annual General Meeting (AGM) of the Company and being eligible, seek re-appointment. The Board has recommended her reappointment.

The Board has, subject to the approval of the Shareholders, re-appointed Mr. Rahul Gautam, Managing Director, Ms. Namita Gautam, Mr. Rakesh Chahar, Mr. Tushaar Gautam, Whole-time Directors of the Company for a period of 5 years effective from April 1, 2017.

The Board also recommended the appointment of following independent Directors who were appointed as Additional Director by the Board of Directors and whose term shall be expire at the ensuing Annual General Meeting:

- 1) Mr. Vijay Kumar Chopra
- 2) Mr. Som Mittal
- 3) Mr. Ravindra Dhariwal
- 4) Mr. Anil Tandon

As required under the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel namely, Chairman and Managing Director, Executive Director, Chief Financial Officer and Company Secretary continue to hold that office as on the date of this report.

#### **AUDITORS**

M/s. S.P. Chopra & Co., Chartered Accountants, were reappointed for 5 years in the Annual General Meeting held on 2016, subject to ratification at every AGM. The Company has received letter, from the Auditors, to the effect that the ratification, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Board recommends the ratification of the appointment M/s. S.P. Chopra & Co as Statutory Auditors for Financial Year 2017-18 for the audit of the Company.

#### **AUDITORS' REPORT**

There is no adverse observation of Auditors' on financial statements of the company. The Auditors' Report, read with the relevant notes to accounts are self-explanatory and therefore do not require further explanation.

#### **COST AUDITOR**

As per section 148 read with Companies (Audit and Auditors) Rule, 2014 M/s Mahesh Singh & Co, Cost Accountants are appointed, to conduct the cost records of the Company for the Financial Year 2017-18, by the Board of Directors and seeking ratification of remuneration from the members of company at ensuing Annual General Meeting.

#### **INTERNAL AUDITOR**

The company has engaged M/s S. S. Kothari Mehta & Co., Chartered Accountants as Internal Auditor to conduct internal audit for the year 2017-18. The Internal Auditor will report to Board of Directors. The internal audit will help company to review the operational efficiency

and assessing the internal controls. It also reviews the safeguarding of assets of the Company.

#### **SECRETARIAL AUDITOR**

The company has engaged M/s AVA Associates, Company Secretaries as Secretarial Auditor to conduct Secretarial audit for the year 2016-17. The report on secretarial audit is annexed as **Annexure D** to the Board's Report. The report does not contain any qualification, reservation or adverse remark.

#### **CORPORATE SOCIAL RESPONSIBILITY(CSR)**

In terms of Companies Act, 2013, your company is to undertake Corporate Social Responsibility programme. The disclosure as per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rule, 2014 is annexed as **Annexure-E**

#### **AUDIT COMMITTEE**

The composition of Audit Committee is provided in the Corporate Governance Report that forms part of this Annual Report.

#### **VIGIL MECHANISM**

The Company has established a vigil mechanism through a Whistle Blower policy and the Audit Committee oversees the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimisation of employees and Directors who may express their concerns pursuant to this policy. The policy is uploaded on the website of the Company at <http://www.sheelafaam.com>.

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013**

The Company has in place an Anti-Sexual Harassment policy in line with the requirements of sexual harassment of women at Work place (Prevention, Prohibition and Redressal) Act 2013. The Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the period under review, no complaint was received by the ICC.

#### **MEETINGS OF THE BOARD**

During the year, 9 meetings of the Board of Directors were held.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 forms part of the Financial Statements.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

- A. Following measures were taken by company for energy conservation in the year:
- 1) Used LED light in all new areas covered in Greater Noida for VertiVac Machine and in Hyderabad for New Foaming Machine. Further started systematic replacement of conventional light fixtures with energy efficient LED lights in all existing plants.
  - 2) Introduced sky light which provides natural cool light inside the building.
  - 3) Application of heat resistive paint on roof sheeting, which help reducing the inside temperature, hence reduction in cooling requirement.
  - 4) In steam boiler at Saily plant, Optimized the steam pressure and reduced it by 1.5 bar which helped reducing the diesel consumption by approximately 20%.
  - 5) One Looper machine at Talwara modified to dispense the peeled rolls without stopping it, hence reduction in energy lost during start/stop of machine.
- B. The expenses incurred on Research and Development have been included in respective expense heads.
- C. The Company has perfected the technology of producing foam and is continuously innovating new products/techniques to improve the quality of its product. It had also started compression of some grades of foam resulting in savings on freight. Further it has commissioned Vertivac Variable Pressure Foaming Machine for better grade foam at reduced cost.
- D. The details of earnings from exports and payments in foreign exchange are given in the Notes to the Accounts of the Company.

### LISTING AGREEMENTS

Your Company has entered into Listing Agreements with BSE Limited and National Stock Exchange of India Limited, in compliance with Regulation 109 of the Listing Regulations.

### PARTICULARS OF EMPLOYEES

The information as required under Section 197 of the Companies Act 2013 read with Rule 5(1) of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **Annexure-F** to the Board's Report.

The particulars of employees drawing remuneration in excess of limits set out in the Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure-G** to the Board's Report. However, as per the provisions of Section 136 of the Companies Act 2013, the Annual Report is being sent to all the members of the Company excluding the aforesaid information. The said information is available for inspection by the members at the registered office of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

In terms of provisions of Regulation 34 of the Listing Regulations, the Management's discussion and analysis is set out in this Annual Report.

### PUBLIC DEPOSITS

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

### EXTRACT OF ANNUAL RETURN

Extract of Annual Return as provided under Sub Section 3 of Section 92 is annexed as **Annexure-H**.

### SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### BOARD EVALUATION MECHANISM

Pursuant to the provisions of Companies Act, 2013 and the Listing Regulations, the Board has carried out annual performance evaluation of its own performance, those of directors individually and of various committees.

The performance of individual directors was evaluated on parameters, such as, number of meetings attended, contribution in the growth and formulating the strategy of the Company, independence of judgement, safeguarding the interest of the Company and minority shareholders, time devoted apart from attending the meetings of the Company, active participation in long term strategic planning, ability to contribute by introducing best practices to address business challenges and risk etc. The directors expressed their satisfaction with the evaluation process.

**POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION**

The policy is unloaded on company site [www.sheelafoam.com](http://www.sheelafoam.com).

**BUSINESS RESPONSIBILITY REPORT**

Business Responsibility Report is annexed as **Annexure-I**.

**ACKNOWLEDGEMENT**

Your Directors wish to express and place on record their thanks to the Company's Distributors, Dealers and Business Associates for their excellent effort and the customers for their continued patronage of the Company's products. Your Directors also wish to place on record their appreciation for the devoted services of the Executive, Staff and workers of the Company at all

levels enabling the Company to achieve the excellent performance during the year.

Your Directors also appreciate the valuable co-operation and continued support received from Company's bankers and all the government agencies and departments.

The Directors also express their sincere thanks to all the Shareholders for the continued support and trust they have reposed in the Management.

By Order and on behalf of the Board  
of Sheela Foam Limited

Place: Delhi **(Rahul Gautam)**  
Dated: 10 May, 2017 Chairman and Managing Director

## Annexure-A

Statement containing salient features of the financial statement of Subsidiaries/ Associate companies/ Joint ventures

(₹ in Lakhs)

Name of the subsidiary	Joyce Foam Pty Ltd	Divya Software Solutions Pvt Ltd	Sleepwell Enterprises Pvt Ltd
Place of incorporation	Australia	India	India
Date of incorporation / acquisition	3 October, 2005	19 April, 2010	07 October, 1994
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	AUD AUD= INR 48.56	N.A.	N.A.
Share capital	3,197.68	6.13	1.05
Reserves & surplus	3,280.23	4,150.86	110.22
Total assets	17,103.08	4,202.02	114.80
Total Liabilities	10,625.17	45.03	3.53
Investments	Nil	Nil	Nil
Turnover	29,989.48	Nil	10.00
Profit/(Loss) before taxation	2,074.89	(1.57)	3.72
Provision for taxation	613.63	Nil	1.62
Profit after taxation	1461.26	(1.57)	2.10
Proposed Dividend	Nil	Nil	Nil
% of shareholding	100%	100%	100%

Note-:

Joyce Foam Pty Ltd, Divya Software Solutions Private Limited and Sleepwell Enterprises Private Limited are wholly owned subsidiary of the Company.

For on behalf of Board of Directors

**Rahul Gautam**  
Chairman and Managing Director



**Corporate Governance Report**

The Company believes that the Corporate Governance is vital to enhance and retain stakeholders' trust. Good Governance leads to success and integrity of the organisation, institutions and markets. It is one of the essential pillars for building efficient and sustainable environment, system and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectation. Your Company is committed to the adoption of best governance practices and its adherence in the true spirit at all times and envisages the attainment of a high level of transparency and accountability in the functioning of the Company and conduct of its business internally and externally.

**Board of Directors ("Board")**

The Company is managed and guided by the Board of Directors. The Board formulates the strategy and regularly reviews the performance of the Company. The Board has been entrusted with the requisite powers, authorities and duties to enable it to discharge its responsibilities and provide effective leadership to the Business. The Company has an optimum combination of Executive, Non-Executive and Independent Directors who are eminent persons with professional expertise and valuable experience in their respective areas of specialisation and bring a wide range of skills and experience to the Board.

The Managing Director of the Company provides vision and leadership for achieving the approved strategic plan and business objectives. He presides over the Board and the Shareholders' meetings. The Managing Director with the support of the Whole-time Directors and Senior Executives oversees the operations of the Company.

As on the date of this report the Board comprises of 8 (Eight) Directors, which include 4 (four) Non-Executive Independent Directors and 4 (Four) Executive Directors including 1 (one) Women Director.

None of the Independent Directors of the Company serve as an Independent Director in more than seven listed Companies. The composition of the Board is in line with Regulation 17 of Listing Regulations. None of the Directors on the Board is a Member on more than 10 Committees, and Chairperson of more than 5 Committees across all listed companies in which he is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

**Meetings of the Board**

The Board of Directors met nine times during the financial year 2016-17 ended on 31 March, 2017. Board Meetings were held on 4 April, 2016, 6 May, 2016, 7 June, 2016, 11 July, 2016, 21 July, 2016, 19 October, 2016, 31 October, 2016, 3 February, 2017 and 17 March, 2017.

The maximum gap between any two Board Meetings was less than one hundred twenty days.

**Independent Directors**

All the four Independent Directors have confirmed that they meet the criteria as stipulated under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) read with Section 149(6) of the Companies Act, 2013. All such declarations were placed before the Board.

The maximum tenure of Independent directors is in compliance with the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on the website of the Company (web link <http://www.sheelafoam.com>).

Regulation 25(3) of Listing Regulations read with Schedule IV of the Companies Act, 2013 and the rules under it mandate that the Independent Directors of the Company hold at least one meeting in a year without the attendance of Non-Independent Directors and members of the management. During the year, separate meeting of the Independent Directors was held on 17 March, 2017 without the attendance of non-independent directors and members of the management. All the Independent Directors attended the said meeting. The independent directors, inter-alia, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.

**Familiarisation programme for Independent Directors**

The Board/Committee members are provided with the necessary documents/brochures, reports and internal policies, codes of conduct to enable them to familiarise with the Company's procedure and practices. Directors are regularly updated on performance of the business of the Company, business strategy going forward and new initiative being taken/proposed to be taken by the Company through presentation. Factory visits are organised from time to time for the Directors. The policy of the familiarisation programme of the Independent Directors are available on the Company's website at <http://www.sheelafoam.com>.

## Composition of Board

The composition of the Board of Directors, their attendance at the Meetings during the year and at the last Annual General Meeting as also the detail with regard to outside Directorships and committee positions are as under:

Name of the Director and DIN	Category	Number of meeting attended	Attendance in Last AGM held on 31 May, 2016	No. of other Directorship ##	No. of Committee positions held in other Companies###	
					Chairman	Member
Rahul Gautam# 00192999	Promoter & Executive Director	9	Yes	0	0	0
Namita Gautam# 00190463	Executive Director	6	Yes	0	0	0
Rakesh Chahar 00180587	Executive Director	9	Yes	0	0	0
Tushaar Gautam# 01646487	Executive Director	8	Yes	0	0	0
Vijay Kumar Chopra 02103940	Independent Director	6	No####	8	5	2
Som Mittal 00074842	Independent Director	5	No####	3	2	1
Ravindra Dhariwal 00003922	Independent Director	6	No####	8	2	7
Anil Tandon 00089404	Independent Director	6	No####	2	0	0

# Mr. Rahul Gautam, Managing Director is husband of Ms. Namita Gautam and father of Mr. Tushaar Gautam and are thus related.

## Excludes Directorships in Indian Private Limited Companies, Foreign Companies, Firms, Partnerships including LLPs, Section 8 Companies and membership of various Chambers and other non-corporate organisations.

### The committees considered for the purpose are those prescribed under Regulation 26 of Listing Regulations i.e. Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies whether listed or not.

#### Not holding directorship in the date of AGM.

## Board Functioning and procedure

- **Board Meeting Frequency and circulation of Agenda papers:** The Board and its Committees meet at regular intervals for discussion on agenda circulated well in advance by the Company. All material information is incorporated in the agenda for facilitating meaningful and focused discussion at the meeting. Where it is not practical to attach, or send the relevant information as a part of agenda papers, the same are tabled at the Meeting. To meet the business exigencies or urgent matters the resolutions are passed by the Directors by Circulation.

The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the

Company to rectify instances of non-compliances. The Board reviewed compliance reports prepared by the Company on periodically.

- **Presentations by the Management:** The Senior Management of the Company is invited at the Board meetings provide presentation/clarifications as and when necessary.
- **Access to Employees:** The Directors bring an independent perspective on the issues deliberated by the Board. They have access to any information of the Company as they may need to discharge their duties and to any employee of the Company,

### Availability of Information to Board members include:

- Annual operating plans and budgets and any updates thereof;

- Capital budgets and any updates thereof;
- Quarterly results of the Company and its operating divisions and business segments;
- Minutes of Meetings of the Audit Committee and other Committees of the Board;
- Recruitment and remuneration of senior officers just below board level, including appointment and removal of Chief Financial Officer and the Company Secretary;
- Materially important show cause, demand, prosecution and penalty notices report;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Any issue which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.;
- Sale of material nature, of investments, subsidiaries and assets which is not in the normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material; and
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

**Appointment/Re-appointment of Directors:**

The information/details pertaining to Directors seeking appointment/re-appointment in ensuing Annual General Meeting (AGM), is provided in the Notice for the AGM.

The Notice contains the relevant information, like brief resume of the Directors and terms.

**Audit Committee**

The Committee comprises of three Directors which include two Non-Executive Independent Directors and one Executive Director of the Company. The Chairman of the Committee is Mr. V. K. Chopra a Non Executive Independent Director.

The constitution and terms of reference of the Audit Committee meet the requirements of Regulation 18 of the Listing Regulations read with the relevant provisions of the Companies Act, 2013. The Company Secretary is the Secretary to the Audit Committee.

**Meetings and Attendance**

The Audit Committee met three times\* during financial year 2016-17 ended on 31 March, 2017 on 19 October, 2016, 31 October, 2016, and 3 February, 2017.

The maximum gap between any two meetings was less than four months. The attendance of each Committee Member is as under:

Name of the Members	No. of meetings	
	Held	Attended
Mr. V. K. Chopra(Chairman)	3	3
Mr. Ravindra Dhariwal	3	3
Mr. Tushaar Gautam	3	3

\*since Company constituted Audit Committee on 11 July, 2016, hence before this date there was no meeting requirement in this financial year.

The Chairman of the Audit Committee not attended the 44 Annual General Meeting since there was no any Audit Committee requirement at that time, being private limited company.

**The terms of reference of the Committee are as under:**

- (i) The Audit Committee shall have powers, which should include the following:
  - (a) To investigate any activity within its terms of reference;
  - (b) To seek information from any employee of the Company;
  - (c) To obtain outside legal or other professional advice; and
  - (d) To secure attendance of outsiders with relevant expertise, if it considers necessary.
- (ii) The role of the Audit Committee shall include the following:
  - (a) Oversight of the Company's financial reporting process, examination of the financial

- statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and the fixation of audit fee;
- (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors of the Company;
- (d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
- (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-Section 3 of Section 134 of the Companies Act, 2013;
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
  - (iii) Major accounting entries involving estimates based on the exercise of judgement by the management of the Company;
  - (iv) Significant adjustments made in the financial statements arising out of audit findings;
  - (v) Compliance with listing and other legal requirements relating to financial statements
  - (vi) Disclosure of any related party transactions; and
  - (vii) Qualifications / modified opinion(s) in the draft audit report.
- (e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the board for approval;
- (f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;
- (i) Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
- (j) Scrutiny of inter-corporate loans and investments;
- (k) Valuation of undertakings or assets of the company, wherever it is necessary;
- (l) Evaluation of internal financial controls and risk management systems;
- (m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (o) Discussion with internal auditors of any significant findings and follow up there on;
- (p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (s) Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- (t) To review the functioning of the whistle blower mechanism;

- (u) Approval of the appointment of the Chief Financial Officer of the Company (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  - (v) Overseeing the vigil mechanism including to whom directors and employee shall report in case of any concern; and
  - (w) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- (iii) The Audit Committee shall mandatorily review the following information:
- (a) Management discussion and analysis of financial condition and results of operations;
  - (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;
  - (c) Management letters / letters of internal control weaknesses issued by the statutory auditors of the Company;
  - (d) Internal audit reports relating to internal control weaknesses;
  - (e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
  - (f) Statement of deviations:
    - (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
    - (ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations;
- (g) review the financial statements, in particular, the investments made by any unlisted subsidiary.

### **Nomination and remuneration Committee**

The Chairman of the Committee is Mr. Som Mittal, a Non-Executive Independent Director. The Committee comprises of the following Directors:

1. Mr. Som Mittal-Independent Director
2. Mr. V. K. Chopra-Independent Director
3. Mr. Ravindra Dhariwal-Independent Director

The constitution and term of reference of the Nomination and Remuneration Committee (NRC) meet the requirements of Regulation 19 of the Listing Regulations read with the relevant provisions of the Companies Act, 2013.

### **Meetings and Attendance**

The Committee was constituted on 11 July, 2016 and there was no meeting held in last year.

The terms of reference of the Committee are as under:

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (b) Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- (c) Devising a policy on Board diversity;
- (d) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report of the Company;
- (e) Analyzing, monitoring and reviewing various human resource and compensation matters;
- (f) Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors
- (g) Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), usually consisting of a fixed and variable component;
- (h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- (i) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (j) Administering the "Sheela Foam Employee Stock Option Scheme 2016" (the "Plan");
- (k) Determining the eligibility of employees to participate under the Plan;

- (l) Granting options to eligible employees and determining the date of grant;
- (m) Determining the number of options to be granted to an employee;
- (n) Determining the exercise price under the Plan;
- (o) Construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan;
- (p) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
  - a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
  - b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable."
  - (q) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

### Stakeholders Relationship Committee

The Chairman of the Committee is Mr. Som Mittal, a Non-Executive Independent Director. The Committee comprises of the following Directors:

1. Mr. Som Mittal-Independent Director
2. Mr. Anil Tandon-Independent Director
3. Mr. Rakesh Chahar- Executive Director

The constitution and term of reference of the Stakeholders Relationship Committee (SRC) meet the requirements of Regulation 19 of the Listing Regulations read with the relevant provisions of the Companies Act, 2013.

### Meetings and Attendance

The Committee was constituted on 11 July, 2016 and there were no meeting held in last year.

### The terms of reference of the Committee are as under:

- (a) Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non receipt of share certificates

- and review of cases for refusal of transfer/ transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of Annual Reports, etc. and assisting with quarterly reporting of such complaints;
- (b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- (c) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/ consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time; and
- (d) Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services.

### Details of Investor complaints

During the Financial Year 17 ended on 31 March, 2017, the Company received few complaints from various investors relating to non-allotment of Shares. All of them were resolved / replied suitably by furnishing the requisite information /documents. Details of investor complaints received and resolved during the Financial Year 17 are as follows:

Opening Balance	Received	Resolved	Pending
Nil	4	4	Nil

### Corporate Social Responsibility Committee

The Committee reconstituted on 11 July, 2016. The Chairperson of the Committee is Mr. Anil Tandon a Non-Executive Independent Director. The Committee comprises following Executive and Non-Executive Independent Directors:-

1. Mr. Anil Tandon-Independent Director
2. Mr. Ravindra Dhariwal-Independent Director
3. Mr. Tushaar Gautam- Executive Director

### The terms of reference of the Committee are as under:

- (a) To formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and make any revisions therein as and when decided by the Board;
- (b) To recommend the amount of expenditure to be incurred on the activities referred to in Policy of company on CSR, Schedule VII of the Companies

Act, 2013 and rules made there under and any amendment thereof ;

(c) To monitor the Corporate Social Responsibility Policy of the company from time to time; and

(d) To do such other acts, deeds and things as may be directed by the board and required to comply with the applicable laws."

**Meetings and Attendance**

The Committee met once on 4 April ,2016.

**General Body Meetings**

Particulars of the last three Annual General Meetings and Extraordinary General Meeting are as follows:

**Annual General Meeting**

Year	Date & Day	Location	Time	Special Resolution
2015-16	31 May, 2016 Tuesday	C-55, Preet Vihar, Delhi-110092	11.30 AM	1. Subdivision of nominal value of equity shares 2. Alteration of Articles of Association 3. Initial Public offer 4. Increase the borrowing power 5. Sheela Foam Employee Stock Options Scheme
2014-15	30 September, 2015 Wednesday	C-55, Preet Vihar, Delhi-110092	11.30 AM	No Special Resolution
2013-14	30 September, 2014 Tuesday	C-55, Preet Vihar, Delhi-110092	12.30 PM	No Special Resolution

**Extraordinary General Meeting**

Year	Date & Day	Location	Time	Special Resolution
2016-17	30 April, 2016 Saturday	C-55, Preet Vihar, Delhi-110092	11.00 AM	1. Conversion of Company from Private Limited to Public Limited. 2. Adoption of new set of Articles of Associations.

**Postal Ballot**

There was no any Special/Ordinary Resolutions passed by the Company through Postal Ballot.

**Means of Communication with Shareholders**

**a) Financial Results**

The financial results of the Company are communicated to all the Stock Exchanges where the Company's equity shares are listed. The results are published in 'Financial Express' in English and 'Jansatta' in the vernacular

**b) Website and email id for Investors**

Detailed information on the Company's business and products; quarterly and annual financial results, Investor brief and the quarterly distribution of Shareholding are displayed on the Company's website. The company has designated the email id iquebal.ahmad@sheelafoam.com for its investors.

**c) Intimation to Stock Exchanges:**

The Company intimates stock exchanges all information which in its opinion are material &

of relevance to the shareholders. The Company also submits electronically various compliance reports/statements periodically in accordance with the provisions of the Listing Regulations on NSE and BSE's Electronic Filing Systems.

**d) Teleconferences and Press conferences, Presentation etc.:**

The Company held quarterly Investors Teleconferences and Press Conferences for the investors of the Company after the declaration of the Quarterly Results. The Company made presentations to institutional investors/ analysts during the period which are available on the Company's website.

**General Shareholder Information**

**(a) Annual General Meeting**

**Date & Day:** 20 July, 2017, Thursday

**Time:** 10.30 a.m.

**Venue:** Arya Auditorium, Des Raj Campus, C-Block, East of Kailash, New Delhi-110065

**(b) Financial Year: April to March**

**(c) Listing on Stock Exchange**

The Company's equity shares are listed at the following Stock Exchanges on 9 December, 2016

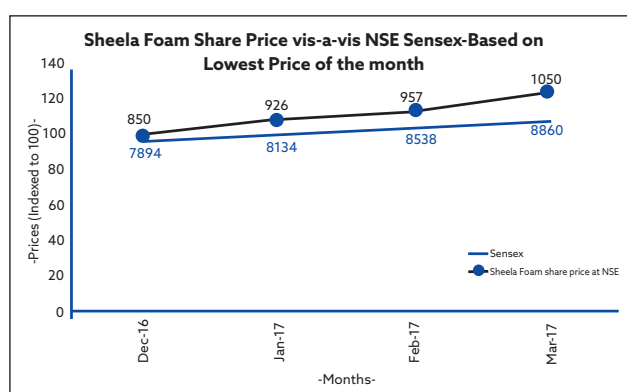
Name and Address of Stock Exchanges	Stock Code
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 023.	504203
National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra(E) Mumbai-400 051	SFL

**Market Price Data/Stock Performance: Financial Year 16 ended on 31 March, 2016**

The Company listed on 9 December, 2016. During the year under report, the trading in Company's equity shares was from 9 December, 2016 to 31 March, 2017. The high low price during this period on the BSE and NSE was as under:

Month	Bombay Stock Exchange (BSE) (in ₹)		National Stock Exchange (NSE) (in ₹)	
	High	Low	High	Low
December 2016	1,032	860	1,032	850
January 2017	991	928	999	926
February 2017	1,073	960	1,083	957
March 2017	1,125	1,061	1,165	1,050

**Stock Performance Graph**



**Registrar and Share Transfer Agent**

**Address:**

**Link Intime India Pvt Limited**  
44, Community Centre, 2<sup>nd</sup> Floor  
Naraina Industrial Area, New Delhi-110028  
Tel No : +91 11 41410592, 93, 94  
E-mail id : delhi@linkintime.co.in  
Website : www.linkintime.co.in

**Share Transfer System**

The Company's share transfer authority has been delegated to the Company Secretary/ Registrar and Transfer Agent M/s Link Intime India Private Limited who generally has authority to approve and confirm the request for share transfer/ transmission/ transposition/ consolidation/ issue of duplicate share certificates/ sub-division, consolidation, remat, demat and perform other related activities in accordance with the Listing Agreement and SEBI (Depositories and Participants) Regulations, 1996.

All the shares of the company are in dematerialized form. As per the requirement of Regulation 40(9) of the Listing Regulations a certificate on half yearly basis confirming due compliance of share transfer/transmission formalities by the Company from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

**Distribution of Equity Shareholding as on 31 March, 2017**

Group of Shares	Number of Shareholders	% to total Shareholders	Number of Shares held	% to Total Shares
1-500	5,078	97.17	2,21,451	0.45
501-1000	55	1.05	40,442	0.08
1001-2000	12	0.23	17,223	0.04
2001-3000	4	0.08	10,487	0.02
3001-4000	4	0.08	15,339	0.03
4001-5000	3	0.07	14,000	0.03
5001- 10000	13	0.25	89,183	0.18
10001 & above	56	1.07	4,83,74,683	99.17
<b>Total</b>	<b>5,225</b>	<b>100.00</b>	<b>4,87,82,808</b>	<b>100.00</b>

**Shareholding Pattern as on 31 March, 2017**

Category	Number of Shares held	Shareholding %
Promoters	4,17,96,507	85.68
Mutual Funds/UTI		
Banks, Financial Institutions, Insurance Cos.	37,62,504	7.71
FIs/FPI	14,54,788	2.90
Bodies Corporate/NBF	7,71,226	1.58
Indian Public(*)	5,60,249	1.00
NRIs/OCBs	13,120	0.02
Others - Clearing Members & Trust/HUF	4,24,414	0.86
<b>Total</b>	<b>4,87,82,808</b>	<b>100</b>

**Dematerialisation of Shares & Liquidity**

As on 31 March, 2017, 100% of equity share capital of the Company were held in dematerialised form. The ISIN allotted in respect of equity shares of ₹ 5/- each of the Company by NSDL/CDSL is INE916U01025.



### **Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified Practising Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form and in physical form.

### **Disclosures of Accounting Treatment**

In the financial statements for the year ended 31 March, 2017, the Company has followed the treatment as prescribed in the applicable Accounting Standards.

### **Related Party Transactions**

During the year there was no materially significant related party transaction which may have potential conflict with the interest of the Company. The Company has formulated a Related Party Transaction policy which has been uploaded on its website at <http://www.sheelafoam.com>. Details of related party information and transactions are being placed before the Audit Committee from time to time. The details of the related party transactions during the year have been provided in Note to the financial statements.

### **Details of Non-Compliance by the Company, penalties, stricture imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any matter related to capital markets.**

The Company has complied with all the requirements of the Stock Exchanges/the Regulations and guidelines of SEBI and other Statutory Authorities on all matters relating to capital markets. No penalties or strictures

have been imposed by SEBI, Stock Exchanges or any statutory authorities on matters relating to capital markets during the last three years.

### **Whistle Blower Policy and Affirmation that no personnel has been denied access to the Audit Committee**

The Company has established a vigil mechanism through a Whistle Blower Policy for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The mechanism provides for adequate safeguards against victimisation of director(s)/employee(s) who express their concerns and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. During the year under review, no personnel was denied access to the Audit Committee.

### **Code for prevention of Insider Trading**

The Company has instituted code on prevention of insider trading in compliance with the SEBI (Prohibition of Insider Trading) Regulations. The Code lays down the guidelines which advise on procedures to be followed and disclosures to be made, while dealing in shares of the Company and the consequences of the non-compliances.

### **Code of conduct for Directors and Senior Executives**

The Company has laid down a Code of Conduct for all Board Members and the Senior Executives of the Company. The Code of conduct is available on the Company's website [www.sheelafoam.com](http://www.sheelafoam.com). The code of conduct was circulated to all the members of the Board and senior management personnel and they have affirmed their compliance with the said code of conduct for the financial year ended 31 March, 2017. A declaration to this effect signed by the Chairman & Managing Director is given below:

To the Shareholders of Sheela Foam Limited

### **Sub.: Compliance with Code of Conduct**

I hereby declare that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors and applicable to them for the financial year ended 31 March, 2017.

Place: Delhi

Date: 10 May, 2017

**Rahul Gautam**  
Managing Director

## SUBSIDIARY COMPANIES

The detail of subsidiary companies and policy regarding material subsidiary companies is as stated in Directors' Report. The Audit committee reviews the financial statement of subsidiary companies. The minutes of subsidiary companies are placed before the Board.

## MD/CFO Certification

The Managing Director & CFO have certified to the Board of Directors inter-alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under Regulation 17 (8) of Listing Regulations for the year ended 31 March, 2017. The said certificate forms part of the Annual Report.

## Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The details of mandatory requirements are mentioned in this Report. The Company is in compliance with the requirements specified under Clause 49 of the Listing Agreements and regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing

Regulations, as applicable, with regard to corporate governance.

Further, as required under the SEBI Regulations, the Company has executed fresh Listing Agreements with BSE Limited and National Stock Exchange of India Limited and has adopted Policy on Preservation of Documents, Archival Policy and Policy for determination of Materiality.

## Modified opinion(s) in audit report

The opinion expressed by the Auditor in the audit report on the financial statements for the year ended 31 March, 2017 is unmodified.

## Compliance Certificate on Corporate Governance from the Auditor

The certificate dated 10 May, 2017 from the Statutory Auditors of the Company (M/s S. P. Chopra & Co.) confirming compliance with the Corporate Governance requirements as stipulated under Listing Regulations is annexed hereto.

The above report has been adopted by the Board of Directors of the Company at their meeting held on 10 May, 2017.

## CEO/CFO CERTIFICATION

To  
The Board of Directors  
Sheela Foam Limited

Sub: CEO/CFO certification under Regulation 17 (8) of Listing Regulations

We, Rahul Gautam, Chairman and Managing Director, Dhruv Chandra Mathur, CFO certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31 March, 2017 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) That there were no significant changes in internal control over financial reporting during the year;
  - (ii) That there were no significant changes in accounting policies during the year and
  - (iii) That there were no instances of significant fraud, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Rahul Gautam**  
Chairman and Managing Director  
Place: New Delhi  
Date: 10 May, 2017

**Dhruv Chandra Mathur**  
CFO

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of **Sheela Foam Limited**,

We have examined the compliance of conditions of Corporate Governance by Sheela Foam Limited ('the Company'), for the year ended on 31 March, 2017, as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **S.P. CHOPRA & CO.**  
Chartered Accountants  
Firm Regn. No. 000346N

**(Pawan K. Gupta)**  
Partner  
M. No. 092529

Place : New Delhi  
Dated: 10 May, 2017

**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm’s length basis.**

**None; During the reporting period , all transactions were at Arms’s length basis.**

SL. No.	Particulars	Details
1	Name (s) of the related party & nature of relationship	NA
2	Nature of contracts/arrangements/transaction	NA
3	Duration of the contracts/arrangements/transaction	NA
4	Salient terms of the contracts or arrangements or transaction including the value, if any	NA
5	Justification for entering into such contracts or arrangements or transactions’	NA
6	Date of approval by the Board	NA
7	Amount paid as advances, if any	NA
8	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

During the reporting period all other transactions are on arm’s length basis.

**2. Details of material contracts or arrangement or transactions at arm’s length basis -**

**NONE; DURING THE REPORTING PERIOD, THERE WAS NO MATERIAL\* CONTRACT OR ARRANGEMENT.**

(\*As defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and adopted by the Board of Directors in the Related Party Transactions Policy of the Company, “Material Related Party Transaction” means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company.)

- (a) Name(s) of the related party and nature of relationship: NA
- (b) Nature of contracts / arrangements / transactions: NA
- (c) Duration of the contracts / arrangements / transactions: NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
- (e) Date(s) of approval by the Board, if any: NA
- (f) Amount paid as advances, if any: NA

## SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

To,  
The Members  
**Sheela Foam Limited**  
C-55, Preet Vihar, Vikas Marg,  
Delhi-110092

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sheela Foam Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company (as listed in Annexure A) and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit.

We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2017, complied with the laws listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. This is further to clarify that the company got itself listed with the BSE and NSE in the month of December, 2016.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Sheela Foam Limited for the financial year ended on 31 March, 2017 according to the provisions of:

- a. The Companies Act, 2013 (the Act) and the rules made thereunder;
- b. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- c. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- d. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- e. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- f. Other sector specific laws like the Petroleum Act, 1934 ("Petroleum Act") and Petroleum Rules, 2002 ("Petroleum Rules"); Bureau of Indian Standards Act, 1986 ("BIS Act") and Bureau of Indian Standards Act, 2016; Consumer Protection Act, 1986; Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("Hazardous Wastes Rules") and Environmental laws and regulations and other laws applicable to manufacturing companies.
- g. Labour laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation and Labour laws of the respective States where the Company operates.

The Listing Agreements entered into by the Company with the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

We have also examined compliance with the applicable clauses of the following:

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice were given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions of the Board were carried out unanimously and Minutes of the meetings are recorded properly.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

#### **We further report that:**

1. The Company complies with the provisions of section 149 of the Companies Act, 2013, and rules thereunder; The Company has a Woman Director and two Independent Directors on the Board.
2. The Committees of the Board, met to transact businesses as under during the year:-
  - a) Audit Committee – 3 times
  - b) Corporate Social Responsibility Committee- 1 time
  - c) Remuneration Committee – Nil
  - d) Stakeholders Relationship Committee- Nil
3. All regulatory reporting, including but not limited to the filing due with the stock exchanges listed SEBI, Reserve Bank of India (RBI) and the Ministry of Corporate Affairs (MCA) was done regularly.
4. The foreign investment in the Company is within the Foreign Direct Investment (FDI) sectoral cap.

Our report is to be read along with the representations disclosed in Annexure B.

For **AVA Associates**

**Amitabh**

Partner

ACS: 14190

CP: 5500

Place : New Delhi  
Dated: 10 May, 2017

### Annexure A- List of Documents Verified

1. Memorandum & Articles of Association of the Company.
2. Annual Reports of the Company.
3. Minutes of the meetings of the Board of Directors and the committees thereof (along with Attendance Register) held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Statutory Registers under the Companies Act, 2013.
6. Agenda papers submitted to all the directors / members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of section 184 of the Companies Act, 2013.
8. E-Forms and documents filed by the Company, from time-to-time, under applicable provisions of Companies Act, 2013 and listing agreement and securities regulation laws along with the attachments thereof during the financial year under report.
9. Registers and returns maintained under various applicable labour laws.
10. Other State specific laws.
11. Intimations / documents / reports / returns filed/ under the provisions of sectoral laws related to manufacturing of PUF, Foam and other products during the financial year under report.
12. Filings made with Reserve Bank of India under the Foreign Direct Investment Guidelines

### Annexure B- Responsibility Statement

To,  
The Members  
**Sheela Foam Limited**  
C-55, Preet Vihar, Vikas Marg,  
Delhi-110092

Our report is to be read along with the following:

Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we follow provide a responsible basis for our opinion.

We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.

The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.

The secretarial audit report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **AVA Associates**  
Company Secretaries

**Amitabh**  
Partner  
CP: 5500

Place : New Delhi  
Dated: 10 May, 2017



**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR)  
ACTIVITIES FOR THE YEAR 2016-17**

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The company has vision to do business with a smile for customer delight and a commitment to society. Company has adopted Corporate Social Responsibility (CSR) Policy. The policy has been uploaded on the website of the Company <a href="http://www.sheelafaam.com">www.sheelafaam.com</a> . The various programme includes Education, Swachh Bharat, community, rural development and all the Government Notified Fund. The Company has a CSR arm, Sleepwell Foundation(Trust). It has been promoting education, skill development, wellness, cleanliness, since 2001. It has also taken various initiatives for women education and employment.  During the year under review the CSR initiatives have been made mainly in the area of education, healthcare and sanitation.
2.	The Composition of the CSR Committee	Committee comprising three Directors: 1) Mr. Anil Tandon- Chairman 2) Mr. Ravindra Dhariwal-Member 3) Mr. Tushaar Gautam-Member
3.	Average net profit of the Company for last three financial years.	₹ 6,908.97 Lakhs
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	₹ 138.18 Lakhs
5.	Details of CSR spent during the financial year 2016-17:	
a.	Total amount to be spent for the financial year 2016-17.	₹ 190.64 Lakhs
b.	Amount unspent, if any	NIL

2. Manner in which the amount spent during the financial year 2016-17 is detailed below.

(₹ in Lakhs)

1 Sl. No	2 CSR project or activity Identified.	3 Sector in which the Project is covered	4 Projects or programs	5 Amount outlay (budget) project or Program wise	6 Amount spent on the projects or Programs Subheads:	7 Cumulative expenditure upto to the reporting period	8 Amount spent: Direct or through implementing Agency
			(1) Local area or other  (2) Specify the State and districts where projects or programs was undertaken		(1) Direct expenditure on projects or Programs. (2) Overheads:		
1.	Education/ Skill Development	Promoting Education including employment enhancing vocational skills, conducting wellness awareness programme, contributing sanitation programme	Delhi and Uttar Pradesh	179.11	179.11	179.11	Through, Sleepwell Foundation (Trust)
2.	Education/ Skill Development	Promoting Education including employment enhancing vocational skills	Aligarh, Uttar Pradesh	7.00	7.00	7.00	Through Pt. Mohan Lal Gautam Trust
3.	Swachh Bharat Awareness Campaign	Promotion of Sanitation	Greater Noida	4.53	4.53	4.53	Through Sleepwell Foundation

Amount unspent: Nil

## Annexure-F

Particulars of Employees Pursuant to Section 197(12) of the Companies Act, 2013 Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i) The percentage increase in remuneration of each Director, the CFO and the CS during the Financial Year 17, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 17.

(₹ in Lakhs)

Name of Directors	Remuneration for Financial Year 17	% increase of remuneration in the Financial Year 17	Ratio of remuneration to Median Remuneration
Executive Director			
Rahul Gautam	280.89	26	183
Managing Director			
Namita Gautam	84.38	1	55
Wholetime Director			
Rakesh Chahar	140.13	22	92
Wholetime Director			
Tushaar Gautam <sup>#</sup>	157.39	30	103
Wholetime Director			
Non Executive Independent Director			
Vijay Kumar Chopra	7.5	NA	NA
Non Executive Independent Director			
Som Mittal	5.0	NA	NA
Non Executive Independent Director			
Ravindra Dhariwal	6.0	NA	NA
Non Executive Independent Director			
Anil Tandon	6.0	NA	NA
Non Executive Independent Director			

Note: (i) The remuneration of the non-executive Independent directors includes sitting fees for attending Board/Committee meetings and since they were appointed during the financial year there is no % increase in remuneration and Ratio of remuneration to Median Remuneration.

(ii) The employee and the salary details hereinafter provided are for employees excluding trainees

(iii) The median remuneration of employees during the financial year was ₹ 1.53 Lakhs.

(iv) In the financial year, there was an increase of 10.0 % in the median remuneration of employees.

## Annexure-G

Particulars of Employees Pursuant to Section 197(12) of the Companies Act, 2013 Read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(₹ in Lakhs)

Name and Designation	Remuneration for Financial Year 17
Dr. Mahesh N Gopalamudram (COO)	104.50

**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31 March, 2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i) CIN	U74899DL1971PLC005679
ii) Registration Date	18 June, 1971
iii) Name of the Company	Sheela Foam Limited
iv) Category / Sub-Category of the Company	Company Limited by Share
v) Address of the Registered office and contact details	C-55, Preet Vihar, Vikas Marg, Delhi-110 092 Phone-011-22026875-76
vi) Whether listed company:	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:	Link Intime India Private Limited 44, Community Centre, 2 <sup>nd</sup> Floor, Naraina Industrial Area, New Delhi-110 028

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	PU Foam Sheets/ Mattresses/rolls/bolster/ pillows	31005	99.99

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

S. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares	Applicable Section
1	Joyce Foam Pty Ltd 5-9 Bridge Road, Moorebank, NSW 2170	NA	Subsidiary	100	2(87)
2	Joyce WC NSW Pty Ltd 5-9 Bridge Road, Moorebank, NSW 2170	NA	Stepdown Subsidiary	100	2(87)
2	Divya Software Solutions Private Limited C-55, Preet Vihar, Vikas Marg, Delhi-110092	U72200DL2010PTC201680	Subsidiary	100	2(87)
3	Sleepwell Enterprises Pvt Ltd C-55, Preet Vihar, Vikas Marg, Delhi-110092	U74899DL1994PTC062005	Subsidiary	100	2(87)

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(₹ in Lakhs)

Indebtedness at the beginning of the financial year:	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	4,230.76	409.10	Nil	4,639.86
ii) Interest due but not paid	0.27	Nil	Nil	0.27
iii) Interest accrued but not due	3.29	Nil	Nil	3.29
<b>Total (i+ii+iii)</b>	<b>4,234.32</b>	<b>409.10</b>	<b>Nil</b>	<b>4,643.42</b>

Change in Indebtedness during the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Addition	Nil	Nil	Nil	Nil
Reduction	4,195.25	49.81	Nil	4,245.06
<b>Net Change</b>	<b>4,195.25</b>	<b>49.81</b>	<b>Nil</b>	<b>4,245.06</b>

Indebtedness at the end of the financial year:	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	39.07	359.29	Nil	398.36
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>39.07</b>	<b>359.29</b>	<b>Nil</b>	<b>398.36</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### (A) Remuneration of Directors

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			
		Mr. Rahul Gautam	Ms. Namita Gautam	Mr. Tushaar Gautam	Mr. Rakesh Chahar
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26.54	23.98	20.51	12.81
	(b) Value of perquisites u/s 17(2)				
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0.40	0.40	0.40	0.40
2	Stock Option	-	-	-	-
2	Sweat Equity	-	-	-	-
3	Commission	253.85	60	126.92	126.92
	- as% of profit				
	- others, specify...				
	Others, please specify Special Allowance	-	-	9.56	-
	Total	280.89	84.38	157.39	140.13

### (B) Remuneration of Chief Financial Officer and Company Secretary

Particulars of Remuneration	Name of CEO/CFO/Company Secretary	
	Mr. Dhruv Chandra Mathur CFO	Mr. Md Iquebal Ahmad Company Secretary
Gross salary		
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	49.55	9.13
(b) Value of perquisites u/s 17(2)		
(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0.29	0.22
Stock Option	-	-
Sweat Equity	-	-
Commission	-	-
- as% of profit		
- others, specify...		
Others, please specify	-	-
Total	49.84	9.35

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority Appeal the [RD / NCLT Court]
<b>A. COMPANY</b>				
Penalty				
Punishment			NIL	
Compounding				
<b>B. DIRECTORS</b>				
Penalty				
Punishment			NIL	
Compounding				
<b>C. OTHER OFFICERS IN DEFAULT</b>				
Penalty				
Punishment			NIL	
Compounding				

#### IV Share Holding Pattern (Equity Shares Capital Breakup as percentage of total Equity)

##### (i) Category wise Shareholding

Sr. No.	Category of Shareholders	Sheela Foam Limited												
		Shareholding at the beginning of the year - 2016					Shareholding at the end of the year - 2017					% Change during the year		
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	As at 31 March, 2017				
(A)	Shareholding of Promoter and Promoter Group													
[1]	Indian													
(a)	Individuals / Hindu Undivided Family	0	1,17,40,366	0	72.1998	3,52,21,098	0	3,52,21,098	0	72.1998	0	0.0000	'0.0000	
(b)	Central Government / State Government(s)	0	0	0	'0.0000	0	0	0	'0.0000	0	0.0000	'0.0000		
(c)	Financial Institutions / Banks	0	0	0	'0.0000	0	0	0	'0.0000	0	0.0000	'0.0000		
(d)	Any Other (Specify)													
	Bodies Corporate	0	45,20,570	0	27.8002	65,75,409	0	65,75,409	0	13.4789	14.3213			
	Sub Total (A)(1)	0	1,62,60,936	0	100	4,17,96,507	0	4,17,96,507	0	85.6788				
[2]	Foreign													
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	'0.0000	0	0	0	'0.0000	0	0.0000	'0.0000		
(b)	Government	0	0	0	'0.0000	0	0	0	'0.0000	0	0.0000	'0.0000		
(c)	Institutions	0	0	0	'0.0000	0	0	0	'0.0000	0	0.0000	'0.0000		
(d)	Foreign Portfolio Investor	0	0	0	'0.0000	0	0	0	'0.0000	0	0.0000	'0.0000		
(e)	Any Other (Specify)													
	Sub Total (A)(2)	0	0	0	0	0	0	0	0	0	0.0000			
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	0	1,62,60,936	0	100	4,17,96,507	0	4,17,96,507	0	85.6788	14.3213			
(B)	Public Shareholding													
[1]	Institutions													
(a)	Mutual Funds / UTI	0	0	0	'0.0000	37,62,504	0	37,62,504	0	7.7128	7.7128			
(b)	Venture Capital Funds	0	0	0	'0.0000	0	0	0	'0.0000	0	0.0000	'0.0000		
(c)	Alternate Investment Funds	0	0	0	'0.0000	0	0	0	'0.0000	0	0.0000	'0.0000		
(d)	Foreign Venture Capital Investors	0	0	0	'0.0000	0	0	0	'0.0000	0	0.0000	'0.0000		
(e)	Foreign Portfolio Investor	0	0	0	'0.0000	13,80,186	0	13,80,186	0	2.8292	2.8292			
(f)	Financial Institutions / Banks	0	0	0	'0.0000	74,602	0	74,602	0	0.1529	0.1529			
(g)	Insurance Companies	0	0	0	'0.0000	0	0	0	'0.0000	0	0.0000	'0.0000		
(h)	Provident Funds/ Pension Funds	0	0	0	'0.0000	0	0	0	'0.0000	0	0.0000	'0.0000		
(i)	Any Other (Specify)													
	Sub Total (B)(1)	0	0	0	0	52,17,292	0	52,17,292	0	10.6949				

Sheela Foam Limited										
Sr. No.	Category of Shareholders	Shareholding at the beginning of the year - 2016				Shareholding at the end of the year - 2017				% Change during the year As at 31 March, 2017
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
[2]	Central Government/ State Government(s)/ President of India	0	0	0	'0.0000	0	0	0	'0.0000	
	Sub Total (B)(2)	0	0	0	'0.0000	0	0	0	'0.0000	
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 Lakh.	0	0	0	'0.0000	3,15,177	0	3,15,177	'0.6461	'0.6461
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	0	0	0	'0.0000	2,45,091	0	2,45,091	'0.5024	'0.5024
(b)	NBFCs registered with RBI	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(c)	Employee Trusts	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
(e)	Any Other (Specify)									
	Hindu Undivided Family	0	0	0	'0.0000	18,572	0	18,572	'0.0381	'0.0381
	Non Resident Indians (Non Repat)	0	0	0	'0.0000	2,505	0	2,505	'0.0051	'0.0051
	Non Resident Indians (Repat)	0	0	0	'0.0000	10,596	0	10,596	'0.0217	'0.0217
	Clearing Member	0	0	0	'0.0000	4,05,842	0	4,05,842	'0.8319	'0.8319
	Bodies Corporate	0	0	0	'0.0000	7,71,226	0	7,71,226	'1.5809	'1.5809
	Sub Total (B)(3)	0	0	0		17,69,009	0	17,69,009	3.6263	
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	0	0	0		69,86,301	0	69,86,301	'14.3212	
(C)	Total (A)+(B)	0	0	0		4,87,82,808	0	4,87,82,808	'100.0000	
[1]	Non Promoter - Non Public Custodian/DR Holder	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	'0.0000	0	0	0	'0.0000	'0.0000
	Total (A)+(B)+(C)	0	1,62,60,936	100	'0.0000	4,87,82,808	0	4,87,82,808	'100.0000	

**(ii) Shareholding of Promoter (including Prompter Group)**

Sr. No.	Shareholder's Name	Sheela Foam Limited									
		Shareholding at the beginning of the year - 2016					Shareholding at the end of the year - 2017				
		No. of Shares Held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares Held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares Held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	Sheela Gautam	58,53,960	36.0001	'0.0000	1,75,61,880	'36.0001	'0.0000	0			
2	Rahul Gautam	33,18,473	20.4076	'0.0000	99,55,419	'20.4076	'0.0000	0			
3	Polyflex Marketing Private Limited	45,12,558	27.7509	'0.0000	65,51,373	13.4297	'0.0000	14.3212			
4	Namita Gautam	19,05,293	11.7170	'0.0000	57,15,879	'11.7170	'0.0000	0			
5	Tushaar Gautam	6,62,640	4.0750	'0.0000	19,87,920	'4.0750	'0.0000	0			
6	Core Mouldings Private Ltd	4,006	0.0246	'0.0000	12,018	'0.0246	'0.0000	0			
7	Rangoli Resorts P Ltd	4,006	0.0246	'0.0000	12,018	'0.0246	'0.0000	0			
	Total	1,62,60,936	100.0000	'0.0000	4,17,96,507	'85.6788	'0.0000	14.3212			

**(iii) Change in Promoters' Shareholding (Please specify if there is non Change)**

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2016			Transactions during the year			Cumulative Shareholding at the end of the year - 2017		
		No. of Shares Held	% of total Shares of the company	Date of Transaction	No. of Shares	No. of Shares	No. of Shares	% of total Shares of the company		
3	Polyflex Marketing Private Limited	45,12,558	27.8002							
	Subdivided to ₹ 5 per share	90,25,116	27.8002							
	Bonus at the rate of 1.5:1	1,35,37,674	27.8002							
	Offer for sale			9 Dec, 2016	69,86,301	65,51,373				13.4297

- Note: 1. Paid up Share Capital of the Company (Face Value ₹ 5.00) at the end of the year is 4,87,82,808 Shares.  
2. Paid up Share Capital of the Company (Face Value ₹ 10.00) at the beginning of the year is 1,62,60,936 Shares.  
3. The details of holding has been clubbed based on PAN.

**(iv) MGT-9 IV. Shareholding Pattern of Top Ten Shareholders**

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		No. of Shares Held	% of total Shares of the company	Date of Transaction	No. of Shares	No. of Shares Held	% of total Shares of the company
1	Sbi Magnum Midcap Fund	0	0.0000			0	0.0000
	Transfer			16 Dec, 2016	23,58,937	23,58,937	4.8356
	Transfer			23 Dec, 2016	1,92,061	25,50,998	5.2293
	Transfer			30 Dec, 2016	75,371	26,26,369	5.3838
	Transfer			06 Jan, 2017	2,054	26,28,423	5.3880
	Transfer			13 Jan, 2017	70,879	26,99,302	5.5333
	Transfer			03 Feb, 2017	23,960	27,23,262	5.5824
	Transfer			10 Mar, 2017	(81,280)	26,41,982	5.4158
	Transfer			17 Mar, 2017	(10,000)	26,31,982	5.3953
	Transfer			24 Mar, 2017	(18,697)	26,13,285	5.3570
	At the end of the Year					26,13,285	5.3570
2	Azim Premiji Trust	0	0.0000			0	0.0000
	Transfer			31 Mar, 2017	4,90,117	4,90,117	1.0047
	At the end of the year					4,90,117	1.0047
3	Kuwait Investment Authority Fund 225	0	0.0000			0	0.0000
	Transfer			16 Dec, 2016	3,61,688	3,61,688	0.7414
	At the end of the Year					3,61,688	0.7414
4	Pi Opportunities Fund I	0	0.0000			0	0.0000
	Transfer			16 Dec, 2016	3,13,932	3,13,932	0.6435
	At the end of the Year					3,13,932	0.6435
5	Goldman Sachs India Limited	0	0.0000			0	0.0000
	Transfer			16 Dec, 2016	3,08,488	3,08,488	0.6324
	At the end of the Year					3,08,488	0.6324
6	Deutsche Bank A.g.	0	0.0000			0	0.0000
	Transfer			20 Jan, 2017	931	931	0.0019
	Transfer			24 Feb, 2017	6,646	7,577	0.0155
	Transfer			31 Mar, 2017	2,63,646	2,71,223	0.5560
	At the end of the Year					2,71,223	0.5560
7	UTI - Bluechip Flexicap Fund	0	0.0000			0	0.0000
	Transfer			16 Dec, 2016	2,07,161	2,07,161	0.4247
	Transfer			06 Jan, 2017	7,500	2,14,661	0.4400
	Transfer			27 Jan, 2017	44,000	2,58,661	0.5302
	Transfer			03 Feb, 2017	5,000	2,63,661	0.5405
	Transfer			17 Feb, 2017	5,000	2,68,661	0.5507
	Transfer			24 Feb, 2017	2,500	2,71,161	0.5559
	At the end of the Year					2,71,161	0.5559



Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		No. of Shares Held	% of total Shares of the company	Date of Transaction	No. of Shares	No. of Shares Held	% of total Shares of the company
8	Fil Investments (Mauritius) Limited Transfer At the end of the Year	0	0.0000	16 Dec, 2016	2,64,518	2,64,518	0.5422
9	Ashish Kacholia Transfer At the end of the Year	0	0.0000	09 Dec, 2016	2,94,091	2,94,091	0.6029
10	ICICI Prudential Midcap Fund Transfer At the end of the Year	0	0.0000	16 Dec, 2016	(49,000)	2,45,091	0.5024
				16 Dec, 2016	1,93,360	1,93,360	0.3964
						1,93,360	0.3964

Note: 1. Paid up Share Capital of the Company (Face Value ₹ 5.00) at the end of the year is 4,87,82,808 Shares.

2. The details of holding has been clubbed based on PAN.

3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

#### (V) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		No. of Shares Held	% of total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
<b>A. Directors</b>							
1	Mr. Rahul Gautam	3,318,473	20.4076			99,55,419	20.4076
2	Ms. Namita Gautam	19,05,293	11.7170			5,715,879	11.7170
3	Mr. Rakesh Chahar	0	0			0	0
4	Mr. Tushaar Gautam	6,62,640	4.0750			19,87,920	4.0750
5	Mr. V. K. Chopra	0	0			0	0
6	Mr. Som Mittal	0	0			0	0
7	Mr. Ravindra Dhariwal	0	0			0	0
8	Mr. Anil Tandon	0	0			0	0
<b>B. Key Managerial Person</b>							
1	Mr. Dhruv Chandra Mathur	0	0	09 Dec, 2016	20	20	0
2	Md Iqbal Ahmad	0	0	09 Dec, 2016	20	20	0
		0	0	14 Mar, 2016	-20	0	0

Note: 1. Paid up Share Capital of the Company (Face Value ₹ 5.00) at the end of the year is 4,87,82,808 Shares.

2. Paid up Share Capital of the Company (Face Value ₹ 10.00) at the beginning of the year is 1,62,60,936 Shares.

## Sheela Foam Limited BUSINESS RESPONSIBILITY REPORT

(As per Regulation 34 of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulation, 2015)

### INTRODUCTION:

Sheela Foam Limited is governed by its Vision Statement. One of the most important ingredients of the Vision Statement is Commitment to Society and Company diligently adheres to it.

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** U74899DL1971PLC005679
2. **Name of the Company:** Sheela Foam Limited
3. **Registered address:** C-55, Preet Vihar, Vikas Marg, Delhi-110092
4. **Website:** www.sheelafoam.com
5. **E-mail id :** iquebal.ahmad@sheelafoam.com
6. **Financial Year reported:** 2016-17
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**  
CETA: 39211310/94042920
8. **List three key products/services that the Company manufactures/provides (as in balance sheet)**  
Polyurethane Foam, Mattress, Piollow
9. **Total number of locations where business activity is undertaken by the Company**  
The company mainly operates in India and Australia.
  - (a) **Number of International Locations**  
Other than Australia the Company export its product to UAE, Saudi Arabia, Srilanka, Bangladesh and Nepal.
  - (b) **Number of National Locations**  
Company production unit at 10 locations
10. **Markets served by the Company - Local/State/National/International**

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) 24,39,14,040
2. Total Turnover (INR) 1,445.86 Crores
3. Total profit after taxes (INR) 110.48 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) -1.72%
5. List of activities in which expenditure in 4 above has been incurred:-
  - (a) Education
  - (b) Skill development
  - (c) Swachh Bharat

## SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? yes
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) . The main subsidiary company, Joyce Foam Pty. Limited is located in Australia. It follows the BR initiatives of the Company, to the extent applicable in Australia.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Suppliers of critical raw materials and some of the Customers follow the BR initiatives of the Company besides following their own BR policies. The % age of entities would be less than 30%.

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

(a) Details of the Director/ Director responsible for implementation of the BR policy/policies

1. DIN Number: 00192999
2. Name : Mr. Rahul Gautam
3. Designation : Managing Director

(b) Details of the BR head

#### Particulars

DIN Number :00192999  
 Name: Mr. Rahul Gautam  
 Designation : Managing Director  
 Telephone number: 0120-4162200  
 E-mail id: rahul@sheelafoam.com

### 2. Principle-wise (as per NVGs) BR Policy/policies

<b>P1</b>	Business should conduct and govern themselves with ethics, Transparency and Accountability
<b>P2</b>	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
<b>P3</b>	Businesses should promote the wellbeing of all employees
<b>P4</b>	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
<b>P5</b>	Businesses should respect and promote human rights
<b>P6</b>	Business should respect, protect, and make efforts to restore the environment
<b>P7</b>	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
<b>P8</b>	Businesses should support inclusive growth and equitable development
<b>P9</b>	Businesses should engage with and provide value to their customers and consumers in a responsible manner

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Various plants of the Company are ISO 9001 certified. Our policy conforms to all standards specified in ISO 9001.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	The Policy has been approved by Board and signed by MD of the Company								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Managing Director is responsible for implementation of the policy								

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6	Indicate the link for the policy to be viewed online?									
		www.sheelafoam.com-investors								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?						Yes			
8	Does the company have in-house structure to implement the policy/ policies.						Yes			
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?						Yes			
	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Managing director along with his team evaluates the implementation of the policy.								

**(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) -NOT APPLICABLE**

No.	Questions
1	The company has not understood the Principles
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles
3	The company does not have financial or manpower resources available for the task
4	It is planned to be done within next 6 months
5	It is planned to be done within the next 1 year
6	Any other reason (please specify)

### 3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year -

Managing Director reviews various aspects of the policy on an ongoing basis and necessary advisory are issued for implementation of various policies.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Sustainability report is presented by Chief Operating officer to a select committee on monthly basis. However the same is not published.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

This covers all subsidiaries and group companies.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The company has been listed on 9 December, 2016. It has received four complaints till year end from shareholders and all of these have been resolved. Consumer Complaints are attended at centralized customer care center and are resolved expeditiously. During the year there have been only eleven cases in consumer forum, out of which six have been settled.

**Principle 2**

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
  - (a) Mattresses are treated with Health Fresh Technology preventing breeding of dust mites, bacteria & fungi which help in avoiding any respiratory problem.
  - (b) The company recycles Foam scrap to produce good quality Rebonded Foam
  - (c) The Company has started Award winning Vertical Variable Pressure Foaming. The unique process takes into account environmental concern and eliminates the use of physical blowing agents like methylene chloride in the process. Company is likely to use 200 MT less of this solvent in the next Financial Year. The product developed from this process is superior to conventional foam in durability.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
  - (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

The Company, through research keeps on improving the yield, thus utilising less raw material for good quality end product.
  - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Constant improvement in quality of product ensures longer life for the product of the Company, thus saving on utilisation of resources.
3. Does the company have procedures in place for sustainable sourcing (including transportation)?
  - (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Company believes in sustainable sourcing and logistic solutions. Today about 50% of our raw material are sourced in bulk. This eliminates wastage of packaging material and disposal concern.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
  - (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company encourages procurement of such goods and services which are locally available, provided these meet the Quality and cost norms. The company has started the concept of distributed manufacturing, wherein the local person can set up the manufacturing facility and supply good quality material to the company. The Company provides working capital to such manufacturers to support the initial business.
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Company does have a mechanism to recycle waste. Foam constitutes majority of our production and 90% of the foam scrap is converted into rebonded/chip foam.

**Principle 3**

1. Please indicate the Total number of employees.

Total number of employees as on 31 March, 2017 were 3,155
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Out of the total Employees, 1,231 were on contractual basis
3. Please indicate the Number of permanent women employees.

The number of women employees as on 31 March, 2017 was 97

4. Please indicate the Number of permanent employees with disabilities

Number of permanent employees with disabilities as on 31 March, 2017 were 5

5. Do you have an employee association that is recognized by management. NO

6. What percentage of your permanent employees is members of this recognized employee association?

Not Applicable

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

(a) Permanent Employees 75%

(b) Permanent Women Employees 60%

(c) Casual/Temporary/Contractual Employees-100%

(d) Employees with Disabilities 100%

#### Principle 4

1. Has the company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders.

Yes in the category of Employees, Supplier of Good and services.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.

Company provides training to weaker section of society on regular basis. Its CSR arm, Sleepwell Foundation provides skill development and education to under privileged children.

#### Principle 5

5. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The policy covers subsidiary and group companies

6. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaint was received by the Company on Human rights issue.

#### Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

It extends to the Subsidiary and group companies

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Company has strategies to address environment risk . It invest resources in production processes which reduce environment risk like setting up of Vertivac Plant (Vertical Variable Pressure Foaming Plant) for minimising the risk associated with usage of physical blowing agents like methylene chloride in the process.

3. Does the company identify and assess potential environmental risks?

Yes .Globally foam industry is associated with fire risk. Company tries to constantly reduce the risk by improvement in design and periodic audits by our internal/ external resources. TDI, which is the main constituent for manufacturing of foam ,is a toxic chemical, when inhaled have adverse health impact. Care is again taken to improve the impact by design and constant vigilant monitoring.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Our process does not have sludge or liquid waste generation. We however, have a STP (Sewage Treatment Plant) in compliance of legal regulations. Further during cleaning of open areas in our units we sprinkle water all around to avoid dust and keep the environment clean.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Company has Installed LED on the street and inside the building for conserving energy . The installation is complete in almost 20% area.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Our process does not have sludge or liquid waste generation

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

#### **Principle 7**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- a. Indian Polyurethane Association
- b. Industrial associations located at respective units
- c. Assochem
- d. CII

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies,

Through the Indian polyurethane association the company has advocated the uniformity of VAT structure across the states,to provide goods to consumers at lower price. In addition company has also lobbied for insulation matters with Ministry of Power for energy efficiency/conservation and HCFC elimination with Ministry of Environment and Forests.

#### **Principle 8**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Company has programs which impact the social and economic developments positively. The programs are mostly implemented through the CSR arm of the Company. These include Wellness programs,Swachh Bharat Campaigns, Skill Development Programs,Education to girls program etc.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?

The programs are mostly done by Sleepwell Foundation

3. Have you done any impact assessment of your initiative?

Through the efforts of Sleepwell Foundation ,various students got placed after receiving skill development training. The Company also encourages employing such students who has received training in the company ,after their skill development courses are complete.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

The Company and its CSR arm has incurred a sum of ₹ 1.86 crore on development of skills and education during the year.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Company and its CSR arm encourages all communities to adopt the development programs and it is observed that such programs are well received by community.

#### Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

As on 31 March, 2017, 6% of total consumer complaints were pending.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

Besides the Mandatory requirement, the label also provides guidance for effective usage of product.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There was no case filed for unfair trade practice, irresponsible advertising or anti competitive behaviour over the last 5 years.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Surveys are carried out to study satisfaction level with reference to Products, Customer handling at Dealers end and by Customer Care Department .



# Independent Auditor's Report

To the members of 'Sheela Foam Limited'

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Sheela Foam Limited** (the "Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2016' ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure-'A' a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

- c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. on the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-'B'; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Notes 29.1 to the financial statements;
- ii. The Company has not entered into any long-term contracts including derivative contracts.
- iii. There has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the financial statements as to the holdings as well as dealing in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account as maintained and produced to us by the Management - Refer Note 29.16 to the financial statements.

For **S.P. CHOPRA & CO.**  
Chartered Accountants  
Firm Regn. No. 000346N

**(Pawan K. Gupta)**  
Partner  
M. No. 092529

Place : New Delhi  
Dated: 10 May, 2017

**ANNEXURE-'A' TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the independent auditors' report of even date on the standalone financial statements of Sheela Foam Limited for the year ended 31 March, 2017)**

- (i) In respect of its Property, Plant & Equipments;
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
  - b. As explained to us, the fixed assets are physically verified by the management once in a period of three years, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 11 on Fixed Assets to the financial statements, are held in the name of the Company.
- (ii) As explained to us, inventories have been physically verified by the management at regular intervals during the year. The discrepancies noticed on such physical verification as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- (iii) The Company had granted unsecured loans to companies covered in the Register maintained under Section 189 of the Companies Act, 2013.
  - a. In our opinion, the rate of interest and other terms and conditions on which the loans were granted, were not, prima facie, prejudicial to the interest of the Company.
  - b&c. As the loan has been recovered during the year and there is no such loan outstanding as at the year end, hence these clauses are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company in respect of loans, investments, guarantees, and security has complied with the provisions of section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public within the meanings of Sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under sub-section (1) of Section 148 of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
  - a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues as applicable with the appropriate authorities though there has been a delay in few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31 March, 2017 for a period of more than six months from the date they became payable.
- b. The disputed statutory dues aggregating to ₹ 1,513.72 Lakhs, that have not been deposited on account of matters pending in appeals before appropriate authorities are as under:

Name of the Statute	Nature of the dues	Amount ₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	791.24	2010-16	Central Excise and Service Tax Appellate Tribunals
		58.91	2011-17	Commissioner (Appeal)
		1.29	2009-10	Suprintendent -Excise

Name of the Statute	Nature of the dues	Amount ₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax and Sales Tax Act of various states	Sales Tax	46.01	2003-05	Appellate Authority - Supreme Court
		319.00	1999-2000	Appellate Authority - High Court
	0.72	2012-13	Appellate Authority -Tribunal	
	Entry Tax	83.83	2001-14	Appellate Authority -Supreme Court
Income Tax Act, 1961	Income Tax	209.00	2004-05	Commissioner of Income Tax (Appeals)
		3.72	2005-13	Income Tax Appellate Tribunal

- (viii) Based on the audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution, banks and Government.
- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans. During the year, one of the existing shareholder of the Company raised the money through initial public offer by selling its equity shares.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company or material fraud on the Company by its officers / employees has been noticed or reported during the course of our audit.
- (xi) The managerial remuneration paid/provided is within the limit and in compliance of the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company hence the requirement of this clause is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with them.
- (xvi) As explained to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For **S.P. CHOPRA & CO.**  
Chartered Accountants  
Firm Regn. No. 000346N

**(Pawan K. Gupta)**  
Partner  
M. No. 092529

Place : New Delhi  
Dated: 10 May, 2017

## **ANNEXURE-B' TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of the independent auditors' report of even date on the standalone financial statements of Sheela Foam Limited for the year ended 31 March, 2017)**

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

We have audited the internal financial controls over financial reporting of **Sheela Foam Limited** ("the Company") as of 31 March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

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

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

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as

at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.P. CHOPRA & CO.**  
Chartered Accountants  
Firm Regn. No. 000346N

**(Pawan K. Gupta)**  
Partner  
M. No. 092529

Place : New Delhi  
Dated: 10 May, 2017

Sheela Foam Limited (Previously known as Sheela Foam Private Limited)

# Balance Sheet

as at 31 March, 2017

(₹ in Lakhs)

Particulars	Note No.	As at 31 March, 2017		As at 31 March, 2016	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	1	2,439.14		1,626.09	
Reserves and surplus	2	39,662.28	42,101.42	29,427.26	31,053.35
<b>Non-current liabilities</b>					
Long-term borrowings	3	353.24		390.12	
Deferred tax liabilities (net)	4	492.88		571.65	
Other Long term liabilities	5	4,016.35		3,421.28	
Long-term provisions	6	1,203.63	6,066.10	970.56	5,353.61
<b>Current liabilities</b>					
Short-term borrowings	7	23.23		4,083.82	
Trade payables	8	13,444.40		8,902.24	
Other current liabilities	9	15,000.28		13,056.06	
Short-term provisions	10	908.88	29,376.79	2,090.78	28,132.90
<b>Total</b>			<b>77,544.31</b>		<b>64,539.86</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, Plant and Equipment	11				
Tangible assets		23,346.21		20,083.29	
Capital work-in-progress		284.89		220.68	
		23,631.10		20,303.97	
Non-current investments	12	7,297.23		5,256.18	
Long-term loans and advances	13	1,249.27		1,331.37	
Other non-current assets	14	9.83	32,187.43	1.58	26,893.10
<b>Current assets</b>					
Inventories	15	11,022.59		7,353.30	
Trade receivables	16	9,944.13		7,435.66	
Cash and bank balances	17	19,551.75		20,547.52	
Short-term loans and advances	18	3,034.11		1,621.87	
Other current assets	19	1,804.30	45,356.88	688.41	37,646.76
<b>Total</b>			<b>77,544.31</b>		<b>64,539.86</b>

Significant Accounting Policies' and 'Notes 1 to 29' form an integral part of the Financial Statements.

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

**(Rahul Gautam)**  
Managing Director  
DIN : 00192999

**(Tushaar Gautam)**  
Whole-time Director  
DIN : 01646487

**(Dhruv Mathur)**  
Chief Financial Officer

**(Md. Iqbal Ahmad)**  
Company Secretary  
M. No. - A20921

As per our Report of even date attached

**S. P. CHOPRA & CO.**

Chartered Accountants

Firm Registration No. 000346N

**(Pawan K. Gupta)**

Partner

Membership No. 092529

Place : New Delhi  
Date : 10 May, 2017

Sheela Foam Limited (Previously known as Sheela Foam Private Limited)

# Statement of Profit and Loss

for the year ended 31 March, 2017

(₹ in Lakhs)

Particulars	Note No.	Year ended 31 March, 2017		Year ended 31 March, 2016	
<b>INCOME :</b>					
Revenue from operations	20	160,751.01		141,124.59	
Less: Excise duty		16,165.19	144,585.82	14,619.77	126,504.82
Other income	21		2,489.96		2,072.44
<b>Total Revenue</b>			<b>147,075.78</b>		<b>128,577.26</b>
<b>EXPENDITURE :</b>					
Cost of materials consumed	22		80,015.32		67,930.98
Purchases of Stock-in-Trade	23		3,543.27		1,431.74
Other manufacturing expenses	24		6,443.42		6,397.37
Changes in inventories of finished goods, stock-in-process and stock-in-trade	25		(1,522.18)		874.30
Employee benefits expenses	26		9,142.41		8,071.53
Finance costs	27		630.43		676.80
Depreciation and amortisation expense			2,358.10		2,277.59
Other expenses	28		30,839.71		27,690.57
<b>Total expenses</b>			<b>131,450.48</b>		<b>115,350.88</b>
<b>Profit before tax</b>			<b>15,625.30</b>		<b>13,226.38</b>
<b>Tax expense</b>					
Current tax			4,656.00		4,115.00
Deferred tax			(78.77)		96.68
			<b>4,577.23</b>		<b>4,211.68</b>
<b>Profit for the year carried to Reserve and Surplus</b>			<b>11,048.07</b>		<b>9,014.70</b>
Earnings per share- Basic/Diluted in ₹	29.10		22.65		18.48

Significant Accounting Policies' and 'Notes 1 to 29' form an integral part of the Financial Statements.

For and on behalf of the Board of Directors.

**(Rahul Gautam)**  
Managing Director  
DIN : 00192999

**(Tushaar Gautam)**  
Whole-time Director  
DIN : 01646487

**(Dhruv Mathur)**  
Chief Financial Officer

**(Md. Iqbal Ahmad)**  
Company Secretary  
M. No. - A20921

As per our Report of even date attached  
**S. P. CHOPRA & CO.**  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Date : 10 May, 2017

**(Pawan K. Gupta)**  
Partner  
Membership No. 092529



Sheela Foam Limited (Previously known as Sheela Foam Private Limited)

# Cash Flow Statement

for the year ended 31 March, 2017

(₹ in Lakhs)

Particulars	Year Ended 31 March, 2017		Year Ended 31 March, 2016	
	Amount	Total	Amount	Total
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit before tax as per statement of profit and loss</b>		15,625.30		<b>13,226.38</b>
<b>Adjustments for:</b>				
Depreciation and amortisation expense	2,358.10		2,277.59	
Profit on sale of investment	(83.85)		(39.60)	
Finance costs	630.43		676.80	
Provision for warranty claim and sales return	207.50		280.00	
Advances/balances written off	1.29		1.54	
Bad Debts written off (net)	-		15.09	
Liabilities/provisions no longer required written back	(8.62)		(6.62)	
Unrealised foreign exchange gain (net)	(104.84)		(70.27)	
Prior period (income)/expenses (net)	(0.26)		1.06	
Interest income	(1,181.65)		(1,013.22)	
Assets written off	40.72		38.34	
Profit on sale of fixed assets (net)	(1.94)	<b>1,856.88</b>	(140.84)	<b>2,019.87</b>
		<b>17,482.18</b>		<b>15,246.25</b>
<b>Operating profit before working capital changes</b>				
<b>Adjustment for working capital changes:</b>				
Inventories	(3,669.29)		1,764.02	
Trade and other receivables	(4,399.38)		365.31	
Trade payable and other liabilities and provisions	7,580.10		2,771.92	
<b>Cash Generated from Working Capital Changes</b>		<b>(488.57)</b>		<b>4,901.25</b>
<b>Cash generated from operations</b>		<b>16,993.61</b>		<b>20,147.50</b>
Income Tax paid	(6,750.34)		(3,087.49)	
Prior period expenses (net)	0.26		(1.06)	
		<b>(6,750.08)</b>		<b>(3,088.55)</b>
<b>Net Cash inflow from Operating Activities - A</b>		<b>10,243.53</b>		<b>17,058.95</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Property, plant and equipment including capital work in progress"	(6,187.35)		(3,004.83)	
Sale/adjustment/write-off of property, plant and equipment	463.34		376.02	
Purchase of Investments (net)	(1,957.21)		(2,228.22)	
Interest income	1,317.42		763.09	
<b>Net Cash outflow from Investing Activities - B</b>		<b>(6,363.80)</b>		<b>(4,093.95)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayments of Secured long term borrowings	(113.71)		(3,095.31)	
Repayments of Unsecured long term borrowings	(67.21)		(18.66)	
(Repayments)/proceeds of Secured short term borrowings	(4,077.98)		595.41	
Proceeds/(repayments) from Unsecured short term borrowings	17.39		(15.71)	
Finance costs	(633.99)		(709.76)	

(₹ in Lakhs)

Particulars	Year Ended 31 March, 2017		Year Ended 31 March, 2016	
	Amount	Total	Amount	Total
<b>Net Cash outflow from Financing Activities - C</b>		<b>(4,875.50)</b>		<b>(3,244.03)</b>
<b>Net increase in cash and bank balances (A+B+C)</b>		<b>(995.77)</b>		<b>9,720.98</b>
<b>Cash and bank balances (Opening Balance)</b>		<b>20,547.52</b>		<b>10,826.54</b>
<b>Cash and bank balances (Closing Balance)</b>		<b>19,551.75</b>		<b>20,547.52</b>
<b>Note to Cash flow statement :</b>				
<b>Cash and bank balances consists of cash and cash equivalents and cash and bank balances as under :</b>				
i) Cash and cash equivalents				
- Balance with Banks	946.55		2,542.34	
- Cash on Hand	530.02		-	
- Deposit with original maturity less than 3 months	32.49		70.61	
ii) Other bank balances	9,000.00	10,509.06	2,300.00	4,912.95
- Deposits with banks held as margin money				
- Deposits with original maturity of more 3 months but less than 12 months				
- Deposits with original maturity of more than 12 months	339.20		439.57	
	8,703.49		14,695.00	
	-	9,042.69	500.00	15,634.57
		<b>19,551.75</b>		<b>20,547.53</b>

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

**(Rahul Gautam)**  
Managing Director  
DIN : 00192999

**(Tushaar Gautam)**  
Whole-time Director  
DIN : 01646487

**(Dhruv Mathur)**  
Chief Financial Officer

**(Md. Iqbal Ahmad)**  
Company Secretary  
M. No. - A20921

As per our Report of even date attached

**S. P. CHOPRA & CO.**  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Date : 10 May, 2017

**(Pawan K. Gupta)**  
Partner  
Membership No. 092529

# Significant Accounting Policies Forming Part of the Accounts

for the year ended 31 March, 2017

## 1. GENERAL INFORMATION

Sheela Foam Limited ('the Company') is a ISO 9001:2000 public Company domiciled and headquartered in India. The Company was incorporated as a Private Limited Company and converted to a Public Limited Company on 6 June, 2016. Consequent to completion of its Initial Public Offer (through sale of shares by one of its existing shareholder), the equity shares of the Company were listed on the National Stock Exchange of India Limited and BSE Ltd. on 9 December, 2016.

The Company pioneered in the manufacturing of polyurethane foams in India, has 10 manufacturing units using the state-of-the-art technology at strategic locations across the country.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared and presented under the historical cost convention except for certain financial instruments which are measured at fair values, on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India ("GAAP"), the provisions of the Companies Act, 2013 to the extent notified and applicable and the mandatory accounting standards specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and in the manner so required.

## 3. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at

- b) The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

Asset	Useful life as per Schedule II of the Companies Act, 2013 (No. of Years)	Useful life as assessed/ estimated by the Company (No. of Years)
Buildings :		
- Factory	30	29
- Office	60	59
- Residential	60	59
Plant & Equipment	15	20

the date of financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. On an ongoing basis, estimates are evaluated based on historical experience and on various other assumptions that are believed to be reasonable, the results of which forms the basis for making judgments about the carrying value of assets and liabilities. Actual results could differ from those estimates. Any revision to estimates or difference between the actual result and estimates are recognised in the period in which the results are known/ materialised.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Fixed Assets

- Fixed assets are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any.
- Expenditure on renovation/modernisation relating to existing fixed assets is added to the cost of such assets where it increases its performance/life significantly.
- Cost of leasehold land is amortized over the period of lease.

### 4.2 Depreciation

- Depreciation on fixed assets is provided on written down value basis over the useful life of the assets estimated by the management, in the manner prescribed in Schedule II of the Companies Act, 2013.

## Significant Accounting Policies Forming Part of the Accounts

for the year ended 31 March, 2017

Asset	Useful life as per Schedule II of the Companies Act, 2013 (No. of Years)	Useful life as assessed/ estimated by the Company (No. of Years)
Furniture & Fixtures	10	15
Vehicles :		
- Motor Cars	8	10
Office Equipment	5	20
Date Processing Equipment :		
- Computer Equipment	3	6
Electrical Fittings	10	20

Based on usage pattern, internal assessment and technical evaluation carried out by the technicians, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets is different from the lives as prescribed in Schedule II of the Companies Act, 2013.

- c) Depreciation on addition or on sale / discard of an asset is calculated pro-rata from / up to the date of such addition or sale/discard.
- d) The assets costing upto ₹ 5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value.

### 4.3 Revenue Recognition

- a) Sale Revenue is recognized net of trade discount, on transfer of the significant risks and rewards of ownership of the goods to the buyer and it is reasonable to expect ultimate collection. Sale revenue is inclusive of excise duty but excludes the sales tax/VAT which is recoverable from the buyer. Sale also includes excise duty charged on inter unit transfers, but excludes the transaction value of the inter unit transfers and sales return including under warranty.
- b) Export incentive such as Duty drawback is recognized on post export basis on the basis of their entitlement rates.
- c) Interest income is recognised on time proportion basis.
- d) Insurances claims are recognised to the extent the Company is reasonably certain of their ultimate receipt.

### 4.4 Provisions and contingent liabilities

- a. The Company creates a provision when there is a present obligation arising as result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balances sheet date and are not discounted to its present value.
- b. A disclosure for a contingent liability is made when there is a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

### 4.5 Government Grants / Subsidy

Government grants are recognized when it is reasonably certain that the ultimate collection will be made. Government grants of capital nature are credited to capital reserve. Other government grants of revenue nature including subsidies are credited to specific expense head in the Statement of Profit and Loss.

### 4.6 Investments

Investments primarily meant to be held over long term period are valued at cost. Provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Current investments are stated at the lower of cost or quoted price/fair value. Cost of overseas investments comprises the Indian

## Significant Accounting Policies Forming Part of the Accounts

for the year ended 31 March, 2017

Rupee value of the consideration paid for investment translated at the exchange rate prevalent at the date of investment.

### 4.7 Inventory Valuation

- a) Inventories are valued at the lower of cost and net realisable value.
- b) In respect of raw material, packing material and stores & spares, cost is computed on first in first out basis.
- c) Finished goods and stock-in-process include cost of input conversion and other costs including manufacturing overheads incurred in bringing them to their present location and condition.
- d) Obsolete, defective and unserviceable stocks are provided for, wherever required.
- e) Excise duty on finished goods manufactured is accounted for on clearance of goods from factory premises.

### 4.8 Impairment of Assets

The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impaired loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed, if and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized, the carrying amount of an asset 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 amortisation or depreciation) had no impairment loss being recognized for the asset in prior year/s.

### 4.9 Employee Benefits

- a) Liability towards Gratuity is considered as the defined benefit scheme and is recognized on the basis of actuarial valuation on projected unit credit method at balance sheet date.
- b) Earned Leave which is encashable is considered as long term benefit and is provided on the basis of actuarial valuation on projected unit credit method at balance sheet date.
- c) The benefits in the form of contribution to Provident Fund and Employee State Insurance are considered as the defined contribution schemes and are recognized on the basis of the amount paid or payable for the period during which services are rendered by the employees.

### 4.10 Borrowing costs

Borrowing costs attributable to the acquisition and/or construction of qualifying assets are capitalized as a part of the cost of such assets, upto the date when such assets are ready for intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

### 4.11 Operating leases

Operating leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease rentals are recognized as an expense, as applicable, over the lease period.

### 4.12 Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at balance sheet date are translated at the year end exchange rates. Exchange rate differences arising on settlement of transaction and translation of monetary items are recognized as income or expenses in the year in which they arise.

## Significant Accounting Policies Forming Part of the Accounts

for the year ended 31 March, 2017

Premium or discount on forward exchange contract is amortised as income or expense over the life of the contract. Exchange difference on such contract is recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expenditure during the period.

#### 4.13 Transactions with Group Companies

Transactions including expenses to be shared with group companies are initially recorded under operational heads and reduced on actual or proportionate (where those are not directly identifiable) basis.

#### 4.14 Employee Stock Option Scheme

The Company follows the intrinsic method for computing the compensation cost, for options granted under the scheme. The difference if any, between the fair/market value and the grant price, being the compensation cost is recognized as Deferred Stock Option Expense and is charged to the

Statement of Profit and Loss on straight line basis over the vesting period of option.

#### 4.15 Taxation

Provision for current taxes is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961. Deferred Tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that have been substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

#### 4.16 Earnings per Share:

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

For and on behalf of the Board of Directors.

**(Rahul Gautam)**  
Managing Director  
DIN : 00192999

**(Tushaar Gautam)**  
Whole-time Director  
DIN : 01646487

**(Dhruv Mathur)**  
Chief Financial Officer

**(Md. Iqbal Ahmad)**  
Company Secretary  
M. No. - A20921

As per our Report of even date attached  
**S. P. CHOPRA & CO.**  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Date : 10 May, 2017

**(Pawan K. Gupta)**  
Partner  
Membership No. 092529

# Notes to the Financial Statements

for the year ended 31 March, 2017

## 1. SHARE CAPITAL

	(₹ in Lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
<b>Authorised:</b>		
8,80,21,000 (4,40,10,500) Equity Shares of ₹ 5/- (₹ 10/-) each	4,401.05	4,401.05
<b>Issued, Subscribed and Fully Paid up:</b>		
4,87,82,808 (1,62,60,936) Equity Shares of ₹ 5/- (₹ 10/-) each	2,439.14	1,626.09

### 1.1 Right, Preferences and Restrictions attached to Shares

The Company has one class of equity shares having a par value of ₹ 5 per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity Shareholders are eligible to receive the remaining assets of the Company in proportion of their shareholding.

### 1.2 Reconciliation of the number of shares outstanding:

Particulars	(₹ in Lakhs)			
	As at 31 March, 2017		As at 31 March, 2016	
	Nos.	(₹ in Lakhs)	Nos.	(₹ in Lakhs)
At the beginning of the year	1,62,60,936	1,626.09	1,62,60,936	1,626.09
Add : Shares splitted during the year (Note 1.3)	1,62,60,936	-	-	-
Add : Bonus shares issued during the year (Note 1.4.1)	1,62,60,936	813.05	-	-
At the end of the year	4,87,82,808	2,439.14	1,62,60,936	1,626.09

1.3 During the current year, the Authorised Share Capital of 4,40,10,500 equity shares of ₹10/- each was splitted into 8,80,21,000 equity shares of ₹ 5/- each, and consequently 1,62,60,936 fully paid up equity shares of ₹ 10/- each converted into 3,25,21,872 fully paid up equity shares of ₹ 5/- each.

1.4 Details of Shares allotted as fully paid up without payment being received in cash during 5 years immediately preceeding 31 March, 2017 / 31 March, 2016:

1.4.1 During the year 1,62,60,936 fully paid up equity shares of ₹ 5/- each, were allotted by way of bonus shares to all the shareholders in the ratio of 1:2.

1.4.2 During 2011-12 and 2012-13, 2100 and 63296 equity shares of ₹ 10/- fully paid up respectively (1,96,188 equity shares of ₹ 5/- each fully paid up as at 31 March, 2017 after splitting up and issue of Bonus shares) were allotted without payment being received in cash.

### 1.5 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	(₹ in Lakhs)			
	As at 31 March, 2017		As at 31 March, 2016	
	No. of Shares	% held	No. of Shares	% held
Sh. Rahul Gautam	99,55,419	20.41	33,18,473	20.41
Smt. Namita Gautam	57,15,879	11.72	19,05,293	11.72
Smt. Sheela Gautam and Sh. Tushaar Gautam	1,75,61,880	36.00	58,53,960	36.00
M/s Polyflex Marketing Private Limited	65,51,373	13.43	45,12,558	27.75
SBI Mutual Funds	26,13,285	5.36	-	-

## Notes to the Financial Statements

for the year ended 31 March, 2017

- 1.6 Equity shares held (under Authorised Capital) as per Sheela Foam Employees Stock Option Scheme, 2016 (ESOS 2016) (Refer Note 29.5)

	As at 31 March, 2017 No. of Shares	As at 31 March, 2016 No. of Shares
Equity Shares of ₹5/- each	24,00,000	-

### 2. RESERVES AND SURPLUS

(₹ in Lakhs)

Particulars	As at 31 March, 2017		As at 31 March, 2016	
<b>Capital Reserve</b>				
As per last account		328.57		328.57
<b>General Reserve</b>				
As per last account		2,529.32		2,529.32
Less : Issue of bonus shares (Note 1.4.1)		(813.05) 1,716.27		- 2,529.32
<b>Surplus</b>				
As per last account		26,569.37		17,554.67
Add : Profit for the year		11,048.07 37,617.44		9,014.70 26,569.37
<b>Total</b>		<b>39,662.28</b>		<b>29,427.26</b>

### 3. LONG TERM BORROWINGS

(₹ in Lakhs)

	Note No.	As at 31 March, 2017		As at 31 March, 2016	
		Non Current	Current	Non Current	Current
<b>(i) Secured</b>					
Term loans from:					
- Banks		-	-	-	93.75
- Others	3.1	18.59	20.48	39.07	19.96
		<b>18.59</b>	<b>20.48</b>	<b>39.07</b>	<b>113.71</b>
<b>(ii) Unsecured</b>					
Deferred Sales Tax Liability	3.2	54.65	1.40	56.05	52.21
Inter Corporate Deposits	3.3	250.00	-	250.00	-
Loans and advances from related parties :					
- Directors' and their relatives	3.3	30.00	-	45.00	-
		334.65	1.40	351.05	52.21
<b>Total</b>		<b>353.24</b>	<b>21.88</b>	<b>390.12</b>	<b>165.92</b>
Less: Amount disclosed under the head "Other current liabilities" (Refer Note 9)		-	21.88	-	165.92
<b>Net amount</b>		<b>353.24</b>	<b>-</b>	<b>390.12</b>	<b>-</b>

- 3.1 Term Loans of ₹ 39.07 Lakhs from other parties are secured against specific vehicles, repayable in monthly installments comprising not more than 48 installments in the case of each loan and carry rate of interest ranging from 9.72 % to 10.35 %. The maturity profile of non-current portion is as under:

Rate of Interest	Maturity Profile	
	1-2 Years	2-3 Years
09.72 % - 10.00 %	4.63	-
10.01 % - 10.35 %	12.22	1.74
	<b>16.85</b>	<b>1.74</b>



## Notes to the Financial Statements

for the year ended 31 March, 2017

- 3.2 Deferred sales tax liability consists of sales tax deferment availed under the schemes framed by Govt. of Andhra Pradesh. The deferment of sales tax (based on capital investment) was allowed for ₹ 219.62 Lakhs for the period April, 1996 to April, 2005 and for ₹ 233.25 Lakhs (based on production over and above base production) for June, 1998 to June, 2005. These are non interest bearing and are payable after the end of 14 years from the year of deferment. The maturity profile of non-current portion is as under :

Maturity Period	1-2 Years	2-3 Years
Amount due for repayment (₹)	54.65	-
	<b>54.65</b>	<b>-</b>

- 3.3 Inter Corporate Deposits and Loans and advances are on long term basis, carrying interest rate of 9% p.a. However, terms of repayment have not been stipulated.

### 4. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

	As at 31 March, 2017	As at 31 March, 2016
<b>Deferred Tax Liability:</b>		
- Depreciation:	943.41	941.20
<b>Deferred Tax Assets:</b>		
- Disallowance under Section 43B	12.73	13.34
- Provision for employee benefits	437.80	355.57
- Disallowances u/s 35DD	- (450.53)	0.64 (369.55)
<b>Net Deferred Tax Liability</b>	<b>492.88</b>	<b>571.65</b>

### 5. OTHER LONG TERM LIABILITIES

(₹ in Lakhs)

	As at 31 March, 2017	As at 31 March, 2016
Security deposits	4,016.35	3,421.28
<b>Total</b>	<b>4,016.35</b>	<b>3,421.28</b>

### 6. LONG TERM PROVISIONS

(₹ in Lakhs)

	As at 31 March, 2017	As at 31 March, 2016
Provision for employee benefits		
- Gratuity	1,004.25	769.64
- Leave encashment	199.38	200.92
<b>Total</b>	<b>1,203.63</b>	<b>970.56</b>

# Notes to the Financial Statements

for the year ended 31 March, 2017

## 7. SHORT TERM BORROWINGS

	(₹ in Lakhs)	
	As at 31 March, 2017	As at 31 March, 2016
<b>(i) Secured</b>		
Working Capital Loans from Banks	-	4,077.98
<b>(ii) Unsecured</b>	23.23	5.84
Book overdraft		
<b>Total</b>	<b>23.23</b>	<b>4,083.82</b>

### 7.1 Working Capital Loans from Banks are secured by way of:

- All loans are secured by pari-passu first charge by way of hypothecation on stocks i.e. raw material, stock-in-process, finished goods, stores and spares and receivables, book debts and all other current assets of the Company both present and future. Further, these loans are additionally secured by the personal guarantee of some key promoter/ Directors i.e. Smt. Sheela Gautam, Sh. Rahul Gautam and Smt. Namita Gautam.
- Loan of ₹ Nil (Previous Year : ₹ 740.91 Lakhs) from Central Bank of India is additionally secured by way of equitable mortgage on Land and Building of the Company located at Kala Amb, Erode, Talwada, Greater Noida, Surajpur, Hyderabad, Delhi and Sahibabad.
- Loan of ₹ Nil (Previous Year : ₹ 2,944.15 Lakhs) from Yes Bank is additionally secured by pari-passu second charge on all movable and immovable fixed assets of the Company both present and future.
- Loan of ₹ Nil (Previous Year : ₹ 392.92 Lakhs) from Citi Bank is secured by way of pari-passu second charge on all movable and immovable fixed assets of the Company both present and future.

## 8. TRADE PAYABLES

		(₹ in Lakhs)	
	Note No.	As at 31 March, 2017	As at 31 March, 2016
Total Outstanding dues of Micro, Small and Medium Enterprises	29.4	973.59	526.40
Total Outstanding dues of creditors other than Micro, Small and Medium Enterprises		12,470.81	8,375.84
		<b>13,444.40</b>	<b>8,902.24</b>

## 9. OTHER CURRENT LIABILITIES

		(₹ in Lakhs)	
	Note No.	As at 31 March, 2017	As at 31 March, 2016
Current maturities of Long term borrowings	3	21.88	165.92
Interest accrued but not due on borrowings		-	3.29
Interest accrued and due on borrowings		-	0.27
Advance from Customers		5,233.49	4,236.02
Statutory liabilities		689.04	660.40
Accrued expenses		5,391.68	5,326.78
Creditors for assets		286.56	109.70

## Notes to the Financial Statements

for the year ended 31 March, 2017

(₹ in Lakhs)

	Note No.	As at 31 March, 2017	As at 31 March, 2016
Creditors for expense		3,369.46	2,501.64
Other liabilities	9.1	8.17	52.04
<b>Total</b>		<b>15,000.28</b>	<b>13,056.06</b>

9.1 Other Liabilities comprise of advance received from others etc.

9.2 There is no amount due and outstanding to be credited to Investors Education & Protection Fund.

### 10. SHORT TERM PROVISIONS

(₹ in Lakhs)

	Note No.	As at 31 March, 2017	As at 31 March, 2016
Provision for employee benefits:			
- Gratuity		39.10	42.73
- Leave Encashment		22.28	61.38
Warranty Claims	10.1	847.50	14.13
Provision for income tax (Net of advance tax)		-	56.86
<b>Total</b>		<b>908.88</b>	<b>2,090.78</b>

#### 10.1 Warranty Claims:

Provision in accordance with the Accounting Standard - 29 "Provisions, Contingent Liabilities and Contingent Assets" is created for warranty claims on mattresses sold, based on past experience of the level of returns. Assumptions used for the said provision is based on sales and current information available about returns based on warranty period. The table below gives information about movement in warranty provision:

(₹ in Lakhs)

	As at 31 March, 2017	As at 31 March, 2016
Opening Balance	640.00	360.00
Less : Amount utilized during the year	515.50	350.20
	<b>124.50</b>	<b>9.80</b>
Add: Provision made during the year	723.00	630.20
Closing Balance	<b>847.50</b>	<b>640.00</b>

## Notes to the Financial Statements

for the year ended 31 March, 2017

### 11. PROPERTY, PLANT AND EQUIPMENT

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1 April, 2016	Additions during the year	Sales/disposal/adjustments during the year	As at 31 March, 2017	As at 1 April, 2016	For the year ending 31 March, 2017	As at 31 March, 2017	As at 31 March, 2016
<b>(i) Tangible Assets</b>								
Land								
- Freehold	591.21	11.07	-	602.28	-	-	602.28	591.21
- Leasehold	1,691.78	-	1,691.78	121.86	30.65	-	1,539.27	1,569.92
Buildings	12,333.24	2,203.15	464.58	14,071.81	4,138.19	783.72	4,561.30	8,195.05
Plant & Equipment	15,380.66	3,468.72	846.83	18,002.55	7,176.35	1,193.90	7,878.83	8,204.31
Furniture & Fixtures	540.85	28.19	4.99	564.05	315.47	43.81	355.03	225.38
Vehicles	684.63	183.73	116.25	752.11	369.33	96.71	380.55	315.30
Office equipment	962.83	182.84	46.04	1,099.63	632.76	114.80	706.50	330.07
Electrical fittings	1,296.87	45.44	12.54	1,329.77	644.82	94.51	733.05	652.05
<b>Current year's total</b>	<b>33,482.07</b>	<b>6,123.14</b>	<b>1,491.23</b>	<b>38,113.98</b>	<b>13,398.78</b>	<b>2,358.10</b>	<b>14,767.77</b>	<b>20,083.29</b>
Previous year's total	30,636.61	3,599.14	753.68	33,482.07	11,601.35	2,277.59	13,398.78	20,083.29
<b>(ii) Capital Work-in-progress</b>	<b>220.68</b>	<b>5,291.22</b>	<b>5,227.01</b>	<b>284.89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>220.68</b>
<b>Current Year's total (i+ii)</b>	<b>33,702.75</b>	<b>11,414.36</b>	<b>6,718.24</b>	<b>38,398.87</b>	<b>13,398.78</b>	<b>2,358.10</b>	<b>14,767.77</b>	<b>20,303.97</b>

11.1 Refer 'Para- 4.2 of Significant Accounting Policies' for depreciation on assets.

11.2 The leasehold land has been amortised during the year by ₹ 30.65 Lakhs (Previous year : ₹ 9.60 Lakhs) as per the accounting policy in terms of the AS-10 (Revised) on 'Property, Plant and Equipment'.

11.3 Capital Work-in-progress includes under noted pre-operative expenditure pending allocation on commencement of commercial production.

Nature of Expense	Capitalisation/adjustment during the year			Closing as on 31 March, 2017	
	Opening as on 1 April, 2016	Additions during the year	Capitalisation/adjustment during the year	As at 31 March, 2017	As at 31 March, 2016
Travelling expenses	3.12	-	3.12	-	-
<b>Total</b>	<b>3.12</b>	<b>-</b>	<b>3.12</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

for the year ended 31 March, 2017

### 12. NON CURRENT INVESTMENTS

(₹ in Lakhs)				
	As at 31 March, 2017		As at 31 March, 2016	
	Nos.	Amount	Nos.	Amount
<b>(A) Trade Investment</b>				
<b>(a) In Equity Shares of Subsidiary Company - Unquoted, fully paid up</b>				
Joyce Foam Pty Limited, Australia of Aud \$ 10/- each	6,58,500	2,306.59	6,58,500	2,306.59
<b>Total Trade Investment (A)</b>		<b>2,306.59</b>		<b>2,306.59</b>
<b>(B) Other Investments</b>				
<b>(a) In Equity Shares of Subsidiary Companies - Unquoted, fully paid up</b>				
Divya Software Solutions (P) Ltd. of ₹ 10/- each	61,333	4,881.09	25,500	1,949.24
Sleepwell Enterprises (P) Ltd. of ₹ 10/- each	10,500	109.20	-	-
		<b>4,990.29</b>		<b>1,949.24</b>
<b>(b) In Bonds &amp; Debentures of Other Companies - fully paid up</b>				
IDBI Investment Deposit Account Scheme, 1986 (Unquoted)		0.35		0.35
Secured Rated Fully Redeemable Index Linked Non-convertible Debentures of Citi Corp Finance (India) Limited of ₹ 1,00,000/- each (Quoted)	-	-	1,000	1,000.00
		<b>0.35</b>		<b>1,000.35</b>
<b>Total Other Investments (B)</b>		<b>4,990.64</b>		<b>2,949.59</b>
<b>Total Non Current Investments (A + B)</b>		<b>7,297.23</b>		<b>5,256.18</b>
Aggregate amount of Quoted Investment		Nil		1,000.00
Market value of Quoted Investment		Nil		1,012.65
Aggregate amount of Unquoted investments		7,297.23		4,256.18
Aggregate provision for diminution in value of Unquoted investments		Nil		Nil
<b>Total Non Current Investments</b>		<b>7,297.23</b>		<b>5,256.18</b>

### 13. LONG TERM LOANS AND ADVANCES

(₹ in Lakhs)		
	As at 31 March, 2017	As at 31 March, 2016
(Unsecured, considered good)		
Capital Advances	375.72	1,160.51
Security Deposits	139.41	136.34
Advance income tax (Net of provisions)	700.42	-
Advance to Distributors/Dealers for Vehicles	24.94	24.95
Loans to Staff	8.78	9.57
<b>TOTAL</b>	<b>1,249.27</b>	<b>1,331.37</b>

### 14. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)		
	As at 31 March, 2017	As at 31 March, 2016
(Unsecured, considered good)		
Margin money deposits with Banks	1.34	1.34
Deposits with Banks	7.83	-
Interest accrued but not due on deposits with banks	0.66	0.24
<b>TOTAL</b>	<b>9.83</b>	<b>1.58</b>

## Notes to the Financial Statements

for the year ended 31 March, 2017

### 15. INVENTORIES

(₹ in Lakhs)

	As at 31 March, 2017		As at 31 March, 2016	
Raw Materials	3,799.73		2,073.16	
- in Transit	1,979.91	5,779.64	1,025.21	3,098.37
Stock-in-process		3,081.36		2,118.74
Finished Goods		328.21		418.90
Stock-in-trade		8.53		2.82
Packing Material	469.23		482.18	
- in Transit	13.49	482.72	30.42	512.60
Stores and Spares	1,251.43		1,152.85	
- in Transit	90.70	1,342.13	49.02	1,201.87
<b>TOTAL</b>		<b>11,022.59</b>		<b>7,353.30</b>

15.1 Refer 'Para-4.7' of Significant Accounting Policies' for method of valuation.

### 16. TRADE RECEIVABLES

(₹ in Lakhs)

	As at 31 March, 2017		As at 31 March, 2016	
(Unsecured, considered good)				
Outstanding for a period exceeding six months		195.28		183.48
Others		9,748.85		7,252.18
<b>TOTAL</b>		<b>9,944.13</b>		<b>7,435.66</b>

16.1 Trade receivables include amount of ₹ 217.67 Lakhs (Previous Year ₹ 392.21 Lakhs) due from a Subsidiary Company.

### 17. CASH AND BANK BALANCES

(₹ in Lakhs)

	As at 31 March, 2017		As at 31 March, 2016	
(i) Cash and cash equivalents				
a. Balance with banks	946.55		2,542.34	
b. Cheques in hand	530.02		-	
c. Cash on hand	32.49		70.61	
d. Deposits with original maturity of less than 3 months	9,000.00	10,509.06	2,300.00	4,912.95
(ii) Other bank balances				
a. Deposits with Banks held as margin money	339.20		439.57	
b. Deposits with original maturity of more than 3 months but less than 12 months	8,703.49		14,695.00	
c. Deposits with original maturity of more than 12 months	-	9,042.69	500.00	15,634.57
<b>TOTAL</b>		<b>19,551.75</b>		<b>20,547.52</b>

## Notes to the Financial Statements

for the year ended 31 March, 2017

### 18. SHORT TERM LOANS AND ADVANCES

(Unsecured, considered good)

(₹ in Lakhs)

	Note No.	As at 31 March, 2017		As at 31 March, 2016	
Loan to Associate Company		-		289.16	
Advance to contractors/suppliers		663.70		418.62	
Balances with Statutory/Government authorities:					
- Excise & Custom		1,470.03		466.12	
- VAT/Sales Tax		234.66	1,704.69	197.10	663.22
Prepaid Expenses		245.30		112.56	
Loans to Staff		31.35		30.92	
IPO security deposit with BSE Limited		300.00		-	
Advance to Distributors/Dealers					
- For Vehicles		30.05		27.47	
- For Mattress Service Centres		3.91	33.96	57.12	84.59
Other Loans & Advances	18.1	55.11		22.80	
<b>TOTAL</b>		<b>3,034.11</b>		<b>1,621.87</b>	

18.1 Others Loans & Advances comprise of staff advances for expenses, other party advances etc.

### 19. OTHER CURRENT ASSETS

(₹ in Lakhs)

	As at 31 March, 2017		As at 31 March, 2016	
Subsidy receivable	139.08		139.08	
Interest accrued but not due on fixed deposits/Bonds	230.18		365.95	
Income tax refund	109.70		91.36	
Excise Duty Refundable	2.40		3.56	
Insurance claim receivable	1,191.74		-	
Discounts receivable	131.20		88.46	
<b>TOTAL</b>	<b>1,804.30</b>		<b>688.41</b>	

### 20. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	Note No.	As at 31 March, 2017		As at 31 March, 2016	
Sale of products (Gross):					
- Finished Goods	20.1.a	154,601.00		138,627.18	
- Traded Goods	20.1.b	5,867.84	160,468.84	2,364.81	140,991.99
Other operating revenue:					
- Duty drawback		1.28		3.98	
- Sale of process scrap		280.89	282.17	128.62	132.60
<b>TOTAL</b>		<b>160,751.01</b>		<b>141,124.59</b>	

## Notes to the Financial Statements

for the year ended 31 March, 2017

### 20.1 Detail of sale of products

(₹ in Lakhs)

	Year ended 31 March, 2017	Year ended 31 March, 2016
a. Finished Goods :		
- PU Foam sheets/mattresses/rolls/ bolster/pillows etc.	154,601.00	138,627.18
	<b>154,601.00</b>	<b>138,627.18</b>
b. Traded Goods		
- PU Foam/Spring/Coir mattresses etc.	5,867.84	2,364.81
	<b>5,867.84</b>	<b>2,364.81</b>
<b>TOTAL</b>	<b>160,468.84</b>	<b>140,991.99</b>

### 21. OTHER INCOME

(₹ in Lakhs)

	Year ended 31 March, 2017	Year ended 31 March, 2016
Interest income :		
- Bank deposits	1,105.47	903.99
- Others	76.18	1,181.65
Export of IT support services	391.04	109.23
Liabilities/provisions no longer required written back	8.62	1,013.22
Rent	39.60	395.96
Insurance claim realised	5.08	6.62
Prior period income/(expenses) (net)	0.26	7.08
Profit on sale of fixed assets (net)	1.94	-
Profit on sale of Investments	83.85	(1.06)
Exchange fluctuation profit / (loss) (net)	314.02	140.84
Sale of non-process scrap	434.02	39.60
Other miscellaneous income	29.88	(55.43)
<b>TOTAL</b>	<b>2,489.96</b>	<b>2,072.44</b>

### 22. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

	Year ended 31 March, 2017	Year ended 31 March, 2016
<b>Raw material</b>		
Opening Stock	2,073.16	2,466.74
Purchases (less returns)	79,772.53	64,146.53
	81,845.69	66,613.27
Less : Sales	2,489.41	1,066.16
Less : Closing Stock	3,799.73	75,556.55
		2,073.16
		63,473.95
<b>Packing Material</b>		
Opening Stock	482.18	485.32
Purchases (less returns)	4,704.53	4,586.37
	5,186.71	5,071.69
Less : Sales	258.71	132.48
Less : Closing Stock	469.23	4,458.77
		482.18
		4,457.03
<b>TOTAL</b>	<b>80,015.32</b>	<b>67,930.98</b>



## Notes to the Financial Statements

for the year ended 31 March, 2017

### 22.1 Value of imported and indigenous Raw material and Packing material consumed and the percentage of each to the total consumption:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Amount	Percentage	Amount	Percentage
(a) Raw material - imported	26,830.93	35.51%	18,179.23	28.64%
Raw material - indigenous	48,725.62	64.49%	45,294.72	71.36%
Total	75,556.55	100.00%	63,473.95	100.00%
(b) Packing material - imported	92.58	2.08%	304.62	6.83%
Packing material - indigenous	4,366.19	97.92%	4,152.41	93.17%
Total	4,458.77	100.00%	4,457.03	100.00%
<b>Total</b>	<b>80,015.32</b>		<b>67,930.98</b>	

### 22.2 Detail of raw material consumed

(₹ in Lakhs)

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Amount	Percentage	Amount	Percentage
- T.D.I	23,968.21	31.72%	13,430.36	21.16%
- Polyol	28,225.94	37.36%	30,742.75	48.43%
- Others (includes coir sheets, catalyst, cloth, chemicals etc.)	23,362.40	30.92%	19,300.84	30.41%
<b>TOTAL</b>	<b>75,556.55</b>	<b>100.00%</b>	<b>63,473.95</b>	<b>100.00%</b>

### 23. PURCHASES OF STOCK-IN-TRADE

(₹ in Lakhs)

	Year ended 31 March, 2017	Year ended 31 March, 2016
Traded goods - PU Foam/Spring/Coir mattresses etc.	3,543.27	1,431.74
<b>TOTAL</b>	<b>3,543.27</b>	<b>1,431.74</b>

### 24. OTHER MANUFACTURING EXPENSES

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2017	Year ended 31 March, 2016
Stores consumed	24.1	3,208.62	3,038.78
Power & fuel		765.17	692.87
Repair and maintenance:			
-Buildings		189.49	322.00
-Plant & machinery		640.25	703.88
Processing & other charges		1,639.89	1,639.84
<b>TOTAL</b>		<b>6,443.42</b>	<b>6,397.37</b>

## Notes to the Financial Statements

for the year ended 31 March, 2017

### 24.1 Value of imported and indigenous stores consumed and the percentage of each to the total consumption:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Amount	Percentage	Amount	Percentage
Stores - imported	350.82	10.93%	146.52	4.82%
Stores - indigenous	2,857.80	89.07%	2,892.26	95.18%
<b>TOTAL</b>	<b>3,208.62</b>	<b>100.00%</b>	<b>3,038.78</b>	<b>100.00%</b>

### 25. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2017		Year ended 31 March, 2016	
<b>Inventories at the end of the year</b>					
Finished goods		328.21		418.90	
Stock-in-trade		8.53		2.82	
Stock-in-process	25.1	3,081.36	3,418.10	2,118.74	2,540.46
<b>Inventories at the beginning of the year</b>					
Finished goods		418.90		502.82	
Stock-in-trade		2.82		18.28	
Stock-in-process	25.1	2,118.74	2,540.46	2,893.66	3,414.76
<b>Inventory destroyed in fire</b>					
Stock-in-process			644.54		-
<b>TOTAL</b>			<b>(1,522.18)</b>		<b>874.30</b>

#### 25.1 Detail of stock-in-process

(₹ in Lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
- Foam Blocks	3,081.36	2,118.74
<b>TOTAL</b>	<b>3,081.36</b>	<b>2,118.74</b>

### 26. EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

	Year ended 31 March, 2017	Year ended 31 March, 2016
Salaries, wages, bonus, gratuity, allowances etc.	7,785.63	6,807.49
Contribution to provident, ESI and other funds etc.	482.54	414.87
Workmen & staff welfare expenses	874.24	849.17
<b>TOTAL</b>	<b>9,142.41</b>	<b>8,071.53</b>

## Notes to the Financial Statements

for the year ended 31 March, 2017

### 27. FINANCE COSTS

(₹ in Lakhs)

	Year ended 31 March, 2017	Year ended 31 March, 2016
Interest Expense on :		
- Term loans	1.35	167.56
- Working capital loans	72.24	79.93
- Loans from others	7.90	9.30
- Income tax	157.43	52.74
- Others	280.78	519.70
Bank Charges	110.73	286.06
<b>TOTAL</b>	<b>630.43</b>	<b>676.80</b>

### 28. OTHER EXPENSES

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2017	Year ended 31 March, 2016
Rent		204.38	116.64
Insurance		176.44	117.52
Rates & taxes		124.83	130.00
Repair & maintenance others		585.41	476.89
Advertisement expenses		6,657.82	5,921.11
Travelling and conveyance		897.84	734.95
Payment to Auditors:			
- Audit Fees		17.47	13.13
- Certification work		1.76	6.81
- Reimbursement of expenses		2.94	22.17
Contributions towards CSR	29.13	190.64	1.37
Advances/Balances written off		1.29	21.31
Bad debts written off		-	23.50
Less : Transfer from Provision for doubtful debts		-	8.41
Provision for warranty claims (net)	10.1	207.50	15.09
Selling & promotional expenses		3,299.35	280.00
Sales promotion schemes (net)		8,177.14	2,896.88
Freight & cartage (net)		1,519.48	6,418.06
Incentives & Rebates		7,026.22	1,280.03
Assets written off (net)		40.72	7,340.94
Miscellaneous expenses		1,708.48	38.34
<b>TOTAL</b>		<b>30,839.71</b>	<b>27,690.57</b>

### 29. OTHER NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

#### 29.1 Contingent Liabilities and Commitments:

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 March, 2017	As at 31 March, 2016
(i)	Contingent Liabilities (to the extent not provided for)		
a	Guarantees to Banks and Financial Institutions against credit facilities extended to Subsidiary Company	6,889.77	8,555.88
b	Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards (a):		
-	Sales tax	366.49	521.90
-	Entry tax	104.54	104.54

## Notes to the Financial Statements

for the year ended 31 March, 2017

		(₹ in Lakhs)	
Sr. No.	Particulars	As at 31 March, 2017	As at 31 March, 2016
	- Income tax	289.32	501.25
	- Excise Duty	913.26	1,673.61
	c. Guarantees given by the Bankers on behalf of the Company to third parties	715.24	78.50
	d. Others	75.00	75.00
(ii)	Commitments		
	a. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	1,208.28	532.80
	<b>TOTAL</b>	<b>10,561.90</b>	<b>11,209.61</b>

(a) The Company is contesting these demands and the management including its adviser are of the view that these demands may not be sustainable at the appellate level. The management believes that the ultimate outcome of these proceedings will not have any material adverse effect on the Company's financial position and results of operations.

**29.2** The Company during the year, made an initial public offer, by offer for the sale of shares by one of its existing shareholder. The expenses incurred thereon have been met by the said shareholder, except the listing fee which has been borne by the Company.

**29.3** In the opinion of the management, the value of assets other than fixed assets and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

### 29.4 Disclosure required under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006:

(₹ in Lakhs)

	As at 31 March, 2017	As at 31 March, 2016
i. Principal amount remaining unpaid to MSME suppliers as at 31 March, 2017	973.59	526.40
ii. Interest due thereon remaining unpaid to any supplier as at 31 March, 2017	-	-
iii. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
iv. The amount of interest due and payable for the year 2016-17	-	-
v. The amount of interest accrued and remaining unpaid at 31 March, 2017	-	-
vi. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
<b>Total</b>	<b>973.59</b>	<b>526.40</b>

The above information regarding dues to Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information collected with the Company. This has been relied upon by the auditors.

### 29.5 Employee Stock Option Scheme

In the Annual General Meeting of the Company held on 31 May, 2016, the shareholders of the Company through special resolution approved issue of 24,00,000 options exercisable into 24,00,000 equity shares under the scheme titled "Sheela Foam Employees Stock Options Scheme 2016 ("ESOS 2016")" which provides for granting options to employees of the Company and its subsidiaries who meet the eligibility criteria under the scheme. The vesting period shall commence after a period of not less than

## Notes to the Financial Statements

for the year ended 31 March, 2017

one year from the date of grant of options under the scheme and the maximum vesting period may extend up to five years from the date of grant, unless otherwise decided by the management. As on date, no options have been granted under ESOS 2016.

### 29.6 Employee Benefits:

#### (a) Defined Benefit Scheme:

Gratuity : Payable on separation as per the Employees Gratuity Act @ 15 days pay for each completed year of service to eligible employees who render continuous service of 5 years or more.

#### (b) Defined Contribution Scheme

Company's employees are covered by Provident Fund and Employees State Insurance to which the Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 482.54 Lakhs (Previous Year: ₹ 414.87 Lakhs) has been charged to the Statement of Profit and Loss towards contribution to above schemes/benefits.

#### (c) Other Long term Benefits

Employees of the Company are entitled to accumulate their earned/privilege leave up to a maximum of 120 days which is payable/encashable as per the policy on their separation. During the year amount of ₹ 45.44 Lakhs (Previous Year: ₹ 106.26 Lakhs) has been charged to the Statement of Profit and Loss towards provision for the said benefits based on actuarial valuation.

#### (d) Other disclosures as required under AS-15 (Revised 2005) on "Employee Benefits" are as under:

##### i) Change in present value of obligation:

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2017	Year ended 31 March, 2016
Present Value of obligation at the beginning of year	812.37	665.20	215.05	158.39
Interest cost	64.99	53.22	17.20	12.67
Current Service Cost	102.72	81.17	24.71	32.13
Benefit Paid	(22.65)	(53.98)	(38.82)	(49.60)
Net actuarial (Gain) / Loss on obligation	85.92	66.76	3.52	61.46
Present value of the defined benefit at the end of period/year	1,043.35	812.37	221.66	215.05

##### ii) Expense recognized in the Statement of Profit and Loss.

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2017	Year ended 31 March, 2016
Current Service Cost	102.72	81.17	24.71	32.13
Interest cost on benefit obligation	64.99	53.22	17.20	12.67
Expected return on plan assets	-	-	-	-
Net actuarial (Gain) / Loss	85.92	66.76	3.53	61.46
Amount recognized in Statement of Profit and Loss	253.63	201.15	45.44	106.26

## Notes to the Financial Statements

for the year ended 31 March, 2017

### iii) Disclosure of the current year and for the previous four years as required by paragraph 120(n) of AS-15.

(₹ in Lakhs)

Particulars /Year	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Gratuity</b>					
Present Value of obligation at the end of the year	494.33	623.04	665.20	812.37	1043.35
Fair Value of Plan assets at the end of the year	-	-	-	-	-
Difference i.e. Assets/ (Liabilities)	(494.33)	(623.04)	(665.20)	(812.37)	(1043.35)
<b>Net Assets / (Liability) recognised in the Balance Sheet</b>	(494.33)	(623.04)	(665.20)	(812.37)	(1043.35)
<b>Experience Adjustment arising on :</b>					
- The Plan Liabilities / PVO	(13.82)	(107.67)	104.50	(66.76)	(7.10)
- The Plan Assets			N.A. as there are no plan assets		
<b>Leave Encashment</b>					
Present Value of obligation at the end of the year	105.73	139.15	158.39	215.05	221.66
Fair Value of Plan assets at the end of the year	-	-	-	-	-
Difference i.e. Assets/ (Liabilities)	(105.73)	(139.15)	(158.39)	(215.05)	(221.66)
<b>Net Assets / (Liability) recognised in the Balance Sheet</b>	(105.73)	(139.15)	(158.39)	(215.05)	(221.66)
<b>Experience Adjustment arising on :</b>					
- The Plan Liabilities / PVO	(62.11)	(57.35)	(18.87)	(61.46)	12.42
- The Plan Assets			N.A. as there are no plan assets		

### iv) Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2017	Year ended 31 March, 2016
Method used	Projected unit credit method			
Discount rate	7.35%	8.00%	7.35%	8.00%
Salary Escalation	5.00%	5.00%	5.00%	5.00%
Mortality Rate	IALM (2006-08)		IALM (2006-08)	
Withdrawal rate up to 30/44 and above 44 years	3%/2%/1%			
Rate of return on plan assets	N.A., as there are no plan assets			

### 29.7 Segment Reporting

The Company is engaged in the manufacturing of the products of same type/class and has no overseas operations/units and as such there is no reportable segment as per Accounting Standard (AS-17) dealing with the segment reporting.

## Notes to the Financial Statements

for the year ended 31 March, 2017

### 29.8 Related Party Disclosures (AS-18):

#### A. List of Related Parties and relationships

##### (a) Subsidiaries:

- Joyce Foam Pty Ltd., Australia
- Divya Software Solutions (P) Ltd.
- Sleepwell Enterprises Pvt. Ltd.(w.e.f. 07.03.2017)

##### (b) Entities in which Key Management Personnel or their Relatives have significance influence

- Polyflex Marketing Pvt. Ltd.
- Rangoli Resorts Pvt. Ltd.
- Core Moulding Pvt. Ltd.
- Sleepwell Foundation (Trust)

##### (c) Key Management Personnel (KMP) :

- Mr. Rahul Gautam (Managing Director) \*
  - Mr. Rakesh Chahar (Whole-time Director)
  - Mrs. Namita Gautam (Whole-time Director) \*
  - Mr. Tushaar Gautam (Whole-time Director)
- \* Also having significant influence through major shareholding.

##### (d) Relatives of Key management Personnel:

- Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam)\*
  - Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)
  - Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)
- \* Also having significant influence through major shareholding.

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

#### B. Transactions with related parties:

Transactions	Subsidiaries	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
<b>(i) Transactions during the year:</b>				
a. Purchase of Material/ Capital Goods	-	-	-	-
	(43.46)	(-)	(-)	(-)
b. Sale of Material/ Capital Goods	79.56	0.40	-	-
	(33.27)	(0.68)	(-)	(-)
c. Sale of IT Support Services	391.04	-	-	-
	(395.96)	(-)	(-)	(-)
d. Rent received	0.36	0.42	-	-
	(0.36)	(0.42)	(-)	(-)
e. Royalty paid	10.00	-	-	-
	(10.00)	(-)	(-)	(-)
f. Investment made	2931.85	62.40	46.80	-
	(1,268.22)	(-)	(-)	(-)
g. Investment sold	-	-	-	-
	(-)	(-)	(40.00)	(-)
h. Bank Charges Recovered	26.53	-	-	-
	(-)	(-)	(-)	(-)
i. Loans & Advances given	-	-	-	-
	(682.60)	(-)	(-)	(-)
j. Loans & Advances Recd. back	-	289.16	-	-
	(1,003.93)	(13.57)	(-)	(-)
k. Deposits / loans & advances received	-	-	-	-
	(-)	(-)	(-)	(20.00)
l. Deposits / loans & advances paid back	-	-	-	15.00
	(-)	(-)	(2.25)	(-)
m. Remuneration including Performance Incentives	-	-	633.81	10.20
	(-)	(-)	(606.66)	(8.67)

## Notes to the Financial Statements

for the year ended 31 March, 2017

Transactions	Subsidiaries	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
n. Interest received/receivable	-	34.60	-	-
	(48.23)	(33.61)	(-)	(-)
o. Interest paid/payable	-	-	-	2.94
	(-)	(-)	(0.10)	(2.62)
p. Rent paid	0.18	-	-	-
	(0.18)	(-)	(-)	(-)
q. Legal & Professional Expenses	8.97	-	-	-
	(-)	(-)	(-)	(-)
r. Recovery of IPO Expenses	-	2,259.25	-	-
	(-)	(-)	(-)	(-)
s. Share application money paid	1,227.38	-	-	-
	(-)	(-)	(-)	(-)
t. Share application money refunded	1,227.38	-	-	-
	(-)	(-)	(-)	(-)
u. Donation under CSR	-	182.00	-	-
	(-)	(100.00)	(-)	(-)

	Subsidiaries	Related Entities	Key Management	Relatives of Key Management
<b>(ii) Closing balance as at 31 March, 2017/ 31 March, 2016 :</b>				
a. Trade Receivables	217.67	-	-	-
	(392.21)	(-)	(-)	(-)
b. Short Term Loans & Advances receivable	-	-	-	-
	(-)	(289.16)	(-)	(-)
c. Long Term Loans and Advances Payable	-	-	-	30.00
	(-)	(-)	(-)	(45.00)
d. Investments	7,296.88	(-)	-	-
	(4,255.83)	(-)	(-)	(-)

Note : (Figures in bracket are for the year ended 31 March, 2016)

**29.9** The Company has taken various properties under cancellable operating leases. The lease agreements are normally renewed on expiry. There are no restrictions placed upon the Company by entering into these leases and there are no subleases. Lease payments amounting to ₹ 62.97 Lakhs (Previous year: ₹ 92.09 Lakhs) are included in 'Rent' under Note-28.

### 29.10 Earnings per Share:

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Net Profit as per Statement of Profit and Loss - (₹ in Lakhs)	11,048.07	9,014.70
Basic/Diluted weighted average number of equity shares outstanding during the year (after Considering the impact of splitting and issue of bonus shares)	4,87,82,808	4,87,82,808
Nominal value of Equity Share (₹) (after splitting up from ₹10/- to ₹ 5/-)	5.00	5.00
Basic/Diluted Earnings per Share (₹)	22.65	18.48



## Notes to the Financial Statements

for the year ended 31 March, 2017

### 29.11 Corporate Social Responsibility:

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects. The contributions towards CSR was on the activities which are specified in Schedule VII of the Companies Act, 2013. The detail of the amount spent during the period is as under:

(₹ in Lakhs)

	Amount spent during the current year ended 31 March, 2017	Amount pending for spending as at 31 March, 2017	Total Amount
Gross Amount lying pending for the earlier year as at 01.04.2016			-
Gross Amount required to be spent during the year ended			138.18
Amount spent during the year ended on :			
a. Construction/acquisition of any asset	-	-	-
b. Contribution to Trusts / NGOs / Societies	190.64	-	190.64

### 29.12 Financial and Derivative Instruments:

- a. Derivative contracts entered into by the Company and outstanding as on 31 March, 2017 for hedging Currency and Interest Rate Related Risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding as on 31 March, 2017 amount to ₹ Nil (Previous Year: ₹ 2,924.05 Lakhs). Category wise break up is given below:

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 March, 2017	As at 31 March, 2016
1.	Interest Rate Swaps	-	-
2.	Forward Contracts	-	2,924.05
	<b>TOTAL</b>	<b>-</b>	<b>2,924.05</b>

- b. Foreign currency exposures that are not hedged by derivative instruments as on 31 March, 2017 amount to ₹ Nil (Previous Year: ₹ 3,337.03 Lakhs).

### 29.13 Value of imports on CIF basis:

(₹ in Lakhs)

Particulars	Year Ended 31 March, 2017	Year Ended 31 March, 2016
Raw Materials	27,326.78	17,427.68
Packing Materials, Store & Spare & Components etc.	905.62	723.44
Capital Goods	2202.87	954.54
<b>TOTAL</b>	<b>30,435.27</b>	<b>19,105.66</b>

## Notes to the Financial Statements

for the year ended 31 March, 2017

### 29.14 Expenditure in Foreign currency:

Particulars	(₹ in Lakhs)	
	Year Ended 31 March, 2017	Year Ended 31 March, 2016
Travelling	11.25	6.15
Sales & business promotion	7.82	27.71
Interest to Bank	20.67	20.21
Consultancy Charges	0.93	26.70
<b>TOTAL</b>	<b>40.67</b>	<b>80.77</b>

### 29.15 Earnings in Foreign exchange:

Particulars	(₹ in Lakhs)	
	Year Ended 31 March, 2017	Year Ended 31 March, 2016
F.O.B value of Exports of goods	1,637.10	1,609.95
F.O.B value of Exports of services	391.04	395.96
<b>TOTAL</b>	<b>2,028.14</b>	<b>2,005.91</b>

29.16 Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November, 2016 to 30 December, 2016 are as under:

	(₹ in Lakhs)		
	Specified Bank Notes (SBN)	Other Denomination Notes	Total
<b>Closing cash in hand as on 08.11.2016</b>	<b>62.62</b>	<b>8.30</b>	<b>70.92</b>
Add: Permitted Receipts	-	56.53	<b>56.53</b>
Less: Permitted Payments	0.23	44.81	<b>45.04</b>
Less: Amount deposited in Banks	62.39	-	<b>62.39</b>
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>20.02</b>	<b>20.02</b>

29.17 The previous year's figures have been re-grouped/re-classified wherever considered necessary.

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

**(Rahul Gautam)**  
Managing Director  
DIN : 00192999

**(Tushaar Gautam)**  
Whole-time Director  
DIN : 01646487

**(Dhruv Mathur)**  
Chief Financial Officer

**(Md. Iqbal Ahmad)**  
Company Secretary  
M. No. - A20921

As per our Report of even date attached  
**S. P. CHOPRA & CO.**  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Date : 10 May, 2017

**(Pawan K. Gupta)**  
Partner  
Membership No. 092529

# Independent Auditor's Report

To the members of 'Sheela Foam Limited'

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of '**Sheela Foam Limited**' (hereinafter referred to as "Holding Company"), and its Subsidiaries (the Holding Company) and its Subsidiaries together referred to as "The Group" which comprise the Consolidated Balance Sheet as at 31 March, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of Companies Act, 2013 (the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10)

of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Other Matters

- a. We did not audit the financial statements of Subsidiary company incorporated in India, namely Divya Software Solutions Pvt. Limited and Subsidiary company incorporated in Australia, namely Joyce Foam Pty. Limited, whose financial statements reflect total assets of ₹ 20,902.30 Lakhs as at 31 March, 2017, total revenues of ₹ 30,585.48 Lakhs, profit (net) of ₹ 1,433.39 Lakhs and cash inflow of ₹ 162.69 Lakhs for the year ended on that date, as considered in the consolidated financial statements.

These financial statements have been audited by their respective auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far it relates to the amounts and disclosures included in respect of these Subsidiaries and our report in terms of Section 143(3), in so far it relates to these Subsidiaries is based solely on the reports of these auditors.

Our opinion on the consolidated financial statements, and our Report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the Directors of the Holding Company and Subsidiary Company incorporated in India audited by us as on 31 March, 2017, taken on record by their Board of Directors, and the report of the statutory auditors of the Subsidiary company incorporated in India not audited by us, none of the directors of the Holding Company and its Subsidiary companies incorporated in India, is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting and operating effectiveness of such controls of the Holding Company and Subsidiary Company incorporated in India audited by us, and its Subsidiary company incorporated in India, not audited by us (as reported by their auditors), refer to our separate report in Annexure-'A'; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated financial statements disclose the impact of pending litigations on the Consolidated financial position of the Group – Refer Note 29.1 to the consolidated financial statements;
  - ii. The Holding Company and its Subsidiary companies incorporated in India, have not entered into any long-term contracts including derivative contracts.
  - iii. There has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary companies incorporated in India.
  - iv. The disclosures as to the holdings as well as dealing in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 in respect of the Holding Company and its Subsidiary companies incorporated in India, has been provided in the consolidated financial statements. Based on audit procedures and relying on the management representation, and the report of the auditors of the Subsidiary Company incorporated in India, not audited by us, we report that the disclosures are in accordance with the books of account as maintained and produced to us by the Management - Refer Note 29.18 to the consolidated financial statements. – Refer Note 29.18 to the consolidated financial statements;

For **S.P. CHOPRA & CO.**  
Chartered Accountants  
Firm Regn. No. 000346N

Place : New Delhi  
Dated: 10 May, 2017

**(Pawan K. Gupta)**  
Partner  
M. No. 092529

## **ANNEXURE-'A' TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in 'paragraph - f' of the independent auditors report of even date on the Consolidated financial statements of Sheela Foam Limited for the year ended 31 March, 2017)**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March, 2017, we have audited the internal financial controls over financial reporting of **Sheela Foam Limited** (hereinafter referred to as "the Holding Company") and its Subsidiary companies incorporated in India as of that date.

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

The respective Board of Directors of the Holding Company and its Subsidiary companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

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

and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

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

### Opinion

In our opinion, the Holding Company and its Subsidiary companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of

internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the Subsidiary company incorporated in India, namely Divya Software Solutions Pvt. Limited, is based on the corresponding report of the auditor of the said Company.

For **S.P. CHOPRA & CO.**  
Chartered Accountants  
Firm Regn. No. 000346N

Place : New Delhi  
Dated: 10 May, 2017

**(Pawan K. Gupta)**  
Partner  
M. No. 092529

Sheela Foam Limited (Previously known as Sheela Foam Private Limited)

# Consolidated Balance Sheet

as at 31 March, 2017

(₹ in Lakhs)

Particulars	Note No.	As at 31 March, 2017		As at 31 March, 2016	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	1	2,439.14		1,626.09	
Reserves and surplus	2	43,900.06	46,339.20	32,217.35	33,843.44
<b>Non-current liabilities</b>					
Long-term borrowings	3	2,198.30		3,462.75	
Deferred tax liabilities (net)	4	162.56		194.16	
Other Long term liabilities	5	4,017.49		3,421.28	
Long-term provisions	6	1,296.26	7,674.61	1,064.18	8,142.37
<b>Current liabilities</b>					
Short-term borrowings	7	2,590.63		7,882.75	
Trade payables	8	16,047.74		11,262.23	
Other current liabilities	9	17,548.44		14,634.97	
Short-term provisions	10	1,634.43	37,821.24	3,064.84	36,844.79
<b>Total</b>			<b>91,835.05</b>		<b>78,830.60</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, Plant and Equipment	11				
Tangible assets		31,024.08		28,072.31	
Intangible assets		817.88		710.74	
Capital work-in-progress		3,620.77		970.01	
		35,462.73		29,753.06	
Non-current investments	12	0.35		1,000.35	
Long-term loans and advances	13	1,644.22		1,458.44	
Other non-current assets	14	106.84	37,214.14	145.37	32,357.22
<b>Current assets</b>					
Inventories	15	14,652.73		10,461.31	
Trade receivables	16	13,881.27		11,706.83	
Cash and bank balances	17	20,938.88		21,715.95	
Short-term loans and advances	18	3,339.03		1,900.68	
Other current assets	19	1,809.00	54,620.91	688.61	46,473.38
<b>Total</b>			<b>91,835.05</b>		<b>78,830.60</b>

Significant Accounting Policies' and 'Notes 1 to 29' form an integral part of the Financial Statements.

For and on behalf of the Board of Directors.

**(Rahul Gautam)**  
Managing Director  
DIN : 00192999

**(Tushaar Gautam)**  
Whole-time Director  
DIN : 01646487

**(Dhruv Mathur)**  
Chief Financial Officer

**(Md. Iqbal Ahmad)**  
Company Secretary  
M. No. - A20921

As per our Report of even date attached  
**S. P. CHOPRA & CO.**  
Chartered Accountants  
Firm Registration No. 000346N

**(Pawan K. Gupta)**  
Partner  
Membership No. 092529

Place : New Delhi  
Date : 10 May, 2017

Sheela Foam Limited (Previously known as Sheela Foam Private Limited)

# Consolidated Statement of Profit and Loss

for the year ended 31 March, 2017

(₹ in Lakhs)

Particulars	Note No.	Year ended 31 March, 2017		Year ended 31 March, 2016	
<b>INCOME :</b>					
Revenue from operations	20	191,164.71		169,618.70	
Less: Excise duty		16,165.18	174,999.53	14,619.77	154,998.93
Other income	21		2,188.44		1,641.74
<b>Total Revenue</b>			<b>177,187.97</b>		<b>156,640.67</b>
<b>EXPENDITURE :</b>					
Cost of materials consumed	22		93,303.97		80,887.52
Purchases of Stock- in-Trade	23		3,543.27		1,431.74
Other manufacturing expenses	24		7,743.92		7,421.00
Changes in inventories of finished goods, stock-in-process and stock-in-trade	25		(1,389.14)		438.18
Employee benefits expenses	26		15,404.31		13,940.89
Finance costs	27		986.92		1,166.94
Depreciation and amortization expense			3,039.05		2,926.78
Other expenses	28		36,869.72		33,236.53
<b>Total expenses</b>			<b>159,502.02</b>		<b>141,449.57</b>
<b>Profit before tax</b>			<b>17,685.95</b>		<b>15,191.10</b>
<b>Tax expense</b>					
Current tax - Current Year's			5,247.53		4,745.31
- Earlier Year's			0.77		-
			5,248.30		4,745.31
Deferred tax - Current Year's			(45.91)		(25.49)
			<b>5,202.39</b>		<b>4,719.82</b>
<b>Profit for the year carried to Reserve and Surplus</b>			<b>12,483.56</b>		<b>10,471.28</b>
Earnings per share- Basic/Diluted in ₹.	29.10		25.59		21.47

'Significant Accounting Policies' and 'Notes 1 to 29' form an integral part of the Financial Statements.

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

**(Rahul Gautam)**  
Managing Director  
DIN : 00192999

**(Tushaar Gautam)**  
Whole-time Director  
DIN : 01646487

**(Dhruv Mathur)**  
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As per our Report of even date attached  
**S. P. CHOPRA & CO.**  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Date : 10 May, 2017

**(Pawan K. Gupta)**  
Partner  
Membership No. 092529



Sheela Foam Limited (Previously known as Sheela Foam Private Limited)

# Consolidated Cash Flow Statement

for the year ended 31 March, 2017

(₹ in Lakhs)

Particulars	Year Ended 31 March, 2017		Year Ended 31 March, 2016	
	Amount	Total	Amount	Total
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit before tax as per statement of profit and loss</b>		<b>17,685.95</b>		<b>15,191.10</b>
<b>Adjustments for:</b>				
Depreciation and amortisation expense	3,039.05		2,926.78	
Profit on sale of investment	(83.85)		(39.60)	
Finance costs	986.92		1,166.94	
Provision for doubtful debts and advances	-		49.47	
Provision for warranty claim and sales return	207.50		280.00	
Advances/balances written off	1.29		1.54	
Bad Debts written off (net)	48.58		15.09	
Liabilities/provisions no longer required written back	(78.47)		(6.62)	
Unrealised foreign exchange gain (net)	(111.69)		(70.27)	
Prior period (income)/expenses (net)	(0.26)		1.06	
Interest income	(1,200.28)		(969.71)	
Assets written off	40.72		38.34	
Profit on sale of fixed assets (net)	(0.14)		(139.52)	
		<b>2,849.37</b>		<b>3,253.50</b>
<b>Operating profit before working capital changes</b>		<b>20,535.32</b>		<b>18,444.60</b>
<b>Adjustment for working capital changes:</b>				
Inventories	(4,191.42)		1,354.40	
Trade and other receivables	(4,431.00)		(760.69)	
Trade payable and other liabilities and provisions	7,843.05		1,670.78	
<b>Cash (used)/generated from Working Capital Changes</b>		<b>(779.37)</b>		<b>2,264.49</b>
<b>Cash generated from operations</b>		<b>19,755.95</b>		<b>20,709.09</b>
Income Tax paid	(7,498.94)		(3,677.46)	
Translation loss	(95.93)		(1,099.33)	
Prior period income/(expenses) (net)	0.26		(1.06)	
		<b>(7,594.61)</b>		<b>(4,777.85)</b>
<b>Net Cash inflow from Operating Activities -A</b>		<b>12,161.34</b>		<b>15,931.24</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Property, plant and equipment including capital work in progress	(9,504.98)		(5,467.52)	
Sale/adjustment/write-off of property, plant and equipment	715.68		377.05	
Sale of Investments (net)	1,083.85		960.40	
Interest income	1,331.54		722.59	
<b>Net Cash outflow from Investing Activities-B</b>		<b>(6,373.91)</b>		<b>(3,407.48)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayments of Secured long term borrowings	(214.69)		(3,767.10)	
Repayments of Unsecured long term borrowings	(67.21)		(34.46)	
(Repayments)/proceeds of Secured short term borrowings	(5,304.56)		2,620.64	
Proceeds/(repayments) from Unsecured short term borrowings	12.44		(125.28)	
Finance costs	(990.48)		(1,199.90)	

(₹ in Lakhs)

Particulars	Year Ended 31 March, 2017		Year Ended 31 March, 2016	
	Amount	Total	Amount	Total
<b>Net Cash outflow from Financing Activities-C</b>		<b>(6,564.50)</b>		<b>(2,506.10)</b>
<b>Net (decrease)/increase in cash and bank balances (A+B+C)</b>		<b>(777.07)</b>		<b>10,017.66</b>
<b>Cash and bank balances (Opening Balance)</b>		<b>21,715.95</b>		<b>11,698.29</b>
<b>Cash and bank balances (Closing Balance)</b>		<b>20,938.88</b>		<b>21,715.95</b>
<b>Note to Cash flow statement :</b>				
<b>Cash and bank balances consists of cash and cash equivalents and cash and bank balances as under :</b>				
(i) Cash and cash equivalents				
- Balance with Banks	2,238.67		3,705.52	
- Cheques in Hand	530.02		-	
- Cash on Hand	37.50		75.86	
- Deposit with original maturity of less than 3 months	9,005.00	11,811.19	2,300.00	6,081.38
(ii) Other bank balances				
- Deposits with banks held as margin money	339.20		439.57	
- Deposits with original maturity of more 3 months but less than 12 months	8,788.49		14,695.00	
- Deposits with original maturity of more than 12 months	-	9,127.69	500.00	15,634.57
		<b>20,938.88</b>		<b>21,715.95</b>

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

**(Rahul Gautam)**  
Managing Director  
DIN : 00192999

**(Tushaar Gautam)**  
Whole-time Director  
DIN : 01646487

**(Dhruv Mathur)**  
Chief Financial Officer

**(Md. Iqbal Ahmad)**  
Company Secretary  
M. No. - A20921

As per our Report of even date attached

**S. P. CHOPRA & CO.**  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Date : 10 May, 2017

**(Pawan K. Gupta)**  
Partner  
Membership No. 092529

# Significant Accounting Policies Forming Part of the Consolidated Accounts

for the year ended 31 March, 2017

## 1. GENERAL INFORMATION

Sheela Foam Limited ('the Holding Company') is a ISO 9001:2000 public Company domiciled and headquartered in India. The Holding Company was incorporated as a Private Limited Company and converted to a Public Limited Company on 6 June, 2016. Consequent to completion of its Initial Public Offer (through sale of shares by one of its existing shareholder), the equity shares of the Holding Company were listed on the National Stock Exchange of India Limited and BSE Limited on 9 December, 2016.

The Holding Company pioneered in the manufacturing of polyurethane foams, has three Subsidiary companies, the Foreign Subsidiary 'Joyce Foam Pty. Limited (and its Controlled Entity Joyce W C NSW Pty Limited)' and two Indian Subsidiaries 'Divya Software Solutions Private Limited' and 'Sleepwell Enterprises Private Limited'. The accompanying Consolidated Financial Statements relate to Sheela Foam Limited ('the Holding Company') and its three Subsidiary companies (together referred as "The Group").

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India ("GAAP"), the provisions of the Companies Act, 2013 to the extent notified and applicable and the mandatory accounting standards specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and in the manner so required.

## 3. USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with GAAP in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of consolidated financial statements,

and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. On an ongoing basis, estimates are evaluated based on historical experience and on various other assumptions that are believed to be reasonable, the results of which forms the basis for making judgments about the carrying value of assets and liabilities. Actual results could differ from those estimates. Any revision to estimates or difference between the actual result and estimates are recognised in the period in which the results are known/ materialised.

## 4. BASIS OF CONSOLIDATION

The Consolidated Financial Statements have been prepared on the following basis:-

### Basis of Accounting:

- i) The financial statements of the Subsidiary Companies are drawn up to the same reporting date as of the Holding Company. The financial statements of foreign Subsidiary have been prepared in accordance with the Generally Accepted Accounting Principles of its Country of incorporation.
- ii) In case of foreign Subsidiary, being non-integral foreign operations, revenue items are consolidated at the average rates prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Exchange Fluctuation Reserve.
- iii) The consolidated financial statements have been prepared in accordance with Accounting Standard-21 on "Consolidated Financial Statements".

### Principles of Consolidation:

- i) The financial statements of the Holding Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income

## Significant Accounting Policies Forming Part of the Consolidated Accounts

for the year ended 31 March, 2017

- and expenses after fully eliminating the intra-group balances and intra-group transactions and unrealized profits or losses in accordance with Accounting Standard - 21 on "Consolidated Financial Statements".
- ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible,
- iii) The difference between the costs of investments in the Subsidiaries over the net assets at the time of acquisition of shares in the Subsidiaries is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be.

The Consolidated Financial Statements of the Holding Company includes the results of following entities:

Name of Company	Country of Incorporation	Proportion (%) of Shareholding as on 31.03.2017	Proportion (%) of Shareholding as on 31.03.2016
<b>Subsidiary Companies</b>			
Joyce Foam Pty. Limited and Controlled Entity (Joyce W C NSW Pty Limited)	Australia	100%	100%
Divya Software Solutions Private Limited	India	100%	100%
Sleepwell Enterprises Private Limited (Note-1)	India	100%	-

Note-1 : The Company has become 100% Subsidiary, after acquisition of its 100% share capital during the current year.

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 Fixed Assets

- Fixed assets are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any.
- Expenditure on renovation/ modernisation relating to existing fixed assets is added to the cost of such assets where it increases its performance/life significantly.
- Cost of leasehold land is amortized over the period of lease.

#### 5.2 Depreciation

**In the case of the Holding Company (Sheela Foam Limited) and Subsidiary (Divya Software Solutions Private Limited)**

- Depreciation on fixed assets is provided on written down value basis over the estimated useful life of the assets, in the manner prescribed in Schedule II of the Companies Act, 2013. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

Asset	Useful life as per Schedule II of the Companies Act, 2013 (No. of Years)	Useful life as assessed / estimated by the Company (No. of Years)
Buildings :		
- Factory	30	29
- Office	60	29
- Residential	60	59
Plant & Equipment	15	20
Furniture & Fixtures	10	15

## Significant Accounting Policies Forming Part of the Consolidated Accounts

for the year ended 31 March, 2017

Asset	Useful life as per Schedule II of the Companies Act, 2013 (No. of Years)	Useful life as assessed / estimated by the Company (No. of Years)
Vehicles :		
- Motor Cars	8	10
Office Equipment	5	20
Date Processing Equipment :		
- Computer Equipment	3	6
Electrical Fittings	10	20

Based on usage pattern, internal assessment and technical evaluation carried out by the technicians, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets is different from the lives as prescribed in Schedule II of the Companies Act, 2013.

- b) Depreciation on addition or on sale/discard of an asset is calculated pro-rata from / up to the date of such addition or sale/discard.
- c) The assets costing upto ₹ 5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value.

### In the case of foreign Subsidiary (Joyce Foam Pty. Limited and its Controlled Entities)

- a) The depreciable amount of all fixed assets including capitalised lease assets, is depreciated on a straight line basis over the estimated useful lives to the Company commencing from time the assets is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The estimated useful lives for various categories of assets varies as follows:

Asset	Useful life as assessed / estimated by the Company (No. of Years)
Machinery	10-15
Vehicles	4-6
Furniture, fittings and equipment	3-5

### 5.3 Revenue Recognition

- a) Sale Revenue is recognized net of trade discount, on transfer of the significant risks and rewards of ownership of the

goods to the buyer and it is reasonable to expect ultimate collection. Sale revenue is inclusive of excise duty but excludes the sales tax/VAT which is recoverable from the buyer. Sale also includes excise duty charged on inter unit transfers, but excludes the transaction value of the inter unit transfers and sales return including under warranty.

- b) Export incentive such as Duty drawback is recognized on post export basis on the basis of their entitlement rates.
- c) Interest income is recognised on time proportion basis.
- d) Insurances claims are recognised to the extent the Company is reasonably certain of their ultimate receipt.

### 5.4 Provisions and contingent liabilities

- a) The Company creates a provision when there is a present obligation arising as result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balances sheet date and are not discounted to its present value.
- b) A disclosure for a contingent liability is made when there is a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

### 5.5 Government Grants / Subsidy

Government grants are recognized when it is reasonably certain that the ultimate

## Significant Accounting Policies Forming Part of the Consolidated Accounts

for the year ended 31 March, 2017

collection will be made. Government grants of capital nature are credited to capital reserve. Other government grants of revenue nature including subsidies are credited to specific expense head in the Statement of Profit and Loss.

### 5.6 Investments

Investments primarily meant to be held over long term period are valued at cost. Provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Current investments are stated at the lower of cost or quoted price/fair value. Cost of overseas investments comprises the Indian Rupee value of the consideration paid for investment translated at the exchange rate prevalent at the date of investment.

### 5.7 Inventory Valuation

- a) Inventories are valued at the lower of cost and net realisable value.
- b) In respect of raw material, packing material and stores & spares, cost is computed on first in first out basis.
- c) Finished goods and stock-in-process include cost of input conversion and other costs including manufacturing overheads incurred in bringing them to their present location and condition.
- d) Obsolete, defective and unserviceable stocks are provided for, wherever required.
- e) Excise duty on finished goods manufactured is accounted for on clearance of goods from factory premises.

### 5.8 Impairment of Assets

The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impaired loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise

from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed, if and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized, the carrying amount of an asset 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 being recognized for the asset in prior year/s..

### 5.9 Employee Benefits

In the case of the Holding Company (Sheela Foam Limited)

- a) Liability towards Gratuity is considered as the defined benefit scheme and is recognized on the basis of actuarial valuation on projected unit credit method at balance sheet date.
- b) Earned Leave which is encashable is considered as long term benefit and is provided on the basis of actuarial valuation on projected unit credit method at balance sheet date. In the case of foreign Subsidiary such leaves are provided based on the present value of the estimated future cash outflows for the said benefit.
- c) The benefits in the form of contribution to Provident Fund and Employee State Insurance are considered as the defined contribution schemes and are recognized on the basis of the amount paid or payable for the period during which services are rendered by the employees.

#### In the case of foreign Subsidiary (Joyce Foam Pty. Limited and its Controlled Entities)

- a) Provision is made for the liability for employee benefits arising from services rendered by employees to balance sheet date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-

## Significant Accounting Policies Forming Part of the Consolidated Accounts

for the year ended 31 March, 2017

costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those of benefits.

### 5.10 Borrowing costs:

Borrowing costs attributable to the acquisition and/or construction of qualifying assets are capitalized as a part of the cost of such assets, upto the date when such assets are ready for intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

### 5.11 Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at balance sheet date are translated at the year end exchange rates. Exchange rate differences arising on settlement of transaction and translation of monetary items are recognized as income or expenses in the year in which they arise. Premium or discount on forward exchange contract is amortised as income or expense over the life of the contract. Exchange difference on such contract is recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expenditure during the period.

### 5.12 Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to fair value of the leased property or the present value of minimum lease payments, including any guaranteed residuals values. Lease

payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognized as a liability and amortised on a straight-line basis over the Financial Instruments.

### 5.13 Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of business combination over Company's interest in the net fair value of identifiable assets acquired.

### 5.14 Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when the feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on systematic basis matched to the future economic benefits over useful life of the project.

### 5.15 Transactions with Group Companies

Transactions including expenses to be shared with group companies are initially recorded under operational heads and reduced on actual or proportionate (where those are not directly identifiable) basis.

### 5.16 Employee Stock Option Scheme

The Group follows the intrinsic method for computing the compensation cost, for options granted under the scheme. The difference if any, between the fair/

## Significant Accounting Policies Forming Part of the Consolidated Accounts

for the year ended 31 March, 2017

market value and the grant price, being the compensation cost is recognized as Deferred Stock Option Expense and is charged to the Statement of Profit and Loss on straight line basis over the vesting period of option.

### 5.17 Taxation

Provision for current taxes is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961. Deferred Tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that have been substantially enacted as of the balance sheet date. Deferred tax assets

arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

### 5.18 Earnings per Share:

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

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

**(Rahul Gautam)**

Managing Director  
DIN : 00192999

**(Tushaar Gautam)**

Whole-time Director  
DIN : 01646487

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Chief Financial Officer

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Company Secretary  
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As per our Report of even date attached

**S. P. CHOPRA & CO.**

Chartered Accountants

Firm Registration No. 000346N

**(Pawan K. Gupta)**

Partner

Membership No. 092529

Place : New Delhi

Date : 10 May, 2017



# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

## 1. SHARE CAPITAL

(₹ in Lakhs)

	As at 31 March, 2017	As at 31 March, 2016
<b>Authorised:</b>		
8,80,21,000 (4,40,10,500) Equity Shares of ₹ 5/- (₹ 10/-) each	4,401.05	4,401.05
<b>Issued, Subscribed and Fully Paid up:</b>		
4,87,82,808 (1,62,60,936) Equity Shares of ₹ 5/- (₹ 10/-) each	2,439.14	1,626.09

### 1.1 Right, Preferences and Restrictions attached to Shares:

The Holding Company has one class of equity shares having a par value of ₹ 5 per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity Shareholders are eligible to receive the remaining assets of the group in proportion of their shareholding.

### 1.2 Reconciliation of the number of shares outstanding:

(₹ in Lakhs)

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Nos.	(₹ in Lakhs)	Nos.	(₹ in Lakhs)
At the beginning of the year	1,62,60,936	1,626.09	1,62,60,936	1,626.09
Add : Shares splitted during the year (Note 1.3)	1,62,60,936	-	-	-
Add : Bonus shares issued during the year (Note 1.4.1)	1,62,60,936	813.05	-	-
At the end of the year	4,87,82,808	2,439.14	1,62,60,936	1,626.09

**1.3** During the current year, the Authorised Share Capital of 4,40,10,500 equity shares of ₹ 10/- each was splitted into 8,80,21,000 equity shares of ₹ 5/- each, and consequently 1,62,60,936 fully paid up equity shares of ₹ 10/- each converted to 3,25,21,872 fully paid up equity shares of ₹ 5/- each.

**1.4** Details of Shares allotted as fully paid up without payment being received in cash during 5 years immediately preceeding 31 March, 2017 / 31 March, 2016 :

**1.4.1** During the year 1,62,60,936 fully paid up equity shares of ₹ 5/- each, were allotted by way of bonus shares to all the shareholders in the ratio of 1:2.

**1.4.2** During 2011-12 and 2012-13, 2100 and 63,296 equity shares of ₹ 10/- fully paid up respectively (1,96,188 equity shares of ₹ 5/- each fully paid up as at 31 March, 2017 after splitting up and issue of Bonus shares) were allotted without payment being received in cash.

### 1.5 Details of Shareholders holding more than 5% shares:

(₹ in Lakhs)

Name of the Shareholder	As at 31 March, 2017		As at 31 March, 2016	
	No. of Shares	% held	No. of Shares	% held
Sh. Rahul Gautam	99,55,419	20.41	33,18,473	20.41
Smt. Namita Gautam	57,15,879	11.72	19,05,293	11.72
Smt. Sheela Gautam and Sh. Tushaar Gautam	1,75,61,880	36.00	58,53,960	36.00
M/s Polyflex Marketing Private Limited	65,51,373	13.43	45,12,558	27.75
SBI Mutual Funds	26,13,285	5.36	-	-

# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

## 1.6 Equity shares held (under Authorized Capital) as per Sheela Foam Employees Stock Options Scheme, 2016 (ESOS 2016) (Refer Note 29.5)

	As at 31 March, 2017 No. of Shares	As at 31 March, 2016 No. of Shares
Equity Shares of ₹5/- each	24,00,000	-

## 2. RESERVES AND SURPLUS

Particulars	(₹ in Lakhs)			
	As at 31 March, 2017		As at 31 March, 2016	
<b>Capital Reserve</b>				
As per last account	1,328.31		1,577.88	
Add : Foreign Exchange loss on Reserve	(108.65)	1,219.66	(249.57)	1,328.31
<b>General Reserve</b>				
As per last account	2,529.32		2,529.32	
Less : Issue of bonus shares (Note 1.4.1)	(813.05)	1,716.27	-	2,529.32
<b>Exchange Translation Reserve</b>				
As per last account	(212.36)		637.40	
Add : Exchange (loss)/gain on fixed assets	(255.16)		458.00	
	(467.52)		1,095.40	
Less : Exchange gain/(loss) on others	267.88	(199.64)	(1,307.76)	(212.36)
<b>Surplus</b>				
As per last account	28,572.08		18,140.14	
Add: Adjustment on Purchase/(Sale) of Subsidiary/ Associate Company (Refer note 29.16.b)	108.13		(39.34)	
Add : Profit for the year	12,483.56	41,163.77	10,471.28	28,572.08
<b>Total</b>	<b>43,900.06</b>		<b>32,217.35</b>	

## 3. LONG TERM BORROWINGS

	Note No.	(₹ in Lakhs)			
		As at 31 March, 2017		As at 31 March, 2016	
		Non Current	Current	Non Current	Current
<b>(i) Secured</b>					
Term loans from:					
- Banks	3.1	1,845.06	1,126.59	3,072.63	93.75
- Others	3.2	18.59	20.48	39.07	19.96
		1,863.65	1,147.07	3,111.70	113.71
<b>(ii) Unsecured</b>					
Deferred Sales Tax Liability	3.3	54.65	1.40	56.05	52.21
Inter Corporate Deposits	3.4	250.00	-	250.00	-
Loans and advances from related parties :					
- Directors' and their relatives	3.4	30.00	-	45.00	-
		334.65	1.40	351.05	52.21
<b>Total</b>		<b>2,198.30</b>	<b>1,148.47</b>	<b>3,462.75</b>	<b>165.92</b>
Less: Amount disclosed under the head "Other current liabilities" (Refer Note 9)		-	1,148.47	-	165.92
<b>Net amount</b>		<b>2,198.30</b>	<b>-</b>	<b>3,462.75</b>	<b>-</b>

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### 3.1 Foreign Subsidiary (Joyce Foam Pty. Limited) - ₹ 2,971.65 Lakhs

- a. ₹ 242.58 Lakhs as term loan for purchase of equipments/trucks from Bank of Baroda, Sydney is secured by way of first charge on all present and future current assets of Joyce Foam Pty. Limited and also by way of first charge on plant and equipments of Joyce Foam Pty Limited This loan is additionally secured by way of first charge on land and building of Joyce WC NSW Pty Limited . The loan is further secured by Corporate Guarantee of WOS Joyce WC NSW Pty. Limited Further, this loan is additionally secured by the personal guarantee of some directors i.e. Mr. Rahul Gautam & Mr. Tushaar Gautam. This term loan carry rate of interest of 425 bps over 6 months BBSW (i.e. 6.37% floating) with quarterly rests, charged on monthly basis and the balance is repayable in 49 equal monthly installments of ₹ 4.86 Lakhs each and last instalment of ₹ 4.44 Lakhs due in August, 2020.
- b. ₹ 1,942.40 Lakhs as demand loan from Bank of Baroda, Sydney is secured by way of irrevocable and unconditional bank guarantee of Central Bank of India of Aud \$ 5.84 mn. This term loan carries rate of interest of 275 bps over 6 months BBSW (i.e. 4.87% floating) with quarterly rest, charged on monthly basis and the balance is repayable in an annual installments of ₹ 971.20 Lakhs due in 2017-18 and balance in last instalment due in year 2018-19.
- c. ₹ 674.98 Lakhs as term loan from Bank of Baroda, Sydney is secured by way of first charge on all present and future current assets of Joyce Foam Pty. Limited and also by way of first charge on plant and equipments of Joyce Foam Pty Limited This loan is additionally secured by way of first charge on land and building of Joyce WC NSW Pty Limited The loan is additionally secured by Corporate Guarantee of holding company M/s Sheela Foam Limited and further secured by way of corporate guarantee of WOS Joyce WC NSW Pty. Limited Further, this loan is additionally secured by the personal guarantee of some directors i.e. Mr. Rahul Gautam & Mr. Tushaar Gautam. This term loan carry rate of interest of 425 bps above BBSW (i.e. 6.37% floating) with quarterly rests, charged on monthly basis and the balance is repayable in 24 equal quarterly installments of ₹ 27.92 Lakhs each and last instalment of ₹ 4.90 Lakhs due in June, 2023.
- d. ₹ 111.69 Lakhs in respect of Commercial Bill Purchase facility from Bank of Baroda, Sydney is secured by way of first charge on all present and future current assets of Joyce Foam Pty. Limited and also by way of first charge on plant and equipments of Joyce Foam Pty Limited This loan is additionally secured by way of first charge on land and building of Joyce WC NSW Pty Limited The loan is further secured by Corporate Guarantee of holding company M/s. Sheela Foam Limited and additional corporate guarantee of WOS Joyce WC NSW Pty. Limited. Further, this loan is additionally secured by the personal guarantee of some directors i.e. Mr. Rahul Gautam & Mr. Tushaar Gautam. This term loan carry rate of interest of 425 bps over 6 months BBSW (i.e. 6.37% floating) with quarterly rests, charged on monthly basis.

### 3.2 Holding Company - ₹ 39.07 Lakhs

Term Loans of ₹ 39.07 Lakhs from other parties are secured against specific vehicles, repayable in monthly installments comprising not more than 48 installments in the case of each loan and carry rate of interest ranging from 9.72 % to 10.35 %. The maturity profile of non-current portion is as under:

Rate of Interest	Maturity Profile	
	1-2 Years	2-3 Years
09.72 % - 10.00 %	4.63	-
10.01 % - 10.35 %	12.22	1.74
	<b>16.85</b>	<b>1.74</b>

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

- 3.3** Deferred sales tax liability consists of sales tax deferment availed under the scheme framed by Govt. of Andhra Pradesh. The deferment of sales tax (based on capital investment) was allowed for ₹ 219.62 Lakhs for the period April, 1996 to April, 2005 and for ₹ 233.25 Lakhs (based on production over and above base production) for June, 1998 to June, 2005. These are non interest bearing and are payable after the end of 14 years from the year of deferment. The maturity profile of non-current portion is as under :

Maturity Period	1-2 Years	2-3 Years
Amount due for repayment (₹)	54.65	-
	<b>54.65</b>	<b>-</b>

- 3.4** Inter Corporate Deposits and Loans and advances are on long term basis carrying interest rate of 9% p.a. However, terms of repayment of the same have not been stipulated.

### 4. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

	As at 31 March, 2017	As at 31 March, 2016
<b>Deferred Tax Liability:</b>		
-Depreciation:	613.09	941.20
<b>Deferred Tax Assets:</b>		
-Disallowance under Section 43B	12.73	390.83
-Provision for employee benefits	437.80	355.57
-Disallowances u/s 35DD	- (450.53)	0.64 (747.04)
<b>Net Deferred Tax Liability</b>	<b>162.56</b>	<b>194.16</b>

### 5. OTHER LONG TERM LIABILITIES

(₹ in Lakhs)

	As at 31 March, 2017	As at 31 March, 2016
Security deposits	4,017.49	3,421.28
<b>Total</b>	<b>4,017.49</b>	<b>3,421.28</b>

### 6. LONG TERM PROVISIONS

(₹ in Lakhs)

	As at 31 March, 2017	As at 31 March, 2016
Provision for employee benefits		
- Gratuity	1,004.25	769.64
- Leave encashment	292.01	294.54
<b>Total</b>	<b>1,296.26</b>	<b>1,064.18</b>

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### 7. SHORT TERM BORROWINGS

(₹ in Lakhs)

	Note No.	As at 31 March, 2017	As at 31 March, 2016
<b>(i) Secured</b>			
Working Capital Loans from Banks	7.1	2,421.72	7,726.28
<b>(ii) Unsecured</b>			
Book overdraft		23.23	5.84
Others		145.68	150.63
<b>Total</b>		<b>2,590.63</b>	<b>7,882.75</b>

#### 7.1 Working Capital Loans from Banks are secured by way of:

##### i. Holding Company - ₹ Nil

- All loans are secured by pari-passu first charge by way of hypothecation on stocks i.e. raw material, stock-in-process, finished goods, stores and spares and receivables, book debts and all other current assets of the Company both present and future. Further, these loans are additionally secured by the personal guarantee of some key promoter/ Directors i.e. Smt. Sheela Gautam, Sh. Rahul Gautam and Smt. Namita Gautam.
- Loan of ₹ Nil (Previous Year : ₹ 740.91 Lakhs) from Central Bank of India is additionally secured by way of equitable mortgage on Land and Building of the Company located at Kala Amb, Erode, Talwada, Greater Noida, Surajpur, Hyderabad, Delhi and Sahibabad.
- Loan of ₹ Nil (Previous Year : ₹ 2,944.15 Lakhs) from Yes Bank is additionally secured by pari-passu second charge on all movable and immovable fixed assets of the Company both present and future.
- Loan of ₹ Nil (Previous Year : ₹ 392.92 Lakhs) from Citi Bank is secured by way of pari-passu second charge on all movable and immovable fixed assets of the Company both present and future.

##### ii Foreign Subsidiary (Joyce Foam Pty. Limited) - ₹ 2,421.72 Lakhs

- Loan of ₹ 2,421.72 Lakhs from Bank of Baroda, Sydney is secured by way of first charge on all present and future current assets of Joyce Foam Pty. Limited and also by way of first charge on plant and equipments of Joyce Foam Pty Limited This loan is additionally secured by way of first charge on land and building of Joyce WC NSW Pty Limited The loan is further secured by Corporate Guarantee of holding company M/s Sheela Foam Limited and additional corporate guarantee of WOS Joyce WC NSW Pty. Limited. Further, this loan is additionally secured by the personal guarantee of some directors i.e. Mr. Rahul Gautam & Mr. Tushaar Gautam. This loan carry rate of interest of 425 bps over 6 months BBSW (i.e. 6.37% floating) with quarterly rests, charged on monthly basis.

### 8. TRADE PAYABLES

(₹ in Lakhs)

	Note No.	As at 31 March, 2017	As at 31 March, 2016
Total Outstanding dues of Micro, Small and Medium Enterprises	29.4	973.59	526.40
Total Outstanding dues of creditors other than Micro, Small and Medium Enterprises		15,074.15	10,735.83
		<b>16,047.74</b>	<b>11,262.23</b>

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### 9. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	Note No.	As at 31 March, 2017	As at 31 March, 2016
Current maturities of Long term borrowings	3	1,148.47	165.92
Interest accrued but not due on borrowings		-	3.29
Interest accrued and due on borrowings		-	0.27
Advance from Customers		5,233.49	4,236.02
Statutory liabilities		800.45	801.64
Accrued expenses		5,872.79	5,838.87
Creditors for assets		299.72	106.43
Creditors for expense		4,125.59	2,504.91
Other liabilities	9.1	67.93	977.62
<b>Total</b>		<b>17,548.44</b>	<b>14,634.97</b>

9.1 Other Liabilities comprise of advance received from others etc.

9.2 There is no amount due and outstanding to be credited to Investors Education & Protection Fund.

### 10. SHORT TERM PROVISIONS

(₹ in Lakhs)

	Note No.	As at 31 March, 2017	As at 31 March, 2016
Provision for employee benefits:			
-Gratuity		39.10	42.73
-Leave Encashment		747.83	786.93
Warranty Claims	10.1	847.50	762.03
Provision for income tax (Net of advance tax)		-	804.76
<b>Total</b>		<b>1,634.43</b>	<b>3,064.84</b>

#### 10.1 Warranty Claims:

Provision in accordance with the Accounting Standard - 29 "Provisions, Contingent Liabilities and Contingent Assets" is created for warranty claims on mattresses sold, based on past experience of the level of returns. Assumptions used for the said provision is based on sales and current information available about returns based on warranty period. The table below gives information about movement in warranty provision:

(₹ in Lakhs)

	As at 31 March, 2017	As at 31 March, 2016
Opening Balance	640.00	360.00
Less : Amount utilized during the year	515.50	350.20
	124.50	9.80
Add: Provision made during the year	723.00	630.20
Closing Balance	<b>847.50</b>	<b>640.00</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

## 11. CONSOLIDATED PROPERTY, PLANT AND EQUIPMENT

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 April, 2016	Additions during the year	Sales/ disposal/ adjustments during the year	As at 31 March, 2017	As at 1 April, 2016	For the year	Additions pursuant to Purchase of Subsidiary	Sales/ disposal/ adjustments during the year	As at 31 March, 2017	As at 31 March, 2017
<b>(i) Tangible Assets</b>										
Land										
- Freehold	591.21	11.07	-	602.28	-	-	-	-	602.28	591.21
- Leasehold	1,982.31	-	-	1,982.31	138.11	34.07	-	-	172.18	1,844.20
Buildings	14,598.04	2,203.15	21.76	16,283.94	4,413.46	828.63	7.50	370.40	4,879.19	10,184.58
Plant & Equipment	27,652.01	4,077.27	-	30,358.51	13,722.49	1,826.07	-	825.85	14,722.71	15,635.80
Furniture & Fixtures	540.85	28.22	41.37	605.45	315.47	43.84	41.37	4.25	396.43	225.38
Vehicles	684.63	183.73	-	752.11	369.33	96.71	-	85.49	380.55	315.30
Office equipment	962.83	183.40	7.29	1,107.48	632.76	115.21	6.78	41.06	713.69	330.07
Electrical fittings	1,296.87	45.44	0.19	1,329.97	644.82	94.52	0.16	6.28	733.22	652.05
<b>Current year's total</b>	<b>48,308.75</b>	<b>6,732.28</b>	<b>70.61</b>	<b>53,022.05</b>	<b>20,236.44</b>	<b>3,039.05</b>	<b>55.81</b>	<b>1,333.33</b>	<b>21,997.97</b>	<b>28,072.31</b>
Previous year's total	46,441.91	4,111.89	-	48,308.75	18,534.83	2,926.78	-	1,225.17	20,236.44	28,072.31
<b>(ii) Intangible Assets</b>										
Goodwill	710.74	-	(107.14)	817.88	-	-	-	-	-	817.88
<b>Current Year's Total</b>	<b>710.74</b>	<b>-</b>	<b>(107.14)</b>	<b>817.88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>710.74</b>
Previous year's total	719.17	-	8.43	710.74	-	-	-	-	-	719.17
<b>(ii) Capital Work-in-progress</b>	<b>970.01</b>	<b>7,877.77</b>	<b>-</b>	<b>3,620.77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>970.01</b>
<b>Current year's total (i+ii)</b>	<b>49,989.50</b>	<b>14,610.05</b>	<b>70.61</b>	<b>57,460.70</b>	<b>20,236.44</b>	<b>3,039.05</b>	<b>55.81</b>	<b>1,333.33</b>	<b>21,997.97</b>	<b>29,753.06</b>

11.1 Refer 'Para- 5.2 of Significant Accounting Policies' for depreciation on assets.

11.2 The leasehold land has been amortised during the year by ₹ 34.07 Lakhs (Previous year : ₹ 13.02 Lakhs) as per the accounting policy in terms of the AS-10 (Revised) "Property, Plant and Equipment".

11.3 Capital Work-in-progress includes under noted pre-operative expenditure pending allocation on commencement of commercial production.

Nature of Expense	Opening as on 1 April, 2016	Additions during 2016-17	Capitalisation / adjustment during 2016-17	Closing as on 31 March, 2017
Travelling expenses	3.48	2.56	3.12	2.92
Electricity & Power expenses	3.45	18.99	-	22.44
Interest expenses	48.23	0.95	-	49.18
Security Service charges	1.29	7.90	-	9.19
Legal & Professional charges	18.38	55.16	-	73.54
<b>Total</b>	<b>74.83</b>	<b>85.56</b>	<b>3.12</b>	<b>157.27</b>

11.4 Two Subsidiaries namely Joyce Foam Pty. Limited, Australia and Sleepwell Enterprises Pvt. Limited had been following straight line method for charging depreciation since its inception, which is different from the written down value method used by Holding Company and other Subsidiary Company. The depreciation of ₹ 677.44 Lakhs (Previous Year 724.09 Lakhs) on straight line method is included in above on a proportionate net assets of 21.36% (Previous Year 25.93%). As explained by the management, it is impracticable to follow similar depreciation method for all the Companies in the Group.

# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

## 12. NON CURRENT INVESTMENTS

	As at 31 March, 2017		As at 31 March, 2016	
	Nos.	Amount	Nos.	Amount
Other Investments				
In Bonds & Debentures of Other Companies - fully paid up				
IDBI Investment Deposit Account Scheme, 1986 (Unquoted)		0.35		0.35
Secured Rated Fully Redeemable Index Linked Non-convertible Debentures of Citi Corp Finance (India) Limited of ₹ 1,00,000/- each (Quoted)	-	-	1,000	1,000.00
		0.35		1,000.35
<b>Total Non Current Investment</b>		<b>0.35</b>		<b>1,000.35</b>
Aggregate amount of Quoted Investment		-		1,000.00
Market value of Quoted Investment		-		1,012.65
Aggregate amount of Unquoted investment		0.35		0.35
Aggregate provision for diminution in value of Unquoted investment		Nil		Nil

## 13. LONG TERM LOANS AND ADVANCES

	As at 31 March, 2017		As at 31 March, 2016	
(Unsecured, considered good)				
Capital Advances		837.17		1,285.46
Security Deposits		142.77		138.46
Advance income tax (Net of provisions)		630.56		-
Advance to Distributors/Dealers for Vehicles		24.94		24.95
Loans to Staff		8.78		9.57
<b>TOTAL</b>		<b>1,644.22</b>		<b>1,458.44</b>

## 14. OTHER NON-CURRENT ASSETS

	As at 31 March, 2017		As at 31 March, 2016	
(Unsecured, considered good)				
Margin money deposits with Banks		1.34		50.87
Deposits with Banks		104.84		94.26
Interest accrued but not due on deposits with banks		0.66		0.24
<b>TOTAL</b>		<b>106.84</b>		<b>145.37</b>

## 15. INVENTORIES

	As at 31 March, 2017		As at 31 March, 2016	
Raw Materials	5,683.92		3,342.98	
- in Transit	2,107.03	7,790.95	1,110.32	4,453.30
Stock-in-process		4,166.64		3,257.20
Finished Goods		739.65		910.20
Stock-in-trade		8.53		2.82
Packing Material	469.23		482.18	
- in Transit	13.49	482.72	30.42	512.60
Stores and Spares	1,373.54		1,276.17	
- in Transit	90.70	1,464.24	49.02	1,325.19
<b>TOTAL</b>		<b>14,652.73</b>		<b>10,461.31</b>

15.1 Refer 'Para-5.7' of Significant Accounting Policies' for method of valuation.



## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### 16. TRADE RECEIVABLES

(₹ in Lakhs)

	As at 31 March, 2017		As at 31 March, 2016	
Outstanding for a period exceeding six months:				
- Unsecured, considered good	195.28		183.48	
- Unsecured, considered doubtful	19.52		76.95	
	214.80		260.43	
Less : Provisions for doubtful debt	19.52	195.28	76.95	183.48
Others		13,685.99		11,523.35
<b>TOTAL</b>		<b>13,881.27</b>		<b>11,706.83</b>

### 17. CASH AND BANK BALANCES

(₹ in Lakhs)

	As at 31 March, 2017		As at 31 March, 2016	
(i) Cash and cash equivalents				
a. Balance with banks	2,238.67		3,705.52	
b. Cheques in hand	530.02		-	
c. Cash on hand	37.50		75.86	
d. Deposits with original maturity of less than 3 months	9,005.00	11,811.19	2,300.00	6,081.38
(ii) Other bank balances				
a. Deposits with Banks held as margin money	339.20		439.57	
b. Deposits with original maturity of more than 3 months but less than 12 months	8,788.49		14,695.00	
c. Deposits with original maturity of more than 12 months	-	9,127.69	500.00	15,634.57
<b>TOTAL</b>		<b>20,938.88</b>		<b>21,715.95</b>

### 18. SHORT TERM LOANS AND ADVANCES

(Unsecured, considered good)

(₹ in Lakhs)

	Note No.	As at 31 March, 2017		As at 31 March, 2016	
Loan to Associate Company		-		289.16	
Advance to contractors/suppliers		664.30		418.62	
Balances with Statutory/Government authorities:					
- Excise & Custom		1,470.05		466.12	
- VAT/Sales Tax		234.66	1,704.71	197.10	663.22
Prepaid Expenses			523.60		379.74
Loans to Staff			31.35		30.92
IPO security deposit with BSE Limited			300.00		-
Advance to Distributors/Dealers					
- For Vehicles		30.05		27.47	
- For Mattress Service Centres		3.91	33.96	57.12	84.59
Other Loans & Advances	18.1		81.11		34.43
<b>TOTAL</b>			<b>3,339.03</b>		<b>1,900.68</b>

**18.1 Others Loans & Advances comprise of staff advances for expenses, other party advances etc.**

# Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

## 19. OTHER CURRENT ASSETS

(₹ in Lakhs)

	As at 31 March, 2017	As at 31 March, 2016
Subsidy receivable	139.08	139.08
Interest accrued but not due on fixed deposits/Bonds	234.88	366.14
Income tax refund	109.70	91.36
Excise Duty Refundable	2.40	3.56
Insurance claim receivable	1,191.74	-
Discounts receivable	131.20	88.46
<b>TOTAL</b>	<b>1,809.00</b>	<b>688.61</b>

## 20. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	Note No.	Year ended		Year ended	
		As at 31 March, 2017		As at 31 March, 2016	
Sale of products (Gross):					
- Finished Goods	20.1.a	185,014.70		167,121.29	
- Traded Goods	20.1.b	5,867.84	190,882.54	2,364.81	169,486.10
Other operating revenue:					
- Duty drawback		1.28		3.98	
- Sale of process scrap		280.89	282.17	128.62	132.60
<b>TOTAL</b>		<b>191,164.71</b>		<b>169,618.70</b>	

### 20.1 Detail of sale of products

(₹ in Lakhs)

	Year ended	Year ended
	31 March, 2017	31 March, 2016
a. Finished Goods :		
- PU Foam sheets/mattresses/rolls/bolster/pillows etc.	185,014.70	167,121.29
	<b>185,014.70</b>	<b>167,121.29</b>
b. Traded Goods		
- PU Foam/Spring/Coir mattresses etc.	5,867.84	2,364.81
	<b>5,867.84</b>	<b>2,364.81</b>
<b>TOTAL</b>	<b>190,882.54</b>	<b>169,486.10</b>

## 21. OTHER INCOME

(₹ in Lakhs)

	Year ended		Year ended	
	31 March, 2017		31 March, 2016	
Interest income :				
- Bank deposits	1,121.96		904.20	
- Others	78.32	1,200.28	65.51	969.71
Liabilities/provisions no longer required written back		78.47		6.62
Rent		39.66		6.90
Insurance claim realised		5.08		-
Prior period income/(expenses) (net)		0.26		(1.06)
Profit on sale of fixed assets (net)		0.14		139.52
Profit on sale of Investments		83.85		39.60

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

	(₹ in Lakhs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
Exchange fluctuation profit / (loss) (net)	316.80	(45.16)
Sale of non-process scrap	434.02	473.65
Other miscellaneous income	29.88	51.96
<b>TOTAL</b>	<b>2,188.44</b>	<b>1,641.74</b>

### 22. COST OF MATERIALS CONSUMED

	(₹ in Lakhs)			
	Year ended 31 March, 2017		Year ended 31 March, 2016	
<b>Raw material</b>				
Opening Stock	3,342.98		3,736.93	
Purchases (less returns)	93,728.85		77,102.69	
	97,071.83		80,839.62	
Less : Sales	2,542.71		1,066.16	
Less : Closing Stock	5,683.92	88,845.20	3,342.98	76,430.48
<b>Packing Material</b>				
Opening Stock	482.18		485.33	
Purchases (less returns)	4,704.53		4,586.37	
	5,186.71		5,071.70	
Less : Sales	258.71		132.48	
Less : Closing Stock	469.23	4,458.77	482.18	4,457.04
<b>TOTAL</b>	<b>93,303.97</b>		<b>80,887.52</b>	

#### 22.1 Value of imported and indigenous Raw material and Packing material consumed and the percentage of each to the total consumption:

		(₹ in Lakhs)			
Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016		
	Amount	Percentage	Amount	Percentage	
(a) Raw material - imported	37,528.78	42.24%	29,153.23	38.14%	
Raw material - indigenous	51,316.42	57.76%	47,277.25	61.86%	
<b>Total</b>	<b>88,845.20</b>	<b>100.00%</b>	<b>76,430.48</b>	<b>100.00%</b>	
(b) Packing material - imported	92.58	2.08%	304.62	6.83%	
Packing material - indigenous	4,366.19	97.92%	4,152.42	93.17%	
<b>Total</b>	<b>4,458.77</b>	<b>100.00%</b>	<b>4,457.04</b>	<b>100.00%</b>	
<b>Total</b>	<b>93,303.97</b>		<b>80,887.52</b>		

#### 22.2 Detail of raw material consumed

		(₹ in Lakhs)			
Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016		
	Amount	Percentage	Amount	Percentage	
- T.D.I	28,235.40	31.78%	17,431.57	22.81%	
- Polyol	34,821.91	39.19%	37,129.04	48.58%	
- Others (includes coir sheets, catalyst, cloth, chemicals etc.)	25,787.89	29.03%	21,869.87	28.61%	
<b>TOTAL</b>	<b>88,845.20</b>	<b>100.00%</b>	<b>76,430.48</b>	<b>100.00%</b>	

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### 23. PURCHASES OF STOCK-IN-TRADE

	(₹ in Lakhs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
Traded goods - PU Foam/Spring/Coir mattresses etc.	3,543.27	1,431.74
<b>TOTAL</b>	<b>3,543.27</b>	<b>1,431.74</b>

### 24. OTHER MANUFACTURING EXPENSES

		(₹ in Lakhs)	
	Note No.	Year ended 31 March, 2017	Year ended 31 March, 2016
Stores consumed	24.1	3,373.24	3,196.87
Power & fuel		1,142.82	1,059.16
Repair and maintenance:			
-Buildings		189.49	322.00
-Plant & machinery		983.02	1,071.94
Processing & other charges		2,055.35	1,771.03
<b>TOTAL</b>		<b>7,743.92</b>	<b>7,421.00</b>

24.1 Value of imported and indigenous stores consumed and the percentage of each to the total consumption:

Particulars	(₹ in Lakhs)			
	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Amount	Percentage	Amount	Percentage
Stores - imported	362.42	10.74%	164.95	5.16%
Stores - indigenous	3,010.82	89.26%	3,031.92	94.84%
<b>TOTAL</b>	<b>3,373.24</b>	<b>100.00%</b>	<b>3,196.87</b>	<b>100.00%</b>

### 25. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE

		(₹ in Lakhs)			
	Note No.	Year ended 31 March, 2017		Year ended 31 March, 2016	
<b>Inventories at the end of the year</b>					
Finished goods		739.65		910.20	
Stock-in-trade		8.53		2.82	
Stock-in-process	25.1	4,166.64	4,914.82	3,257.20	4,170.22
<b>Inventories at the beginning of the year</b>					
Finished goods		910.20		962.66	
Stock-in-trade		2.82		18.28	
Stock-in-process	25.1	3,257.20	4,170.22	3,627.46	4,608.40
<b>Inventory destroyed in fire</b>					
Stock-in-process		644.54		-	
<b>TOTAL</b>		<b>(1,389.14)</b>		<b>438.18</b>	

#### 25.1 Detail of stock-in-process

	(₹ in Lakhs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
- Foam Blocks	4,166.64	3,257.20
<b>TOTAL</b>	<b>4,166.64</b>	<b>3,257.20</b>

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### 26. EMPLOYEE BENEFITS EXPENSES

	(₹ in Lakhs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
Salaries, wages, bonus, gratuity, allowances etc.	13,879.17	12,508.61
Contribution to provident, ESI and other funds etc.	482.54	414.87
Workmen & staff welfare expenses	1,042.60	1,017.41
<b>TOTAL</b>	<b>15,404.31</b>	<b>13,940.89</b>

### 27. FINANCE COSTS

	(₹ in Lakhs)	
	Year ended 31 March, 2017	Year ended 31 March, 2016
Interest Expense on :		
- Term loans	206.12	167.56
- Working capital loans	151.83	79.93
- Loans from others	17.39	9.30
- Income tax	157.43	52.74
- Others	280.79	813.56
Bank Charges	173.36	686.00
<b>TOTAL</b>	<b>986.92</b>	<b>1,166.94</b>

### 28. OTHER EXPENSES

		(₹ in Lakhs)	
	Note No.	Year ended 31 March, 2017	Year ended 31 March, 2016
Rent		1,847.50	1,480.17
Insurance		450.90	391.10
Rates & taxes		376.16	358.49
Repair & maintenance others		605.96	497.79
Advertisement expenses		7,596.04	6,810.24
Travelling and conveyance		977.47	818.74
Payment to Auditors:			
- Audit Fees		52.60	27.58
- Certification work		1.76	8.34
- Reimbursement of expenses		2.94	57.30
Contributions towards CSR	29.11	190.64	122.44
Advances/Balances written off		1.29	1.54
Bad debts written off		48.58	23.50
Less : Transfer from Provision for doubtful debts		-	48.58
Provision for doubtful debts and advances		-	8.41
Provision for warranty claims (net)	10.1	207.50	15.09
Selling & promotional expenses		3,523.51	49.47
Sales promotion schemes (net)		8,177.14	280.00
Freight & cartage (net)		3,290.06	3,105.25
Incentives & Rebates		7,028.89	6,418.06
Assets written off (net)		40.72	3,006.14
Miscellaneous expenses		2,450.06	7,345.87
<b>TOTAL</b>		<b>36,869.72</b>	<b>33,236.53</b>

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### 29. OTHER NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

#### 29.1 Contingent Liabilities and Commitments:

		(₹ in Lakhs)	
Sr. No.	Particulars	As at 31 March, 2017	As at 31 March, 2016
(i)	Contingent Liabilities (to the extent not provided for)		
a.	Guarantees to Banks and Financial Institutions against credit facilities extended	6,889.77	8,555.88
b.	Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards (a) :		
-	Sales tax	366.49	521.90
-	Entry tax	104.54	104.54
-	Income tax	289.32	501.25
-	Excise Duty	913.26	1,673.61
c.	Guarantees given by the Bankers on behalf of the Company to third parties	715.24	78.50
d.	Others	75.00	75.00
(ii)	Commitments		
a.	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	2606.07	1360.62
	<b>TOTAL</b>	<b>11,959.69</b>	<b>12,037.43</b>

- (a) (a) The Group is contesting these demands and the management including its advisors are of the view that these demands shall not be sustainable at the appellate level. The management believes that the ultimate outcome of these proceedings will not have any material adverse effect on the Group's financial position and results of operations.

**29.2** The Holding Company during the year, made an initial public offer, by offer for the sale of shares by one of its existing shareholder of the Holding Company. The expenses incurred thereon have been met by the said shareholder, except the listing fee which has been borne by the Holding Company.

**29.3** In the opinion of the management, the value of assets other than fixed assets and non-current investments, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

#### 29.4 Disclosure required under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006:

		(₹ in Lakhs)	
		As at	As at
		31 March, 2017	31 March, 2016
i.	Principal amount remaining unpaid to MSME suppliers as at 31 March, 2017	973.59	526.40
ii.	Interest due thereon remaining unpaid to any supplier as at 31 March, 2017	-	-
iii.	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
iv.	The amount of interest due and payable for the year 2016-17	-	-
v.	The amount of interest accrued and remaining unpaid at 31 March, 2017	-	-
vi.	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
	<b>Total</b>	<b>973.59</b>	<b>526.40</b>

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

The above information regarding dues to Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information collected with the Holding Company and the Subsidiary companies, incorporated in India. This has been relied upon by the auditors.

### 29.5 Employee Stock Option Scheme

In the Annual General Meeting of the Holding Company held on 31 May, 2016, the shareholders of the Holding Company through special resolution approved issue of 24,00,000 options exercisable into 24,00,000 equity shares under the scheme titled "Sheela Foam Employees Stock Options Scheme 2016 ("ESOS 2016")" which provides for granting options to employees of the Company and its subsidiaries who meet the eligibility criteria under the scheme. The vesting period shall commence after a period of not less than one year from the date of grant of options under the scheme and the maximum vesting period may extend up to five years from the date of grant, unless otherwise decided by the management. As on date, no options have been granted under ESOS 2016.

### 29.6 Employee Benefits:-

#### (a) Defined Benefit Scheme:

Gratuity : Payable on separation as per the Employees Gratuity Act @ 15 days pay for each completed year of service to Holding Company's eligible employees who render continuous service of 5 years or more

#### (b) Defined Contribution Scheme

Holding Company's Employees are covered by Provident Fund and Employees State Insurance to which the Holding Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 482.54 Lakhs (Previous Year: ₹ 414.87 Lakhs) has been charged to the Statement of Profit and Loss towards contribution to above schemes/benefits.

#### (c) Other Long term Benefits

Holding Company's Employees are entitled to accumulate their earned/privilege leave up to a maximum of 120 days which is payable/encashable as per the policy on their separation. During the year amount of ₹ 45.44 Lakhs (Previous Year: ₹ 106.26 Lakhs) has been charged to the Statement of Profit and Loss towards provision for the said benefits based on actuarial valuation.

#### (d) Other disclosures as required under AS-15 (Revised 2005) on "Employee Benefits" are as under:

##### i) Change in present value of obligation:

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2017	Year ended 31 March, 2016
Present Value of obligation at the beginning of year	812.37	665.20	215.05	158.39
Interest cost	64.99	53.22	17.20	12.67
Current Service Cost	102.72	81.17	24.71	32.13
Benefit Paid	(22.65)	(53.98)	(38.82)	(49.60)
Net actuarial (Gain) / Loss on obligation	85.92	66.76	3.52	61.46
Present value of the defined benefit at the end of period/year	1,043.35	812.37	221.66	215.05

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### ii) Expense recognized in the Statement of Profit and Loss.

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2017	Year ended 31 March, 2016
Current Service Cost	102.72	81.17	24.71	32.13
Interest cost on benefit obligation	64.99	53.22	17.20	12.67
Expected return on plan assets	-	-	-	-
Net actuarial (Gain) / Loss	85.92	66.76	3.52	61.46
Amount recognized in Statement of Profit and Loss	253.63	201.15	45.44	106.26

### iii. Disclosure of the current year and for the previous four years as required by paragraph 120(n) of AS-15.

(₹ in Lakhs)

Particulars /Year	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Gratuity</b>					
Present Value of obligation at the end of the year	494.33	623.04	665.20	812.37	1043.35
Fair Value of Plan assets at the end of the year	-	-	-	-	-
Difference i.e. Assets/ (Liabilities)	(494.33)	(623.04)	(665.20)	(812.37)	(1043.35)
<b>Net Assets / (Liability) recognised in the Balance Sheet</b>	(494.33)	(623.04)	(665.20)	(812.37)	(1043.35)
<b>Experience Adjustment arising on :</b>					
- The Plan Liabilities / PVO	(13.82)	(107.67)	104.50	(66.76)	(7.10)
- The Plan Assets	N.A. as there are no plan assets				
<b>Leave Encashment</b>					
Present Value of obligation at the end of the year	105.73	139.15	158.39	215.05	221.66
Fair Value of Plan assets at the end of the year	-	-	-	-	-
Difference i.e. Assets/ (Liabilities)	(105.73)	(139.15)	(158.39)	(215.05)	(221.66)
<b>Net Assets / (Liability) recognised in the Balance Sheet</b>	(105.73)	(139.15)	(158.39)	(215.05)	(221.66)
<b>Experience Adjustment arising on :</b>					
- The Plan Liabilities / PVO	(62.11)	(57.35)	(18.87)	(61.46)	12.42
- The Plan Assets	N.A. as there are no plan assets				



## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### iv) Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2017	Year ended 31 March, 2016	Year ended 31 March, 2017	Year ended 31 March, 2016
Method used	Projected unit credit method			
Discount rate	7.35%	8.00%	7.35%	8.00%
Salary Escalation	5.00%	5.00%	5.00%	5.00%
Mortality Rate	IALM (2006-08)		IALM (2006-08)	
Withdrawal rate up to 30/44 and above 44 years	3%/2%/1%			
Rate of return on plan assets	N.A., as there are no plan assets			

### 29.7 Segment Reporting

#### a. Primary Segment

Business Segment :

The Group has considered business segment as the primary segment for disclosure. The Group is primarily engaged in the manufacturing of the products of same type/class and as such there is no reportable segment as per Accounting Standard (AS-17) dealing with the segment reporting.

#### b. Secondary Segment

Geographical Segment :

The analysis of the geographical segment is based on the sales made within India and Outside India by the Group.

(₹ in Lakhs)

Particulars	For the Year Ended 31 March, 2017		
	Within India	Outside India	Total
Net Sales/Income from Operations	144,497.46	30,502.07	174,999.53
Total Assets	75,134.77	16,700.28	91,835.05
Cost incurred during the period to acquire fixed assets	8,907.40	597.58	9,504.98

### 29.8 Related Party Disclosures (AS-18):

#### A. List of Related Parties and relationships

##### (a) Entities in which Key Management Personnel or their Relatives have significance influence

- Polyflex Marketing Pvt. Limited
- Rangoli Resorts Pvt. Limited
- Core Moulding Pvt. Limited
- Sleepwell Foundation (Trust)

##### (b) Key Management Personnel (KMP) :

- Mr. Rahul Gautam (Managing Director) \*
- Mr. Rakesh Chahar (Whole-time Director)
- Mrs. Namita Gautam (Whole-time Director) \*
- Mr. Tushaar Gautam (Whole-time Director)
- Mr. Frank Van Gogh (CEO & Director)
- Mr. Edward John Dodds (Finance Manager)

\* Also having significant influence through major shareholding.

##### (c) Relatives of Key management Personnel:

- Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam)
- Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)
- Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)
- Mrs. Leanne Dodds (Wife of Finance Manager)

\* Also having significant influence through major shareholding.

Note: Related party relationship is as identified by the Group and relied upon by the Auditors.

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### B. Transactions with related parties:

Transactions	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
<b>(i) Transactions during the year:</b>			
a. Sale of Material/ Capital Goods	0.40	-	-
	(0.68)	(-)	(-)
b. Rent received	0.42	-	-
	(0.42)	(-)	(-)
c. Loans & Advances Recd. back	289.16	-	-
	(13.57)	(-)	(-)
d. Deposits / loans & advances received	-	-	-
	(-)	(-)	(20.00)
e. Deposits / loans & advances paid back	-	-	15.00
	(-)	(2.25)	(-)
f. Remuneration including Performance Incentives	-	633.81	10.20
	(-)	(606.66)	(8.67)
g. Interest received/receivable	34.60	-	-
	(33.61)	(-)	(-)
h. Interest paid/payable	-	-	2.94
	(-)	(0.10)	(2.62)
l. Recovery of IPO Expenses	2,259.25	-	-
	(-)	(-)	(-)
j. Donation under CSR	182.00	-	-
	(100.00)	(-)	(-)
<b>(ii) Closing balance as at 31 March, 2017 / 31 March, 2016</b>			
a. Short Term Loans & Advances receivable	-	-	-
	(289.16)	(-)	(-)
b. Deposits/loans and advances payable	-	145.68	30.00
	(-)	(150.63)	(45.00)

Note: (Figures in bracket are for the year ended 31 March, 2016)

### 29.9 Capital and Leasing Commitments:

#### Holding Company:

The Holding Company has taken various properties under cancellable operating leases. The lease agreements are normally renewed on expiry. There are no restrictions placed upon the Holding Company by entering into these leases and there are no subleases. Lease payments amounting to ₹ 62.97 Lakhs (Previous year: ₹ 92.09 Lakhs) are included in 'Rent' under Note-28.

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

Foreign Subsidiary Company : Joyce Foam Pty. Limited

Non-cancellable operating leases contracted for but not capitalized in the financial statements.

(₹ in Lakhs)

Particulars	As at	
	31 March, 2017	31 March, 2016
Payable-minimum lease payments		
- not later than 12 months	1551.17	1,610.78
- between 12 months and five years	3054.80	3,808.45
- greater than five years	316.04	1,112.65
<b>TOTAL</b>	<b>4922.01</b>	<b>6,531.88</b>

### 29.10 Earnings per Share:

(₹ in Lakhs)

Particulars	Year ended	
	31 March, 2017	31 March, 2016
Net Profit as per Statement of Profit and Loss - (₹ in Lakhs)	12,483.56	10,471.28
Basic/Diluted weighted average number of equity shares outstanding during the year (after Considering the impact of splitting and issue of bonus shares)	4,87,82,808	4,87,82,808
Nominal value of Equity Share (₹) (after splitting up from ₹10/- to ₹ 5/-)	5.00	5.00
Basic/Diluted Earnings per Share (₹)	25.59	21.47

### 29.11 Corporate Social Responsibility:

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Holding Company. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects. The contributions towards CSR was on the activities which are specified in Schedule VII of the Companies Act, 2013. The detail of the amount spent during the period is as under:

	Amount spent during the current year ended 31 March, 2017	Amount pending for spending as at 31 March, 2017	Total Amount
- Gross Amount lying pending for the earlier year as at 1 April, 2016			-
- Gross Amount required to be spent during the year ended			138.18
- Amount spent during the year ended on :			
a. Construction/acquisition of any asset	-	-	-
b. Contribution to Trusts / NGOs / Societies	190.64	-	190.64

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### 29.12 Financial and Derivative Instruments:

- a. Derivative contracts entered into by the Holding Company and outstanding as on 31 March, 2017 for hedging Currency and Interest Rate Related Risks:

Nominal amounts of derivative contracts entered into by the Holding Company and outstanding as on 31 March, 2017 amount to ₹ Nil (Previous Year: ₹ 2,924.05 Lakhs). Category wise break up is given below:

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 March, 2017	As at 31 March, 2016
1.	Interest Rate Swaps	-	-
2.	Forward Contracts	-	2,924.05
<b>TOTAL</b>		<b>-</b>	<b>2,924.05</b>

- b. Foreign currency exposures that are not hedged by derivative instruments as on 31 March, 2017 amount to ₹ Nil (Previous Year: ₹ 3,337.03 Lakhs).

### 29.13 Value of imports on CIF basis:

(₹ in Lakhs)

Particulars	Year Ended 31 March, 2017	Year Ended 31 March, 2016
Raw Materials	27,326.78	17,427.68
Packing Materials, Store & Spare & Components etc.	905.62	723.44
Capital Goods	2202.87	954.54
<b>TOTAL</b>	<b>30,435.27</b>	<b>19,105.66</b>

### 29.14 Expenditure in Foreign currency:

(₹ in Lakhs)

Particulars	Year Ended 31 March, 2017	Year Ended 31 March, 2016
Travelling	11.25	6.15
Sales & business promotion	7.82	27.71
Interest to Bank	20.67	20.21
Consultancy Charges	0.93	26.70
<b>TOTAL</b>	<b>40.67</b>	<b>80.77</b>

### 29.15 Earnings in Foreign exchange:

(₹ in Lakhs)

Particulars	Year Ended 31 March, 2017	Year Ended 31 March, 2016
F.O.B value of Exports of goods	1,637.10	1,609.95
<b>TOTAL</b>	<b>1,637.10</b>	<b>1,609.95</b>

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### 29.16 Salient Features of financials of Subsidiaries as per the Companies Act, 2013:

(₹ in Lakhs)

Sl. No.	Particulars	Subsidiaries		
		Joyce Foam Pty. Limited And Controlled Entities (Foreign Subsidiary)	Divya Software Solutions Private Limited (Indian Subsidiary) (Note - a below)	Sleepwell Enterprises Private Limited (Indian Subsidiary) (Note - b below)
1.	Reporting period of the subsidiary concerned, if different from the Holding Company's reporting period	N.A.	N.A.	N.A.
2.	Reporting currency in case of foreign subsidiaries	AUD	N.A.	N.A.
3.	Exchange rate as on the last date of the relevant Financial year in case of foreign subsidiaries	48.56	-	-
4.	Share Capital	3,197.68	6.13	1.05
5.	Reserves & Surplus	3,280.53	4,150.86	110.23
6.	Total Assets	16,700.28	4,202.02	114.80
7.	Total Liabilities	10,222.07	45.03	3.52
8.	Investments	Nil	Nil	Nil
9.	Turnover /Total Income	30,580.99	4.49	16.65
10.	Profit / (Loss) before tax	2,058.51	(1.57)	3.72
11.	Provision for tax	623.55	Nil	1.62
12.	Profit / (Loss) after tax	1,434.96	(1.57)	2.10
13.	Proposed Dividend			
14.	% of shareholding	100%	100%	100%

a : The Subsidiary has yet to start its commercial operations.

b : The said Company, which had ceased to be an Associate Company during the previous year, has now become a wholly owned Subsidiary during the current year.

### 29.17 Additional information pursuant to Schedule III of Companies Act, 2013

(₹ in Lakhs)

Name of Entity	Net Assets		Share in Profit	
	i.e. Total Assets minus Total Liabilities			
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit	Amount (₹ in Lakhs)
<b>Parent / Holding :</b>				
Sheela Foam Limited	92.78	42,992.51	84.88	10,596.42
<b>Subsidiaries:</b>				
<b>Indian</b>				
Divya Software Solutions Private Limited	(0.10)	(44.07)	(0.01)	(1.39)
Sleepwell Enterprises Private Limited	0.24	110.23	(0.06)	(7.90)
<b>Foreign</b>				
Joyce Foam Pty. Limited and Controlled Entities	7.08	3,280.53	15.19	1,896.43

## Notes to the Consolidated Financial Statements

for the year ended 31 March, 2017

### 29.18 Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November, 2016 to 30 December, 2016 are as under:

	Specified Bank Notes (SBN)	Other Denomination Notes	Total
<b>Closing cash in hand as on 08 November, 2016</b>	<b>62.80</b>	<b>8.30</b>	<b>71.10</b>
Add: Permitted Receipts	-	57.13	57.13
Less: Permitted Payments	0.23	44.96	45.19
Less: Amount deposited in Banks	62.57	-	62.57
<b>Closing cash in hand as on 30 December, 2016</b>	<b>-</b>	<b>20.47</b>	<b>20.47</b>

29.19 There are no material differences in the accounting policies of the Holding Company and its Subsidiaries.

29.20 The previous year's figures have been re-grouped/re-classified wherever considered necessary. Further, as one Subsidiary namely 'Sleepwell Enterprises Private Limited' was not considered in the consolidated financial statements for the previous year, the current year's figures are not comparable with the previous year's figures, to that extent.

#### For and on behalf of the Board of Directors.

**(Rahul Gautam)**  
Managing Director  
DIN : 00192999

**(Tushaar Gautam)**  
Whole-time Director  
DIN : 01646487

**(Dhruv Mathur)**  
Chief Financial Officer

**(Md. Iqbal Ahmad)**  
Company Secretary  
M. No. - A20921

As per our Report of even date attached

**S. P. CHOPRA & CO.**

Chartered Accountants

Firm Registration No. 000346N

Place : New Delhi  
Date : 10 May, 2017

**(Pawan K. Gupta)**  
Partner  
Membership No. 092529







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