Sleepwell

Sheela Group
ISO 9001 Certified

RAISING THE COMFORT QUOTIENT

2017-18
Annual Report

WHAT'S INSIDE?

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Forward-looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Comfort – how to interpret this word? To some, comfort is a cosy relationship in which words flow without inhibitions. For others, it is a cool room and a good book in bed. For still others, it is an evening with friends and a favourite TV show. Comfort in its varied interpretations could mean fun, freedom, togetherness. But real comfort is that state in which we close our eyes and sink deep into complete relaxation. It is the state of sleeping in our mother's lap. It is a feeling we always seek, all our life.

We at Sheela Foam Limited have dedicated all our efforts to harnessing the warmth, permanence, and heavenly feeling of 'Maa Jaisa Aaram' in our products. In the middle of this hectic modern life, we help to create a perfect personal space where a great night's sleep wipes away all the fatigue. And because every individual has unique needs, our cutting-edge research and ability to customise products ensure 'Apnawala Aaram' for everyone.

OVER 45 YEARS OF EXPERIENCE IN THE INDUSTRY

Sheela Foam has a strong presence in India and Australia. Sleepwell, the flagship brand of the Company, constantly innovates and develops products for that one beautiful thing: perfect rest.

CORPORATE SNAPSHOT

Sheela Foam Limited is India's top player in the mattress and foam products industry. The Company enjoys strong brand awareness, a vast product portfolio, and presence in India and Australia. With 45 years of experience, the Company has robust capabilities of quality manufacturing and technological innovation. This is complemented by an extensive distribution network and pan-India sales. Supported by a highly qualified and professional management, the Company has well-integrated operations and economies of scale. It is also the first mattress and home comfort products company in India to be listed on the stock exchanges.

OVERVIEW

- Incorporated in 1971
- It is the flagship company of the ₹ 2,000 Crores Sheela Group
- The Group companies include: Sheela Foam Limited and its 100% subsidiaries - Joyce Foam, Australia, Divya Software Solutions Private Limited & Sleepwell Enterprises Private Limited
- Sleepwell is the flagship brand of the Group
- It is an ISO 9001 Certified Company

VISION AND MISSION

- We will continue the legacy of being recognised as a leader in premium comfort products
- We will always reinforce our core values of integrity, reliability, pro-activity and transparency
- Every customer will be served with a smile
- We will remain committed to society

GEOGRAPHICAL PRESENCE

- Headquartered in the National Capital Region
- Runs 15 manufacturing units in India and Australia
- Has exports to 32 countries worldwide, including Middle East, South Asia, Europe, Australia, New Zealand, North America, and South America

DISTRIBUTORSHIP AND RETAIL PRESENCE

- More than 110 exclusive distributors
- More than 2,750 exclusive retail dealers
- More than 3,500 multi-brand outlets

KEY STRENGTHS

- Strong Brand Name: Sleepwell, the flagship brand of the Company for mattresses and home comfort products, has a strong presence in the market and a high recall among consumers. The products have a reputation of being highly durable and of superior quality.
- Research & Development: A dedicated team of engineers and scientists always strive to improve on existing products or to create new innovative products. They also ensure quality control.
- Pan-India presence: The Company has a wide distribution network of more than 110 exclusive distributors, more than 2,750 exclusive retail dealers and more than 3,500 multi-brand outlets.
- Customer-Centricity: A dedicated customer care team for:
  - Prompt and quality after-sales service
  - Informing customers about new technologies
  - Helping them choose products based on their specific needs through scientific analysis
  - Promoting the SLEEPEDIA initiative, which raises awareness on quality sleep for good health and psychological well-being
- Multi-location manufacturing presence: There are 10 manufacturing units across India. Five units are located in the North, two units in the West, two in the South and one in the Eastern regions of India.
- Intellectual capital: The Company has a team of highly qualified professionals and top management who tirelessly work to maintain quality and enhance customer satisfaction.

PRODUCT PORTFOLIO

Home Comfort Line	Mattress Line	Technical Foam Line
Furniture Cushions	My Mattress	Automotive foams
Pillows	Spring range	Reticulated foams
Comforters/Duvets	Technology range	Ultra Violet Stable foams
Sofa-cum-Beds	Comfort Cell range	Sound Absorption foams
	Back Support Range	
	Flexi PUF range	
	Economy range	

AWARDS AND ACCOLADES

- Star SME of the Year by Business Standard 2018
- Won Silver medal in India Green Manufacturing Challenge 2017 by the International Research Institute for Manufacturing, India.
- Indian Express ,Intelligent Enterprise Award, 2017
- Dataquest Digital Leadership Award, 2018
- Cyber Media's C-Change Award for most innovative Project-2017
- Gems of Digitel Enterprise-2017
- Best CIO Award from IBC 2017

RAISING THE COMFORT QUOTIENT

We at Sheela Foam Limited always strive to raise the Comfort Quotient, i.e. always work on giving our valued consumers the best night's sleep possible.

We have almost five decades of experience in the 'comfort industry' and we consider it as a social responsibility to provide the ultimate comfort products to our consumers. True comfort brings back the feeling of sleeping in the mother's lap, and it's a feeling we always need, no matter at what age. It's the feeling that helps us face the world the next day in an energised state.

The extensive and deep presence of Sheela Foam Limited in the mattress and comfort products industry is supported by a very high brand recall and a reputation for unmatched innovation. With technological advancement and constant up gradation in the quality of products, Sheela Foam has successfully raised the Comfort Quotient of mattress users in all its markets.

Sleepwell, launched in 1994, today stands as a popular brand that has fully earned consumer trust and delivers on its brand promise of premium quality and customised products. Sleepwell products have been developed through research and innovation at par with the highest international standards. The end result is that unique feeling of ultimate comfort, 'Maa Jaisa Aaram'.

Technological innovations in Sleepwell include the 'Zero Turn', which ensures that Sleepwell mattresses do not require periodic turning to avoid sagging. Use of breathable visco-elastic –"Responsive Memory Foam" memory foam that reduces stress, ensures correct sleep posture and improves blood circulation.

Customised mattresses to suit an individual's body structure, weight and pressure distribution are also provided – it is as if the mattress was made for that individual only.

Building on customer satisfaction and trust, Sleepwell has become a highly reliable brand, renowned for product quality and innovation in the industry. With the theme of

Raising the Comfort Quotient,

we have raised the bar – yet again.

FINANCIAL HIGHLIGHTS

₹ 1,976 Crores
CONSOLIDATED TURNOVER

3,295
EMPLOYEE STRENGTH

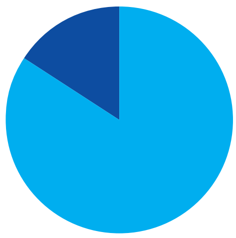
11%
REVENUE GROWTH – CAGR 2013-18

22%
EBITDA GROWTH – CAGR 2013-18

36%
PAT GROWTH – CAGR 2013-18

28%
NET WORTH GROWTH – CAGR 2013-18

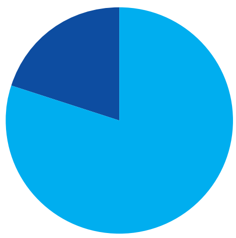
SEGMENTAL REVENUE BREAK-UP



84.4%
INDIAN OPERATIONS

15.6%
AUSTRALIAN OPERATIONS

REVENUE BREAK-UP (INDIAN OPERATIONS)

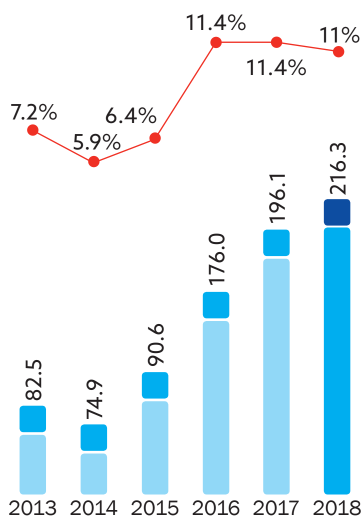


80%
HOME COMFORT LINE

20%
TECHNICAL FOAM

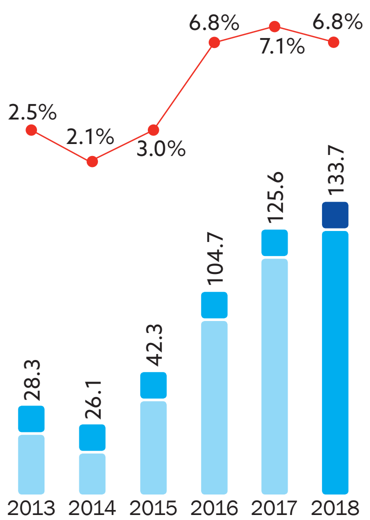
EBTIDA

Absolute (₹ in Crores)
Margins (%)



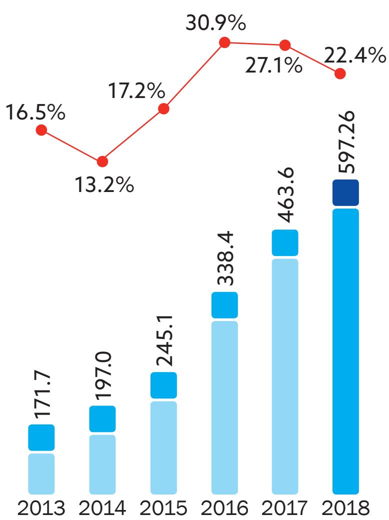
PAT

Absolute (₹ in Crores)
Margins (%)



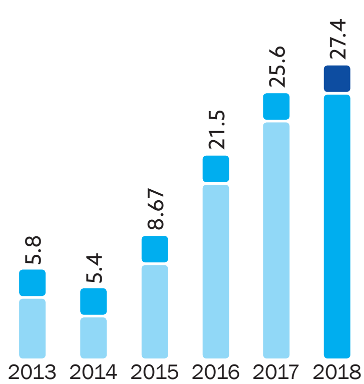
NET WORTH

Absolute (₹ in Crores)
Margins (%)



EARNINGS PER SHARE

(In ₹)



OUR JOURNEY

Sheela foam journey started in 1971 at a small scale. Over 45 years, the Company has achieved the position of market leader-double the size of its nearest competitor. The journey of excellence is as follows.

1971
Sheela Foam's journey begins, founded by the chairperson emeritus Mrs. Sheela Gautam.

1985
Taking a step ahead, operations were extended to Noida, a satellite township of Delhi.

1993
India's economic liberalisation in 1991 prompted the expansion plans.

1994
A full-fledged plant near Delhi was acquired as production increased. Brand "Sleepwell" launched.

1996
Two more plants started operations in Silvassa near Mumbai and Hyderabad, then in Andhra Pradesh.

1998
Introduced rubberised coir products under the brand name Starlite.

1999
Went into tie-ups with Serta, USA, and Dunlopillo, UK, to manufacture mattresses.

2001
India's largest PU (polyurethane) foam producing plant started operations in Greater Noida.

2002
Spread its operations to north India and started a plant in Rajpura, Punjab.

2003
Another unit set up in Sikkim

2005
Ready to spread beyond boundaries, acquired a polyurethane and polystyrene business of Joyce, Australia.

2007
Won the prestigious CIO 100 Award

2008
Won the Nasscom CNBC-TV18 IT user award and revolutionised mattress retail with the launch of its exclusive stores, Sleepwell Worlds and Galleries, to the east.

2010
Won a series of awards starting from the Information Week 'Silver Edge' Award, CIO Green Edge Special Award, CIO Asia Award and the CIO 100 Award for the 2nd time. The Company also launched revolutionary technologies with products like Impressions, Latex Plus, Resitec Air, Duet Luxury, Durafirm, Serenity and Amity.

2011
Won the prestigious Red Hat Asia Pacific Award and Indian Express Intelligent Enterprise Award. Alsobagged the MIS Asia IT Excellence Award, one of Asia's acclaimed information technology awards.

2012
Won a series of honours like the SKOCH Digital Inclusion Award, Dataquest Innovator Award, CIO Innovative – Special Award, Information Week Silver Edge Award, CIO 100 Award. In the same year, it started a state-of-the-art operations unit in Erode, Tamil Nadu, to cater to the southern markets.

2015
Introduced 3 revolutionary concepts: My Mattress, which enables customers to choose the right mattress;Perfect Match, which uses the sensobed technology, giving a perfect sleeping surface for every body type; and Sleepedia, an initiative to raise public awareness on the importance of quality sleep. A new unit in Siliguri started operations to cater to the eastern region. The Company bagged the BSE CIO KLUB 'CIO of the Year' award and Dataquest Business Technology Award.

2013
Expanded production capacities at Kala Amb in Himachal Pradesh to cater to north India markets.

2014
Added some more prestigious awards like the CIO 100- Hall of Fame, Information Week Silver Edge Award and CIO100 Award once again.

2016
Received the Computer World Premier Award. Company got listed on NSE and BSE.

2017
Awarded by PU Tech for Innovative Technology for Vertical Variable Pressure Foaming.

2018
- Star SME of the Year by Business Standard.
- Won Silver medal in India Green Manufacturing Challenge 2017 by the International Research Institute for Manufacturing, India.
- 5 Awards for Excellence in IT.

CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me immense pleasure and satisfaction to present the FY 2017-18 Annual Report. A better part of the past financial year was spent by Indian industries in coping with issues related to the Goods and Services Tax (GST). We, too, felt its impact but have recovered to a large extent.

Leading in the mattress and home comfort products industry, along with strong R&D capabilities, we are able to cater to the premium customers and that too with a high degree of customisation.

*The organised mattress market accounts for **35%** of the total market. As it is growing at a faster pace than the unorganised market, it is expected to account for more than **41%** of the market by FY **2021**. Of the three kind of Mattresses, PU Foam Mattresses account for almost **50%**, Spring Mattresses around **20%** and Coir Mattresses around **30%***

Today's customer lives in a fast changing and a high pressure environment. For them perfect rest is the most required but also most elusive. Your company makes this magic happen and brings this "Maa Jaisa Aaram" to the consumers. It is simply the best researched and the best customised sleep.

Economic Overview and the Effects of GST:

The India GDP growth for 2017-18 is estimated at 6.6% , as against 7.1% for the year 2016-17. The biggest Tax reform, Goods and Service Tax was implemented during the year, though with some initial teething problems.

The Indian mattress industry that comprises polyurethane foam, rubberised coir and spring mattresses, is estimated at ₹ 100 Billions. The industry has grown at a CAGR of 8-10% over the past five years on account of:

- Increasing population: the Indian population is expected to grow at 11% between the fiscal year 2011 to 2021 to 1.3 Billion.
- Rising urbanisation: The Indian urban population has been constantly rising and is expected to increase to 36% in 2020.
- Increase in disposable income
- Increasing awareness of Health issues such as Spinal & Orthopaedic ailments.
- Growth through expansion of Housing, Hospitality and Healthcare.

The organised mattress market accounts for 35% of the total market. As it is growing at a faster pace than the unorganised market, it is expected to account for more than 41% of the market by FY 2021. Of the three kind of Mattresses, PU Foam Mattresses account for almost 50%, Spring Mattresses around 20% and Coir Mattresses around 30%.

Being the leader in the organised mattress segment, the Company also benefits from the growth of the organised segment. Having our own foam manufacturing units pan

1,976
NET REVENUE (CRORES)

84.4%
INDIAN OPERATIONS

15.6%
AUSTRALIAN OPERATIONS

India is an added advantage as we do not depend on external suppliers for foam. For the year 2017-18, the turnover from Indian operations grew by more than 13 %.

After demonetisation in November 2016, things were beginning to come back to normal, but GST shook things up again. GST came into effect from 1st July , but the whole of June and some days in May were taken up by the pre-GST run-up. In the short term, there is turbulence, however in the long term, we see opportunities. We look at GST as a huge business reform, in accounting, sourcing, selling and all the other verticals. GST brought in digitisation, which was good, because the unorganised sector was forced to formalise. Our dealers and retailers did panic in the transition phase, but we assured them that the Company would stand by them if any losses were incurred.

In Mid November the GST rates on Foam and Spring mattresses were reduced from 28% to 18%. The Company immediately passed on the entire benefit to the Consumers by reducing the MRP. Further, the Company was enjoying 100% excise Exemption for its Mattress Plant located in Kala Amb, Himachal Pradesh. However after introduction of GST, the Centre has agreed to refund 58% of CGST on value addition. The loss of 42% meant a drop in EBITDA by 0.35%.

The other matter of concern was price of TDI, our main raw material. The prices of TDI reached a new high during the year. The Company expects that TDI cost will remain high in a short run and we are finding ways of combating these volatile prices. Once the global capacities are fully operational, the price of TDI is expected to drop to normal level.

Financial performance:
The introduction of GST has its impact on our industry as on all other industries. Despite introduction of GST and rise in TDI prices, we were able to increase EBITDA levels of India Operations by improving back end efficiencies and reasonable price increases. By constantly working on R&D, we improved our foam yield by 0.8%. With the introduction of the E-way bill from April 2018, we expect higher volume growth. We experienced growth of 11% from ₹ 1776 Crores in FY 2016-17 to ₹ 1976 in FY 2017-18 of which 84.4% came from Indian operations and 15.6% from Australian operations. For the Indian operations, we tracked ₹ 191 Crores EBITDA and for the Australian operations, ₹ 25 Crores.

Performance Review:
GST anticipation, implementation and implications took up the entire FY 2017-18. Even during this volatile period, we launched our low and mid-level products, Starlite and Feather Foam, which were well accepted. The Company will roll out these Brands pan India to increase its Market Share.

In Australia, Joyce Foam, our 100% subsidiary, has performed satisfactorily. Inspite of a sharp increase in TDI prices we were able to pass on more than 50% without losing any business volumes. The turnover grew by 2%.

STRATEGIC DIRECTION AHEAD:

Continued Brand Development:
We will continue building brand leadership in core home comfort products, such as mattresses and bedding materials as well as higher grade technical PU foam lines, which offer significant opportunity for growth. We will also ramp up marketing initiatives for further enhancement of customer experience for various sub-brands under Sleepwell e.g. My Mattress and Perfect Match. There are firm plans to increase the footfalls and conversions thereof.

Focus on personalised products:
With increasing disposable incomes and customers looking at mattresses

With the full implementation of GST and proper tracking by Government, your Company is in a most advantageous position to capture share from large unorganised market. It wasted no time to launch low priced Mattresses, immediately after implementation of GST.

as health investments, the demand for customised premium segment mattresses is expected to grow. The Company intends to manufacture higher volumes of customisable products as well as develop new lines of personalised home comfort products.

Expansion of product portfolio:

The Company intends to leverage the existing range of products, the knowhow and manufacturing capabilities to produce niche and higher-margin products, including more sophisticated grades of technical PU foam. There are also plans to create baseline products at lower price points, targeting the rural customer.

Expansion of distribution network and export sales:

The distribution network will further be developed in different territories. Also, export operations will be leveraged to sell higher volumes of technical foam to manufacturers in SAARC nations. Domestic retail presence will be enhanced with the introduction of ultra-premium brand showrooms.

Adoption of advanced production technology:

The Company has launched Comfort Cell technology to raise the comfort quotient of the consumer.

The foam produced from Vertical Variable Pressure Foaming plant is used for quilting to provide extra comfort, to all kinds of Sleepwell Mattresses. This Award winning technology has proved to be a game changer for quilting Comfort.

Industry opportunity:

A fact about the mattress industry in India is that 70% of the population does not use modern mattresses. The remaining 30% largely belong to the urban population. Poor infrastructure in the rural areas makes transportation of large volumes impossible. With the fast changing infrastructure especially roads, the company plans to penetrate the rural market with low priced products.

To tap the large furniture foam market, we have targeted the growth through carpenters & upholsters. We have started a programme for them, called Anmol Bandhan to train them about the benefits of Sleepwell Foams.

Message to the Shareholders

With the full implementation of GST and proper tracking by Government, your Company is in most advantageous position to capture share from large unorganised market. It wasted no time to launch low priced Mattresses, immediately after implementation of GST. In other Home Comfort Products like Furniture Foam, Pillows, Bed Sheets, Duvets etc. the Company will further increase its Market share through Product and Marketing Innovations. With the experience of more than 45 years in different kinds of Foam Manufacturing, it will provide best quality technical Foam to its prestigious B2B customers. With the expected rationalisation of TDI prices, the growth in EBITDA levels is also a certainty. The Company will continue to work around its core philosophy of Integrity to focus on sustainable growth for its stakeholders.

On behalf of the Board, I would like to thank our shareholders for the faith that they have bestowed on us. We will meticulously focus on expanding our shareholders' worth with our experience and expertise. I take this opportunity to thank our supplier partners, customers, and especially our employees who are a constant support in our journey.

With best regards,

RAHUL GAUTAM
Chairman & Managing Director
Sheela Foam Limited

CORPORATE SOCIAL RESPONSIBILITY

Sleepwell Foundation is the Corporate Social Responsibility (CSR) arm of Sheela Group. Registered in 2001, the Foundation is working in the 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 biggest initiators of change. To realise our dream, women must be educated, employed and empowered.

Mission

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

KEY INITIATIVES

Wellness

- Examination Stress Management Workshops held at SPVN, Vidhan Chandra, Government Schools Khurja, Gyan Kunj Vidyalaya, Jaunapur.
- Support to Sanjivini Society for Mental Health for conducting an 8 Day Basic Counselling Workshop for public comprising of students, teachers and social workers.

Skill Development

- Organised Young FLO Mentoring Programme for Trainees of Apparel Sector at Jija Bai ITI.
- 8 Day Leadership Development Programme for Supervisors of SMEs in Delhi NCR, held at MacLead Institute, Greater Noida. Subsequently, an Impact Assessment Workshop was also held.

Act Clean

- Act Clean Awareness Programmes held at Sewa Bharati Keshav Vidhya Mandir Primary School, Dakshinpuri; Sanskar Ashram for Girls, Dilshad Garden and Bidhan Chandra School, Moti Bagh.
- Built / Renovated Toilet Blocks (for Boys & Girls) at Public Inter College, Mirpur, Khurja and Amichand Sr. Secondary School, Kasna Greater Noida.

Education

- Given 100 Study Desks to Bidan Chandra Vidyalaya, Moti Bagh
- Given 50 Solar Lantern to Gyan Shakhti Vidyalaya, Noida

BOARD OF DIRECTORS

Mr. Tushaar Gautam

Mr. Anil Tandon

Lt Gen (Dr.) V. K. Ahluwalia

Mr. V. K. Chopra

Mr. Ravindra Dhariwal

Ms. Namita Gautam

Mr. Rakesh Chahar

Mr. Som Mittal

Mr. Rahul Gautam

Sheela Gautam

Founder & Chairperson–Emeritus

An avid entrepreneur, seasoned politician, renowned social worker & philanthropist, Mrs. Sheela Gautam has a multi-faceted 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 a Member of Parliament (LokSabha) for four consecutive terms. She has also been a member of several Consultative Committees formed by the Government of India, such as Health & Family Welfare, Railways, Public Undertakings, Communications, Petroleum & Natural Gas, Empowerment of Women, to name a few.

Rahul Gautam

Chairman & Managing Director

He has been associated with our Company since1971 and been our Managing Director since April1,1996. 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 over41 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 past 31 years and been a Whole-time Director of our Company since November 14, 2003. During her tenure, she has headed the human resource, marketing and projects departments of the Company. She currently heads our CSR initiative through the 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 November 1, 1990, and been a Whole-time Director since November14, 2003. He has over 26 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 January 7, 2002 and been a Whole-time Director since April 1,2007. 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 Limited and serves on its board of directors. He has over 15 years of experience in heading production, research and development.

Ravindra Dhariwal

Independent Director

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

Vijay Kumar Chopra

Independent Director

He has been associated with our Company since June 7, 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

He has been associated with the Company since June 7, 2016. He holds a Bachelor's degree in metallurgical engineering from the Indian Institute of Technology, Kanpur, and a postgraduate 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

He has been associated with our Company since June 7, 2016. He holds a Bachelor's degree of technology in electrical engineering from the Indian Institute of Technology, Kanpur, and a postgraduate 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.

Lt Gen (Dr.) Vijay Kumar Ahluwalia

Independent Director (Additional)

He has been associated with our Company since March 5, 2018. He Holds a Master Degree in Defence Studies and Management from Madras University, M. Phil in Defence Studies from Indore University and PhD in Management (Internal Security and Conflict Resolution) from Amity University, Noida. He has several years of experience in Defence Service, Served as a Judge of Armed Force Tribunal and Director General of Raffles Group of Institutions, Raffles University, Neemrana.

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

Lt Gen (Dr.) V K Ahluwalia

CFO

Dhruv Mathur

COMPANY SECRETARY

Md. Iquebal Ahmad

AUDITORS

S. P. Chopra and Company

Bankers

Central Bank of India

Yes Bank Limited

Citi Bank

Standard Chartered Bank

Registered Office

C-55, Preet Vihar,
New Delhi – 110092, India

Telephone – +91 1122026875

Corporate Office

37/2, Site-IV, Sahibabad, Industrial Area,
Ghaziabad – 201010, Uttar Pradesh, India

Telephone - +91 1204162200

Facsimile - +91 1204162282

E-mail – iquebal.ahmad@sheelafoam.com

Registrar of the Company

Link In time India Private Limited 44, Community Centre, 2nd Floor, Naraina Industrial Area, New Delhi – 110028

Telephone - +91 1141410592, 93, 94

E-mail – delhi@linkintime.co.in

Website – www.linkintime.co.in

Management Discussion and Analysis

PAT

₹ 134 Crores

EBITDA

₹ 216 Crores

EPS

₹ 27.4

ECONOMIC OVERVIEW

Global Economy

In 2017, global economic growth was broad based and the fastest since 2011 at 3.8%. Approximately two-thirds countries accounting for about three-fourths of total global output, witnessed faster growth as compared to the previous year. Recovery of investment demand in advanced economies, continued strong growth in emerging Asia, and an upswing in Europe, led to this growth.

Advanced Economies grew 2.3% in 2017 versus 1.7% in 2016 primarily driven by strong pick up in investment spending. Led by strengthening private investment,United States (US) witnessed 2.3% growth in 2017 versus 1.5% in 2016. The Euro area witnessed 2.3% growth in 2017 versus 1.8% in 2016, aided by policy stimulus and strengthening global demand.

Emerging Market and Developing Economies grew 4.8% in 2017 as against 4.4% in 2016. Growth in net exports led to robust growth in China. India's growth was led by strong private consumption. Argentina, Brazil, Nigeria and the Russian Federation saw cyclical improvements.

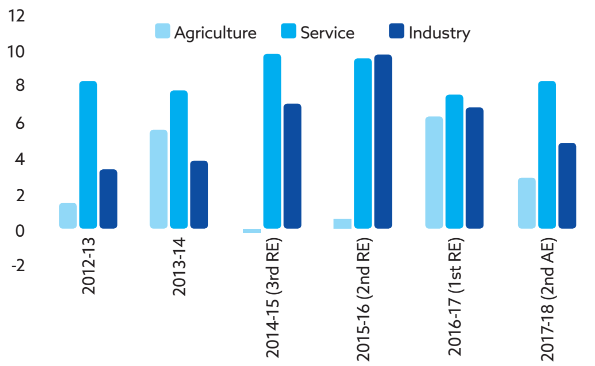
Global growth is expected to gain some momentum in 2018 and 2019 with 3.9% growth expectations in both the years. Sustained strong momentum, favourable market sentiments and accommodative financial conditions are expected to be the major growth drivers. Growth is expected to be broad based with robust growth in both advanced economies and emerging market and developing economies. India and China are the only two economies that are projected to surpass the world's growth rate at 7.4% and 6.6% respectively in 2018. Climate change, geopolitical tensions, and cyber security breaches pose threats to the medium-term global outlook.

(Source: IMF – World Economic Outlook April 2018)

Indian Economy

In FY 2017-18, India's GDP at constant prices is expected to grow by 6.6% as compared to 7.1% in the previous year. Acceleration in manufacturing, rising sales growth, a pick-up in capacity utilisation, strong activity in the services sector and a record agricultural harvest negated the after effects of demonetisation, and the implementation of Goods & Services Tax (GST). As per the Second Advanced Estimates by CSO, industrial, services and agriculture sectors clocked 4.8%, 8.3% and 3% growth respectively in FY2017-18.

Performance of primary sectors (in %)



Source: CSO

The expectations of the global community from India's economy to deliver on its potential continued to remain high as the country retained the tag of the fastest growing economy in the world leaving China behind. The government's impetus on Make in India, investment in road and transportation infrastructure & Smart Cities, rising middle class disposable income and lower inflation contributed to this growth.

Indian economy is consolidating the gains from the recent reforms and is moving in the right direction. Improved domestic macro-economic conditions, gradual revival in rural sector and small scale businesses and increased push towards infrastructure projects are providing strong impetus to growth. Construction is likely to receive a boost from increased public infrastructure spending aimed at improving the nation's rural infrastructure. Another factor that is expected to boost growth is the rise in foreign direct investment (FDI) as a result of ongoing improvements to domestic business conditions and regulatory amendments to encourage higher foreign investor participation.

Outlook

As per IMF, India is expected to grow at 7.4% in FY 2018-19 and 7.8% in FY 2019-20, leaving its nearest rival China behind. Revival in rural demand, increased infrastructure spending and high optimism in domestic consumption is likely to drive India's growth, even as increasing debt, increase in crude oil prices and trade protectionism pose risks to growth.

The size of the Indian mattress market is pegged at ₹ 100 bn comprising polyurethane (PU) foam, rubberised coir and spring mattresses

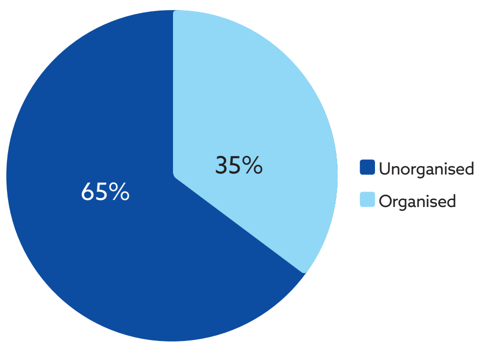
Source: https://www.financialexpress.com/economy/indias-economy-likely-to-grow-at-7-3-pct-this-fiscal-report/1153277/

INDUSTRY OVERVIEW

Indian mattress industry

The size of the Indian mattress market is pegged at ₹ 100 bn comprising polyurethane (PU) foam, rubberised coir and spring mattresses. The Indian mattress market is dominated by small and unorganised players which specialises in coir, cotton and foam mattresses. The un-organised players constitute around 65% of the total market. The organised segment comprises of branded players who manufacture high quality mattresses by using, premium foam, spring and coir combinations. A gradual shift from un-organised to organised players is visible, as branded players are educating customers about the material used in mattresses. The shift is expected to gain pace with the launch of economy products and subsequent cost increase for un-organised players led by GST.

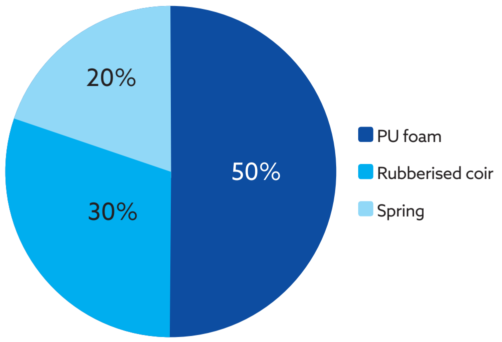
India Organised versus Un-organised market share (in %)



As people are becoming more health conscious and aspiring luxury lifestyle, there is an evident rise in the awareness of the relation between good sleep and a good quality mattress especially among the youth. A major growth driver for the mattress market in India is the growing urban population who is ready to spend considerable amounts on luxury and comfort. The major market for modern mattresses is in urban area. The rural market is dominated by Cotton Mattress or other sleeping surfaces.

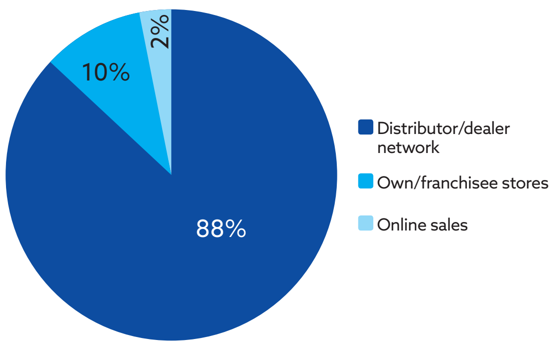
The organised mattress market encompasses three types of mattresses namely PU foam, spring and coir. PU foam mattresses dominated the overall organised market capturing ~50% share followed by coir and spring mattresses constituting 30% and 20% share respectively. South India is considered as production hub of rubberised coir mattresses. However, there has been a steady decline in market share of coir mattress mainly due to inherent quality issues such as premature sagging and rise in price of rubber which in turn has led to rise in the final price of the product. Also, the consumerism driven Indian market with surplus disposable income is ready to embrace the International standard Foam and spring mattress occupying 85% of the total market share. Institutions such as hotels, hospitals and educational institutions contributed the remaining 15%.

Organised market share by type of mattress (in %)



Based on distribution channel, the mattress market is dominated by distributor/dealer network followed by own/franchisee stores and online mode accounting for nearly 88%, 10% and around 2% of the total sales respectively. Organised players have started online sales by way of partnerships with online portals and also by establishing their own websites.

Market classification basis distribution channel (in %)



Based on price, the organised market is divided into four pricing segment, namely, 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

Global PU foam market is expected to reach USD 25.1 bn in 2020 from USD 17.3 bn in 2015 growing at 7.8% CAGR. Asia Pacific is the dominant market, with China being the leading manufacturer and consumer of PU foam. Increasing demand from bedding & furniture industry owing to rising urban population in emerging economies of Asia Pacific such as China, India, and Indonesia is anticipated to drive growth over the forecasted period.

The Indian flexible PU Foam industry is estimated at ₹ 65 bn. The flexible PU Foam is manufactured as Slab stock Foam and Moulded Foam. Major part of the PU foam market is dominated by Slab stock foam (Around 65-70%). Flexible slabstock foam mainly finds application in mattress and furniture, whereas Moulded Foam is mostly used in Automotive Industry.

OPPORTUNITIES & CHALLENGES

Opportunities

GST acting as an enabler: Reduction in GST rate on Foam and Spring Mattresses from 28% earlier to 18% now gives competitive advantage in pricing to organised players. Also, as the economy shifts to a more formal setup when GST and e-way system fully plays out, the organised players in the mattress industry will see very large growth.

Rapid urbanisation, growing youth and rise in nuclear families: With a median age of 28 years and 62% of the 130+ Crore Indian population under 35-year age band consciousness for comfort sleeping is on the rise. By FY 2024-25, urbanisation is expected to stand at 40% with nearly 75% households moving to a nuclear setup. These factors work in favour of modern mattress.

(Source: BCG report)

Increasing disposable income levels: India's personal disposable income is expected to increase from USD 130 bn in 2015 to USD 220 bn by 2020 growing at 10.5% CAGR.

(Source: KPMG survey)

Changing consumer lifestyle: Urbanisation, increasing use of technology, brand and style awareness and hectic life routines have contributed in changing consumer's preference for bedding. With rising exposure to developed economies due to foreign travel consumers are increasingly preferring PU foam mattresses / spring mattresses.

Health awareness: There is growing awareness among the consumers about the role of sleep for Good health. This will lead to spurt in demand for good quality products for sleeping.

Housing growth: The government's push for housing for all by FY 2021-22 and smart cities project will give rise to residential setups.In February 2018, creation of National Urban Housing Fund was approved with an outlay of ₹ 60,000 Crores. Under the Pradhan Mantri Awas Yojana (PMAY) 1,427,486 houses have been sanctioned in FY 2017-18. In March 2018, construction of additional 3,21,567 affordable houses was sanctioned under the scheme. This growth in housing sector will lead to growth in demand for mattresses.

Hospitality: The hospitality sector in India is expected to grow at 16.1% CAGR to reach ₹ 27.97tn by 2022. This portends tremendous growth potential for mattress industry.

(Source: KPMG report)

Challenges

Transportation & warehousing: PU foam and mattresses being bulky in nature lead to difficulties in handling and warehousing, and also pose cost-related challenges. This makes long distance transportation of these items a challenging task.

Consumer's lack of understanding: The concept of spring and PU foam bedding is new to the Indian culture. Importance of good quality bedding for good sleep is slowly gaining traction. Additionally high costs of these mattresses make them less lucrative for the price sensitive Indian consumer.

OUTLOOK

The rapid augmentation in the market is likely to be witnessed mainly on account of rapidly surging real estate and hospitality sectors along with rising trend of nuclear families. The mattress market is witnessing change in terms of products demanded with the sale of Foam and Spring mattresses seeing a continuous upward trend. The spring and foam mattress market is expected to gain more share at the cost of coir mattresses. Additionally, purchase of good quality hybrid mattress is becoming more prominent with increasing health consciousness and back pain problems. Owed to this, focus on production of specialised or hybrid mattress is gaining steam. The e-commerce space is poised to emerge as the next big wave in the mattress market owing to the vast consumer base seeking solutions online for everyday needs and vast availability of standardised high quality products by branded players.

Led by increasing demand from end user industries, the flexible PU foam market is expected to grow at 11-12% CAGR during FY 2016-21. In FY 2020-21, the market for flexible slabstock foam and flexible moulded foam is estimated to be around ₹ 53-58 bn and ₹ 33-38 bn respectively.

Due to rising disposable incomes and the evolving perception of mattresses as health investments, the demand for premium segment mattresses is expected to grow at a fast pace. To leverage its position in the premium segment, the Company intends to increase focus on personalised home-comfort products in terms of both innovation and production so as to premiumise margins. Further, the Company is looking to develop niche and higher-margin products including more sophisticated grades of technical PU Foam. The Company is striving to expand the depth of its domestic retail presence and launch Sleepwell branded ultra-premium products. Besides, it is also looking to ramp up its position in the base-line comfort products range at lower price points specifically aimed at rural retail customers. It is also looking to upscale export operations to sell higher volumes of technical foam to manufacturers located in SAARC nations.

The Company has already started production using Vertical Variable Pressure Foaming technology. The Foam produced through this technology is more durable and comfortable. The Company's unwavering focus to consolidate customer recall of various customised product sub-brands such as My Mattress and Perfect Match is likely to bear fruits in the coming future. The Company is furthering this by promotion through different forms of marketing, increasing retail presence, capitalising on the strength of distribution network. The Company continues to build brand leadership in core home comfort products, such as mattresses and bedding material, as well as higher-grade technical PU Foam lines which represents a significant opportunity for its future growth.

REVIEW OF FINANCIAL PERFORMANCE

During the year under review, Net Revenue from operations on standalone basis, increased to ₹ 1,667 Crores from ₹ 1,472 Crores, registering a growth of 13.2% over last year. The Profit After Tax for the current year increased to ₹ 125 Crores from ₹ 111 Crores, up 13% over the last year. The Net Revenue from operation from Australia increased to ₹ 309 Crores from ₹ 304 Crores, registering a growth of 2% over last year. The Net Profit was ₹ 8 Crores in FY 2017-18 as against ₹ 15 Crores in FY 2016-17. The continuing and unprecedented high price of TDI has dented EBITDA and Net Profit of Australian operations.

On Consolidated basis, Net Revenue from operations increased to ₹ 1,976 Crores from ₹ 1,776 Crores, registering a growth of 11.3% over last year. The mattress volume growth stood at 4%. This growth was achieved despite the subdued demand due to GST implementation. The EBITDA was ₹ 216 Crores in FY 2017-18 as against ₹ 196 Crores in FY 2016-17. The Profit After Tax for the current year increased to ₹ 134 Crores from ₹ 126 Crores, up 6.3% over the last year.

The average price of TDI, one of the significant raw materials, was ₹ 273 per kg in 2017-18 as against ₹ 194 per kg in FY 2016-17 due to Force Majeure outages in a few plants globally. The Company started procurement from the new plant in Sadara.

The Company effected two price increases to partly mitigate raw material price pressure. The rate of GST on Foam and Spring Mattress was reduced from 28% to 18% in mid-November. The Company immediately passed on all the benefits to the customers.

The Company introduced economy model mattress “Starlite” and Mid Level Mattress “Feather Foam” in July 2017 and Feb. 2018 respectively. Post successful test marketing of the model in North India these models are being launched pan India. On the furniture side of the business, the Company has tied up with carpenters & upholsters under “Anmol Bandhan Scheme”. This will help in selling Sleepwell and Feather Foam Furniture Foam.

The Company has increased sale of Technical Foam by increasing its customer base .The Company has been able to develop different kinds of high quality technical foams through constant Research & Development.

RISKS & CONCERNS

Macro-economic risk

The growth of housing, hospitality and automotive sectors is directly correlated to macro-economic performance. Any slowdown in Indian economy could thus adversely impact the performance of the Company which serves these sectors.

Mitigation:

- Favourable indicators such as moderate levels of inflation, growth in industrial sector, greater stability in GST, recovery in investment demand, expectations of good monsoon, and ongoing structural reforms could propel Indian economy to grow at an accelerated pace
- Income level is expected to triple by 2025 with working population to increase by 33% to reach 1.14 bn by 2025
- Increased banking penetration and financial inclusion, formal payment structure for contract labors and daily wage earners, and shift of rural economy and small scale sector to e-payments bode well for economic development.
- As per IMF, India is expected to grow at 7.4% in 2018 and 7.8% in 2019, leaving its nearest rival China behind to re-emerge as one of the fastest growing major economies
- With only 35% of the total modern mattress market being organised, it portends a huge scope of growth for the market
- The Company’s Australian subsidiary reduces dependence on Indian economy alone

Competition risk

Given the large growth potential the modern mattress market has, there is risk of heightened competitive activity from existing players and likelihood of new entrants. The Company needs to be agile to produce low cost high quality products to protect market share.

Mitigation:

- The Company boasts of a rich cultural heritage and its Sleepwell brand enjoys a strong brand equity with a wide variety of home range products and technical grade products
- The Company invests in technology to ensure it stays ahead of competition. The Company has advanced manufacturing equipment and has improvised its shop floor operations. This also helps controlling costs and enhance operational efficiencies enabling it to keep prices competitive
- Continuous focus on R&D has led to development of innovative products with unique features like customisation of mattress through My Mattress and use of scientific analysis to assist customers in choosing right products through Perfect Match. This leads to strong brand resonance The Company

has more than 2,750 Exclusive Brand Outlets (EBOs) which helps create a USP in shopping experience and promoting premium range of products

- To take share from unorganised Market, the Company has launched Low Priced Mattresses, immediately after GST implementation to stay ahead of Competition.

Inventory risk

The Company faces risk of inventory pile-up in case its marketing team is unable to sell its products.

Mitigation:

- The Company has a strong distribution network of 110+ exclusive distributors, 2,750+ exclusive retail dealers and 3,500+ multi-brand outlets. This deeply penetrated network enables to maintain a steady sale of products
- Additionally, the Company invests in media spends across television, radio, newspaper, OOH and magazines to maintain brand visibility and customer recall
- The Company's inventory management is robust owing to its IT infrastructure which enables efficient product distribution. The system ensures timely availability of products and real time inventory management

Raw material risk

The Company faces the risk of unavailability / reduced availability of raw material. The price and quality of raw material may also fluctuate hampering production.

Mitigation:

- The Company procures its key raw materials (Polyol and TDI) in bulk quantity leveraging its huge scale of operations. This helps it to source the raw materials at most competitive rates. Further ,it also maintains a balance between Imports and Local Procurement
- The Company enjoys long-standing relationship with large suppliers ensuring unhindered supply of materials at competitive rates
- The Company has provision to store its key raw material for long durations avoiding risk of unavailability in case of supply shortages

Counterfeiting risk

The Company faces the risk of spurious / counterfeit products soiling its market reputation and leading to loss of sales.

Mitigation:

- The Company has invested in technology to be able to track its genuine products with the help of RFID micro-chips
- Regular market checks and long standing relationship with dealers enables to keep a check on sale of counterfeit products

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has clearly laid down policies, guidelines and procedures keeping in mind the nature, size and complexity of business operations. The Company maintains proper and adequate system of internal controls with well-defined policies, systems, process guidelines, and operating procedures. The Company ensures strict adherence to various procedures, laws, rules and statutes. All transactions are recorded and reported in accordance with the Accounting Standards. Internal Audit is periodically conducted by the Independent Firm of Internal Auditors. The Audit Committee closely oversees the business operations on a regular basis and any deviations are promptly reported to the Senior Management to ensure normalcy is established at the earliest. MIS systems are effectively used to keep all expenses within budgetary allocations and corrective measures are promptly undertaken in case of any variance.

SIGNIFICANT DEVELOPMENT IN HUMAN RESOURCES

Human capital is one of the key resources for the Company to ensure business sustainability and growth.The Company ensures a safe, conducive and productive work environment across all plants and offices. The Company continually strives towards attracting, retaining, and developing the best talent required for the business to grow. The Company provides regular skill and personnel development training to enhance employee productivity. Unwavering focus on transparent and engaging work environment enables it to achieve higher employee satisfaction levels.

The company boasts of well defined HR policies which take care of both personal and professional growth of its employees. Polices nurture a culture that leads to alignment of employee goals with those of the Company. During the year, the Company continued to witness healthy employee and industrial relations with harmony and peace. As on 31 March, 2018, the Company had a total of 3,295 employees.

CAUTIONARY STATEMENT

The statements in the Management Discussion and Analysis Report that describe 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 46th 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, 2018.

Financial Information

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Revenue from operations	**2,004.45**	1,894.50	**1,695.66**	1,590.36
Profit before Financial Charges, Depreciation & Tax	**237.40**	219.24	**216.03**	188.26
Less : Financial Charges	**8.67**	10.97	**5.75**	7.40
Cash Profit	**228.73**	208.28	**210.28**	180.86
Less : Depreciation	**35.24**	30.39	**27.78**	23.58
Profit before Tax	**193.49**	177.89	**182.50**	157.28
Add/(Less) : Income Tax	**(58.93)**	(52.79)	**(55.93)**	(46.87)
Add/(Less) : Deferred Tax	**(0.85)**	0.46	**(0.63)**	0.79
Profit after Tax	**133.71**	125.55	**125.93**	111.20
Other Comprehensive Income	**(0.57)**	(0.46)	**(0.88)**	(0.59)
Total Comprehensive Income for the year	**133.14**	125.09	**125.05**	110.61

During the current year Excise duty till 30 June, 2017 is included in Revenue, whereas in previous year the Excise duty for full year is included in the Revenue. Further after implementation of GST the Revenue excludes GST but includes outward freight. For proper Comparison of Growth & Profitability Ratios, the comparable Revenue figures are given hereunder:

Particulars	Consolidated		Standalone	
Revenue from operations	**2,004.45**	1,894.50	**1,695.66**	1,590.36
Less: Excise Duty	**39.13**	161.65	**39.13**	161.65
Add: Freight	**10.29**	43.16	**10.29**	43.16
Net Revenue from operations	**1,975.61**	1776.01	**1,666.82**	1,471.87

During the current year, Net Revenue of the Company, on standalone basis, increased from ₹ 1,471.87 Crores to ₹ 1,666.82 Crores registering a growth of 13.24% over last year. The Profit After Tax for the current year also increased by 13.24% to ₹ 125.93 Crores as against the Profit After Tax of ₹ 111.20 Crores of last year.

First-time adoption of Ind AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1 April, 2017, with a transition date of 1 April, 2016. These financial statements for the year ended 31 March 2018 are the first financial statements the Company has prepared under Ind AS. For all periods up to and including the year ended 31 March, 2017, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended 31 March, 2018, together with the comparative information as at and for the year ended 31 March, 2017and the opening Ind AS Balance Sheet as at 1 April, 2016, the date of transition to Ind AS.

Present Status & Future Outlook

Your Company retains the leadership position in Mattresses and Foam Products. Its share in the organised Mattress Market is more than 23%. The Foam production continues to be more than double of its nearest competitor.

The Company registered a growth of more than 13% in turnover and in profits despite GST hurdles and continued increase in the price of major raw material (TDI).

As large part of Mattress industry is unorganised and around 70% of the population still does not use modern mattresses, the growth potential for your company is immense. The share of organised market, as well as of your Company is expected to increase with the full implementation of GST. Various other factors like awareness about good sleep for health, increase in disposable income, ever increasing demand for housing due to nuclear families and rapid Urbanisation, will propel the demand of modern mattresses.

Similarly the potential for Foam Consumption continues to remain high. India has one of the lowest per capita foam consumption and with the development of Economy, the demand of Foam is bound to increase. Company expects to increase its Market Share on the strength of 45 years of expertise and continuous Research & Development leading to sustained good quality.

The Company continues to expand its 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. Most of the Sleepwell products are to be sold through EBOs, whereas low and Mid level priced mattresses will be sold through MBOs

Dividend

Board of Directors do not recommended any dividend for the year FY 2016-17. The entire profit being ploughed back in the business.

Subsidiaries

As on 31 March, 2018 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. Ltd (Joyce Foam). 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 63.28 Million Australian Dollars (AUD) in FY 2017-18, as compared with 61.76 Million AUD in FY 2016-17, recording a growth of more than 2% and has posted pretax profit of 2.28 Million AUD in 2017-18, as against 4.27 Million AUD in FY 2016-17. Joyce Foam passed on around 50% increase in TDI prices to its customers and retained its customer base, sacrificing some margins. 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 Ltd.

Your Company has two other wholly owned subsidiaries as under:

1) Divya Software Solutions Private Limited

2) Sleepwell Enterprises Private Limited.

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.

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1 April, 2017, with a transition date of 1 April, 2016

Consolidated Financial Statements

In accordance with Section 136 of the Companies Act, 2013 and the applicable Accounting Standard 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

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. 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 attached 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 prioritization 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)

As per the provisions of the Companies Act, 2013, Mr. Rakesh Chahar will retire by rotation at the ensuing Annual General Meeting (AGM) of the Company and being eligible, seek re-appointment. The Board has recommends his re-appointment.

The Board also recommends the appointment of Lt. Gen(Dr.) V. K. Ahluwalia as an Independent Director, who was appointed as Additional Director by the Board of Directors and whose term shall be expiring at the ensuing Annual General Meeting:

As required under the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel namely, Chairman and Managing Director, Executive Directors, 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 FY 2018-19 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 does 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 FY 2018-19, by the Board of Directors and it seeks 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 2018-19. 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 2017-18. 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 attached 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. Tthe Company can oversees the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization 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.sheelafoam.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, 5 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) Completed replacement of conventional lights with Energy efficient LED lights.

   2 Sky light is now being used in Production shed in Rajpura Plant.

   3) Significant saving of energy due to much less pumping of water as the water is now reused in Fire Hydrants.

   4) Second Looper machine at Talwara modified to dispense the peeled rolls without stopping it, hence reduction in energy lost during start/ stop of machine.

   5) Other measures introduced to save the energy viz. increase in standard AC Temperature to 25.5 degree, Auto switch on/switch off the lights through sensors, installation of sensor monitored curtains to use natural light etc.

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. It has also started Comfort Cell Mattresses, to provide extra comfort to its consumers.

D. The earnings from exports were ₹ 20.43 Crores (Previous Year ₹ 20.28 Crores) and payments in foreign exchange were ₹ 274.86 Crores (Previous Year - ₹ 304.76 Crores).

Listing Agreements

Your Company has entered into Agreements with BSE Limited and NSE 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.

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-G**.

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.

Business Responsibility Report

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

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: Noida
Date : 18 May, 2018

(Rahul Gautam)
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	03-10-2005	19-04-2010	07-10-1994
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 49.14	N.A.	N.A.
Share capital	3,235.87	9.03	1.05
Reserves & surplus	4,143.03	6,467.63	1,172.24
Total assets	17,646.93	7,105.29	1,209.80
Total liabilities	10,268.03	628.62	2.71
Investments	Nil	Nil	Nil
Turnover	31,093.55	Nil	10.00
Profit/(Loss) before taxation	1,121.82	(30.84)	9.23
Provision for taxation	298.51	22.27	2.24
Profit after taxation	823.31	(53.11)	6.99
Proposed dividend	Nil	Nil	Nil
% of shareholding	100%	100%	100%

Annexure-B

Corporate Governance Report

Our Corporate Governance is a true reflection of our value systems enshrined in our Vision Statement. Our Vision statement places highest reliance on the values of Integrity, Reliability, Proactivity and Transparency. We firmly believe that Corporate Governance, based on these value systems, is vital to not only enhance stakeholders' trust, but also for the success of the organisation. Your company remains committed to follow best governance practices in true spirit.

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 Chairman and 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 9 (Nine) Directors, which include 5 (Five) 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 five times during the FY 2017-18 ended on 31 March, 2018. Board Meetings were held on 10 May, 2017, 4 August, 2017, 3 November, 2017, 5 February, 2018 and March 4 & 5, 2018.

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

Independent Directors

All the five 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 4 March, 2018 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 by head of the Departments. Factory/office 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 20 July, 2017	No. of other Directorship in listed company including this company	No. of Committee positions held in other Companies##	
					Chairman	Member
Rahul Gautam# 00192999	Promoter & Executive Director	5	Yes	1	0	0
Namita Gautam# 00190463	Executive Director	4	Yes	1	0	0
Rakesh Chahar 00180587	Executive Director	5	Yes	1	0	0
Tushaar Gautam# 01646487	Executive Director	5	No	1	0	0
Vijay Kumar Chopra 02103940	Independent Director	5	Yes	7	4	9
Som Mittal 00074842	Independent Director	5	Yes	3	1	3
Ravindra Dhariwal 00003922	Independent Director	5	No	3	1	5
Anil Tandon 00089404	Independent Director	5	Yes	1	0	1
Vijay Kumar Ahluwalia* 08078092	Independent Director	1	No	1	0	0

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

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.

* Vijay Kumar Ahluwalia is appointed as Additional Director in our Company on 5 March, 2018.

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 4 (Four) times during FY 2017-18 ended on 31 March, 2018 on 10 May, 2017, 4 August, 2017, 3 November, 2017, and 5 February, 2018.

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)	4	4
Mr. Ravindra Dhariwal	4	4
Mr. Tushaar Gautam	4	4

The Chairman of the Audit Committee attended the 45th Annual General Meeting.

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

Nomination and remuneration Committee met 2 (Two) times during FY 2017-18 ended on 31 March, 2018 on 10 May, 2017 and 4 March, 2018.

Name of the Members	No. of meetings	
	Held	Attended
Mr. Som Mittal (Chairman)	2	2
Mr. V. K. Chopra	2	2
Mr. Ravindra Dhariwal	2	2

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

Stakeholder Relationship Committee met 1 (One) time during FY 2017-18 ended on 31 March, 2018 on 10 May, 2017.

Name of the Members	No. of meetings	
	Held	Attended
Mr. Som Mittal (Chairman)	1	1
Mr. Anil Tandon	1	1
Mr. Rakesh Chahar	1	1

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, dematerialization of shares and re-materialization 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 ended on 31 March, 2018, the Company has not received complaint from investors relating to non-allotment/transfer of Shares. Details of investor complaints received and resolved during the Financial Year are as follows:

Opening Balance	Received	Resolved	Pending
Nil	NIL	NIL	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

Meetings and Attendance

Corporate Social Responsibility Committee met 1 (One) time during FY 2017-18 ended on 31 March, 2018 on 10 May, 2017.

(e)

Name of the Members	No. of meetings	
	Held	Attended
Mr. Anil Tandon (Chairman)	1	1
Mr. Ravindra Dhariwal	1	1
Mr. Tushaar Gautam	1	1

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."

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
2016-17	20 July 2017	Arya Auditorium, Desh Raj Complex, C Block, East of Kailash, New Delhi, 110065	10.30 AM	No 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

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: 18 July, 2018, Wednesday

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.

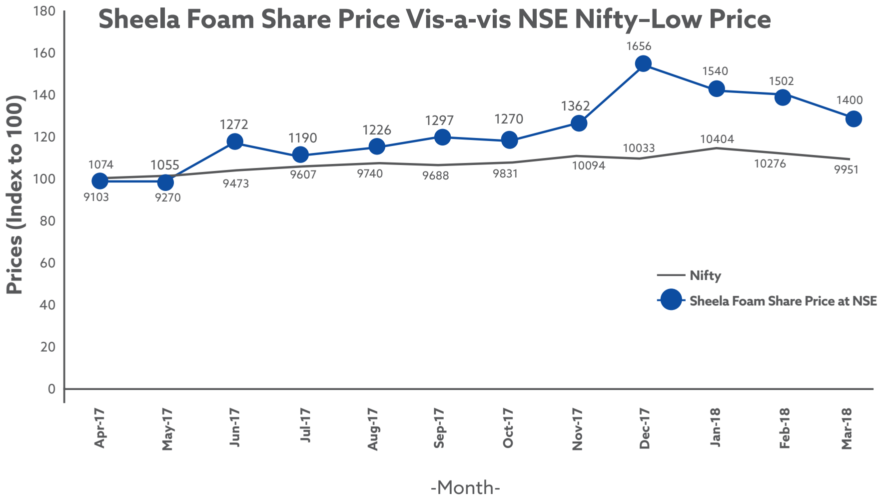
Name and Address of Stock Exchanges	Stock Code
BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 023.	504203
National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra(E) Mumbai-400 051	SFL

Market Price Data/Stock Performance: FY 2017-18 ended on 31 March, 2018

The Company is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). 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
April 2017	1,332	1,075	1,298	1,073
May 2017	1,425	1,251	1,429	1,055
June 2017	1,400	1,267	1,390	1,272
July 2017	1,389	1,192	1,374	1,177
August 2017	1,347	1,222	1,358	1,226
September 2017	1,584	1,294	1,589	1,296
October 2017	1,521	1,280	1,500	1,270
November 2017	1,850	1,375	1,850	1,362
December 2017	1,536	1,643	1,534	1,656
January 2018	1,766	1,541	1,749	1,540
February 2018	1,740	1,501	1,679	1,502
March 2018	1,599	1,413	1,619	1,400

Stock Performance Graph



Registrar and Share Transfer Agent

Address:
Link Intime India Private Limited
44, Community Centre, 2nd Floor
Naraina Industrial Area, New Delhi 110 028
Tel. No. : +91 1141410592,93,94
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 approves 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.

Except two shares 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, 2018

Group of Shares	Number of Shareholders	% to total Shareholders	Number of Shares held	% to Total Shares
1-500	4,888	97.8187	1,86,924	0.3832
501-1000	34	0.6804	26,615	0.0546
1001-2000	6	0.1201	8,689	0.0178
2001-3000	6	0.1201	15,956	0.0327
3001-4000	2	0.04	6,600	0.0135
4001-5000	2	0.04	8,598	0.0176
5001- 10000	10	0.2001	71,246	0.146
10001 & above	49	0.9806	4,84,58,180	99.3345
Total	**4,997**	**100**	**4,87,82,808**	**100**

Shareholding Pattern as on 31 March, 2018

Category	Number of Shares held	%-Issued Capital
Promoter and Prompter Group	4,17,96,507	85.687
Mutual Funds	40,85,760	8.3754
Non Nationalised Banks	3,055	0.0063
Financial Institutions	869	0.0018
Foreign Portfolio Investors (Corporate)	12,58,227	2.5792
Non Resident Indians	17,095	0.0350
Non Resident (Non Repatriable)	8,441	0.0173
Clearing Members	5,055	0.0104
Other Bodies Corporate	8,47,235	1.7367
Public	4,99,520	1.0240
Hindu Undivided Family	14,006	0.0287
Alternate Investment Funds	2,44,038	0.5003
Trusts	3,000	0.0061
Total	**4,87,82,808**	**100**

Dematerialisation of Shares & Liquidity

As on 31 March, 2018, all the equity share capital of the Company were held in dematerialised form except two shares. 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, 2018, 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 omnibus approval is also obtained from the Board. 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. 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, 2018. A declaration to this effect signed by the Chairman & Managing Director is given below:

To,
The Shareholders
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, 2018.

Date: 18 May, 2018
Place: Noida

Rahul Gautam
Chairman and Managing Director

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, 2018. 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, 2018 is unmodified.

Compliance Certificate on Corporate Governance from the Auditor

The certificate dated 00 May, 2018 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 18 May, 2018.

CEO/CFO Certification

To
The Board of Directors
Sheela Faom 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 March 31, 2018 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

Dhruv Chandra Mathur
Chief Financial Officer

Place: New Delhi
Date: 18 May, 2018

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 31st March, 2018, 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 compiled 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 Registration No.000346N

Pawan K. Gupta
Partner
Membership No. 092529

Place : New Delhi
Date : 18 May, 2018

Annexure-C

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

Annexure-D

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 31st MARCH 2018

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 31st March 2018, 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.

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 31st March 2018 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"); Legal Metrology Act, 2009, The Legal Metrology(Packaged Commodities) Rule 2011Consumer 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:

   i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

   ii) Securities Exchange Board of India (Listing Obligation and Disclosure Requirements)Regulation, 2015

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 five Independent Directors on the Board.

2. The Committees of the Board, met to transact businesses as under during the year:-

   a) Audit Committee – 4 times

   b) Corporate Social Responsibility Committee – 1 time

   c) Nomination and Remuneration Committee –2 times

   d) Stakeholders Relationship Committee- 1times

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: Delhi
Date: 12 May, 2018

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 PU 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: Delhi
Date: 12 May, 2018

Annexure-E

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES FOR THE YEAR 2017-18

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 is committed to society for improving quality of life of people living in under privileged area especially those from socially and economically backward areas. Company's CSR efforts shall focus on Education, Employability and Health for relevant target groups, ensuring diversity and giving preference to needy and deserving people inhabiting in rural India. The Company has adopted Corporate Social Responsibility (CSR) Policy. The policy has been uploaded on the website of the Company www.sheelafoam.com. The various programme includes Education, Swach 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 etc. 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.	₹ 11,126.11 Lakhs
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	₹ 222.52 Lakhs
6.	Details of CSR spent during the financial year 2017-18:	
	i. Total amount to be spent for the financial year 2017-18.	₹ 238.57 Lakhs
	ii. Amount unspent, if any	NIL

2. Manner in which the amount spent during the financial year 2017-18 is detailed below.

(₹ in Lakhs)

1	2	3	4	5	6	7	8
Sl. No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs	Amount outlay (budget) project or Program wise	Amount spent on the projects or Programs Subheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing Agency
			(1) Local area or other		(1) Direct expenditure on projects or Programs		
			(2) Specify the State and districts where projects or programs was undertaken		(2) Overheads:		
1	Education/Skill Development	Promoting Education including employment enhancing vocational skills, conducting wellness awareness programme, contributing sanitation programme	Delhi and Uttar Pradesh	215.12	215.12	215.12	Through, Sleepwell Foundation (Trust)
2	Education/Skill Development	Promoting Education including employment enhancing vocational skills	Aligarh, Uttar Pradesh	15.35	15.35	15.35	Through Pt. Mohan Lal Gautam Trust
3	Others	Eradication of Poverty and War Memorial	Uttar Pradesh	8.10	8.10	8.10	Direct

Amount unspent: Nil

Annexure-F

PARTICULARS OF EMPLOYEES

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 2018, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2018.

Name and Designation	Remuneration for Financial Year 2018 (₹ in Lakhs)	% increase of remuneration in the Financial Year 2018	Ratio of remuneration to Median Remuneration
Executive Director			
Mr. Rahul Gautam Managing Director	302.61	7.7%	181
Ms. Namita Gautam Wholetime Director	162.76	92.9%	97
Mr. Rakesh Chahar Wholetime Director	151.03	7.8%	90
Mr. Tushaar Gautam Wholetime Director	169.15	7.5%	101
Non Executive Independent Director			
Mr. Vijay Kumar Chopra Non Executive Independent Director	19.50	NA	NA
Mr. Som Mittal Non Executive Independent Director	18.00	NA	NA
Mr. Ravindra Dhariwal Non Executive Independent Director	18.00	NA	NA
Mr. Anil Tandon Non Executive Independent Director	17.50	NA	NA
Lt Gen (Dr.) Vijay Kumar Ahluwalia Non Executive Independent Director	1.00	NA	NA
Key Managerial Personnel			
Mr. Dhruv Chandra Mathur Chief Financial Officer	62.95	26.3%	38
Mr. Md Iquebal Ahmad Company Secretary	11.79	26.1%	7

Note: The remuneration of the non-executive Independent directors includes sitting fees for attending Board/Committee meetings and since they were appointed during the mid of the last financial year or this Financial Years there is no comparison for % increase in 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 ₹ 1.67 Lakhs.

(iv) In the financial year, there was an increase of 9.15 % in the median remuneration of employees.

(v) Number of permanent employees on the role of the Company as on 31.03.2018 is 2025.

(vi) The remuneration is as per the remuneration policy of the company.

Annexure-G

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2018

[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	L74899DL1971PLC005679
ii)	Registration Date	18.06.1971
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-110092 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, 2nd Floor, Naraina Industrial Area New Delhi-110028

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 Limted 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)

IV Share Holding Pattern (Equity Shares Capital Breakup as Percentage of Total Equity)

(i) Category wise Shareholding

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Shareholding of Promoter and Promoter Group**									
[1]	**Indian**									
(a)	Individuals / Hindu Undivided Family	3,52,21,098	0	3,52,21,098	72.1998	3,52,21,098	0	3,52,21,098	72.1998	0.0000
(b)	Central Government / State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Financial Institutions / Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Any Other (Specify)									
	Bodies Corporate	65,75,409	0	65,75,409	13.4789	65,75,409	0	65,75,409	13.4789	0.0000
	Sub Total (A)(1)	**4,17,96,507**	**0**	**4,17,96,507**	**85.6788**	**4,17,96,507**	**0**	**4,17,96,507**	**85.6788**	**0.0000**
[2]	**Foreign**									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(b)	Government	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Foreign Portfolio Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Any Other (Specify)									
	Sub Total (A)(2)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	4,17,96,507	0	4,17,96,507	85.6788	4,17,96,507	0	4,17,96,507	85.6788	0.0000
(B)	**Public Shareholding**									
[1]	**Institutions**									
(a)	Mutual Funds / UTI	37,62,504	0	37,62,504	7.7128	40,85,760	0	40,85,760	8.3754	0.6626
(b)	Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Alternate Investment Funds	0	0	0	0.0000	2,44,038	0	2,44,038	0.5003	0.5003
(d)	Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Foreign Portfolio Investor	13,80,186	0	13,80,186	2.8292	12,58,227	0	12,58,227	2.5792	-0.2500
(f)	Financial Institutions / Banks	74,602	0	74,602	0.1529	3,924	0	3,924	0.0080	-0.1449
(g)	Insurance Companies	0	0	0	0.0000	0	0	0	0.0000	0.0000
(h)	Provident Funds/ Pension Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(i)	Any Other (Specify)									
	Sub Total (B)(1)	52,17,292	0	52,17,292	10.6949	55,91,949	0	55,91,949	11.4630	0.7681
[2]	**Central Government/ State Government(s)/ President of India**									

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Sub Total (B)(2)	**0**	**0**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0.0000**
[3]	**Non-Institutions**									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	3,15,177	0	3,15,177	0.6461	2,54,427	2	2,54,429	0.5216	-0.1245
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,45,091	0	2,45,091	0.5024	2,45,091	0	2,45,091	0.5024	0.0000
(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)									
	Trusts	0	0	0	0.0000	3,000	0	3,000	0.0061	0.0061
	Hindu Undivided Family	18,572	0	18,572	0.0381	14,006	0	14,006	0.0287	-0.0094
	Non Resident Indians (Non Repat)	2,505	0	2,505	0.0051	8,441	0	8,441	0.0173	0.0122
	Non Resident Indians (Repat)	10,596	0	10,596	0.0217	17,095	0	17,095	0.0350	0.0133
	Clearing Member	4,05,842	0	4,05,842	0.8319	5,055	0	5,055	0.0104	-0.8215
	Bodies Corporate	7,71,226	0	7,71,226	1.5809	8,47,235	0	8,47,235	1.7367	0.1558
	Sub Total (B)(3)	17,69,009	0	17,69,009	3.6263	13,94,350	2	13,94,352	2.8583	-0.7680
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	69,86,301	0	69,86,301	14.3212	69,86,299	2	69,86,301	14.3212	0.0000
	Total (A)+(B)	4,87,82,808	0	4,87,82,808	100.0000	4,87,82,806	2	4,87,82,808	100.0000	0.0000
(C)	**Non Promoter - Non Public**									
[1]	**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)	**4,87,82,808**	**0**	**4,87,82,808**	**100.0000**	**4,87,82,806**	**2**	**4,87,82,808**	**100.0000**	

Generated on : 15/05/2018

(ii) Shareholding of Promoter (Including Prompter Group)

Sr No	Shareholders Name	Shareholding at the beginning of the year - 2017			Shareholding at the end of the year - 2018			% Change during the year
		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	
1	Sheela Gautam	1,75,61,880	36.0001	0.0000	1,75,61,880	36.0001	0.0000	0.0000
2	Rahul Gautam	99,55,419	20.4076	0.0000	99,55,419	20.4076	0.0000	0.0000
3	Polyflex Marketing Private Limited	6,551,373	13.4297	0.0000	0	0.0000	0.0000	-13.4297
4	Namita Gautam	57,15,879	11.7170	0.0000	57,15,879	11.7170	0.0000	0.0000
5	Tushaar Gautam	19,87,920	4.0750	0.0000	19,87,920	4.0750	0.0000	0.0000
6	Core Mouldings Private Ltd	12,018	0.0246	0.0000	12,018	0.0246	0.0000	0.0000
7	Rangoli Resorts P Ltd	12,018	0.0246	0.0000	65,63,391	13.4543	0.0000	13.4297
	Total	**4,17,96,507**	**85.6788**	**0.0000**	**4,17,96,507**	**85.6788**	**0.0000**	**0.0000**

(iii) Change in Promoters' Shareholding (Please specify if there is no change)

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		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	Sheela Gautam	1,75,61,880	36.0001			1,75,61,880	36.0001
	At The End of The Year					1,75,61,880	36.0001
2	Rahul Gautam	99,55,419	20.4076			99,55,419	20.4076
	At The End of The Year					99,55,419	20.4076
3	Rangoli Resorts P Ltd	12,018	0.0246			12,018	0.0246
	Transfer			23 Mar 2018	65,51,373	65,63,391	13.4543
	At The End of The Year					65,63,391	13.4543
4	Namita Gautam	57,15,879	11.7170			57,15,879	11.7170
	At The End of The Year					57,15,879	11.7170
5	Tushaar Gautam	19,87,920	4.0750			19,87,920	4.0750
	At The End of The Year					19,87,920	4.0750
6	Core Mouldings Private Ltd	12,018	0.0246			12,018	0.0246
	At The End of The Year					12,018	0.0246
7	Polyflex Marketing Private Limited	65,51,373	13.4297			65,51,373	13.4297
	Transfer			16 Mar 2018	(65,51,373)	0	0.0000
	At The End of The Year					0	0.0000

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.

(iv) Shareholding Pattern of Top Ten Shareholders

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		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	26,13,285	5.3570			26,13,285	5.3570
	Transfer			07 Apr 2017	(3,000)	26,10,285	5.3508
	Transfer			12 May 2017	(8,151)	26,02,134	5.3341
	Transfer			26 May 2017	(23,186)	25,78,948	5.2866
	Transfer			02 Jun 2017	(2,000)	25,76,948	5.2825
	Transfer			16 Jun 2017	(15,482)	25,61,466	5.2508
	Transfer			23 Jun 2017	(29)	25,61,437	5.2507
	Transfer			07 Jul 2017	(7,285)	25,54,152	5.2358
	Transfer			21 Jul 2017	(482)	25,53,670	5.2348
	Transfer			28 Jul 2017	(14,368)	25,39,302	5.2053
	Transfer			01 Sep 2017	89,824	26,29,126	5.3895
	Transfer			08 Sep 2017	15,804	26,44,930	5.4218
	Transfer			15 Sep 2017	(3,300)	26,41,630	5.4151
	Transfer			03 Nov 2017	70,000	27,11,630	5.5586
	Transfer			17 Nov 2017	1,643	27,13,273	5.5619
	Transfer			24 Nov 2017	(1,78,302)	25,34,971	5.1964
	Transfer			01 Dec 2017	(4,268)	25,30,703	5.1877
	Transfer			08 Dec 2017	(9,148)	25,21,555	5.1689
	Transfer			15 Dec 2017	(2,953)	25,18,602	5.1629
	Transfer			22 Dec 2017	(26,627)	24,91,975	5.1083
	Transfer			29 Dec 2017	(45,684)	24,46,291	5.0147
	Transfer			05 Jan 2018	(17,252)	24,29,039	4.9793
	Transfer			12 Jan 2018	(40,000)	23,89,039	4.8973
	Transfer			09 Mar 2018	(13,040)	23,75,999	4.8706
	At the end of the year					23,75,999	4.8706
2	UTI - Equity Fund	2,71,161	0.5559			2,71,161	0.5559
	Transfer			19 May 2017	3,258	2,74,419	0.5625
	Transfer			26 May 2017	2,108	2,76,527	0.5669
	Transfer			25 Aug 2017	4,500	2,81,027	0.5761
	Transfer			01 Sep 2017	45,853	3,26,880	0.6701
	Transfer			08 Sep 2017	3,069	3,29,949	0.6764
	Transfer			06 Oct 2017	1,000	3,30,949	0.6784
	Transfer			13 Oct 2017	51,915	3,82,864	0.7848
	Transfer			20 Oct 2017	10,040	3,92,904	0.8054
	Transfer			03 Nov 2017	5,195	3,98,099	0.8161
	Transfer			10 Nov 2017	31,275	4,29,374	0.8802
	Transfer			17 Nov 2017	3,470	4,32,844	0.8873
	Transfer			24 Nov 2017	93,053	5,25,897	1.0780
	Transfer			01 Dec 2017	30,000	5,55,897	1.1395
	Transfer			08 Dec 2017	493	5,56,390	1.1405
	Transfer			22 Dec 2017	27,257	5,83,647	1.1964
	Transfer			29 Dec 2017	86,000	6,69,647	1.3727
	Transfer			05 Jan 2018	20,438	6,90,085	1.4146
	Transfer			12 Jan 2018	40,000	7,30,085	1.4966
	Transfer			19 Jan 2018	88,067	8,18,152	1.6771
	Transfer			26 Jan 2018	24,019	8,42,171	1.7264

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		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
	Transfer			02 Feb 2018	3,011	8,45,182	1.7325
	Transfer			09 Feb 2018	1,657	8,46,839	1.7359
	Transfer			09 Mar 2018	20,344	8,67,183	1.7776
	Transfer			16 Mar 2018	5,670	8,72,853	1.7893
	Transfer			23 Mar 2018	10,790	8,83,643	1.8114
	Transfer			31 Mar 2018	1,168	8,84,811	1.8138
	At the end of the year					8,84,811	1.8138
3	Azim Premji Trust	4,90,117	1.0047			4,90,117	1.0047
	Transfer			08 Dec 2017	(1,431)	4,88,686	1.0018
	Transfer			15 Dec 2017	(287)	4,88,399	1.0012
	Transfer			19 Jan 2018	(89,388)	3,99,011	0.8179
	At the end of the year					3,99,011	0.8179
4	Reliance Capital Trustee Co Ltd-A/C Reliance Mid & Small Cap Fund	0	0.0000			0	0.0000
	Transfer			07 Apr 2017	3,85,000	3,85,000	0.7892
	Transfer			12 May 2017	(17,000)	3,68,000	0.7544
	Transfer			19 May 2017	17,850	3,85,850	0.7910
	At the end of the year					3,85,850	0.7910
5	Kuwait Investment Authority Fund 225	3,61,688	0.7414			3,61,688	0.7414
	Transfer			14 Jul 2017	20,073	3,81,761	0.7826
	Transfer			08 Dec 2017	(35)	3,81,726	0.7825
	Transfer			15 Dec 2017	(6,505)	3,75,221	0.7692
	Transfer			23 Mar 2018	(9,330)	3,65,891	0.7500
	At the end of the year					3,65,891	0.7500
6	Goldman Sachs India Limited	3,08,488	0.6324			3,08,488	0.6324
	At the end of the year					3,08,488	0.6324
7	Ashish Kacholia	2,45,091	0.5024			2,45,091	0.5024
	At the end of the year					2,45,091	0.5024
8	PI Opportunities Fund I	3,13,932	0.6435			3,13,932	0.6435
	Transfer			22 Dec 2017	(54,894)	2,59,038	0.5310
	Transfer			29 Dec 2017	(15,000)	2,44,038	0.5003
	At the end of the year					2,44,038	0.5003
9	Kotak Emerging Equity Scheme	1,65,650	0.3396			1,65,650	0.3396
	Transfer			07 Apr 2017	(503)	1,65,147	0.3385
	Transfer			21 Apr 2017	(13,440)	1,51,707	0.3110
	Transfer			28 Apr 2017	(39,831)	1,11,876	0.2293
	Transfer			05 May 2017	(10,362)	1,01,514	0.2081
	Transfer			12 May 2017	(9,239)	92,275	0.1892
	Transfer			26 May 2017	27	92,302	0.1892
	Transfer			02 Jun 2017	19	92,321	0.1892
	Transfer			14 Jul 2017	1,00,000	1,92,321	0.3942
	Transfer			18 Aug 2017	415	1,92,736	0.3951
	Transfer			22 Sep 2017	(2,624)	1,90,112	0.3897
	Transfer			03 Nov 2017	(3,447)	1,86,665	0.3826

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		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
	Transfer			24 Nov 2017	(5,438)	1,81,227	0.3715
	Transfer			01 Dec 2017	(850)	1,80,377	0.3698
	Transfer			26 Jan 2018	2,559	1,82,936	0.3750
	Transfer			09 Feb 2018	1,948	1,84,884	0.3790
	Transfer			16 Feb 2018	898	1,85,782	0.3808
	Transfer			23 Feb 2018	12,106	1,97,888	0.4057
	Transfer			02 Mar 2018	8,000	2,05,888	0.4221
	Transfer			09 Mar 2018	5,964	2,11,852	0.4343
	Transfer			23 Mar 2018	633	2,12,485	0.4356
	At the end of the year					2,12,485	0.4356
10	ICICI Prudential Life Insurance Company Limited	1,84,239	0.3777			1,84,239	0.3777
	At the end of the year					1,84,239	0.3777
11	ICICI Prudential Midcap Fund	1,93,360	0.3964			1,93,360	0.3964
	Transfer			07 Apr 2017	(24,398)	1,68,962	0.3464
	Transfer			12 May 2017	(15,958)	1,53,004	0.3136
	Transfer			19 May 2017	(6,117)	1,46,887	0.3011
	Transfer			14 Jul 2017	(1,724)	1,45,163	0.2976
	Transfer			21 Jul 2017	(61)	1,45,102	0.2974
	Transfer			28 Jul 2017	(31,613)	1,13,489	0.2326
	Transfer			15 Sep 2017	(17,229)	96,260	0.1973
	Transfer			17 Nov 2017	1,201	97,461	0.1998
	Transfer			24 Nov 2017	1,336	98,797	0.2025
	Transfer			08 Dec 2017	(1,523)	97,274	0.1994
	Transfer			15 Dec 2017	(6,276)	90,998	0.1865
	At the end of the year					90,998	0.1865
12	Deutsche Bank A.G.	2,71,223	0.5560			2,71,223	0.5560
	Transfer			07 Apr 2017	(2,60,606)	10,617	0.0218
	Transfer			14 Apr 2017	(9,017)	1,600	0.0033
	Transfer			21 Apr 2017	(1,600)	0	0.0000
	Transfer			28 Apr 2017	4,580	4,580	0.0094
	Transfer			05 May 2017	(4,580)	0	0.0000
	Transfer			12 May 2017	15,921	15,921	0.0326
	Transfer			19 May 2017	(15,921)	0	0.0000
	Transfer			14 Jul 2017	1,724	1,724	0.0035
	Transfer			21 Jul 2017	(1,663)	61	0.0001
	Transfer			28 Jul 2017	4,439	4,500	0.0092
	Transfer			04 Aug 2017	(3,840)	660	0.0014
	Transfer			11 Aug 2017	(660)	0	0.0000
	Transfer			25 Aug 2017	10,000	10,000	0.0205
	Transfer			01 Sep 2017	(10,000)	0	0.0000
	Transfer			08 Sep 2017	138	138	0.0003
	Transfer			15 Sep 2017	(138)	0	0.0000
	Transfer			29 Sep 2017	2,754	2,754	0.0056
	Transfer			06 Oct 2017	20,723	23,477	0.0481

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		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
	Transfer			13 Oct 2017	(23,477)	0	0.0000
	Transfer			03 Nov 2017	14,391	14,391	0.0295
	Transfer			10 Nov 2017	(14,391)	0	0.0000
	Transfer			17 Nov 2017	5,500	5,500	0.0113
	Transfer			24 Nov 2017	(5,500)	0	0.0000
	Transfer			01 Dec 2017	132	132	0.0003
	Transfer			08 Dec 2017	(132)	0	0.0000
	Transfer			05 Jan 2018	217	217	0.0004
	Transfer			12 Jan 2018	1,298	1,515	0.0031
	Transfer			19 Jan 2018	11,606	13,121	0.0269
	Transfer			02 Mar 2018	(6,320)	6,801	0.0139
	Transfer			09 Mar 2018	(6,801)	0	0.0000
	At the end of the year					0	0.0000
13	FIL Investments (Mauritius)Ltd	2,64,518	0.5422			2,64,518	0.5422
	Transfer			16 Jun 2017	(13,356)	2,51,162	0.5149
	Transfer			23 Jun 2017	(4,847)	2,46,315	0.5049
	Transfer			30 Jun 2017	(2,649)	2,43,666	0.4995
	Transfer			07 Jul 2017	(30,670)	2,12,996	0.4366
	Transfer			14 Jul 2017	(2,12,996)	0	0.0000
	At the end of the year					0	0.0000

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. Indebtedness

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount	39.07	357.42	Nil	396.49
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**39.07**	**357.42**	**Nil**	**396.49**
Change in Indebtedness during the financial year				
Addition	Nil	Nil	Nil	Nil
Reduction	20.48	256.20	Nil	276.68
Net Change	20.48	256.20	Nil	276.68
Indebtedness at the end of the financial year:				
i) Principal Amount	18.59	101.22	Nil	119.81
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**18.59**	**101.22**	**Nil**	**119.81**

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	27.86	25.18	31.57	13.45
	(b) Value of perquisites u/s 17(2)	0.40	0.40	0.40	0.40
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961				
2	Stock Option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission - as% of profit - others, specify...	274.35	137.18	137.18	137.18
	Others, please specify Special Allowence	–	–	–	–
	Total	**302.61**	**162.76**	**169.15**	**151.03**

(B) Remuneration of Chief Financial Officer and Company Secretary

Sl. No.	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	62.95	11.57
	(b) Value of perquisites u/s 17(2)		0.22
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961		
	Stock Option	–	–
	Sweat Equity	–	–
	Commission - as% of profit - others, specify...	–	–
	Others, please specify	–	–
	Total	**62.95**	**11.79**

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]
A. COMPANY				
Penalty				
Punishment			NIL	
Compounding				
B. DIRECTORS				
Penalty				
Punishment			NIL	
Compounding				
C. OTHER OFFICERS IN DEFAULT				
Penalty				
Punishment			NIL	
Compounding				

Annexure-H

Sheela Foam Limited

BUSINESS RESPONSIBILITY REPORT

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

Introduction:

Sheela Foam Limited governed by its Vision Statement. One of the most important ingredients of the Vision Statement is Commitment to Society and Company diligently adheres 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:** 2017-18
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) 1,695.66 Crores
3. Total profit after taxes (INR) 125.93 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax - 1,89%
5. List of activities in which expenditure in 4 above has been incurred:-
   (a) Education
   (b) Skill development
   (c) Swachh Bharat
   (d) Preventive health care

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. Ltd. 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 have 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 : 0120-4869201
E-mail id : rahul@sheelafoam.com

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

P1	Business should conduct and govern themselves with ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	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								
6	Indicate the link for the policy to be viewed	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 not received any complaints during the year from shareholders. Consumer Complaints are attended at centralized customer care center and are resolved expeditiously. During the year there have been only 10 cases in consumer forum out of which 5 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 Foam produced from the latest Machine i.e. Vertical Variable Pressure Foaming Machine is more durable and comfortable than normal foam. Further the usage of this technology has resulted in elimination of blowing agents like Methylene Chloride, which takes care of Environmental concerns.

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 60% 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, 2018 were 3,295

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.
Out of the total Employees, 1,270 were on contractual basis

3. Please indicate the Number of permanent women employees.
The number of women employees as on 31 March, 2018 was 184

4. Please indicate the Number of permanent employees with disabilities
Number of permanent employees with disabilities as on 31 March, 2018 were 3

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 80%

(b) Permanent Women Employees 80%

(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 & marginalized stakeholders?

Yes in the category of Employees, Supplier of Goods and Services.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized 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

1. 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

2. 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 .

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 GST rate on all kinds of modern mattresses. This has resulted in substantial price reduction for Foam and Spring Mattresses for the consumers.

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 organization?

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 ₹ 2.38 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 31st march 2018 company has around 6% of total consumer complaints 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 behavior 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 ant competitive behavior 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' on Standalone Ind AS Financial Statements

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Sheela Foam Limited** (the "Company"), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity 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 Ind AS 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2017 under Section 133 of the Companies Act, 2013.

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 standalone Ind AS 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 Ind AS 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including Ind AS, of the state of affairs of the Company as at 31 March, 2018, and its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31 March, 2017 and the transition date opening Balances Sheet as at 1st April, 2016, included in these standalone Ind AS financial statements, are based on the previously issued statutory financials statements prepared in accordance with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, which were audited by us, on which we expressed the unmodified opinion dated 10 May, 2017 and 6 May, 2016 for the years ended 31 March, 2017 and 31 March, 2016 respectively. These financial statements have been considered in the standalone Ind AS financial statements after adjustment for the differences in the accounting principles adopted by the Compnay on transition to the Ind AS as detailed in Note 40.12 of the standalone Ind AS financial statements.

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 (including Other Comprehensive Income), Statement of Changes in Equity 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 Ind AS financial statements comply with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2017 under Section 133 of the Companies Act, 2013.

   e. on the basis of the written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 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 with reference to financial statements 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 Note 40.1 to the standalone Ind AS 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.

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

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

Place : New Delhi
Dated: 18 May, 2018

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 Ind AS financial statements of Sheela Foam Limited for the year ended 31 March, 2018)

(i) In respect of its property, plant and equipments;

a. The Company has maintained proper records showing full particulars including quantitative details and situation of the property, plant and equipments.

b. As explained to us, the property, plant and equipments 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 property, plant and equipments. 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 3 on property, plant and equipments and Note 4 on investment property 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 not granted unsecured loans to companies covered in the Register maintained under Section 189 of the Companies Act, 2013, hence this clause is 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, Goods and Service 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, 2018 for a period of more than six months from the date they became payable.

b. The disputed statutory dues aggregating to ₹1380.01 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	779.22	2010-16	Central Excise and Service Tax Appellate Tribunals
		60.26	2011-13	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	28.87	2012-14	Appellate Authority -Supreme Court
Goods and Service Tax	CGST	0.39	2017-18	UP Goods & Service Tax Department
Income Tax Act, 1961	Income Tax	8.45	2004-05	Commissioner of Income Tax (Appeals)
		6.27	2011-12	Commissioner of Income Tax (Appeals)
		129.53	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.

(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. The details of such transcations have been disclosed in the financial statements, as required by the Ind AS 24 – Related Party Disclosures.

(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: 18 May, 2018

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, 2018)

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 March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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: 18 May, 2018

Balance Sheet

as at 31 March, 2018

(₹ in Lakhs)

Particulars	Note No.	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
ASSETS							
Non-current assets							
Property, Plant and Equipment	3	**25,238.60**		23,210.41		20,083.29	
Capital work in progress		**371.74**		284.89		220.68	
Investment Property	4	**127.90**		135.80		-	
Investments in Subsidiaries	5	**9,669.66**		7,296.88		4,255.83	
Financial Assets							
- Investments	6	**3,745.75**		0.35		1,013.00	
- Loans	7	**215.74**		148.19		145.91	
- Other non-current financial assets	8	**10.39**		34.77		26.53	
Non-current tax assets (net)	9	**11.73**		700.42		-	
Other non-current assets	10	**541.59**	**39,933.10**	375.72	32,187.43	1,160.51	26,905.75
Current assets							
Inventories	11	**12,985.29**		11,022.59		7,353.30	
Financial Assets							
- Investments	12	**6,059.24**		-		-	
- Trade receivables	13	**10,160.20**		9,944.13		7,435.66	
- Cash and cash equivalents	14	**13,922.56**		10,509.06		4,912.95	
- Bank balances other than cash and cash equivalents	15	**561.31**		9,042.69		15,634.57	
- Loans	16	**39.28**		331.35		320.08	
- Other current financial assets	17	**2,739.51**		1,726.16		678.08	
Other current assets	18	**2,446.41**	**48,913.80**	2,780.90	45,356.88	1,312.12	37,646.76
TOTAL ASSETS			**88,846.90**		**77,544.31**		**64,552.51**
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital	19	**2,439.14**		2,439.14		1,626.09	
Other Equity	20	**52,193.60**	**54,632.74**	39,688.31	42,127.45	29,439.91	31,066.00
Liabilities							
Non-current liabilities							
Financial Liabilities							
- Borrowings	21	**30.27**		351.38		387.90	
- Other non-current financial liabilities	22	**5,445.19**		3,829.82		3,286.98	
Provisions	23	**1,463.64**		1,203.63		970.56	
Deferred tax liabilities (Net)	24D	**555.95**	**7,495.05**	492.88	5,877.71	571.65	5,217.09
Current liabilities							
Financial liabilities							
- Borrowings	25	**18.04**		23.23		4,083.82	
- Trade payables	26	**11,315.03**		13,444.40		8,902.24	
- Other current financial liabilities	27	**8,207.76**		9,239.22		8,296.16	
Provisions	28	**1,171.53**		908.88		696.86	
Current tax liabilities (net)	29	**-**		-		1,393.92	
Other current liabilities	30	**6,006.75**	**26,719.11**	5,923.42	29,539.15	4,896.42	28,269.42
TOTAL EQUITY AND LIABILITIES			**88,846.90**		**77,544.31**		**64,552.51**

Significant Accounting Policies' and 'Notes 1 to 40' form an integral part of the Financial Statements.

As per our Report of even date attached

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

(Pawan K. Gupta)
Partner
Membership No. 092529

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. Iquebal Ahmad)
Company Secretary
M. No. - A20921

Place : New Delhi
Date : 18 May, 2018

Statement of Profit and Loss

for the year ended 31 March, 2018

(₹ in Lakhs)

Particulars	Note No.	Year ended 31 March, 2018		Year ended 31 March, 2017	
INCOME:					
Revenue From Operations	31		1,69,565.62		1,59,036.46
Other Income	32		2,497.42		2,615.08
Total Income			**1,72,063.04**		**1,61,651.54**
EXPENSES:					
Cost of materials consumed	33		92,539.28		80,015.32
Excise Duty	40.11		3,913.20		16,165.19
Purchases of Stock- in-Trade	34		4,023.04		3,543.27
Other manufacturing expenses	35		6,782.72		6,443.42
Changes in inventories of finished goods, stock-in-process and stock-in-trade	36		(1,711.98)		(1,522.18)
Employee benefits expense	37		10,083.27		9,052.97
Finance costs	38		575.50		740.03
Depreciation and amortization expense	3 & 4		2,777.79		2,358.10
Other expenses	39		34,830.02		29,127.30
Total Expenses			**1,53,812.84**		**1,45,923.42**
Profit before tax			**18,250.20**		**15,728.12**
Tax expense:	24A				
Current tax		5,593.59		4,686.95	
Deferred tax		63.07	5,656.66	(78.77)	4,608.18
Profit for the year			**12,593.54**		**11,119.94**
Other Comprehensive Income :					
Items that will not be reclassified to profit or loss					
- Re-measurements losses on defined benefit plans	40.4		(134.96)		(89.44)
- Income tax effects	24B		46.71		30.95
Other Comprehensive Income for the year			**(88.25)**		**(58.49)**
Total Comprehensive Income for the year			**12,505.29**		**11,061.45**
Earnings per share- Basic/Diluted in ₹	40.8		25.82		22.79

'Significant Accounting Policies' and 'Notes 1 to 40' form an integral part of the Financial Statements.

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

(Pawan K. Gupta)
Partner
Membership No. 092529

For and on behalf of the Board of Directors

(Rahul Gautam)
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DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

(Md. Iquebal Ahmad)
Company Secretary
M. No. - A20921

Place : New Delhi
Date : 18 May, 2018

Statement of Changes in Equity

for the year ended 31 March, 2018

(A) EQUITY SHARE CAPITAL

For the year ended 31 March, 2018

(₹ in Lakhs)

Balance as at 1 April, 2017	Changes in equity share capital during the year	Balance as at 31 March, 2018
2,439.14	-	**2,439.14**

For the year ended 31 March, 2017

(₹ in Lakhs)

Balance as at 1 April, 2016	Changes in equity share capital during the year	Balance as at 31 March, 2017
1,626.09	813.05	2,439.14

(B) OTHER EQUITY

For the year ended 31 March, 2018

(₹ in Lakhs)

Particulars	Retained Earnings	Capital Reserve	General Reserve	Total
Balance as at 1 April, 2017	37,643.47	328.57	1,716.27	**39,688.31**
Profit for the year	12,593.54	-	-	**12,593.54**
Other Comprehensive Loss for the year	(88.25)	-	-	**(88.25)**
Balance as at 31 March, 2018	**50,148.76**	**328.57**	**1,716.27**	**52,193.60**

For the year ended 31 March, 2017

(₹ in Lakhs)

Particulars	Retained Earnings	Capital Reserve	General Reserve	Total
Balance as at 1 April, 2016	26,582.02	328.57	2,529.32	29,439.91
Profit for the year	11,119.94	-	-	11,119.94
Issue of Bonus Shares (Refer Note 19.4.1)	-	-	(813.05)	(813.05)
Other Comprehensive Loss for the year	**(58.49)**	**-**	**-**	(58.49)
Balance as at 31 March, 2017	**37,643.47**	**328.57**	**1,716.27**	**39,688.31**

Significant Accounting Policies' and 'Notes 1 to 40' form an integral part of the Financial Statements.

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

For and on behalf of the Board of Directors

(Pawan K. Gupta)
Partner
Membership No. 092529

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

(Md. Iquebal Ahmad)
Company Secretary
M. No. - A20921

Place : New Delhi
Date : 18 May, 2018

Statement of Cash Flows

for the year ended 31 March, 2018

(₹ in Lakhs)

Particulars	Year ended 31 March, 2018 Amount	Total	Year ended 31 March, 2017 Amount	Total
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax as per statement of profit and loss		**18,250.20**		**15,728.12**
Adjustments for:				
Depreciation and amortisation expense	**2,777.79**		2,358.10	
Finance costs	**575.50**		740.03	
Provision for warranty claim (net)	**252.50**		207.50	
Advances/Balances written off	**17.13**		1.29	
Bad debts written off	**6.27**		-	
Fair value gain on investments (net)	**(76.07)**		-	
Dividend received from mutual funds	**(71.28)**		-	
Profit on sale of investments (net)	**(26.58)**		(71.20)	
Liabilities/provisions no longer required written back	**-**		(8.62)	
Unrealised foreign exchange loss/(gain) (net)	**8.62**		(104.84)	
Interest income	**(1,164.26)**		(1,318.17)	
Assets written off	**42.50**		40.72	
Profit on sale of fixed assets (net)	**(17.29)**		(1.94)	
		2,324.83		**1,842.87**
Operating profit before working capital changes		**20,575.03**		**17,570.99**
Adjustment for working capital changes:				
(Increase) in Inventories	**(1,962.70)**		(3,669.29)	
Decrease/(Increase) in loans and trade receivables	**2.18**		(2,522.01)	
(Increase) in other financial and non-financial assets	**(981.06)**		(1,887.63)	
(Decrease)/Increase in trade payables	**(2,099.00)**		4,654.33	
Increase in other financial liabilities, non-financial liabilities and provisions	**696.69**		2,817.04	
Cash Generated from Working Capital Changes		**(4,343.89)**		**(607.56)**
Cash generated from operations		**16,231.14**		**16,963.43**
Income Tax paid		**(4,858.19)**		**(6,750.34)**
Net Cash inflow from Operating Activities - A		**11,372.95**		**10,213.09**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of propery, plant and equipment including capital work in progress	**(5,108.81)**		(6,187.35)	
Sale/adjusment/write-off of property, plant and equipment	**198.67**		463.34	
Deposits matured/made during the year	**8,481.39**		6,591.88	
Investment in equity shares of Subsidiary Company	**(2,372.78)**		(3,041.06)	
Investment in bonds, debentures and mutual funds (net)	**(9,701.99)**		1,083.85	
Dividend income	**71.28**		-	
Interest income	**1,324.98**		1,453.52	
Net Cash (outflow)/inflow from Investing Activities - B		**(7,107.26)**		**364.18**

(₹ in Lakhs)

Particulars	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Amount	Total	Amount	Total
C. CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of Secured long term borrowings	(20.48)		(113.71)	
Repayment of Unsecured long term borrowings	(251.01)		(66.85)	
Repayment of Secured short term borrowings	-		(4,077.98)	
(Repayments)/Proceeds from Unsecured short term borrowings	(5.20)		17.39	
Finance costs	(575.50)		(740.03)	
Net Cash outflow from Financing Activities - C		(852.19)		(4,981.17)
Net increase in cash and cash equivalents (A+B+C)		3,413.50		5,596.11
Cash and cash equivalents (Opening Balance)		10,509.06		4,912.95
Cash and cash equivalents (Closing Balance)		13,922.56		10,509.06
Note to Statement of cash flows :				
- Components of Cash and cash equivalents as under :				
- Balance with Banks	1,191.91		946.55	
- Cheques on Hand	-		530.02	
- Cash on Hand	30.65		32.49	
- Deposits with Banks with orginal maturity less than 3 months	12,700.00		9,000.00	
		13,922.56		10,509.06

- Figures in brackets indicate cash outflow.
- The above Standalone Statement of cash flows has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flows

Significant Accounting Policies' and 'Notes 1 to 40' form an integral part of the Standalone Financial Statements.

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

For and on behalf of the Board of Directors

(Pawan K. Gupta)
Partner
Membership No. 092529

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

(Md. Iquebal Ahmad)
Company Secretary
M. No. - A20921

Place : New Delhi
Date : 18 May, 2018

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

1. COMPANY INFORMATION

Sheela Foam Limited ('the Company') is a ISO 9001:2000 public limited Company incorporated in India, with its registered office in New Delhi. The Company is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

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

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorized for issue on May 18, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance and Basis of Preparation

a. Compliance with Indian Accounting Standards (Ind – AS):

The financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Companies (Indian Accounting Standards) Rules, 2015, as amended by Companies (Indian Accounting Standards) Rules, 2017 and the other relevant provisions of the Companies Act, 2013. For all the periods upto and including year ended March 31, 2017, the Company prepared, its financial statements in accordance with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous Indian GAAP'). These financial statements are the first financial statements which have been prepared in accordance with the Ind AS. Reconciliation and explanations of the effect of the transition from Previous Indian GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit & Loss and Statement of Cash Flows are provided in Note 40.11, and the impact of the transition has been taken in the opening retained earnings on the date of transition i.e. 1st April, 2016.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at April 1, 2016 being the date of transition to Ind AS. All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013.

b. Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except, certain financial assets and liabilities, measured at fair value.

c. Functional and Presentation Currency

The financial statements are prepared in Indian Rupees ('Rs.'), which is the Company's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest lakhs with two decimal places, unless stated otherwise.

d. Current versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it is:

- expected to be realized, or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

A liability is classified as current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within 12 months after the reporting date; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities:
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating Cycle:

The operating cycle is the time between acquisition of assets for processing and their realization in cash and cash equivalent. The Company has identified twelve months as its operating cycle.

e. Use of Estimates and Judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure and the disclosure of contingent liabilities. Uncertainty about these estimates and assumptions could result in outcomes that requires material adjustments to the carrying amount of the assets and liabilities in future period/s.

These estimates and assumptions are based on the facts and events, that existed as at the date of Statement of Financial Position, or that occurred after that date but provide additional evidence about conditions existing as at the Statement of Financial Position date.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are given below.

i. Useful lives of Property Plant and Equipment

The Property, Plant and Equipment are depreciated on a pro-rata basis on written down value basis over their respective useful lives. Management estimates the useful lives of these assets as detailed in Note 2.2 below. Changes in the expected level of usage, technological developments, level of wear and tear could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised and could have an impact on the profit in future years.

ii. Retirement Benefit Obligation

The cost of retirement benefits and present value of the retirement benefit obligations in respect of Gratuity and Leave Encashment is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, these retirement benefit obligations are sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the these obligations. The mortality rate is based on publically available mortality table for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

about the assumptions used, including a sensitivity analysis are given in Note 40.4.

iii. Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

iv. Fair Value Measurement of Financial Instrument

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

v. Impairment of Financial Assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

vi. Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An assets recoverable amount is the higher of an assets's fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other fair value indicators.

2.2 Property, Plant & Equipment

Upon first time adoption of Ind AS, the Company has elected to measure all its property, plant & equipment, at the Previous Indian GAAP's carrying amount as its deemed cost on the date of transition to Ind AS i.e. April 1, 2016.

Property, Plant & Equipment are accounted for on historical cost basis (inclusive of the cost

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

of installation and other incidental costs till commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are added to the existing asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Cost of leasehold land is amortized over the period of lease.

Depreciation on property, plant & equipment is provided on a pro-rate basis 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. The asset's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The property, plant and equipment costing upto ₹5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value. 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
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.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

2.3 Investment Property

Property that is held for long- term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

impairment losses, if any. Subsequent costs are added to the carrying amount only when it is probable that it will increase its useful life. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred. Though the Company measures investment property using cost based measurement, the fair value of the investment property is disclosed in the notes. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer applying a recognized and recommended valuation model.

Depreciation on investment property, is provided on a pro-rate basis on written down value basis, over the useful life of the property estimated by the management, in the manner prescribed in Schedule II of the Companies Act, 2013. The property's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. 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

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

Investment property is derecognized when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss arising on de-recognition of the investment property is included in the Statement of Profit and Loss.

Transfers are made to / from investment property only when there is a change in its use. Transfers between investment property is made at the carrying amount of the property transferred.

2.4 Investment in Subsidiaries

Investments in subsidiaries are carried at cost, less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at Previous Indian GAAP's carrying amount as its deemed cost on the date of transition to Ind AS i.e. 1st April, 2016.

2.5 Financial Instruments

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

(i) Financial Assets

(a) Initial Recognition and Measurement

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

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

carried at fair value through profit or loss are expensed in profit or loss.

(b) Classification and Subsequent Measurement

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

a. Financial assets measured at amortized cost;

b. Financial assets measured at fair value through other comprehensive income (FVTOCI); and

c. Financial assets measured at fair value through profit and loss (FVTPL)

Where financial assets are measured at fair value, gains and losses are either recognized entirely in the Statement of Profit and Loss (i.e. fair value through profit and loss), or recognized in other comprehensive income (i.e. fair value through Other Comprehensive Income).

The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

(1) Financial assets measured at amortized cost:

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

- Business Model Test:
  The objective of the business model is to hold financial asset in order to collect contractual cash flows (rather than to sell the asset prior to its financial maturity to realize its fair value changes); and

- Cash Flow Characteristics Test:
  Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial asset are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in interest income is the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade receivables, deposits with banks, security deposits, cash and cash equivalents and employee loans, etc.

(2) Financial instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A financial instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- Business Model Test:
  The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and

- Cash Flow Characteristics Test:
  The Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on principal amount outstanding.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in Other Comprehensive Income (OCI) except for the recognition of interest income, impairment gains and losses and foreign exchange gain and losses which are recognized in the Statement of Profit and Loss. The Company as at the Statement of Financial Position date is not having any such instruments.

(3) Financial instruments measured at Fair Value Through Profit and Loss (FVTPL)
Fair Value through Profit and Loss is a residual category. Any financial instrument, which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified as FVTPL. Financial instruments included in FVTPL category are measured initially as well as at each reporting period at fair value. Fair value movements i.e. gain or loss and interest income are recorded in Statement of Comprehensive Income.

(c) Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial Assets measured at amortized cost;

- Financial Assets measured at FVTOCI.

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

- full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Financial assets that are debt instruments, and are measured at amortized cost i.e. trade receivables, deposits with banks, security deposits and employee loans etc.

- Financial assets that are debt instruments, and are measured at FVTOCI, The Company as at the Statement of Financial Position date is not having any such instruments.

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

The trade receivables are initially recognized at the sale/recoverable value and are assessed at each Statement of Financial Position date for collectability. Trade receivables are classified as current assets, if collection is expected within twelve months as at Statement of Financial Position date, if not, they are classified under non-current assets.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months (Expected Credit Loss) ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-months ECL.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on timely basis.

(d) Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's Statement of Financial Position) when:

a. The rights to receive cash flows from the asset have been expired/transferred, or

b. The Company retains the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

(ii) Financial Liabilities

Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, borrowings, security deposits and other payables.

Subsequent Measurement

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

Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in Other Comprehensive Income. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of comprehensive income. The Company has not designated any financial liability as at fair value through profit and loss.

Borrowings & Security Deposits

Any difference between the proceeds (net of transaction costs) and the repayment amount is recognized in profit or loss over the period of the liability and subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial Guarantee Contract

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Trade and other Payables

Trade and other payables are obligations incurred by the Company towards purchase of raw material and other goods and availing the services that have been acquired or availed in the ordinary course of business. Trade and other payables are classified under current liabilities, if payment is due within 12 months as at Statement of Financial Position date, if not, they are classified under non-current liabilities. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition

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

(iii) Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet it there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.6 Inventories

Inventories are valued at the lower of cost and net realisable value. In respect of raw material, packing material and stores & spares, cost is computed on first in first out basis, as determined on direct cost basis. Finished goods and stock-in-process include cost of inputs, conversion costs and other costs including manufacturing overheads incurred in bringing them to their present location and condition. Obsolete, defective and unserviceable stocks are provided for, wherever required. The net-realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make sale.

2.7 Cash and Cash Equivalents

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

2.8 Impairment of Non-Financial Assets

The Company assesses, at each reporting date, using external and internal sources, whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous period/s. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

The recoverable amount is determined:

- in the case of an individual asset, at the higher of the asset's fair value less cost of sell and value in use; and

- in the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of the cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that effects current market assessments of the time value of money and the risks specific to that asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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.

2.9 Provisions and Contingent Liabilities

a) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balances sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

b) Contingent Liabilities

A disclosure for a contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation 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.

2.10 Revenue Recognition

a) Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods are transferred to the buyer, there is no continuing managerial involvement nor effective control with the goods, the associated costs and the amount of revenue can be measured reliably and it is probable that the economic benefit associated with the transaction will flow to the Company.

It is measured at fair value of the consideration received or receivable, after deduction of sales returns, trade discount, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and service tax etc.

b) Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.

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for the year ended 31 March, 2018

c) Export incentive such as Duty drawback is recognized on post export basis on the basis of their entitlement rates.

d) Interest income is recognized on time proportion basis taking into account the amount outstanding and applicable interest rates.

e) Insurances claims are recognised to the extent the Company is reasonably certain of their ultimate receipt.

f) Dividend income on investments is recognized when the right to receive dividend is established.

2.11 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.

2.12 Employee Benefits

a. Short Term Employee Benefits

All Employee benefits payable within twelve months of rendering the services are classified as short term benefits. Such benefits include salaries, wages, bonus, awards, ex-gratia, performance incentive/ pay etc. and the same are recognized in the period in which the employee renders the related services.

b. Post-Employment Benefits

i. Defined contribution plan:

The Company's approved provident fund scheme, employees' state insurance fund scheme and employees' pension scheme are defined contribution plans. The Company has no obligation, other than the contribution paid/payable under such schemes. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

ii. Defined benefit plan

The employees' gratuity fund scheme and the employees leave encashment / employees long term compensated absences are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation on projected unit credit method as at the balance sheet date. Re-measurement, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

2.13 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss, unless they are directly attributable to qualifying assets, in

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

which case they are capitalised in accordance with Company's general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit or loss account on straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor in expected inflationary cost increase.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.14 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.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the far value is determined.

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.

2.15 Employee Stock Option Scheme

The Company follows the intrinsic method for computing the compensation cost, for options granted under the employee stock option 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.

2.16 Taxation

Tax expense for the year comprises of Current Tax and Deferred Tax.

a. Current Tax

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

b. Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2.17 Dividend Distribution:

The Company recognizes a liability to make payment of dividend to owners of equity when the distribution is authorized and is no longer at the discretion of the Company and is declared by the shareholders. A corresponding amount is recognized directly in the Equity.

2.18 Earnings per Share:

Basic earnings per share is calculated by dividing net profit / loss of the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a right issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in the resources.

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

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

(Pawan K. Gupta)
Partner
Membership No. 092529

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. Iquebal Ahmad)
Company Secretary
M. No. - A20921

Place : New Delhi
Date : 18 May, 2018

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

3. PROPERTY, PLANT AND EQUIPMENT (As at 31 March, 2018)

(₹ in Lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2017	Additions during the year	Sales/disposal/ transfers during the year	**As at 31.03.2018**	As at 01.04.2017	For the year	Sales disposal/transfers during the year	**As at 31.03.2018**	**As at 31.03.2018**	As at 31.03.2017
(i) Tangible Assets										
Land										
- Freehold	602.28	385.79	-	**988.07**	-	-	-	**-**	**988.07**	602.28
- Leasehold (refer note 3.2)	1,501.45	-	41.13	**1,460.32**	29.74	14.34	-	**44.08**	**1,416.24**	1,471.71
Buildings	10,224.20	1,398.20	2.55	**11,619.85**	774.55	849.86	0.23	**1,624.18**	**9,995.67**	9,449.65
Plant & Equipment	11,304.16	1,961.97	145.75	**13,120.38**	1,180.44	1,547.27	44.08	**2,683.63**	**10,436.75**	10,123.72
Furniture & Fixtures	252.68	445.32	0.74	**697.26**	43.66	50.41	0.14	**93.93**	**603.33**	209.02
Vehicles	461.11	191.38	35.18	**617.31**	89.55	100.16	12.21	**177.50**	**439.81**	371.56
Office equipment	506.92	556.65	15.42	**1,048.15**	113.79	121.14	5.21	**229.72**	**818.44**	393.13
Electrical fittings	683.33	40.14	3.14	**720.33**	93.99	86.71	0.66	**180.04**	**540.29**	589.34
Total	**25,536.13**	**4,979.45**	**243.91**	**30,271.67**	**2,325.72**	**2,769.89**	**62.53**	**5,033.08**	**25,238.60**	**23,210.41**
(ii) Capital Work-in-progress (refer note 3.3)	284.89	1,835.85	1,749.00	**371.74**	-	-	-	**-**	**371.74**	284.89
Total (i+ii)	**25,821.02**	**6,815.30**	**1,992.91**	**30,643.41**	**2,325.72**	**2,769.89**	**62.53**	**5,033.08**	**25,610.34**	**23,495.30**

PROPERTY, PLANT AND EQUIPMENT (As at 31 March, 2017)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions during the year	Sales/disposal/ transfers during the year	As at 31.03.2017	As at 01.04.2016	For the year	Sales disposal/transfers during the year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
(i) Tangible Assets										
Land										
- Freehold	591.21	11.07	-	602.28	-	-	-	-	602.28	591.21
- Leasehold (refer notes 3.2 and 3.4)	1,569.92	-	68.47	1,501.45	-	30.35	0.61	29.74	1,471.71	1,569.92
Buildings	8,195.05	2,203.15	174.00	10,224.20	-	781.51	6.96	774.55	9,449.65	8,195.05
Plant & Equipment	8,204.31	3,468.72	368.87	11,304.16	-	1,193.90	13.46	1,180.44	10,123.72	8,204.31
Furniture & Fixtures	225.38	28.19	0.89	252.68	-	43.81	0.15	43.66	209.02	225.38
Vehicles	315.30	183.73	37.92	461.11	-	96.71	7.16	89.55	371.56	315.30
Office equipment	330.07	182.84	5.99	506.92	-	114.80	1.01	113.79	393.13	330.07
Electrical fittings	652.05	45.44	14.16	683.33	-	94.11	0.12	93.99	589.34	652.05
Total	**20,083.29**	**6,123.14**	**670.30**	**25,536.13**	**-**	**2,355.19**	**29.47**	**2,325.72**	**23,210.41**	**20,083.29**
(ii) Capital Work-in-progress (refer note 3.3)	220.68	5,291.22	5,227.01	284.89	-	-	-	-	284.89	220.68
Total (i+ii)	**20,303.97**	**11,414.36**	**5,897.31**	**25,821.02**	**-**	**2,355.19**	**29.47**	**2,325.72**	**23,495.30**	**20,303.97**

3.1 Refer 'Para-2.2' of Significant Accounting Policies' for depreciation on property, plant and equipment.

3.2 The leasehold land has been amortised during the year by ₹ 14.34 lakhs (Previous Year : ₹ 30.35 lakhs) as per the accounting policy in terms of the Ind AS-16 on 'Property, Plant and Equipment'.

3.3 Capital Work-in-progress represents assets under construction / installation at various sites / plants and include under noted pre-operative expenditure pending allocation on commencement of commercial production.

Nature of Expense	Opening as on 01.04.2017 (₹ in Lakhs)	**Additions during 2017-18 (₹ in lakhs)**	**Capitalisation/ adjustment during during 2017-18 (₹ in Lakhs)**	**Closing as on 31.03.2018 (₹ in Lakhs)**	Opening as on 01.04.2016 (₹ in Lakhs)	Additions during during 2016-17 (₹ in lakhs)	Capitalisation/ adjustment during 2016-17 (₹ in Lakhs)	Closing as on 31.03.2017 (₹ in Lakhs)
Travelling expenses	-	**0.91**	-	**0.91**	3.12	-	3.12	-
Total	**-**	**0.91**	**-**	**0.91**	**3.12**	**-**	**3.12**	**-**

3.4 Leasehold land and building at Sikkim, has been leased for a period of 10 years w.e.f. 1st December, 2016. Accordingly cost of ₹ 144.83 lakhs and accumulated depreciation of ₹ 6.12 lakhs thereon has been transferred from the "Property, plant and equipment" to 'Investment Property' as per the accounting policy in terms of Ind AS 40 - Investment Property.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

4. INVESTMENT PROPERTY (At Cost)

(₹ in Lakhs)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2017	Additions during the year	Sales/disposal/ adjustments during the year	**As at 31.03.2018**	As at 01.04.2017	Transfer during the year	For the year	Sales/disposal/ adjustments during the year	**As at 31.03.2018**	**As at 31.03.2018**	As at 31.03.2017
(i) Tangible Assets											
Land -Leasehold (refer note 4.2)	68.47	-	-	**68.47**	0.91	-	0.91	-	**1.82**	**66.65**	67.56
Buildings	76.36	-	-	**76.36**	8.12	-	6.99	-	**15.11**	**61.25**	68.24
Total	**144.83**	**-**	**-**	**144.83**	**9.03**	**-**	**7.90**	**-**	**16.93**	**127.90**	**135.80**

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2016	Transfer during the year	Sales/disposal/ adjustments during the year	As at 31.03.2017	As at 01.04.2016	Transfer during the year	For the year	Sales/disposal/ adjustments during the year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
(i) Tangible Assets											
Land -Leasehold (refer note 4.2)	-	68.47	-	68.47	-	0.61	0.30	-	0.91	67.56	-
Buildings	-	76.36	-	76.36	-	5.51	2.61	-	8.12	68.24	-
Total (refer note 3.4)	**-**	**144.83**	**-**	**144.83**	**-**	**6.12**	**2.91**	**-**	**9.03**	**135.80**	**-**

4.1 Refer 'Para- 2.3' of Significant Accounting Policies' for depreciation and measurement of investment property.

4.2 The leasehold land has been amortised during the year by ₹ 0.91 lakhs (Previous Year : ₹ 0.30 lakhs) as per the accounting policy in terms of the Ind AS-40 on 'Investment Property'.

4.3

Particulars	**As at 31.03.2018**	As at 31.03.2017
Rental Income derived from investment property	**144.00**	25.50
Profit arising from investment property before depreciation	**144.00**	25.50
Less: Depreciation for the year	**7.90**	2.91
Net Profit arising from investment property	**136.10**	22.59

4.4 The Company has obtained independent valuation for its investment property at ₹ 471.26 lakhs as at 31 March, 2018 and has reviewed the fair valuation based on best evidence of fair value determined using replacement cost of an asset of equivalent utility, depreciation and obsolescence. Fair market value is the amount expressed in terms of money that may reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. The valuation by the valuer assumes that Company shall continue to operate and run the assets to have economic utility. The fair value is on 'as is where' basis.

4.5 There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements thereof and there are no restriction on remittance of income and proceeds of disposal.

4.6 The investment properties are leasehold properties and realisability of the same is subject to the terms and conditions under the respective lease agreements.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

5. INVESTMENTS IN SUBSIDIARIES

(Valued at cost, unless stated otherwise) (₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	Nos.	**Amount**	Nos.	Amount	Nos.	Amount
In Equity Instruments - Unquoted, fully paid up						
Joyce Foam Pty. Limited, Australia of Aud $ 10/- each	**6,58,500**	**2,306.59**	6,58,500	2,306.59	6,58,500	2,306.59
Divya Software Solutions (P) Ltd. of ₹ 10/- each	**90,333**	**7,253.87**	61,333	4,881.09	25,500	1,949.24
Sleepwell Enterprises (P) Ltd. of ₹ 10/- each	**10,500**	**109.20**	10,500	109.20	-	-
Total Investments in Subsidiaries		**9,669.66**		**7,296.88**		**4,255.83**
Aggregate amount of Unquoted Investments		**9,669.66**		7,296.88		4,255.83
Aggregate amount of impairment in value of investments		**Nil**		Nil		Nil

5.1 Information about subsidiaries

Name of the Company and Country of Incorporation	Principal Activities	Proportion (%) of Shareholding		
		As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Joyce Foam Pty. Limited, Australia	To carry on the manufacture of technical foam supplied to Business to Business customers (mattress and furniture manufacturers)	100	100	100
Divya Software Solutions (P) Ltd., India (refer note 5.2)	To carry on business of software development and related ancillary activities	100	100	100
Sleepwell Enterprises (P) Ltd., India (refer note 5.3)	To provide its Trademarks, Patents, Logos etc. and earning royalty thereon	100	100	-

5.2 During the current year, the Company has further acquired 29,000 number of shares in Divya Software Solutions (P) Ltd. for a consideration of ₹2,372.78 lakhs (Previous Year: 35,833 number of shares of ₹2931.85 lakhs).

5.3 During 2016-17, the Company acquired 10,500 number of shares in Sleepwell Enterprises (P) Ltd. for a consideration of ₹109.20 lakhs.

6. NON CURRENT FINANCIAL INVESTMENTS

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	Nos.	**Amount**	Nos.	Amount	Nos.	Amount
In Bonds & Debentures - fully paid up						
a) Carried at amortised cost						
- IDBI Investment Deposit Account Scheme, 1986 (Unquoted)	**-**	**0.35**	-	0.35	-	0.35
- (Unsecured, considered Good)						
b) Carried at fair value through profit and loss						
- Redeemable Index Linked Non-convertible Debentures of Citi Corp Finance (India) Limited of ₹1,00,000/- each (Quoted)	**2,000**	**2,060.90**	-	-	1,000	1,012.65
- 9.37% Bonds of IL&FS Transportation Networks Ltd. of ₹10,00,000/- each (Quoted)	**170**	**1,684.50**	-	-	-	-
Total Investments (a) + (b)		**3,745.75**		**0.35**		**1,013.00**
Aggregate amount of Quoted Investments		**3,745.40**		Nil		1,012.65
Market value of Quoted Investments		**3,745.40**		Nil		1,012.65
Aggregate amount of Unquoted investment		**0.35**		0.35		0.35
Aggregate amount of impairment in value of investment		**Nil**		Nil		Nil

Notes to the Standalone Financial Statements
for the year ended 31 March, 2018

7. LOANS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Loans to employees	**20.11**	8.78	9.57
Security deposits	**195.63**	139.41	136.34
Total	**215.74**	**148.19**	**145.91**

8. OTHER NON-CURRENT FINANCIAL ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Advance to Distributors/Dealers for Vehicles	**-**	24.94	24.95
Margin money deposits with Banks	**1.34**	1.34	1.34
Deposits with Banks	**7.83**	7.83	-
Interest accrued but not due on deposits with Banks	**1.22**	0.66	0.24
Total	**10.39**	**34.77**	**26.53**

9. NON-CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Advance income tax (Net of provisions)	**11.73**	700.42	-
Total	**11.73**	**700.42**	**-**

10. OTHER NON-CURRENT ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Capital advances	**501.43**	375.72	1,160.51
Prepaid rent	**40.16**	-	-
Total	**541.59**	**375.72**	**1,160.51**

11. INVENTORIES

(Valued at lower of Cost and Net Realisable Value, unless stated otherwise)

(Refer Note 2.6 for the Accounting Policy)

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Raw Materials	**4,978.06**		3,799.73		2,073.16	
- in Transit	**1,445.31**	**6,423.37**	1,979.91	5,779.64	1,025.21	3,098.37
Stock-in-process		**4,667.75**		3,081.36		2,118.74
Finished Goods		**461.78**		328.21		418.90
Stock-in-trade		**0.55**		8.53		2.82
Packing Material	**444.59**		469.23		482.18	
- in Transit	**9.31**	**453.90**	13.49	482.72	30.42	512.60
Stores and Spares	**877.75**		1,251.43		1,152.85	
- in Transit	**100.19**	**977.94**	90.70	1,342.13	49.02	1,201.87
Total		**12,985.29**		**11,022.59**		**7,353.30**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

12. CURRENT INVESTMENTS

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
In Bonds & Debentures - fully paid up - Quoted						
a) Carried at fair value through profit and loss						
- Index Linked Non-convertible Debentures of Ecap Equities Limited of ₹1,00,000/- each	786	806.28	-	-	-	-
Total (a)		806.28		-		-
In Mutual Funds - fully paid up - Quoted						
a) Carried at fair value through profit and loss						
ICICI Prudential Equity Arbitrage Fund - Direct Plan - Dividend	49,09,091	709.06	-	-	-	-
Kotak Equity Arbitrage Fund - Direct Plan - Dividend	18,65,000	204.99	-	-	-	-
ICICI Prudential Equity Arbitrage Fund - Growth	21,81,234	501.74	-	-	-	-
DSP Blackrock India Enhanced Equity Satcore Fund - Class B	3,00,000	304.26	-	-	-	-
ICICI Prudential Fixed Maturity Plan Series 82 - 103 days plan	1,00,00,000	1,006.36	-	-	-	-
DHFL Pramerica Low Duration Fund - Direct Plan - Growth	1,03,42,012	2,526.55	-	-	-	-
Total (b)		5,252.96		-		-
Total Investments (a) + (b)		6,059.24		-		-
Aggregate amount of Quoted Investments		6,059.24		Nil		Nil
Market value of Quoted Investments		6,059.24		Nil		Nil

13. TRADE RECEIVABLES

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
(Unsecured, considered good)	10,160.20	9,944.13	7,435.66
Total	**10,160.20**	**9,944.13**	**7,435.66**

13.1 Trade receivables include amount of ₹193.42 lakhs (Rs.217.67 lakhs and ₹392.21 lakhs as at 31 March, 2017 and 1st April, 2016 respectively) due from a Subsidiary Company (Refer note 40.6).

13.2 Refer note 40.15 for information about credit and market risk of trade receivables.

13.3 Trade receivables are usually non-interest bearing and on the trade terms of 60 days.

14. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Balances with Banks - Current Accounts	1,191.91		946.55		2,542.34	
Cheques on hand	-		530.02		-	
Cash on hand	30.65		32.49		70.61	
Deposits with Banks with original maturity of less than 3 months	12,700.00	13,922.56	9,000.00	10,509.06	2,300.00	4,912.95
		13,922.56		**10,509.06**		**4,912.95**

14.1 There are no restriction with regard to cash and cash equivalents as at the end of reporting period and prior periods.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

15. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Deposits with Banks:						
- held as margin money (refer note 15.1)	**244.67**		339.20		439.57	
- having original maturity of more than 3 months but less than 12 months	**316.64**		8,703.49		14,695.00	
- having original maturity of more than 12 months	**-**	**561.31**	-	9,042.69	500.00	15,634.57
Total		**561.31**		**9,042.69**		**15,634.57**

15.1 Under lien with banks as security for guarantee facility.

16. LOANS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Loan to Associate Company	**-**	-	289.16
Loans to employees	**39.28**	31.35	30.92
IPO security deposit with BSE Limited	**-**	300.00	-
Total	**39.28**	**331.35**	**320.08**

17. OTHER CURRENT FINANCIAL ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Advance to Distributors/Dealers						
- For Vehicles	**-**		30.05		27.47	
- For Mattress Service Centres	**-**	**-**	3.91	33.96	57.12	84.59
Interest accrued but not due on deposits with Banks, bonds and debentures		**68.90**		230.18		365.95
Subsidy receivable		**139.08**		139.08		139.08
Insurance claim receivable		**1,213.24**		1,191.74		-
Investment recoverable (since sold)		**1,018.67**		-		-
Discounts receivable		**299.62**		131.20		88.46
Total		**2,739.51**		**1,726.16**		**678.08**

18. OTHER CURRENT ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Advance to contractors/suppliers		**1,087.18**		663.70		418.62
Balances with Statutory/Government authorities:						
- Excise & Custom	**31.66**		1,472.43		469.68	
- GST	**76.95**		-		-	
- VAT/Sales Tax	**149.91**	**258.52**	234.66	1,707.09	197.10	666.78
Prepaid expenses		**228.05**		245.30		112.56
GST refund receivable (refer note 18.1)		**741.75**		-		-
Lease equalisation asset		**17.27**		-		-
Income tax refund		**46.99**		109.70		91.36
Other Loans & Advances (refer note 18.2)		**66.65**		55.11		22.80
Total		**2,446.41**		**2,780.90**		**1,312.12**

18.1 Amount of GST paid by the unit located at exempted zone, due for refund under the Governemnt Budgetry Support Scheme.

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

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

19. EQUITY SHARE CAPITAL

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	No.	**Amount**	No.	Amount	No.	Amount
Authorised:						
Equity Shares of ₹5/- each (31 March, 2017: ₹5/- each and 1st April, 2016: ₹10/- each)	**8,80,21,000**	**4,401.05**	8,80,21,000	4,401.05	4,40,10,500	4,401.05
Issued, Subscribed and Fully Paid up:						
Equity Shares of ₹5/- each (31 March, 2017: ₹5/- each and 1st April, 2016: ₹10/- each)	**4,87,82,808**	**2,439.14**	4,87,82,808	2,439.14	1,62,60,936	1,626.09

19.1 Right, Preferences and Restrictions attached to Shares:

The Company has one class of equity shares having a par value of ₹5/- per share (₹5/- at 31 March, 2017 and ₹10/- at 1 April, 2016). 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.

19.2 Reconciliation of the number of shares outstanding:

Particulars	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	Nos.	**₹ in Lakhs**	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
At the beginning of the year	**4,87,82,808**	**2,439.14**	1,62,60,936	1,626.09	1,62,60,936	1,626.09
Add : Shares splitted (Note 19.3)	-	-	1,62,60,936	-	-	-
Add : Bonus shares issued (Note 19.4.1)	-	-	1,62,60,936	813.05	-	-
At the end of the year	**4,87,82,808**	**2,439.14**	4,87,82,808	2,439.14	1,62,60,936	1,626.09

19.3 During the previous 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.

19.4 Details of Shares allotted as fully paid up without payment being received in cash during 5 years immediately preceeding 31 March, 2018 / 31 March, 2017 / 1st April, 2016:

19.4.1 During 2016-17, 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.

19.4.2 During 2011-12 and 2012-13, 2,100 and 63,296 equity shares of ₹10/- each fully paid up respectively (1,96,188 equity shares of ₹5/- each fully paid up as at 31 March, 2018 after splitting up and issue of Bonus shares) were allotted without payment being received in cash.

19.5 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	No. of Shares	**% held**	No. of shares	% held	No. of Shares	% held
Sh. Rahul Gautam	**99,55,419**	**20.41**	99,55,419	20.41	33,18,473	20.41
Smt. Namita Gautam	**57,15,879**	**11.72**	57,15,879	11.72	19,05,293	11.72
Smt. Sheela Gautam and Sh. Tushaar Gautam	**1,75,61,880**	**36.00**	1,75,61,880	36.00	58,53,960	36.00
Rangoli Resorts Private Limited	**65,63,391**	**13.45**	12,018	0.02	4,006	0.02
Polyflex Marketing Private Limited	-	-	65,51,373	13.43	45,12,558	27.75
SBI Mutual Funds	**23,75,999**	**4.87**	26,13,285	5.36	-	-

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

19.6 Equity shares held (under Authorised Capital) as per Sheela Foam Employees Stock Option Scheme, 2016 (ESOS 2016) (Refer Note 40.3)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
	No. of Shares	No. of Shares	No. of Shares
Equity Shares of Rs.5/- each	24,00,000	24,00,000	-

20. OTHER EQUITY

(₹ in Lakhs)

	Note No.	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Capital Reserve							
As per last account			328.57		328.57		328.57
General Reserve							
As per last account		1,716.27		2,529.32		2,529.32	
Less : Issue of bonus shares	19.4.1	-	1,716.27	(813.05)	1,716.27	-	2,529.32
Retained Earnings							
As per last account		37,643.47		26,582.02		26,582.02	
Add : Profit for the year		12,593.54		11,119.94		-	
Add/(Less):Items of Other Comprehensive Income							
- Remeasurement of defined benefit plans (net of tax)		(88.25)	50,148.76	(58.49)	37,643.47	-	26,582.02
Total			52,193.60		39,688.31		29,439.91

20.1 Nature and purpose of reserves

a. **Capital Reserve:** During amalgamation of the subsidiaries in the year 2012-13, the excess of net assets taken, over the cost of consideration paid was treated as capital reserve.

b. **General Reserve:** The Company had transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

c. **Retained Earnings:** The profit/loss earned till date, less any transfers to general reserve, dividends or other distribution paid to shareholders, if any.

21. BORROWINGS

(₹ in Lakhs)

	Note No.	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
		Non Current	Current	Non Current	Current	Non Current	Current
(i) Secured							
Term loans from:							
- Banks		-	-	-	-	-	93.75
- Others	21.1	1.74	16.85	18.59	20.48	39.07	19.96
		1.74	16.85	18.59	20.48	39.07	113.71
Unsecured							
Deferred Sales Tax Liability	21.2	-	54.65	54.65	1.40	56.05	52.21
Inter Corporate Deposits		-	-	250.00	-	250.00	-
Loans and advances from related parties:							
- Directors' relatives	21.3	28.53	-	28.14	-	42.78	-
		28.53	54.65	332.79	1.40	348.83	52.21
Total		30.27	71.50	351.38	21.88	387.90	165.92
Less: Amount disclosed under the head "Other current financial liabilities" (Refer Note-27)		-	71.50	-	21.88	-	165.92
Net amount		30.27	-	351.38	-	387.90	-

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

21.1 Term Loans of ₹18.59 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 9.50 % to 10.00 %. The maturity profile of non-current portion is as under:

Rate of Interest	Maturity Profile 1-2 Years
09.50 % - 09.75 %	1.74
	1.74

21.2 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.

21.3 Loans and advances from related parties are on long term basis, carrying interest rate of 9% p.a. However, terms of repayment have not been stipulated.

22. OTHER NON-CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Deposits from dealers and others	4,497.19	3,320.43	2,740.91
Unearned Interest Income on Deposits	872.64	509.39	546.07
Unearned Rent Income	75.36	-	-
Total	**5,445.19**	**3,829.82**	**3,286.98**

23. PROVISIONS

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Provision for employee benefits: (refer note 40.4)			
- Gratuity	1,155.16	1,004.25	769.64
- Leave encashment	308.48	199.38	200.92
	1,463.64	**1,203.63**	**970.56**

24. INCOME TAXES

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017
A. Tax expense in the statement of profit and loss comprises:		
Income tax		
- Current income tax charge	5,593.59	4,686.95
Deferred tax		
- Relating to origination and reversal of temporary differences	63.07	(78.77)
Total tax expense reported in the statement of profit or loss	**5,656.66**	**4,608.18**
B. Statement of other comprehensive income (OCI)		
Remeasurement losses on defined benefit plans	(46.71)	(30.95)
Income tax related to items recognised in OCI during the year	**(46.71)**	**(30.95)**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

24. INCOME TAXES

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017
C. Reconciliation of tax liability on book profit vis-à-vis actual tax liability		
Acounting Profit before income tax	18,250.20	15,728.12
Applicable Tax Rate	34.61%	34.61%
Computed Tax Expense	6,316.03	5,443.19
Tax related adjustments		
Income on sale of Investment resulting in adjustment of Capital Loss	-	(29.02)
Difference in Tax Rate	(4.60)	-
Income not considered for tax purpose	(175.97)	(5.46)
Expenses not considered for tax purpose	370.54	264.83
Additional allowances for tax purpose	(849.34)	(1,065.36)
Income tax expense charged to the statement of profit or loss	5,656.66	4,608.18
Effective tax rate	31.00%	29.30%

	As at 31 March, 2018	For the year 2017-18	As at 31 March, 2017	For the year 2016-17	As at 1 April, 2016
D. Deferred Tax Liability comprises:					
Deferred Tax Liability:					
- Depreciation	1,093.91	150.50	943.41	2.21	941.20
- Fair value gain/(loss) on investments	6.95	6.95	-	-	-
Deferred Tax Assets:					
- Disallowance under Section 43B	(12.73)	-	(12.73)	0.61	(13.34)
- Provision for employee benefits	(532.18)	(94.38)	(437.80)	(82.23)	(355.57)
- Disallowances u/s 35DD	-	-	-	0.64	(0.64)
Net Deferred Tax Liability	555.95	63.07	492.88	(78.77)	571.65

25. BORROWINGS

(₹ in Lakhs)

	Note No.	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
(i) Secured				
Working Capital Loans from Banks	25.1	-	-	4,077.98
(ii) Unsecured				
Book overdraft		18.04	23.23	5.84
Total		18.04	23.23	4,083.82

25.1 Working Capital Loans from Banks are secured by way of:

a. 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.

b. Loan of ₹Nil (₹Nil and ₹740.91 lakhs as at 31 March, 2017 and 1 April, 2016 respectively) 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.

Notes to the Standalone Financial Statements
for the year ended 31 March, 2018

c. Loan of ₹Nil (₹Nil and ₹2,944.15 lakhs as at 31 March, 2017 and 1 April, 2016 respectively) 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.

d. Loan of ₹Nil (₹Nil and ₹392.92 lakhs as at 31 March, 2017 and 1 April, 2016 respectively) 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.

26. TRADE PAYABLES

(₹ in Lakhs)

	Note No.	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Total outstanding dues of Micro, Small and Medium Enterprises	40.2	799.64	973.59	526.40
Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		10,515.39	12,470.81	8,375.84
		11,315.03	13,444.40	8,902.24

26.1 The trade payables are unsecured and usually non-interest bearing and are paid wthin 60 - 90 days of the recognition.

27. OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

	Note No.	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Current maturities of Borrowings	21	71.50	21.88	165.92
Interest accrued but not due on Borrowings		-	-	3.29
Interest accrued and due on Borrowings		-	-	0.27
Accrued expenses		4,625.25	5,391.68	5,326.78
Creditors for assets		233.43	286.56	109.70
Creditors for expense		2,962.60	3,369.46	2,501.64
Unearned Interest Income		259.37	161.47	136.52
Unearned Rent Income		9.51	-	-
Payable to employees		46.10	8.17	52.04
Total		8,207.76	9,239.22	8,296.16

27.1 There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as on 31 March, 2018 / 31 March, 2017 / 1 April, 2016.

28. PROVISIONS

(₹ in Lakhs)

	Note No.	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Provision for employee benefits:	40.4						
- Gratuity		57.47		39.10		42.73	
- Leave Encashment		14.06	71.53	22.28	61.38	14.13	56.86
Warranty Claims	28.1		1,100.00		847.50		640.00
Total			1,171.53		908.88		696.86

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

28.1 Warranty Claims:

Provision is recognised for expected warranty claims on mattresses sold and based on past experience of the level of returns in accordance with the Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Assets". Assumptions used for the said provision are 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, 2018	As at 31 March, 2017	As at 1 April, 2016
Opening Balance	847.50	640.00	360.00
Less: Amount utilized during the year	600.00	515.50	350.20
	247.50	124.50	9.80
Add: Provision made during the year	852.50	723.00	630.20
Closing Balance	**1,100.00**	**847.50**	**640.00**

29. CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Provision for income tax (Net of advance tax)	-	-	1,393.92
Total	**-**	**-**	**1,393.92**

30. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Advance from customers	4,684.56	5,233.49	4,236.02
Lease equalisation liability	-	0.89	-
Statutory liabilities	1,322.19	689.04	660.40
Total	**6,006.75**	**5,923.42**	**4,896.42**

31. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2018		Year ended 31 March, 2017	
Sale of products (including excise duty)					
- Finished Goods	31.1.a	1,62,316.31		1,52,886.45	
- Traded Goods	31.1.b	6,322.11	1,68,638.42	5,867.84	1,58,754.29
Other operating revenue:					
- Duty drawback		2.53		1.28	
- GST Refund	18.1	741.75		-	
- Sale of process scrap		182.92	927.20	280.89	282.17
Total			**1,69,565.62**		**1,59,036.46**

31.1 Detail of sale of products:

	Year ended 31 March, 2018	Year ended 31 March, 2017
a. Finished Goods:		
- PU Foam sheets/mattresses/rolls/bolster/pillows etc.	1,62,316.31	1,52,886.45
	1,62,316.31	**1,52,886.45**
b. Traded Goods:		
- PU Foam/Spring/Coir mattresses etc.	6,322.11	5,867.84
	6,322.11	**5,867.84**
Total	**1,68,638.42**	**1,58,754.29**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

32. OTHER INCOME

(₹ in Lakhs)

	Year ended 31 March, 2018		Year ended 31 March, 2017	
Interest income:				
- Bank deposits	867.59		1,105.47	
- Bonds	7.42		-	
- Others	289.25	1,164.26	212.70	1,318.17
Export of I T support services		387.60		391.04
Rent (refer note 32.1)		182.50		41.11
Insurance claim realised		0.07		5.08
Profit on sale of property, plant & equipment (net)		17.29		1.94
Liabilities/provisions no longer required written back		-		8.62
Fair value gain on Investments (net)		76.07		-
Dividend received from mutual funds		71.28		-
Profit on sale of investments (net)		26.58		71.20
Exchange fluctuation profit (net)		187.96		314.02
Sale of non-process scrap		369.31		434.02
Other miscellaneous income		14.50		29.88
Total		**2,497.42**		**2,615.08**

32.1 Includes ₹144.00 lakhs (Previous Year : ₹25.50 lakhs) on Investment property (refer note 4)

33. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

	Year ended 31 March, 2018		Year ended 31 March, 2017	
Raw material				
Opening Stock	3,799.73		2,073.16	
Add: Purchases (less returns)	92,502.03		79,772.53	
	96,301.76		81,845.69	
Less: Sales	3,663.65		2,489.41	
Less: Closing Stock	4,978.06	87,660.05	3,799.73	75,556.55
Packing Material				
Opening Stock	469.23		482.18	
Add: Purchases (less returns)	5,124.89		4,704.53	
	5,594.12		5,186.71	
Less: Sales	270.30		258.71	
Less: Closing Stock	444.59	4,879.23	469.23	4,458.77
Total		**92,539.28**		**80,015.32**

34. PURCHASES OF STOCK-IN-TRADE

(₹ in Lakhs)

	Year ended 31 March, 2018	Year ended 31 March, 2017
Traded goods - PU Foam/Spring/Coir mattresses etc.	4,023.04	3,543.27
Total	**4,023.04**	3,543.27

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

35. OTHER MANUFACTURING EXPENSES

(₹ in Lakhs)

	Year ended 31 March, 2018	Year ended 31 March, 2017
Stores consumed	**3,369.07**	3,208.62
Power & fuel	**774.83**	765.17
Repair and maintenance:		
- Buildings	**138.81**	189.49
- Plant & equipment	**748.80**	640.25
Processing & other charges	**1,751.21**	1,639.89
Total	**6,782.72**	**6,443.42**

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

(₹ in Lakhs)

	Year ended 31 March, 2018		Year ended 31 March, 2017	
Inventories at the end of the year				
Finished goods	**461.78**		328.21	
Stock-in-trade	**0.55**		8.53	
Stock-in-process	**4,667.75**	**5,130.08**	3,081.36	3,418.10
Inventories at the beginning of the year				
Finished goods	**328.21**		418.90	
Stock-in-trade	**8.53**		2.82	
Stock-in-process	**3,081.36**	**3,418.10**	2,118.74	2,540.46
Inventory detroyed in fire				
Stock-in-process		**-**		644.54
Total		**(1,711.98)**		**(1,522.18)**

37. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

	Year ended 31 March, 2018	Year ended 31 March, 2017
Salaries, wages, bonus, gratuity, leave encashment, allowances etc.	**8,595.16**	7,696.19
Contribution to provident, ESI and other funds etc.	**550.32**	482.54
Workmen & staff welfare expenses	**937.79**	874.24
Total	**10,083.27**	**9,052.97**

38. FINANCE COSTS

(₹ in Lakhs)

	Year ended 31 March, 2018		Year ended 31 March, 2017	
Interest expense on:				
- Term loans	**-**		1.35	
- Working capital loans	**47.87**		72.24	
- Loans from others	**5.59**		7.90	
- Income tax	**-**		157.43	
- Security deposits	**421.44**		316.87	
- Others	**41.74**	**516.64**	73.51	629.30
Bank Charges		**58.86**		110.73
Total		**575.50**		740.03

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

39. OTHER EXPENSES

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2018		Year ended 31 March, 2017	
Rent			**160.74**		206.78
Insurance			**407.73**		176.44
Rates & taxes			**180.86**		124.83
Repair & maintenance others			**605.04**		585.41
Advertisement expenses			**6,428.67**		6,657.82
Travelling and conveyance			**1,001.30**		897.84
Payment to Auditors:					
- Audit Fees		**24.00**		17.47	
- Certification work		**0.75**		1.76	
- Reimbursement of expenses		**2.01**	**26.76**	2.94	22.17
Contributions towards CSR	40.09		**238.57**		190.64
Advances/Balances written off			**17.13**		1.29
Bad debts written off			**6.27**		-
Provision for warranty claims (net)	28.1		**252.50**		207.50
Selling & promotional expenses			**3,523.44**		3,299.35
Sales promotion schemes (net)			**7,170.55**		8,177.14
Freight & cartage (net)			**5,277.94**		1,519.48
Incentives & Rebates			**7,640.08**		5,311.67
Assets written off (net)			**42.50**		40.72
Miscellaneous expenses			**1,849.94**		1,708.23
Total			**34,830.02**		**29,127.30**

40. OTHER NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

40.1 Contingent Liabilities and Commitments:-

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 March, 2018		As at 31 March, 2017	
A.	**Contingent Liabilities**				
i.	**Claims against the Company not acknowledged as debts** - Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards (a) :				
	- Sales tax	**366.49**		366.49	
	- Entry tax	**-**		104.54	
	- GST	**0.39**		-	
	- Income tax	**220.85**		289.32	
	- Excise Duty	**895.50**	**1,483.23**	913.26	1,673.61
ii.	Guarantees given by the Bankers on behalf of the Company to third parties		498.40		715.24
iii.	Others – for which the Company is contingently liable		**75.00**		75.00
B.	**Commitments**				
i.	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)		**682.80**		1,208.28
	Total		**2,739.43**		**3,672.13**

(a) The Company is contesting these demands and the management including its advisers 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. The Company does not expect any reimbursement in respect of these contingent liabilities, and it is not practicable to estimate the timing of cash outflows, if any, in respect of these matters, pending resolution of the arbitration/appellant proceedings.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

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

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017
i. Principal amount remaining unpaid to MSME suppliers as at 31 March, 2018	799.64	973.59
ii. Interest due thereon remaining unpaid to any supplier as at 31 March, 2018	-	-
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 2017-18	-	-
v. The amount of interest accrued and remaining unpaid at 31 March, 2018	-	-
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	-	-
Total	799.64	973.59

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.

40.3 Employee Stock Option Scheme

In an earlier 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 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.

40.4 Employee Benefits:-

(a) Defined Benefit plans:

Gratuity : Payable on separation as per the Payment of Gratuity Act, 1972 as amended @ 15 days pay, for each completed year of service to eligible employees who render continuous service of 5 years or more.

Leave Encashment : 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.

(b) Defined Contribution plan:

Company's employees are covered by Provident Fund and Employees State Insurance Scheme/Fund, to which the Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹550.32 lakhs (Previous Year: ₹482.54 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

(₹ in Lakhs)

	Year ended 31 March, 2018	Year ended 31 March, 2017
Employer's contribution towards Provident Fund (PF)	465.26	424.08
Employer's contribution towards Employees State Insurance (ESI)	85.06	58.46

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

(c) Other disclosures of Defined Benefit plans as required under Ind AS-19 are as under:-

i. Reconciliation of the opening and closing balances of Defined Benefit Obligation:

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Present Value of **Defined Benefit Obligation** at the beginning of year	1043.35	812.37	221.66	215.05
Interest cost	76.69	64.99	16.29	17.20
Current Service Cost	109.88	102.72	51.58	24.71
Past Service Cost	34.23	-	-	-
Benefit Paid	(56.43)	(22.65)	(97.05)	(38.82)
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	(66.54)	78.82	(18.68)	15.94
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	71.45	7.10	148.74	(12.42)
Present value of the **Defined Benefit Obligation** at the end of year	1,212.63	1,043.35	322.54	221.66

ii. Net Defined Benefit recognized in the Statement of Profit and Loss.

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Current Service Cost	109.88	102.72	51.58	24.71
Past Service Cost	34.23	-	-	-
Interest cost	76.69	64.99	16.29	17.20
Net Defined Benefit recognized in Statement of Profit and Loss	220.80	167.71	67.87	41.91

iii. Recognized in Other Comprehensive Income.

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(66.54)	78.82	(18.68)	15.94
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	71.45	7.10	148.74	(12.42)
Net actuarial Loss	4.91	85.92	130.06	3.52

iv. Sensitivity Analysis*

a) Impact of the change in the discount rate

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Present value of the **Defined Benefit Obligation** at the end of year	1,212.63	1,043.35	322.54	221.66
a) Impact due to increase of 0.50%	(68.54)	(61.73)	(19.13)	(12.43)
b) Impact due to decrease of 0.50%	74.61	67.43	20.86	13.54

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

b) Impact of the change in the salary increase

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	**Year ended 31 March, 2018**	Year ended 31 March, 2017
Present value of the **Defined Benefit Obligation** at the end of year	**1,212.63**	1,043.35	**322.54**	221.66
a) Impact due to increase of 0.50%	**76.31**	68.66	**21.34**	13.79
b) Impact due to decrease of 0.50%	**(70.61)**	(63.34)	**(19.71)**	(12.75)

*Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

* Sensitivities as to rate of inflation, rate of increase of pension in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

v. Maturity Profile.

(₹ in Lakhs)

Year	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	**Year ended 31 March, 2018**	Year ended 31 March, 2017
0 to 1 year	**57.47**	39.08	**14.06**	22.28
1 to 2 Year	**20.22**	49.44	**5.67**	9.54
2 to 3 Year	**20.22**	29.88	**6.69**	3.39
3 to 4 Year	**20.43**	18.03	**8.08**	4.05
4 to 5 Year	**19.73**	31.73	**8.65**	5.08
5 to 6 Year	**19.40**	25.55	**5.69**	5.20
6 Year onwards	**1,055.16**	849.64	**273.70**	172.12

vi. Expected contribution for the next Annual reporting period

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	**Year ended 31 March, 2018**	Year ended 31 March, 2017
Service Cost	**124.33**	112.48	**43.70**	24.18
Net Interest Cost	**94.59**	76.69	**25.16**	16.29
Expected Expense for the next annual reporting period	**218.91**	189.17	**68.86**	40.47

vii. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are: (₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	**Year ended 31 March, 2018**	Year ended 31 March, 2017
Method used	Projected unit credit method			
Discount rate	**7.80%**	7.35%	**7.80%**	7.35%
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			

Notes to the Standalone Financial Statements
for the year ended 31 March, 2018

40.5 Operating Segments

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 Indian Accounting Standard (Ind AS-108) dealing with the operating segments.

40.6 Related Party Disclosures (Ind AS-24):

A. List of Related Parties and relationships

(a) Subsidiaries:	**(c) Key Management Personnel (KMP) :**
- Joyce Foam Pty Ltd., Australia	- Mr. Rahul Gautam (Managing Director) *
- Divya Software Solutions (P) Ltd.	- Mr. Rakesh Chahar (Whole-time Director)
- Sleepwell Enterprises Pvt. Ltd. (w.e.f. 07.03.2017)	- Mrs. Namita Gautam (Whole-time Director) *
	- Mr. Tushaar Gautam (Whole-time Director) *
	* Also having significant influence through major shareholding.
(b) Entities in which Key Management Personnel or their Relatives have significance influence	**(d) Relatives of Key management Personnel:**
- Rangoli Resorts Pvt. Ltd.	- Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam)*
- Polyflex Marketing Pvt. Ltd. (upto 31.03.2016)	- Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)
- Core Moulding Pvt. Ltd.	- Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)
- Sleepwell Foundation (Trust)	* 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:

(₹ in Lakhs)

Transactions	Subsidiaries	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
(i) Transactions during the year:				
a. Purchase of Material / Capital Goods	999.99	-	-	-
	(-)	(-)	(-)	(-)
b. Sale of Material/ Capital Goods	40.40	2.50	-	-
	(79.56)	(0.40)	(-)	(-)
c. Sale of IT Support Services	387.60	-	-	-
	(391.04)	(-)	(-)	(-)
d. Rent received	0.36	0.24	-	-
	(0.36)	(0.42)	(-)	(-)
e. Royalty paid	10.00	-	-	-
	(10.00)	(-)	(-)	(-)
f. Investment made	2372.78	-	-	-
	(2931.85)	(62.40)	(46.80)	(-)
g. Bank Charges Recovered	17.99	-	-	-
	(26.53)	(-)	(-)	(-)
h. Loans & Advances Recd. back	-	-	-	-
	(-)	(289.16)	(-)	(-)
i. Deposits / loans & advances paid back	-	-	-	-
	(-)	(-)	(-)	(15.00)

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

B. Transactions with related parties: (₹ in Lakhs)

Transactions	Subsidiaries	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
j. Remuneration including Performance Incentives	-	-	796.11	10.71
	(-)	(-)	(633.81)	(10.20)
k. Interest received/receivable	-	-	-	-
	(-)	(34.60)	(-)	(-)
l. Interest paid/payable	-	-	-	3.10
	(-)	(-)	(-)	(3.30)
m. Rent paid	3.18	-	-	-
	(0.18)	(-)	(-)	(-)
n. Legal & Professional Expenses	-	-	-	-
	(8.97)	(-)	(-)	(-)
o. Recovery of IPO Expenses	-	-	-	-
	(-)	(2259.25)	(-)	(-)
p. Share application money paid	245.46	-	-	-
	(1,227.38)	(-)	(-)	(-)
q. Share application money refunded	245.46	-	-	-
	(1,227.38)	(-)	(-)	(-)
r. Reimbursement of expenses	180.81	-	-	-
	(-)	(-)	(-)	(-)
s. Contributions under CSR	-	215.10	-	-
	(-)	(182.00)	(-)	(-)

(₹ in Lakhs)

	Subsidiaries	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
(ii) Closing balance as at 31 March, 2018 / 31 March, 2017 :				
a. Trade Receivables	193.42	-	-	-
	(217.67)	(-)	(-)	(-)
b. Long Term Loans and Advances Payable	-	-	-	28.53
	(-)	(-)	(-)	(28.14)
c. Investments	9,669.66	(-)	-	-
	(7,296.88)	(-)	(-)	(-)

Note : (Figures in bracket are for the year ended March 31, 2017)

40.7 Operating Segments

a. Company as Lessee

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 ₹72.14 lakhs (Previous year: ₹62.97 lakhs) are included in 'Rent' under Note-39.

b. Company as Lessor

The Company entered into a lease agreement to lease property situated at Sikkim which has been treated as "Investment Property". The lease agreement was executed on 1 December, 2016.

The said lease is for a term of 10 years with a clause to enable upward revision of the rental charge after every 3 years. The total rent recognized as income during the year is ₹144.00 lakhs (Previous year: ₹25.50 lakhs).

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

40.8 Earnings per Share:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Net Profit as per Statement of Profit and Loss – (₹in lakhs)	12,593.54	11,119.94
Basic/Diluted weighted average number of equity shares outstanding during the year	4,87,82,808	4,87,82,808
Nominal value of Equity Share (Rs.)	5.00	5.00
Basic/Diluted Earnings per Share (Rs.)	25.82	22.79

40.9 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, 2018	Amount pending for spending as at 31 March, 2018	Total Amount
- Gross Amount lying pending for the earlier year as at 01.04.2017			-
- Gross Amount required to be spent during the year			222.52
- Amount spent during the year:			
a. Construction/acquisition of any asset	-	-	
b. Contribution to Trusts / NGOs / Societies	238.57	-	238.57

40.10 Financial and Derivative Instruments:

a. During the year, there are no Derivative contracts entered by the Company for Hedging Currency and Interest Rate Related Risks (Previous year: Nil).

b. Foreign currency exposures that are not hedged by derivative instruments are given below:

(₹ in Lakhs)

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
		FC	INR	FC	INR	FC	INR
Liabilities							
Trade Payables							
United States Dollar	$	42.65	2,789.86	68.43	4,467.49	24.62	1,647.09
Australian Dollar	AUD	-	-	-	-	0.06	3.04
Euro	€	0.22	17.68	0.74	52.08	0.69	52.69
Advance from Customers							
United States Dollar	$	0.21	13.49	0.01	0.51	-	-
Euro	€	-	-	0.12	8.01	-	-
Buyer's Credit							
United States Dollar	$	-	-	-	-	50.21	3,337.07
Assets							
Trade Receivables							
United Stated Dollar	$	0.69	44.58	1.76	113.08	1.76	115.59
Australian Dollar	AUD	3.94	193.42	3.94	191.13	7.87	395.25
Advance to Vendor							
United Stated Dollar	$	4.21	334.76	0.96	65.13	2.41	179.20
Euro	€	8.25	532.03	9.95	639.89	2.36	155.32
Net Liability (in INR)			1,716.24		3,518.86		4,194.53

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

40.11 First-time adoption of Ind AS

The Company w.e.f. 1 April, 2017 has adopted Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015, as amended by Companies (Indian Accounting Standards) Rules, 2017 and the other relevant provisions of the Companies Act, 2013, with a transition date of 1 April, 2016. For all the periods upto and including year ended 31 March, 2017, the Company prepared, its financial statements in accordance with the Accounting Standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous Indian GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101 'First-time Adoption of Indian Accounting Standards'. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended 31 March, 2018, together with the comparative information as at and for the year ended 31 March, 2017 and the opening Ind AS Balance Sheet as at 1 April, 2016, the date of transition to Ind AS. The accounting policies as set out in Note 2 which are in accordance with Ind AS, have been applied in preparing these financial statements.

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous Indian GAAP have been recognised directly in equity under retained earnings. This note explains the adjustments made by the Company in restating its financial statements prepared under previous Indian GAAP, including the Balance Sheet as at 1 April, 2016 and the financial statements as at and for the year ended 31 March, 2017.

Exemptions availed and mandatory exceptions

Ind AS 101 - First-time Adoption of Indian Accounting Standards permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous Indian GAAP to Ind AS.

A. Ind AS optional exemptions

The Company has elected to apply the following optional exemptions from retrospective application:

i) **Deemed cost for Property, Plant and Equipment and Investment Properties**

The Company has elected to measure all its property, plant and equipment and investment properties at the Previous Indian GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

ii) **Investments in subsidiaries**

The Company has elected to measure its investments in subsidiaries at the Previous Indian GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

iii) Ind AS 17 "Leases' requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS except where the effect is material. The Company has elected to apply this exemption for such contracts/arrangements.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

B. Ind AS mandatory exceptions

i) Estimates

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

ii) Classification and measurement of financial assets

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

iii) De-recognition of financial assets and financial liabilities

Ind AS 101 requires an entity to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. Accordingly the Company has applied the de-recognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous Indian GAAP to Ind AS in accordance with Ind AS 101:

I. Reconciliation of Equity as at 1 April, 2016

II. A. Reconciliation of Equity as at 31 March, 2017
    B. Reconciliation of Statement of Profit and Loss for the year ended 31 March, 2017

III. Adjustments to Statement of Cash Flows for the year ended 31 March, 2017

Previous Indian GAAP figures have been reclassified / regrouped wherever necessary to conform to financial statements prepared under Ind AS.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

I. Reconciliation of Equity as at 1 April, 2016.

(₹ in Lakhs)

	Sub Notes	As per Previous Indian GAAP	Adjustments	As per Ind AS
Assets				
Non-current assets				
Property, plant and equipment		20,083.29	-	20,083.29
Capital work in progress		220.68	-	220.68
Investment property		-	-	-
Investments in subsidiaries		4,255.83	-	4,255.83
Financial assets				
- Investments	(a)	1,000.35	12.65	1,013.00
- Loans		145.91	-	145.91
- Other non-current financial assets		26.53	-	26.53
Other non-current assets		1,160.51	-	1,160.51
Total Non-current assets		**26,893.10**	**12.65**	**26,905.75**
Current assets				
Inventories		7,353.30	-	7,353.30
Financial assets				
- Trade receivables		7,435.66	-	7,435.66
- Cash and cash equivalents		4,912.95	-	4,912.95
- Bank balances other than cash and cash equivalents		15,634.57	-	15,634.57
- Loans		320.08	-	320.08
- Other current financial assets		678.08	-	678.08
Other current assets		1,312.12	-	1,312.12
Total Current assets		**37,646.76**	**-**	**37,646.76**
Total Assets		**64,539.86**	**12.65**	**64,552.51**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital		1,626.09	-	1,626.09
Other Equity	(a, g)	29,427.26	12.65	29,439.91
Total Equity		**31,053.35**	**12.65**	**31,066.00**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
- Borrowings	(b)	390.12	(2.22)	387.9
- Other non-current financial liabilities	(b, c)	3,421.28	(134.30)	3,286.98
Provisions		970.56	-	970.56
Deferred tax liabilities (net)	(i)	571.65	-	571.65
Total non-current liabilities		**5,353.61**	**(136.52)**	**5,217.09**
Current liabilities				
Financial Liabilities				
- Borrowings		4,083.82	-	4,083.82
- Trade Payables		8,902.24	-	8,902.24
- Other current financial liabilities	(b, c)	8,159.64	136.52	8,296.16
Provisions		696.86	-	696.86
Current tax liabilities (net)		1,393.92	-	1,393.92
Other current liabilities		4,896.42	-	4,896.42
Total current liabilities		**28,132.90**	**136.52**	**28,269.42**
Total liabilities		**33,486.51**	**-**	**33,486.51**
Total equity and liabilities		**64,539.86**	**12.65**	**64,552.51**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

II. Reconciliation of Equity as at 31 March, 2017.

(₹ in Lakhs)

	Sub Notes	As per Previous Indian GAAP	Adjustments	As per Ind AS
Assets				
Non-current assets				
Property, plant and equipment	(d)	23,346.21	(135.80)	23,210.41
Capital work in progress	-	284.89	-	284.89
Investment property	(d)	-	135.80	135.80
Investments in subsidiaries		7,296.88	-	7,296.88
Financial assets				
- Investments		0.35	-	0.35
- Loans		148.19	-	148.19
- Other non-current financial assets		34.77	-	34.77
Non-current tax assets (net)		700.42	-	700.42
Other non-current assets		375.72	-	375.72
Total non-current assets		**32,187.43**	**-**	**32,187.43**
Current assets				
Inventories		11,022.59	-	11,022.59
Financial assets				
- Trade receivables		9,944.13	-	9,944.13
- Cash and cash equivalents		10,509.06	-	10,509.06
- Bank balances other than cash and cash equivalents		9,042.69	-	9,042.69
- Loans		331.35	-	331.35
- Other current financial assets		1,726.16	-	1,726.16
Other current assets		2,780.90	-	2,780.90
Total Current assets		**45,356.88**	**-**	**45,356.88**
Total Assets		**77,544.31**	**-**	**77,544.31**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital		2,439.14	-	2,439.14
Other Equity	(b, c)	39,662.28	26.03	39,688.31
Total Equity		**42,101.42**	**26.03**	**42,127.45**
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	(b)	353.24	(1.86)	351.38
- Other non-current financial liabilities	(b, c)	4,016.35	(186.53)	3,829.82
Provisions		1,203.63	-	1,203.63
Deferred tax liabilities (net)	(i)	492.88	-	492.88
Total Non-current liabilities		**6,066.10**	**(188.39)**	**5,877.71**
Current liabilities				
Financial liabilities				
- Borrowings		23.23	-	23.23
- Trade payables		13,444.40	-	13,444.40
- Other current financial liabilities	(b, c)	9,077.75	161.47	9,239.22
Provisions		908.88	-	908.88
Other current liabilities	(g)	5,922.53	0.89	5,923.42
Total current liabilities		**29,376.79**	**162.36**	**29,539.15**
Total liabilities		**35,442.89**	**(26.03)**	**35,416.86**
Total equity and liabilities		**77,544.31**	**-**	**77,544.31**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

III. Reconciliation of Total Comprehensive Income for the year ended 31 March, 2017

(₹ in Lakhs)

	Sub Notes	For the year ended 31 March, 2017			
		Previous Indian GAAP	Re-classifications	IND-AS Adjustments	IND-AS
Income					
Revenue from operations	(e, f)	1,44,585.82	14,450.64	-	1,59,036.46
Other income	(a, b, c, g, k)	2,489.96	(0.26)	125.38	2,615.08
Total Income		**1,47,075.78**	**14,450.38**	**125.38**	**1,61,651.54**
Expenditure					
Cost of materials consumed		80,015.32	-	-	80,015.32
Excise Duty	(e)	-	16,165.19	-	16,165.19
Purchase of Stock-in-Trade		3,543.27	-	-	3,543.27
Other manufacturing expenses		6,443.42	-	-	6,443.42
Changes in inventories of finished goods, stock-in-process and stock-in-trade		(1,522.18)	-	-	(1,522.18)
Employee benefits expense	(h)	9,142.41	(89.44)	-	9,052.97
Finance costs	(b, c)	630.43	-	109.60	740.03
Depreciation and amortization expense		2,358.10	-	-	2,358.10
Other expenses	(f, g, k)	30,839.71	(1,714.81)	2.40	29,127.30
Total Expenditure		**1,31,450.48**	**14,360.94**	**112.00**	**1,45,923.42**
Profit before tax		**15,625.30**	**89.44**	**13.38**	**15,728.12**
Tax expense					
- Current tax		4,656.00	30.95	-	4,686.95
- Deferred tax		(78.77)	-	-	(78.77)
Profit for the year		**11,048.07**	**58.49**	**13.38**	**11,119.94**
Other Comprehensive Loss:					
a. Items that will not be reclassified as profit or loss	(h)	-	**(89.44)**	-	**(89.44)**
- Re-measurements of the net defined benefit plans					
b. Income tax relating to items that will not be reclassified as profit or loss					
- Items that will not be reclassified as profit or loss	(h)	-	**30.95**	-	**30.95**
Other Comprehensive Loss for the year		**-**	**(58.49)**	**-**	**(58.49)**
Total Comprehensive Income for the year	(j)	**11,048.07**	**-**	**13.38**	**11,061.45**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

Notes to the reconciliation of equity as at 1 April, 2016 and 31 March, 2017 and total comprehensive income for the year ended 31 March, 2017.

a) **Fair Valuation of Investments**

In accordance with Ind AS 109 "Financial Instruments", investments in mutual funds, debentures etc. are recognised at fair value through the statement of profit and loss at each reporting period.

b) Under Ind AS, at initial recognition all financial instruments are required to be recognised at fair value. Accordingly the Company has fair valued the "Loan and advance from related party" resulting in decrease in "Loan from Relatives" and recognition of "Unearned Interest Income" at the reporting date.

c) Under previous GAAP, security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS, at initial recognition all financial instruments are required to be recognised at fair value. Accordingly the Company has fair valued the security deposits and the difference between the transaction value and fair value is recognised as "Unearned Interest Income" at the reporting date.

d) **Recognition of Investment Property (Ind AS – 40)**

Company has given assets held i.e. leasehold land and building at Sikkim Unit (after closure of the unit) to Titan Industries Limited for 10 years; therefore, the said assets have been shown as Investment Property from 01.12.2016.

e) **Excise Duty**

Under the Previous Indian GAAP, revenue from sale to goods was presented exclusive of excise duty. Under Ind AS revenue from sales of goods is presented inclusive of excise duty. Excise duty paid is presented as expenditure under Statement of profit and loss.

f) **Revenue from Sale of Products**

Under Previous Indian GAAP, revenue was recognised net of trade discounts, sales taxes / VAT and excise duties. Under Ind AS, revenue is recognised at the fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates, rate/weight difference and any taxes or duties collected on behalf of the government such as sales tax/VAT except excise duty. Credit notes given to the consumer/dealer/distributor includes cash discounts, volume rebates and rate/weight differences which have been reclassified from 'Incentives & Rebates' within other expenses under Previous GAAP are netted from revenue under Ind AS.

g) **Straight-Lining of Leases (Ind AS – 17)**

Under Previous Indian GAAP, rent/lease income/expense has been recognised based on actual payment made; however under IND AS, Lease income/expense has be recognised on a straight-line basis over the lease term and the corresponding impact of decrease/increase is recognised under Lease Equalization Asset/Liability.

h) **Actuarial gain/(loss) on Defined Benefit Scheme (Ind AS – 19)**

Both under Previous Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements i.e. actuarial gains and losses are recognised in balance sheet through other comprehensive income. Thus, employee benefits expense is reduced with the corresponding impact under other comprehensive income. The related current tax expense has also been reclassified from statement of Profit and loss to Other Comprehensive Income.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

i) **Deferred Taxes (Ind AS -12)**

Under the Previous Indian GAAP, deferred tax is calculated using the income statement approach, which focuses on difference between taxable profits and accounting profits for the period. Ind AS 12 – 'Income tax' requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. As, the Company is already calculating deferred tax under balance sheet approach, therefore no impact has been noted for the year ended March 31, 2018 and March 31, 2017.

j) **Other comprehensive Income**

Under Previous Indian GAAP, the Company has not presented Other Comprehensive Income (OCI) separately. Hence, it has reconciled Previous Indian GAAP profit to profit as per Ind AS. Further, Previous Indian GAAP profit is reconciled to Total Comprehensive Income as per Ind AS.

k) Previous Indian GAAP figures have been reclassified / regrouped wherever necessary to conform to financial statements prepared under Ind AS.

D. Standard issued but not yet effective

The standard issued, but not yet effective (considering the applicability to the Company) upto the date of the issuance of the Company's financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued in February, 2015 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come into force from accounting period commencing on or after April 01, 2018. The Company will adopt the new standard on the required effective date. During the current year, the Company performed a preliminary assessment of Ind AS 115, which is subject to changes arising from a more detailed ongoing analysis.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

40.12 Fair Value Measurements

The carrying amounts and fair values of the financial instruments by class are as follows:

(₹ in Lakhs)

Particulars	Carrying amount/Fair value		
	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Financial assets			
Carrying amounts/fair value:			
a) Measured at fair value though profit and loss			
Non-current assets	3,745.40	-	1,012.65
- Investments			
b) Measured at fair value though other comprehensive income	-	-	-
c) Measured at amortised cost			
Non-current assets			
- Investments	0.35	0.35	0.35
- Loans	215.74	148.19	145.91
- Other non-current financial assets	10.39	34.77	26.53
Current assets			
- Investments	6,059.24	-	-
- Trade receivables	10,160.20	9,944.13	7,435.66
- Cash and cash equivalents	13,922.56	10,509.06	4,912.95
- Bank balances other than cash and cash equivalents	561.31	9,042.69	15,634.57
- Loans	39.28	331.35	320.08
- Other current financial assets	2,739.51	1,726.16	678.08
Total	**37,453.98**	**31,736.70**	**30,166.78**
Financial liabilities			
Carrying amounts/fair value:			
a) Measured at fair value though profit and loss			
- Financial Guarantee Contract	-	-	-
b) Measured at fair value though other comprehensive income	-	-	-
c) Measured at amortised cost			
Non-current liabilities			
- Borrowings	30.27	351.38	387.90
- Other non-current financial liabilities	5,445.19	3,829.82	3,286.98
Current liabilities			
- Borrowings	18.04	23.23	4,083.82
- Trade payables	11,315.03	13,444.40	8,902.24
- Other current financial liabilities	8,207.76	9,239.22	8,296.16
Total	**25,016.29**	**26,888.05**	**24,957.10**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The Company has disclosed financial instruments such as trade receivables, cash and cash equivalents, other bank balances, trade payables, other financial assets and liabilities at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

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for the year ended 31 March, 2018

Fair value hierarchy

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

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

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Disclosures of fair value measurement hierarchy for financial instruments are given below:

(₹ in Lakhs)

Particulars	Carrying amount/Fair value								
	As at 31 March, 2018			As at 31 March, 2017			As at 1 April, 2016		
	L-1	L-2	L-3	L-1	L-2	L-3	L-1	L-2	L-3
Financial assets									
Carrying amounts/fair value:									
d) Measured at fair value though profit and loss									
Non-current assets									
- Investments	3,745.40	-	-	-	-	-	1,012.65	-	-
e) Measured at fair value though other comprehensive income	-	-	-	-	-	-	-	-	-
f) Measured at amortised cost									
Non-current assets									
- Investments	-	-	0.35	-	-	0.35	-	-	0.35
- Loans	-	-	215.74	-	-	148.19	-	-	145.91
- Other non-current financial assets	-	-	10.39	-	-	34.77	-	-	26.53
Current assets									
- Investments	6,059.24	-	-	-	-	-	-	-	-
- Trade receivables	-	-	10,160.20	-	-	9,944.13	-	-	7,435.66
- Cash and cash equivalents	-	-	13,922.56	-	-	10,509.06	-	-	4,912.95
- Bank balances other than cash and cash equivalents	-	-	561.31	-	-	9,042.69	-	-	15,634.57
- Loans	-	-	39.28	-	-	331.35	-	-	320.08
- Other current financial assets	-	-	2,739.51	-	-	1,726.16	-	-	678.08
Total	**9,804.64**	**-**	**27,649.34**	**-**	**-**	**31,736.70**	**1,012.65**	**-**	**29,154.13**
Financial liabilities									
Carrying amounts/fair value:									
d) Measured at fair value though profit and loss	-	-	-	-	-	-	-	-	-
e) Measured at fair value though other comprehensive income	-	-	-	-	-	-	-	-	-
c) Measured at amortised cost									
Non-current liabilities									
- Borrowings	-	-	30.27	-	-	351.38	-	-	387.9
- Other non-current financial liabilities	-	-	5,445.19	-	-	3,829.82	-	-	3,286.98
Current liabilities									
- Borrowings	-	-	18.04	-	-	23.23	-	-	4,083.82
- Trade payables	-	-	11,315.03	-	-	13,444.40	-	-	8,902.24
- Other current financial liabilities	-	-	8,207.76	-	-	9,239.22	-	-	8,296.16
Total	-	-	25,016.29	-	-	26,888.05	-	-	24,957.10

Notes to the Standalone Financial Statements
for the year ended 31 March, 2018

40.13 Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

40.14 Financial risk management objectives and policies

The Company's principal financial liabilities, comprise of borrowings, security deposits, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at 31 March, 2018. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March, 2018.

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from various countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EURO and AUD exchange rates, with all other variables held constant. The impact on the Company profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise are as under:

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

(₹ in Lakhs)

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
		FC	INR	FC	INR	FC	INR
Liabilities							
Trade Payables							
United States Dollar	$	42.65	2,789.86	68.43	4,467.49	24.62	1,647.09
Australian Dollar	AUD	-	-	-	-	0.06	3.04
Euro	€	0.22	17.68	0.74	52.08	0.69	52.69
Advance from Customers							
United States Dollar	$	0.21	13.49	0.01	0.51	-	-
Euro	€	-	-	0.12	8.01	-	-
Buyer's Credit							
United States Dollar	$	-	-	-	-	50.21	3,337.07
Assets							
Trade Receivables							
United Stated Dollar	$	0.69	44.58	1.76	113.08	1.76	115.59
Australian Dollar	AUD	3.94	193.42	3.94	191.13	7.87	395.25
Advance to Vendor							
United Stated Dollar	$	4.21	334.76	0.96	65.13	2.41	179.20
Euro	€	8.25	532.03	9.95	639.89	2.36	155.32
Net Liability (in INR)			1,716.24		3,518.86		4,194.53

Impact on profit before tax and equity	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
5% Increase	(-) 85.81	(-) 175.94	(-) 209.73
5% Decrease	(+) 85.81	(+) 175.94	(+) 209.73

Note: Figures in bracket represents payables

ii) Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises of interest bearing vehicle loans, loan and advance from related party and security deposits; however these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

iii) Commodity Price Risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of bedding articles, home comfort products, furniture cushioning and specialized foam and therefore require a continuous supply of raw materials i.e. TDI and Polyol being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the TDI and Polyol, the Company has entered into various purchase contracts for these material for which there is an active market. The Company's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Company partly mitigated the risk of price volatility by entering into the contract for the purchase of these material and further the Company increases prices of its products as and when appropriate to minimize the impact of increase in raw material prices.

(b) Credit Risk :

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

i) Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating review and individual credit limits are

Notes to the Standalone Financial Statements
for the year ended 31 March, 2018

defined in accordance with this assessment. The Company regularly monitors its outstanding customer receivables.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

ii) Financial instruments and cash & bank deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits, bonds, debentures and mutual funds. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March, 2018 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company.

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Non-current assets			
- Investments	**3,745.75**	0.35	1,013.00
- Loans	**215.74**	148.19	145.91
- Other non-current financial assets	**10.39**	34.77	26.53
Current assets			
- Investments	**6,059.24**	-	-
- Trade receivables	**10,160.20**	9,944.13	7,435.66
- Cash and cash equivalents	**13,922.56**	10,509.06	4,912.95
- Bank balances other than cash and cash equivalents	**561.31**	9,042.69	15,634.57
- Loans	**39.28**	331.35	320.08
- Other current financial assets	**2,739.95**	1,726.16	678.08
Total	**37,453.98**	**31,736.70**	**30,166.78**

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis and loss allowance of trade receivables given below has been considered from the date the invoice falls due:

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Not Due	**9,013.78**	8,488.91	5,542.27
Due from 0 to 180 days	**726.54**	1,259.94	1,709.91
Due from more than 180 days	**419.88**	195.28	183.48
Less: Loss Allowance	**-**	-	-
Total	**10,160.20**	**9,944.13**	**7,435.66**

(c) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be very low.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2018

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date:

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2018			
Borrowings	119.81	89.54	30.27
Trade payables	11,315.03	11,315.03	-
Other non-current financial liabilities	5,445.19	-	5,445.19
Other current financial liabilities	8,136.26	8,136.26	-
Total	**25,016.29**	**19,540.83**	**5,475.46**

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2017			
Borrowings	396.49	45.11	351.38
Trade payables	13,444.40	13,440.40	-
Other non-current financial liabilities	3,829.82	-	3,829.82
Other current financial liabilities	9,217.34	9,217.34	-
Total	**26,888.05**	**22,702.85**	**4,181.20**

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 1 April, 2016			
Borrowings	4,637.64	4,249.74	387.90
Trade payables	8,902.24	8,902.24	-
Other non-current financial liabilities	3,286.98	-	3,286.98
Other current financial liabilities	8,130.24	8,130.24	-
Total	**24,957.10**	**21,282.22**	**3,674.88**

40.15 Disclosure required under Section 186 (4) of the Companies Act, 2013.

Particulars of transaction made during the year and outstanding balance as at the end of the year:

(₹ in Lakhs)

Sr No.	Name of the Investee	Nature of Transaction	**2017-18**		2016-17	
			During the year	**Outstanding Balance**	During the year	Outstanding Balance
1.	Joyce Foam Pty. Ltd.	Investment	-	2,306.59	-	2,306.59
		Corporate Guarantee	-	6,858.11	-	6,889.77
2.	Divya Software Solutions Pvt. Ltd.	Investment	2,372.78	7,253.87	2,931.85	4,881.09
3.	Sleepwell Enterprises Pvt. Ltd.	Investment	-	109.20	109.20	109.20

40.16 The previous year's figures have been re-grouped/re-classified wherever considered necessary.

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

(Pawan K. Gupta)
Partner
Membership No. 092529

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. Iquebal Ahmad)
Company Secretary
M. No. - A20921

Place : New Delhi
Date : 18 May, 2018

Independent Auditor's Report

To the members of 'Sheela Foam Limited' on Consolidated Ind As Financial Statements

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of '**Sheela Foam Limited**' (hereinafter referred to as "Holding Company"), and its Subsidiaries (the Holding Company and its Subsidiaries together referred as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity 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 Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 including other comprehensive income, consolidated Changes in Equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2017 prescribed under Section 133 of the Companies Act, 2013.

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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 including Ind AS, of the consolidated state of affairs of the Group as at 31st March, 2018, their consolidated profit (including other comprehensive income), their changes in equity and their consolidated cash flows for the year ended on that date.

Other Matter

a. We did not audit the Ind AS financial statements of Subsidiary company incorporated in India, namely Divya Software Solutions Pvt. Ltd. and Subsidiary company incorporated in Australia, namely Joyce Foam Pty. Ltd., whose financial statements reflect total assets of ₹ 24,377.15 lakhs as at 31st March, 2018, and total revenues of ₹ 30,920.03 lakhs, total comprehensive income of ₹ 770.20 lakhs and cash outflow of ₹ 54.19 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements.

   The Ind AS financial statements of Subsidiary company incorporated in India, namely Divya Software Solutions Pvt. Ltd have been audited by its auditor whose report has been furnished to us by the Holding Company's management and our opinion on the consolidated Ind AS financial statements, in so far it relates to the amounts and disclosures included in respect of the said Subsidiary and our report in terms of Section 143(3), in so far it relates to the said Subsidiary is based solely on the report of the said auditor.

   The financial statements of Subsidiary company incorporated in Australia, namely Joyce Foam Pty. Ltd., have been prepared in accordance with the accounting principles generally accepted in its country of incorporation and the same have been audited by its auditor under generally accepted auditing standard applicable in the said country. The Holding Company's management has converted the financial statements of the said Subsidiary to the accounting principles generally accepted in India including Ind AS. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far it relates to the balances and affairs of the said Subsidiary located outside India is based on the report of the other auditor and the conversion adjustments prepared by the Holding Company's management and audited by us.

Our opinion on the consolidated Ind AS 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 Ind AS financial statements / financial information certified by the management.

b. The comparative financial information of the Group for the year ended 31st March, 2017 and the transition date opening Balances Sheet as at 1st April, 2016, included in these consolidated Ind AS financial statements, are based on the previously issued statutory consolidated financial statements prepared in accordance with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, which were audited by us, on which we expressed the unmodified opinion dated 10th May, 2017 and 6th May, 2016 for the years ended 31st March, 2017 and 31st March, 2016 respectively. These consolidated financial statements of the earlier years have been considered in the consolidated Ind AS financial statements after adjustment for the differences in the accounting principles adopted by the Holding Company on transition to the Ind AS as detailed in Note 39.12 of the consolidated Ind AS financial statements.

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 Ind AS financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity 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 Ind AS financial statements.

d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2017 under Section 133 of the Companies Act, 2013.

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 31st March, 2018, 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 31st March, 2018 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 with reference to financial statements and operating effectiveness of such controls of the Holding Company and Subsidiary Company incorporated in India audited by us, and of the 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:

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 Ind AS financial statements disclose the impact of pending litigations on the Consolidated Ind AS financial position of the Group – Refer Note 39.1 to the consolidated Ind AS 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.

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

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

Place : New Delhi
Dated: 18 May, 2018

Annexure-'A' to the Independent Auditors' Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of the independent auditors report of even date on the consolidated Ind AS financial statements of Sheela Foam Limited for the year ended 31st March, 2018)

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 Holding Company") and its Subsidiaries incorporated in India (the Holding Company and its Subsidiaries together referred as "the Group") for the year ended 31st March, 2018, in conjunction with our audit of the consolidated Ind AS financial statements of the Group for the year ended on 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 Group'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, to the best of our information and according to the explanations given to us, 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 31st March, 2018, based on the internal control over financial reporting criteria established by the Group 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. Ltd., is based on the corresponding report of the auditor of the said Company.

Our opinion is not modified in respect of above matter.

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

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

Place : New Delhi
Dated: 18 May, 2018

Consolidated Balance Sheet

as at 31 March, 2018

(₹ in Lakhs)

Particulars	Note No.	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
ASSETS							
Non-current assets							
Property, Plant and Equipment	3	33,891.82		30,888.28		28,072.31	
Capital work in progress		5,222.58		3,620.77		970.01	
Investment Property	4	127.90		135.80		-	
Goodwill	3	818.23		817.88		710.74	
Financial Assets							
- Investments	5	3,745.75		0.35		1,013.00	
- Loans	6	267.09		151.55		148.03	
- Other non-current financial assets	7	109.88		131.78		170.32	
Non-current tax assets (net)	8	151.89		630.56		-	
Other non-current assets	9	719.52	45,054.66	837.17	37,214.14	1,285.46	32,369.87
Current assets							
Inventories	10	17,258.36		14,652.73		10,461.31	
Financial Assets							
- Investments	11	6,059.24		-		-	
- Trade receivables	12	14,730.73		13,881.27		11,706.83	
- Cash and cash equivalents	13	15,165.88		11,811.19		6,081.38	
- Bank balances other than cash and cash equivalents	14	657.96		9,127.69		15,634.57	
- Loans	15	39.28		331.35		320.08	
- Other current financial assets	16	2,761.04		1,730.86		678.28	
Other current assets	17	2,542.96	59,215.45	3,085.82	54,620.91	1,590.93	46,473.38
TOTAL ASSETS			104,270.11		91,835.05		78,843.25
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital	18	2,439.14		2,439.14		1,626.09	
Other Equity	19	57,286.53	59,725.67	43,926.09	46,365.23	32,230.00	33,856.09
LIABILITIES							
Non-current liabilities							
Financial Liabilities							
- Borrowings	20	826.12		2,196.44		3,460.53	
- Other non-current financial liabilities	21	5,445.19		3,830.96		3,286.98	
Provisions	22	1,564.74		1,296.26		1,064.18	
Deferred tax liabilities (Net)	23D	204.18	8,040.23	162.56	7,486.22	194.16	8,005.85
Current liabilities							
Financial liabilities							
- Borrowings	24	2,740.14		2,590.63		7,882.75	
- Trade payables	25	14,677.92		16,047.74		11,262.23	
- Other current financial liabilities	26	10,872.21		11,675.97		9,733.83	
Provisions	27	1,951.39		1,634.43		1,444.76	
Current tax liabilities (net)	28	-		-		1,620.08	
Other current liabilities	29	6,262.55	36,504.21	6,034.83	37,983.60	5,037.66	36,981.31
TOTAL EQUITY AND LIABILITIES			104,270.11		91,835.05		78,843.25

Significant Accounting Policies' and 'Notes 1 to 39' form an integral part of the Consolidated Financial Statements.

As per our Report of even date attached

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

(Pawan K. Gupta)
Partner
Membership No. 092529

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. Iquebal Ahmad)
Company Secretary
M. No. - A20921

Place : New Delhi
Date : 18 May, 2018

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2018

(₹ in Lakhs)

Particulars	Note No.	Year ended 31 March, 2018		Year ended 31 March, 2017	
INCOME:					
Revenue From Operations	30		200,444.59		189,450.17
Other Income	31		2,106.41		2,313.42
Total Income			202,551.00		191,763.59
EXPENSES:					
Cost of materials consumed	32		106,975.76		93,303.97
Excise Duty	39.11		3,913.20		16,165.19
Purchases of Stock- in-Trade	33		4,023.04		3,543.27
Other manufacturing expenses	34		8,050.15		7,743.92
Changes in inventories of finished goods, stock-in-process and stock-in-trade	35		(1,552.59)		(1,389.14)
Employee benefits expense	36		16,265.48		15,314.87
Finance costs	37		867.05		1,096.52
Depreciation and amortization expense	3 & 4		3,524.00		3,039.05
Other expenses	38		41,136.26		35,157.17
Total Expenses			183,202.35		173,974.82
Profit before tax			19,348.65		17,788.77
Tax expense:	23A				
Current tax - Current year's		5,931.62		5,278.48	
- Earlier year's		(38.45)		0.77	
Deferred tax		84.76	5,977.93	(45.91)	5,233.34
Profit for the year			13,370.72		12,555.43
Other Comprehensive Income :					
a. Items that will not be reclassified to profit or loss					
- Re-measurements losses on defined benefit plans	39.4		(134.96)		(89.44)
- Income tax effects	23B		46.71		30.95
b. Items that will be reclassified to profit or loss					
- Exchange differences on translation of foreign operations			30.93		12.72
Other Comprehensive Income for the year			(57.32)		(45.77)
Total Comprehensive Income for the year			13,313.40		12,509.66
Earnings per share- Basic/Diluted in ₹	39.8		27.41		25.74

'Significant Accounting Policies' and 'Notes 1 to 39' form an integral part of the Consolidated Financial Statements.

As per our Report of even date attached

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

For and on behalf of the Board of Directors

(Pawan K. Gupta)
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DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

(Md. Iquebal Ahmad)
Company Secretary
M. No. - A20921

Place : New Delhi
Date : 18 May, 2018

Consolidated Statement of Changes in Equity

for the year ended 31 March, 2018

(A) EQUITY SHARE CAPITAL

For the year ended 31 March, 2018

(₹ in Lakhs)

Balance as at 1 April, 2017	Changes in equity share capital during the year	Balance as at 31 March, 2018
2,439.14	-	**2,439.14**

For the year ended 31 March, 2017

(₹ in Lakhs)

Balance as at 1 April, 2016	Changes in equity share capital during the year	Balance as at 31 March, 2017
1,626.09	813.05	2,439.14

(B) OTHER EQUITY

For the year ended 31 March, 2018

(₹ in Lakhs)

Particulars	Retained Earnings	Capital Reserve	General Reserve	Foreign Currency Translation Reserve	Total
Balance as at 1 April, 2017	41,189.80	1,219.66	1,716.27	(199.64)	**43,926.09**
Profit for the year	13,370.72	-	-	-	**13,370.72**
Other Comprehensive Loss for the year					
- Re-measurements losses on defined benefit plans (net of taxes)	(88.25)	-	-	-	**(88.25)**
- Exchange gain on translation (net)	-	47.04	-	30.93	**77.97**
Balance as at 31 March, 2018	**54,472.27**	**1,266.70**	**1,716.27**	**(168.71)**	**57,286.53**

For the year ended 31 March, 2017

(₹ in Lakhs)

Particulars	Retained Earnings	Capital Reserve	General Reserve	Foreign Currency Translation Reserve	Total
	28,584.73	**1,328.31**	**2,529.32**	**(212.36)**	**32,230.00**
Profit for the year	12,555.43	-	-	-	12,555.43
Issue of Bonus Shares (Refer Note 18.4.1)	-	-	(813.05)	-	(813.05)
Adjustment on Purchase of Subsidiary Company	108.13	-	-	-	108.13
Other Comprehensive Loss for the year					
- Re-measurements losses on defined benefit plans (net of taxes)	(58.49)	-	-	-	(58.49)
- Exchange gain/(loss) on translation (net)	-	(108.65)	-	12.72	(95.93)
Balance as at 31 March, 2017	**41,189.80**	**1,219.66**	**1,716.27**	**(199.64)**	**43,926.09**

Refer Note No. 19.1 for nature and purpose of reserves

Significant Accounting Policies' and 'Notes 1 to 39' form an integral part of the Consolidated Financial Statements.

As per our Report of even date attached

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

For and on behalf of the Board of Directors

(Pawan K. Gupta)
Partner
Membership No. 092529

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

(Md. Iquebal Ahmad)
Company Secretary
M. No. - A20921

Place : New Delhi
Date : 18 May, 2018

Consolidated Statement of Cash Flows

for the year ended 31 March, 2018

(₹ in Lakhs)

Particulars	Year ended 31 March, 2018 Amount	Year ended 31 March, 2018 Total	Year ended 31 March, 2017 Amount	Year ended 31 March, 2017 Total
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax as per statement of profit and loss		19,348.65		17,788.77
Adjustments for:				
Depreciation and amortisation expense	3,524.00		3,039.05	
Finance costs	867.05		1,096.52	
Provision for warranty claim (net)	252.50		207.50	
Advances/Balances written off	16.96		1.29	
Bad debts written off	6.27		48.58	
Fair value gain on investments (net)	(76.07)		-	
Dividend received from mutual funds	(71.28)		-	
Profit on sale of investments (net)	(26.58)		(71.20)	
Liabilities/provisions no longer required written back	-		(78.47)	
Unrealised foreign exchange loss/(gain) (net)	8.62		(104.84)	
Interest income	(1,180.08)		(1,336.80)	
Assets written off	42.50		40.72	
Loss/(Profit) on sale of property, plant and equipment (net)	22.63		(0.14)	
		3,386.52		2,842.21
Operating profit before working capital changes		22,735.17		20,630.98
Adjustment for working capital changes:				
(Increase) in Inventories	(2,605.63)		(4,191.42)	
(Increase) in loans and trade receivables	(679.20)		(2,237.81)	
(Increase) in other financial and non-financial assets	(508.37)		(2,191.48)	
(Decrease)/Increase in trade payables	(1,526.63)		4,024.16	
"Increase in other financial liabilities, non-financial liabilities and provisions"	1,371.13		3,697.54	
Cash Generated from Working Capital Changes		(3,948.70)		(899.01)
Cash generated from operations		18,786.47		19,731.97
Income Tax paid		(5,414.50)		(7,529.89)
Net Cash inflow from Operating Activities - A		13,371.97		12,202.08
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of propery, plant and equipment including capital work in progress	(9,113.91)		(9,669.61)	
Sale/adjusment/write-off of property, plant and equipment	926.97		880.32	
Deposits matured/made during the year	8,469.73		6,506.88	
Investment in bonds, debentures and mutual funds (net)	(9,701.99)		1,012.65	
Dividend income	71.28		-	
Interest income	1,340.68		1,467.64	
Net Cash (outflow)/inflow from Investing Activities - B		(8,007.24)		197.88

(₹ in Lakhs)

Particulars	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Amount	Total	Amount	Total
C. CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of Secured long term borrowings	(1,041.49)		(214.69)	
Repayment of Unsecured long term borrowings	(251.01)		(66.85)	
Proceeds/(Repayment) of Secured short term borrowings	152.96		(5,304.55)	
Proceeds from Unsecured short term borrowings	(3.45)		12.44	
Finance costs	(867.05)		(1,096.52)	
Net Cash outflow from Financing Activities - C		(2,010.04)		(6,670.16)
Net increase in cash and cash equivalents (A+B+C)		3,354.69		5,729.81
Cash and cash equivalents (Opening Balance)		11,811.19		6,081.38
Cash and cash equivalents (Closing Balance)		15,165.88		11,811.19
Note to Statement of cash flows :				
- Components of Cash and cash equivalents as under :				
- Balance with Banks - Current Accounts	1,780.38		2,238.67	
- Cheques on Hand	-		530.02	
- Cash on Hand	35.50		37.50	
- Deposit with orginal maturity less than 3 months	13,350.00		9,005.00	
		15,165.88		11,811.19

- Figures in brackets indicate cash outflow.
- The above Statement of cash flows has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flows

Significant Accounting Policies' and 'Notes 1 to 39' form an integral part of the Financial Statements.

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

For and on behalf of the Board of Directors

(Pawan K. Gupta)
Partner
Membership No. 092529

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

(Md. Iquebal Ahmad)
Company Secretary
M. No. - A20921

Place : New Delhi
Date : 18 May, 2018

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

1. GROUP INFORMATION

Sheela Foam Limited ('the Holding Company') is a ISO 9001:2000 public limited Company incorporated in India with its registered office in New Delhi. The Holding Company is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

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").

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorized for issue on 18th May , 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance and Basis of Preparation

a. Compliance with Indian Accounting Standards (Ind – AS):

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Companies (Indian Accounting Standards) Rules, 2015, as amended by Companies (Indian Accounting Standards) Rules, 2017 and the other relevant provisions of the Companies Act, 2013. For all the periods upto and including year ended March 31, 2017, the Holding Company prepared, its consolidated financial statements in accordance with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous Indian GAAP'). These consolidated financial statements are the first financial statements which have been prepared in accordance with the Ind AS. Reconciliation and explanations of the effect of the transition from Previous Indian GAAP to Ind AS on the Group's Balance Sheet, Statement of Profit & Loss and Statement of Cash Flows are provided in Note 39.11, and the impact of the transition has been taken in the opening retained earnings on the date of transition i.e. 1st April, 2016.

The consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2016 being the date of transition to Ind AS. All the assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013.

b. Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except, certain financial assets and liabilities, measured at fair value.

c. Functional and presentation currency

The consolidated financial statements are prepared in Indian Rupees ('Rs.'), which is the Holding Company's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest lakhs with two decimal places, unless stated otherwise.

d. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it is:

- expected to be realized, or intended to be sold or consumed in normal operating cycle;

- held primarily for the purpose of trading;

Notes to the Consolidated Financial Statements
for the year ended 31 March, 2018

- expected to be realized within 12 months after the reporting period; or

- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it is:
- expected to be settled in the normal operating cycle;

- held primarily for the purpose of trading;

- due to be settled within 12 months after the reporting date; or

- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities:
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating Cycle:

The operating cycle is the time between acquisition of assets for processing and their realization in cash and cash equivalent. The Company has identified twelve months as its operating cycle.

e. Use of estimates and judgments
The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure and the disclosure of contingent liabilities. Uncertainty about these estimates and assumptions could result in outcomes that requires material adjustments to the carrying amount of the assets and liabilities in future period/s.

These estimates and assumptions are based on the facts and events, that existed as at the date of Statement of Financial Position, or that occurred after that date but provide additional evidence about conditions existing as at the Statement of Financial Position date.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are given below.

1. Useful lives of Property Plant and Equipment
The Property, Plant and Equipment are depreciated on a pro-rate basis on written down value basis, in case of Holding Company (Sheela Foam Limited) and Indian Subsidiaries (Divya Software Solutions Private Limited and Sleepwell Enterprises Private Limited) and on a straight line basis, in the case of foreign Subsidiary Joyce Foam Pty. Ltd. and its Controlled Entities, over their respective useful lives. Management estimates the useful lives of these assets as detailed in Note 2.3 below. Changes in the expected level of usage, technological developments, level of wear and tear could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised and could have an impact on the profit in future years.

2. Retirement benefit obligation
The cost of retirement benefits and present value of the retirement benefit obligations in respect of Gratuity and Leave Encashment of Holding Company's employees is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, these retirement benefit obligations are sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the these obligations. The mortality rate is based on publically available mortality table for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis are given in Note 39.4.

3. **Taxes**
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

4. **Fair value measurement of financial instrument**
When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5. **Impairment of Financial assets**
The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

6. **Impairment of non-Financial assets**
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An assets recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other fair value indicators.

2.2 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 Foreign Currency Translation Reserve.

iii) The consolidated financial statements have been prepared in accordance with Indian Accounting Standard - 110 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 and expenses after fully eliminating the intra-group balances and intra-group transactions and unrealized profits or losses in accordance with Indian Accounting Standard - 110 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, in the same manner as the Holding Company's separate financial statements except as otherwise stated in the Significant Accounting Policies.

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 31.03.2018	Proportion (%) of Shareholding as on 31.03.2017
Subsidiary Companies			
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	India	100%	100%

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

2.3 Property, Plant & Equipment

Upon first time adoption of Ind AS, the Group has elected to measure all its property, plant & equipment, at the Previous Indian GAAP's carrying amount as its deemed cost on the date of transition to Ind AS i.e. April 1, 2016.

Property, Plant & Equipment 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. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are added to the existing asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Cost of leasehold land is amortized over the period of lease.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

In the case of the Holding Company (Sheela Foam Limited) and Indian Subsidiaries (Divya Software Solutions Private Limited and Sleepwell Enterprises Private Limited)

Depreciation on property, plant & equipment is provided on a pro-rate basis 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. The asset's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The property, plant and equipment costing upto ₹ 5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value. 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
Furniture & Fixtures	10	15
Vehicles :		
- Motor Cars	8	10
Office Equipment	5	20
Date Processing Equipment :		
- Computer Equipment	3	6
Electrical Fittings	10	20

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

Based on usage pattern, internal assessment and technical evaluation, 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.

In the case of foreign Subsidiary (Joyce Foam Pty. Ltd. and its Controlled Entities)

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

2.4 Investment Property

Property that is held for long- term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are added to the carrying amount only when it is probable that it will increase its useful life. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred. Though the Group measures investment property using cost based measurement, the fair value of the investment property is disclosed in the notes. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer applying a recognized and recommended valuation model.

Depreciation on investment property, is provided on a pro-rate basis on written down value basis, over the useful life of the property estimated by the management, in the manner prescribed in Schedule II of the Companies Act, 2013. The property's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. 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

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

Investment property is derecognized when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

gain or loss arising on de-recognition of the investment property is included in the Statement of Profit and Loss.

Transfers are made to / from investment property only when there is a change in its use. Transfers between investment property is made at the carrying amount of the property transferred.

2.5 Financial Instruments

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

(i) Financial Assets

(a) Initial recognition and measurement

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

(b) Classification and subsequent measurement

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

a. Financial assets measured at amortized cost;

b. Financial assets measured at fair value through other comprehensive income (FVTOCI); and

c. Financial assets measured at fair value through profit and loss (FVTPL)

Where financial assets are measured at fair value, gains and losses are either recognized entirely in the Statement of Profit and Loss (i.e. fair value through profit and loss), or recognized in other comprehensive income (i.e. fair value through Other Comprehensive Income).

The classification of financial assets depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

(1) Financial assets measured at amortized cost:

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

- Business Model Test: The objective of the business model is to hold financial asset in order to collect contractual cash flows (rather than to sell the asset prior to its financial maturity to realize its fair value changes); and
- Cash Flow Characteristics Test: Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Group. After initial measurement, such financial asset are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected

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life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in interest income is the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade receivables, deposits with banks, security deposits, cash and cash equivalents and employee loans, etc.

(2) Financial instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A financial instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- Business Model Test: The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- Cash Flow Characteristics Test: The Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on principal amount outstanding.

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in Other Comprehensive Income (OCI) except for the recognition of interest income, impairment gains and losses and foreign exchange gain and losses which are recognized in the Statement of Profit and Loss. The Group as at the Statement of Financial Position date is not having any such instruments.

(3) Financial instruments measured at Fair Value Through Profit and Loss (FVTPL)

Fair Value through Profit and Loss is a residual category. Any financial instrument, which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified as FVTPL. Financial instruments included in FVTPL category are measured initially as well as at each reporting period at fair value. Fair value movements i.e. gain or loss and interest income are recorded in Statement of Comprehensive Income.

(c) Impairment of financial assets

The Group assesses impairment based on expected credit losses (ECL) model to the following:

- Financial Assets measured at amortized cost;
- Financial Assets measured at FVTOCI.

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Financial assets that are debt instruments, and are measured at amortized cost i.e. trade receivables, deposits with

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banks, security deposits and employee loans etc.

- Financial assets that are debt instruments, and are measured at FVTOCI, The Group as at the Statement of Financial Position date is not having any such instruments.

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The trade receivables are initially recognized at the sale/recoverable value and are assessed at each Statement of Financial Position date for collectability. Trade receivables are classified as current assets, if collection is expected within twelve months as at Statement of Financial Position date, if not, they are classified under non-current assets.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months (Expected Credit Loss) ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on timely basis.

(d) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's Statement of Financial Position) when:

a. The rights to receive cash flows from the asset have been expired/ transferred, or

b. The Group retains the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Group has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Group has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

(ii) Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, borrowings, security deposits and other payables.

Subsequent measurement

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

Financial Liabilities at Fair Value through Profit or Loss (FVTPL)

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in Other Comprehensive Income. These gains/ loss are not subsequently transferred to profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of comprehensive income. The Group has not designated any financial liability as at fair value through profit and loss.

Borrowings & Security Deposits
Any difference between the proceeds (net of transaction costs) and the repayment amount is recognized in profit or loss over the period of the liability and subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial Guarantee Contract
Financial guarantee contracts issued by the Holding Company are those contracts that require a payment to be made to reimburse the holder for loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Trade and other payables
Trade and other payables are obligations incurred by the Group towards purchase of raw material and other goods and availing the services that have been acquired or availed in the ordinary course of business. Trade and other payables are classified under current liabilities, if payment is due within 12 months as at Statement of Financial Position date, if not, they are classified under non-current liabilities. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

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

(iii) Offsetting of financial instruments:
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet it there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.6 Inventories

Inventories are valued at the lower of cost and net realisable value. In respect of raw

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for the year ended 31 March, 2018

material, packing material and stores & spares, cost is computed on first in first out basis, as determined on direct cost basis. Finished goods and stock-in-process include cost of inputs, conversion costs and other costs including manufacturing overheads incurred in bringing them to their present location and condition. Obsolete, defective and unserviceable stocks are provided for, wherever required. The net-realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make sale.

2.7 Cash and Cash Equivalents

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

2.8 Impairment of Non-Financial Assets

The Group assesses, at each reporting date, using external and internal sources, whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous period/s. If any indication exists, or when annual impairment testing for an asset is required, the Group determines the recoverable amount and impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount.

The recoverable amount is determined:

- in the case of an individual asset, at the higher of the asset's fair value less cost of sell and value in use; and
- in the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of the cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that effects current market assessments of the time value of money and the risks specific to that asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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.

2.9 Provisions and Contingent Liabilities

a) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balances sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

b) Contingent Liabilities

A disclosure for a contingent liability is made when there is a possible obligation arising from past events, the existence

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of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or 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.

2.10 Revenue Recognition

a) Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods are transferred to the buyer, there is no continuing managerial involvement nor effective control with the goods, the associated costs and the amount of revenue can be measured reliably and it is probable that the economic benefit associated with the transaction will flow to the Group.

It is measured at fair value of the consideration received or receivable, after deduction of sales returns, trade discount, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and service tax etc.

b) Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.

c) Export incentive such as Duty drawback is recognized on post export basis on the basis of their entitlement rates.

d) Interest income is recognized on time proportion basis taking into account the amount outstanding and applicable interest rates.

e) Insurances claims are recognised to the extent the Holding Company is reasonably certain of their ultimate receipt.

f) Dividend income on investments is recognized when the right to receive dividend is established.

2.11 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.

2.12 Employee Benefits

In the case of Holding Company

a. Short Term Employee Benefits

All Employee benefits payable within twelve months of rendering the services are classified as short term benefits. Such benefits include salaries, wages, bonus, awards, ex-gratia, performance incentive/ pay etc. and the same are recognized in the period in which the employee renders the related services.

b. Post-Employment Benefits

i. Defined contribution plan:

The Company's approved provident fund scheme, employees' state insurance fund scheme and employees' pension scheme are defined contribution plans. The Company has no obligation, other than the contribution paid/ payable under such schemes. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

ii. Defined benefit plan

The employees' gratuity fund scheme and the employees leave encashment / employees long term compensated absences are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation on projected unit credit method as at the balance sheet date. Re-measurement, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

In the case of foreign Subsidiary (Joyce Foam Pty. Ltd. and its Controlled Entities)

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-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.

2.13 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements into prior to April 1, 2016, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with respective Company's general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit or loss account on straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor in expected inflationary cost increase.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

2.14 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.

Non- monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the far value is determined.

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.

2.15 Employee Stock Option Scheme

The Holding Company follows the intrinsic method for computing the compensation cost, for options granted under the employee stock option 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.

2.16 Taxation

Tax expense for the year comprises of Current Tax and Deferred Tax.

a) Current Tax

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2.17 Dividend Distribution:

The Holding Company recognizes a liability to make payment of dividend to owners of equity when the distribution is authorized and is no longer at the discretion of the Holding Company and is declared by the shareholders. A corresponding amount is recognized directly in the Equity.

2.18 Earnings per Share:

Basic earnings per share is calculated by dividing net profit / loss of the year attributable to equity shareholders by the weighted

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average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a right issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in the resources.

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

2.19 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.

2.20 Transactions within Group

Transactions including expenses to be shared between the companies within the Group are initially recorded under operational heads by the respective Company, and reduced on actual or proportionate (where those are not directly attributable) basis during consolidation.

2.21 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.

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3. PROPERTY, PLANT AND EQUIPMENT (As at 31 March, 2018)

(₹ in Lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2017	Additions during the year	Sales/disposal/ transfers during the year	**As at 31.03.2018**	As at 01.04.2017	For the year	Sales disposal/transfers during the year	**As at 31.03.2018**	**As at 31.03.2018**	As at 31.03.2017
(i) Tangible Assets										
Land										
- Freehold	602.28	385.79	-	**988.07**	-	-	-	**-**	**988.07**	602.28
- Leasehold (refer note 3.2)	1,775.73	-	41.13	**1,734.60**	33.16	17.76	-	**50.92**	**1,683.68**	1,742.57
Buildings	12,163.37	2,268.66	(23.61)	**14,455.64**	819.46	911.72	(3.79)	**1,734.97**	**12,720.67**	11,343.91
Plant & Equipment	17,448.41	2,551.22	39.53	**19,960.10**	1,812.61	2,215.93	(41.58)	**4,070.12**	**15,889.98**	15,635.80
Furniture & Fixtures	252.71	819.19	360.52	**711.38**	43.69	54.25	3.65	**94.29**	**617.09**	209.02
Vehicles	461.11	196.31	35.18	**622.24**	89.55	100.53	12.21	**177.87**	**444.37**	371.56
Office equipment	507.99	1,167.12	472.69	**1,202.42**	114.20	127.80	7.84	**234.16**	**968.26**	393.79
Electrical fittings	683.35	80.94	3.14	**761.15**	94.00	88.11	0.66	**181.45**	**579.70**	589.35
Total	**33,894.95**	**7,469.23**	**928.58**	**40,435.60**	**3,006.67**	**3,516.10**	**(21.01)**	**6,543.78**	**33,891.82**	**30,888.28**
(ii) Capital Work-in-progress (refer note 3.3 below)	3,620.77	4,174.78	2,572.96	**5,222.58**	-	-	-	**-**	**5,222.58**	3,620.77
Goodwill	**817.88**	**-**	**(0.35)**	**818.23**	**-**	**-**	**-**	**-**	**818.23**	**817.88**
Total (i+ii+iii)	**38,333.60**	**11,644.01**	**3,501.19**	**46,476.41**	**3,006.67**	**3,516.10**	**(21.01)**	**6,543.78**	**39,932.63**	**35,326.93**

PROPERTY, PLANT AND EQUIPMENT (As at 31 March, 2017)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions during the year	Sales/disposal/ transfers during the year	As at 31.03.2017	As at 01.04.2016	For the year	Sales disposal/transfers during the year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
(i) Tangible Assets										
Land										
- Freehold	591.21	11.07	-	602.28	-	-	-	-	602.28	591.21
- Leasehold (refer notes 3.2)	1,844.20	-	68.47	1,775.73	-	33.77	0.61	33.16	1,742.57	1,844.20
Buildings	10,184.58	2,203.15	224.37	12,163.37	-	826.42	6.96	819.46	11,343.91	10,184.58
Plant & Equipment	13,929.52	4,077.27	558.38	17,448.41	-	1,826.07	13.46	1,812.61	15,635.80	13,929.52
Furniture & Fixtures	225.38	28.22	0.89	252.71	-	43.84	0.15	43.69	209.02	225.38
Vehicles	315.30	183.73	37.92	461.11	-	96.71	7.16	89.55	371.56	315.30
Office equipment	330.07	183.40	5.48	507.99	-	115.21	1.01	114.20	393.79	330.07
Electrical fittings	652.05	45.44	14.14	683.35	-	94.12	0.12	94.00	589.35	652.05
Total	**28,072.31**	**6,732.28**	**909.65**	**33,894.95**	**-**	**3,036.14**	**29.47**	**3,006.67**	**30,888.28**	**28,072.31**
(ii) Capital Work-in-progress (refer note 3.3 below)	970.01	7,877.77	5,227.01	3,620.77	-	-	-	-	3,620.77	970.01
(iii) Goodwill	710.74	-	(107.14)	817.88	-	-	-	-	817.88	710.74
Total (i+ii+iii)	**29,753.06**	**14,610.05**	**6,029.52**	**38,333.60**	**-**	**3,036.14**	**29.47**	**3,006.67**	**35,326.93**	**29,753.06**

3.1 Refer 'Para-2.3' of Significant Accounting Policies' for depreciation on property, plant and equipment.

3.2 The leasehold land has been amortised during the year by ₹ 17.76 lakhs (Previous Year : ₹ 33.77 lakhs) as per the accounting policy in terms of the Ind AS-16 on 'Property, Plant and Equipment'.

3.3 Capital Work-in-progress represents assets under construction / installation at various sites / plants and include under noted pre-operative expenditure pending allocation on commencement of commercial production.

Nature of Expense	Opening as on 01.04.2017 (₹ in Lakhs)	**Additions during 2017-18 (₹ in lakhs)**	**Capitalisation/ adjustment during during 2017-18 (₹ in Lakhs)**	**Closing as on 31.03.2018 (₹ in Lakhs)**	Opening as on 01.04.2016 (₹ in Lakhs)	Additions during during 2016-17 (₹ in lakhs)	Capitalisation/ adjustment during 2016-17 (₹ in Lakhs)	Closing as on 31.03.2017 (₹ in Lakhs)
Travelling expenses	2.92	**2.25**	-	**5.17**	3.48	2.56	3.12	2.92
Testing Charges	-	**0.90**	-	**0.90**	-	-	-	-
Electricity & Power expenses	22.44	**38.36**	-	**60.80**	3.45	18.99	-	22.44
Other Finance Cost	49.18	**0.72**	-	**49.90**	48.23	0.95	-	49.18
Security Service charges	9.19	**5.66**	-	**14.85**	1.29	7.90	-	9.19
Legal & Professional charges	73.54	**26.66**	-	**100.20**	18.38	55.16	-	73.54
Total	**157.27**	**74.55**	**-**	**231.82**	**74.83**	**85.56**	**3.12**	**157.27**

3.4 Leasehold land and building at Sikkim, has been leased for a period of 10 years w.e.f. 1st December, 2016. Accordingly cost of ₹ 144.83 lakhs and accumulated depreciation of ₹ 6.12 lakhs thereon has been transferred from the "Property, plant and equipment" to 'Investment Property' as per the accounting policy in terms of Ind AS 40 - Investment Property.

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4. INVESTMENT PROPERTY (As at 31 March, 2018)

(₹ in Lakhs)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2017	Additions during the year	Sales/disposal/ adjustments during the year	**As at 31.03.2018**	As at 01.04.2017	Transfer during the year	For the year	Sales/disposal/ adjustments during the year	**As at 31.03.2018**	**As at 31.03.2018**	As at 31.03.2017
(i) Tangible Assets											
Land -Leasehold (refer note 4.2)	68.47	-	-	**68.47**	0.91	-	0.91	-	**1.82**	**66.65**	67.56
Buildings	76.36	-	-	**76.36**	8.12	-	6.99	-	**15.11**	**61.25**	68.24
Total	**144.83**	-	-	**144.83**	**9.03**	-	**7.90**	-	**16.93**	**127.90**	**135.80**

Investment Property (As at 31 March, 2017)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2016	Transfer during the year	Sales/disposal/ adjustments during the year	As at 31.03.2017	As at 01.04.2016	Transfer during the year	For the year	Sales/disposal/ adjustments during the year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
(i) Tangible Assets											
Land -Leasehold (refer note 4.2)	-	68.47	-	68.47	-	0.61	0.30	-	0.91	67.56	-
Buildings	-	76.36	-	76.36	-	5.51	2.61	-	8.12	68.24	-
Total (refer note 3.4)	-	**144.83**	-	**144.83**	-	**6.12**	**2.91**	-	**9.03**	**135.80**	-

4.1 Refer 'Para- 2.4' of Significant Accounting Policies' for depreciation and measurement of investment property.

4.2 The leasehold land has been amortised during the year by ₹ 0.91 lakhs (Previous Year : ₹ 0.30 lakhs) as per the accounting policy in terms of the Ind AS-40 on 'Investment Property'.

4.3

Particulars	As at 31.03.2018	As at 31.03.2017
Rental Income derived from investment property (refer note 31.1)	**144.00**	25.50
Profit arising from investment property before depreciation	**144.00**	25.50
Less: Depreciation for the year	**7.90**	2.91
Net Profit arising from investment property	**136.10**	22.59

4.4 The Holding Company has obtained independent valuation for its investment property at ₹ 471.26 lakhs as at 31 March, 2018 and has reviewed the fair valuation based on best evidence of fair value determined using replacement cost of an asset of equivalent utility, depreciation and obsolescence. Fair market value is the amount expressed in terms of money that may reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. The valuation by the valuer assumes that Company shall continue to operate and run the assets to have economic utility. The fair value is on 'as is where' basis.

4.5 There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements thereof and there are no restriction on remittance of income and proceeds of disposal.

4.6 The investment properties are leasehold properties and realisability of the same is subject to the terms and conditions under the respective lease agreements.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

5. NON CURRENT FINANCIAL INVESTMENTS IN SUBSIDIARIES

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
In Bonds & Debentures - fully paid up						
(a) Carried at amortised cost						
- IDBI Investment Deposit Account Scheme, 1986 (Unquoted)	-	0.35	-	0.35	-	0.35
(Unsecured, considered Good)						
(b) Carried at fair value through profit and loss						
- Redeemable Index Linked Non-convertible Debentures of Citi Corp Finance (India) Limited of ₹ 1,00,000/- each (Quoted)	2,000	2,060.90	-	-	1,000	1012.65
- 9.37% Bonds of IL&FS Transportation Networks Ltd. of ₹ 10,00,000/- each (Quoted)	170	1,684.50	-	-	-	-
Total Investments (a)+(b)		**3,745.75**		**0.35**		**1,013.00**
Aggregate amount of Quoted Investments		3,745.40		Nil		1,012.65
Market value of Quoted Investments		3,745.40		Nil		1,012.65
Aggregate amount of Unquoted investment		0.35		0.35		0.35
Aggregate amount of impairment in value of investment		Nil		Nil		Nil

6. LOANS

(Unsecured, considered good) (₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Loans to employees	20.11	8.78	9.57
Security deposits	246.98	142.77	138.46
Total	**267.09**	**151.55**	**148.03**

7. OTHER NON-CURRENT FINANCIAL ASSETS

(Unsecured, considered good) (₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Advance to Distributors/Dealers for Vehicles	-	24.94	24.95
Margin money deposits with Banks	1.34	1.34	50.87
Deposits with Banks	107.32	104.84	94.26
Interest accrued but not due on deposits with Banks	1.22	0.66	0.24
Total	**109.88**	**131.78**	**170.32**

8. NON-CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Advance income tax (Net of provisions)	151.89	630.56	-
Total	**151.89**	**630.56**	**-**

9. OTHER NON-CURRENT ASSETS

(Unsecured, considered good) (₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Capital advances	679.36	837.17	1,285.46
Prepaid rent	40.16	-	-
Total	**719.52**	**837.17**	**1,285.46**

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10. INVENTORIES

(Valued at lower of Cost and Net Realisable Value, unless stated otherwise)

(Refer Note 2.6 for the Accounting Policy)

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Raw Materials	**7,663.37**		5,683.92		3,342.98	
- in Transit	**1,573.42**	**9,236.79**	2,107.03	7,790.95	1,110.32	4,453.30
Stock-in-process		**5,465.53**		4,166.64		3,257.20
Finished Goods		**1,001.33**		739.65		910.20
Stock-in-trade		**0.55**		8.53		2.82
Packing Material	**444.59**		469.23		482.18	
- in Transit	**9.31**	**453.90**	13.49	482.72	30.42	512.60
Stores and Spares	**1,000.07**		1,373.54		1,276.17	
- in Transit	**100.19**	**1,100.26**	90.70	1,464.24	49.02	1,325.19
Total		**17,258.36**		**14,652.73**		**10,461.31**

11. CURRENT INVESTMENTS

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
In Bonds & Debentures - fully paid up - Quoted						
a) Carried at fair value through profit and loss						
- Index Linked Non-convertible Debentures of Ecap Equities Limited of ₹1,00,000/- each	**786**	**806.28**	-	-	-	-
Total (a)		**806.28**		**-**		**-**
In Mutual Funds - fully paid up - Quoted						
a) Carried at fair value through profit and loss						
ICICI Prudential Equity Arbitrage Fund - Direct Plan - Dividend	**4,909,091**	**709.06**	-	-	-	-
Kotak Equity Arbitrage Fund - Direct Plan - Dividend	**1,865,000**	**204.99**	-	-	-	-
ICICI Prudential Equity Arbitrage Fund - Growth	**2,181,234**	**501.74**	-	-	-	-
DSP Blackrock India Enhanced Equity Satcore Fund - Class B	**300,000**	**304.26**	-	-	-	-
ICICI Prudential Fixed Maturity Plan Series 82 - 103 days plan	**10,000,000**	**1,006.36**	-	-	-	-
DHFL Pramerica Low Duration Fund - Direct Plan - Growth	**10,342,012**	**2,526.55**	-	-	-	-
Total (b)		**5,252.96**		**-**		**-**
Total Investments (a) + (b)		**6,059.24**		**-**		**-**
Aggregate amount of Quoted Investments		**6,059.24**		Nil		Nil
Market value of Quoted Investments		**6,059.24**		Nil		Nil

12. TRADE RECEIVABLES

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
(Unsecured, considered good)	**14,730.73**	13,881.27	11,706.83
Total	**14,730.73**	**13,881.27**	**11,706.83**

13.1 Refer Note 39.14 For information about credit and market risk of trade receivables.

13.2 Trade receivables are usually non-interest bearing and on the trade terms of 60 days.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

13. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Balances with Banks - Current Accounts	1,780.38		2,238.67		3,705.52	
Cheques on hand	-		530.02		-	
Cash on hand	35.50		37.50		75.86	
Deposits with Banks with original maturity of less than 3 months	13,350.00	15,165.88	9,005.00	11,811.19	2,300.00	6,081.38
		15,165.88		11,811.19		6,081.38

13.1 There are no restriction with regard to cash and cash equivalents at the end of reporting period and prior periods.

14. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Deposits with Banks:						
- held as margin money (refer note 14.1)	244.68		339.20		439.57	
- having original maturity of more than 3 months but less than 12 months	413.28		8,788.49		14,695.00	
- having original maturity of more than 12 months	-	657.96	-	9,127.69	500.00	15,634.57
Total		657.96		9,127.69		15,634.57

14.1 Under lien with banks as security for guarantee facility.

15. LOANS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Loan to Associate Company	-	-	289.16
Loans to employees	39.28	31.35	30.92
IPO security deposit with BSE Limited	-	300.00	-
Total	39.28	331.35	320.08

16. OTHER CURRENT FINANCIAL ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Advance to contractors/suppliers						
- For Vehicles	-		30.05		27.47	
- For Mattress Service Centres	-	-	3.91	33.96	57.12	84.59
Interest accrued but not due on deposits with banks, bonds and debentures		73.72		234.88		366.14
Subsidy receivable		139.08		139.08		139.08
Insurance claim receivable		1,213.24		1,191.74		-
Investment recoverable (since sold)		1,018.67		-		-
Discounts receivable		299.63		131.20		88.46
Other receivables		16.70		-		-
Total		2,761.04		1,730.86		678.28

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

17. OTHER CURRENT ASSETS

(Unsecured, considered good) (₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Advance to contractors/suppliers		**1,155.05**		664.30		418.62
Balances with Statutory/Government authorities:						
- Excise & Custom	**31.66**		1,472.45		469.68	
- GST	**77.12**		-		-	
- VAT/Sales Tax	**149.91**	**258.69**	234.66	1,707.11	197.10	666.78
Prepaid Expenses		**232.00**		523.60		379.74
GST refund receivable (refer note 17.1)		**741.75**		-		-
Lease equalisation asset		**17.27**		-		-
Income tax refund		**46.99**		109.70		91.36
Other Loans & Advances (refer note 17.2)		**91.21**		81.11		34.43
Total		**2,542.96**		**3,085.82**		**1,590.93**

17.1 Amount of GST paid by the unit of Holding company located at exempted zone, due for refund under the Governemnt Budgetry Support Scheme.

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

18. EQUITY SHARE CAPITAL

(₹ in Lakhs)

	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	No.	**Amount**	No.	Amount	No.	Amount
Authorised:						
Equity Shares of ₹5/- each (31 March, 2017: ₹5/- each and 1 April, 2016: ₹10/- each)	**8,80,21,000**	**4,401.05**	8,80,21,000	4,401.05	4,40,10,500	4,401.05
Issued, Subscribed and Fully Paid up:						
Equity Shares of ₹5/- each (31 March, 2017: ₹5/- each and 1 April, 2016: ₹10/- each)	**4,87,82,808**	**2,439.14**	4,87,82,808	2,439.14	1,62,60,936	1,626.09

18.1 Right, Preferences and Restrictions attached to Shares:

The Holding Company has one class of equity shares having a par value of ₹ 5/- per share (₹ 5/- at 31 March, 2017 and ₹ 10/- at 1 April, 2016). 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.

18.2 Reconciliation of the number of shares outstanding:

Particulars	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	Nos.	**₹ in Lakhs**	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
At the beginning of the year	**4,87,82,808**	**2,439.14**	1,62,60,936	1,626.09	1,62,60,936	1,626.09
Add : Shares splitted (Note 18.3)	**-**	**-**	1,62,60,936	-	-	-
Add : Bonus shares issued (Note 18.4.1)	**-**	**-**	1,62,60,936	813.05	-	-
At the end of the year	**4,87,82,808**	**2,439.14**	4,87,82,808	2,439.14	1,62,60,936	1,626.09

18.3 During the previous 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.

18.4 Details of Shares allotted as fully paid up without payment being received in cash during 5 years immediately preceeding 31 March, 2018 / 31 March, 2017 / 1 April, 2016:

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18.4.1 During 2016-17, 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.

18.4.2 During 2011-12 and 2012-13, 2,100 and 63,296 equity shares of ₹ 10/-each fully paid up respectively (1,96,188 equity shares of ₹ 5/- each fully paid up as at 31 March, 2018 after splittng up and issue of Bonus shares) were allotted without payment being received in cash.

18.5 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	No. of Shares	% held	No. of shares	% held	No. of Shares	% held
Sh. Rahul Gautam	**99,55,419**	**20.41**	99,55,419	20.41	33,18,473	20.41
Smt. Namita Gautam	**57,15,879**	**11.72**	57,15,879	11.72	19,05,293	11.72
Smt. Sheela Gautam and Sh. Tushaar Gautam	**1,75,61,880**	**36.00**	1,75,61,880	36.00	58,53,960	36.00
Rangoli Resorts Private Limited	**65,63,391**	**13.45**	12,018	0.02	4,006	0.02
Polyflex Marketing Private Limited	**-**	**-**	65,51,373	13.43	45,12,558	27.75
SBI Mutual Funds	**23,75,999**	**4.87**	26,13,285	5.36	-	-

18.6 Equity shares held (under Authorised Capital) as per Sheela Foam Employees Stock Option Scheme, 2016 (ESOS 2016) (Refer Note 39.3)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
	No. of Shares	No. of Shares	No. of Shares
Equity Shares of ₹5/- each	**24,00,000**	24,00,000	-

19. OTHER EQUITY

(₹ in Lakhs)

	Note No.	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
Capital Reserve							
As per last account		**1,219.66**		1,328.31		1,328.31	
Add: Foreign Exchange loss on Reserve		**47.04**	**1,266.70**	(108.65)	1,219.66	-	1,328.31
General Reserve							
As per last account		**1,716.27**		2,529.32		2,529.32	
Less : Issue of bonus shares	**18.4.1**	**-**	**1,716.27**	(813.05)	1,716.27	-	2,529.32
Foreign Currency Translation reserve							
As per last account		**(199.64)**		(212.36)		(212.36)	
Add: Exchange gain/(loss) on property, plant and equipment		**84.07**		(255.16)		-	
		(115.57)		(467.52)		(212.36)	
Less : Excahnge (loss)/gain on others		**(53.14)**	**(168.71)**	267.88	(199.64)	-	(212.36)
Retained Earnings							
As per last account		**41,189.80**		28,584.73		28,584.73	
Add : Profit for the year		**13,370.72**		12,555.43		-	
Add: Adjustment on Purchase of Subsidiary Company		**-**		108.13			
Add/(Less): Items of Other Comprehensive Income							
- Remeasurement of defined benefit plans (net of tax)		**(88.25)**	**54,472.27**	(58.49)	41,189.80	-	28,584.73
TOTAL			**57,286.53**		43,926.09		32,230.00

19.1 Nature and purpose of reserves

a. **Capital Reserve:** During amalgamation of the subsidiaries in the year 2012-13, the excess of net assets taken, over the cost of consideration paid was treated as capital reserve.

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b. **General Reserve:** The Company had transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

c. **Retained Earnings:** The profit/loss earned till date, less any transfers to general reserve, dividends or other distribution paid to shareholders, if any.

d. **Foreign Currency Translation reserve :** The reserve created from changes (gain/loss) on translation of the financial statements of foreign subsidiary in the presentation currency of the Holding Company.

20. BORROWINGS

(₹ in Lakhs)

	Note No.	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
		Non Current	Current	Non Current	Current	Non Current	Current
(i) Secured							
Term loans from:							
- Banks	20.1	795.85	1,154.79	1,845.06	1,126.59	3,072.63	93.75
- Others	20.2	1.74	16.85	18.59	20.48	39.07	19.96
		797.59	1,171.64	1,863.65	1,147.07	3,111.70	113.71
Unsecured							
Deferred Sales Tax Liability	20.3	-	54.65	54.65	1.40	56.05	52.21
Inter Corporate Deposits		-	-	250.00	-	250.00	-
Loans and advances from related parties:							
- Directors' relatives	20.4	28.53	-	28.14	-	42.78	-
		28.53	54.65	332.79	1.40	348.83	52.21
Total		826.12	1,226.29	2,196.44	1,148.47	3,460.53	165.92
Less: Amount disclosed under the head "Other current financial liabilities" (Refer Note-26)		-	1,226.29	-	1,148.47	-	165.92
Net amount		826.12	-	2,196.44	-	3,460.53	-

20.1 Foreign Subsidiary (Joyce Foam Pty. Ltd.) - ₹ 1,950.64 lakhs

a. ₹ 186.52 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. Ltd. and also by way of first charge on plant and equipments of Joyce Foam Pty Ltd. This loan is additionally secured by way of first charge on land and building of Joyce WC NSW Pty Ltd. . The loan is further secured by Corporate Guarantee of WOS Joyce WC NSW Pty. Ltd. 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 272 bps over 3 months BBSW (i.e. 4.44% floating) with quarterly rests, charged on monthly basis and the balance is repayable in 37 equal monthly installments of ₹ 4.91 lakhs each and last instalment of ₹ 4.85 lakhs due in August, 2020.

b. ₹ 1,081.08 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 million. This term loan carries rate of interest of 272 bps over 6 months BBSW (i.e. 4.44% floating) with quarterly rest, charged on monthly basis and the balance is repayable in an annual installments of ₹ 982.80 lakhs due in 2017-18 and balance in last instalment due in year 2018-19.

c. ₹ 570.02 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. Ltd. and also by way of first charge on plant and equipments of Joyce Foam Pty Ltd. This loan is additionally secured by way of first charge on land and building of Joyce WC NSW Pty Ltd. The loan is additonally secured by Corporate Guarantee of holding company M/s Sheela Foam Ltd. and further secured by way of corporate guarantee of WOS Joyce WC NSW Pty. Ltd. Further, this loan is additionally secured

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by the personal guarantee of some directors i.e. Mr. Rahul Gautam & Mr. Tushaar Gautam. This term loan carry rate of interest of 272 bps above 3 months BBSW (i.e. 4.44% floating) with quarterly rests, charged on monthly basis and the balance is repayable in 20 equal quarterly installments of ₹ 28.25 lakhs each and last instalment of ₹ 5.02 lakhs due in June, 2023.

d. ₹ 113.02 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. Ltd. and also by way of first charge on plant and equipments of Joyce Foam Pty Ltd. This loan is additionally secured by way of first charge on land and building of Joyce WC NSW Pty Ltd. The loan is further secured by Corporate Guarantee of holding company M/s. Sheela Foam Ltd. and additional corporate guarantee of WOS Joyce WC NSW Pty. Ltd.. 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 272 bps over 3 months BBSW (i.e. 4.44% floating) with quarterly rests, charged on monthly basis.

20.2 Holding Company - ₹ 18.59 lakhs

Term Loans of ₹ 18.59 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 9.50 % to 10.00 %. The maturity profile of non-current portion is as under:

Rate of Interest	Maturity Profile 1-2 Years
09.50 % - 09.75 %	1.74
	1.74

20.3 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.

20.4 Loans and advances from related parties are on long term basis, carrying interest rate of 9% p.a. However, terms of repayment have not been stipulated.

21. OTHER NON-CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Deposits from dealers and others	4,497.19	3,321.57	2,740.91
Unearned Interest Income on Deposits	872.64	509.39	546.07
Unearned Rent Income	75.36	-	-
Total	**5,445.19**	**3,830.96**	**3,286.98**

22. PROVISIONS

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Provision for employee benefits:			
- Gratuity	1,155.16	1,004.25	769.64
- Leave encashment	409.58	292.01	294.54
	1,564.74	**1,296.26**	**1,064.18**

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23. INCOME TAXES

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017
A. Tax expense in the statement of profit and loss comprises:		
Income tax		
- Current income tax charge	5,893.17	5,279.25
Deferred tax		
- Relating to origination and reversal of temporary differences	84.76	(45.91)
Total tax expense reported in the statement of profit or loss	**5,977.93**	**5,233.34**
B. Statement of other comprehensive income (OCI)		
Remeasurement losses on defined benefit plans	(46.71)	(30.95)
Income tax related to items recognised in OCI during the year	**(46.71)**	**(30.95)**

	As at 31 March, 2018	As at 31 March, 2017
C. Reconciliation of tax liability on book profit vis-à-vis actual tax liability		
Acounting Profit before income tax	19,348.65	17,788.77
Applicable Tax Rate	34.61%	34.61%
Computed Tax Expense	**6,696.18**	**6,156.34**
Tax related adjustments:		
Income on sale of Investment resulting in adjustment of Capital Loss	-	(29.02)
Difference in Tax Rate	(4.60)	-
Income not considered for tax purpose	(175.97)	(5.46)
Expenses not considered for tax purpose	311.65	176.84
Additional allowances for tax purpose	(849.33)	(1,065.36)
Income tax expense charged to the statement of profit or loss	**5,977.93**	**5,233.34**
Effective tax rate	**30.90%**	29.42%

	As at 31 March, 2018	As at 31 March, 2017	As at 31 March, 2016
D. Deferred Tax Liability:			
- Depreciation	742.14	613.09	941.20
- Fair value gain/(loss) on investments	6.95	-	-
Deferred Tax Assets:			
- Disallowance under Section 43B	(12.73)	(12.73)	(390.83)
- Provision for employee benefits	(532.18)	(437.80)	(355.57)
- Disallowances u/s 35DD	-	-	(0.64)
Net Deferred Tax Liability	**204.18**	**162.56**	**194.16**

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

24. BORROWINGS

(₹ in Lakhs)

	Note No.	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
(i) Secured				
Working Capital Loans from Banks	24.1	**2,574.68**	2,421.72	7,726.28
(ii) Unsecured				
Book overdraft		**18.04**	23.23	5.84
Loan and advance from a related party:	24.2			
- CEO & Director of a Subsidiary		**147.42**	145.68	150.63
Total		**2,740.14**	**2,590.63**	**7,882.75**

24.1 Working Capital Loans from Banks are secured by way of:

i. Holding Company - ₹Nil

a. 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.

b. Loan of ₹ Nil (₹ Nil and ₹ 740.91 lakhs as at 31 March, 2017 and 1 April, 2016 respectively) 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.

c. Loan of ₹ Nil (₹ Nil and ₹ 2,944.15 lakhs as at 31 March, 2017 and 1 April, 2016 respectively) 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.

d. Loan of ₹ Nil (₹ Nil and ₹ 392.92 lakhs as at 31 March, 2017 and 1 April, 2016 respectively) 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. Ltd.) - ₹ 2,574.68 lakhs

Loan of ₹ 2,574.68 lakhs from Bank of Baroda, Sydney is secured by way of first charge on all present and future current assets of Joyce Foam Pty. Ltd. and also by way of first charge on plant and equipments of Joyce Foam Pty Ltd. This loan is additionally secured by way of first charge on land and building of Joyce WC NSW Pty Ltd. The loan is further secured by Corporate Guarantee of holding company M/s Sheela Foam Ltd. and additional corporate guarantee of WOS Joyce WC NSW Pty. Ltd.. 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.

24.2 Loan and advance from related party is at call and unsecured. The interest charged equates to the lender's cost of borrowing plus a margin that does not exceed the cost charged by the Bank.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

25. TRADE PAYABLES

(₹ in Lakhs)

	Note No.	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Total Outstanding dues of Micro, Small and Medium Enterprises	39.2	**799.64**	973.59	526.40
Total Outstanding dues of creditors other than Micro, Small and Medium Enterprises		**13,878.28**	15,074.15	10,735.83
		14,677.92	**16,047.74**	**11,262.23**

25.1 The trade payables are unsecured and usually non-interest bearing and are paid wthin 60 - 90 days of the recognition.

26. OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

	Note No.	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Current maturities of Borrowings	20	**1,226.29**	1,148.47	165.92
Interest accrued but not due on Borrowings		**-**	-	3.29
Interest accrued and due on Borrowings		**-**	-	0.27
Accrued expenses		**5,027.51**	5,872.79	5,838.87
Creditors for assets		**493.57**	299.72	106.43
Creditors for expense		**3,523.28**	4,125.59	2,504.91
Unearned Interest Income		**259.37**	161.47	136.52
Unearned Rent Income		**9.51**	-	-
Payable to employees		**332.68**	67.93	977.62
Total		**10,872.21**	**11,675.97**	**9,733.83**

26.1 There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as on 31 March, 2018 / 31 March, 2017 / 01 April, 2016.

27. PROVISIONS

(₹ in Lakhs)

	Note No.	As at 31 March, 2018		As at 31 March, 2017		As at1 April, 2016	
Provision for employee benefits:	39.4						
- Gratuity		**57.47**		39.10		42.73	
- Leave Encashment		**793.92**	**851.39**	747.83	786.93	762.03	804.76
Warranty Claims	27.1		**1,100.00**		847.50		640.00
Total			**1,951.39**		**1,634.43**		**1,444.76**

27.1 Warranty Claims:

Provision is recognised for expected warranty claims on mattresses sold and based on past experience of the level of returns in accordance with the Ind AS - 37 "Provisions, Contingent Liabilites and Contingent Assets". Assumptions used for the said provision are based on sales and current information available about returns based on warranty period. The table below gives information about movement in warranty provision:

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Opening Balance	847.50	640.00	360.00
Less: Amount utilized during the year	600.00	515.50	350.20
	247.50	124.50	9.80
Add: Provision made during the year	852.50	723.00	630.20
Closing Balance	1,100.00	**847.50**	**640.00**

28. CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Provision for income tax (Net of advance tax)	-	-	1,620.08
Total	-	-	**1,620.08**

29. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Advance from customers	4,684.57	5,233.49	4,236.02
Lease equalisation liability	-	0.89	-
Statutory liabilities	1,577.98	800.45	801.64
Total	6,262.55	**6,034.83**	**5,037.66**

30. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2018		Year ended 31 March, 2017	
Sale of products (including excise duty)					
- Finished Goods	30.1.a	193,195.27		183,300.16	
- Traded Goods	30.1.b	6,322.12	199,517.39	5,867.84	189,168.00
Other operating revenue:					
- Duty drawback		2.53		1.28	
- GST Refund	17.1	741.75		-	
- Sale of process scrap		182.92	927.20	280.89	282.17
Total			200,444.59		**189,450.17**

30.1 Detail of sale of products:

	Year ended 31 March, 2018	Year ended 31 March, 2017
a. Finished Goods:		
- PU Foam sheets/mattresses/rolls/bolster/pillows etc.	193,195.27	183,300.16
	193,195.27	**183,300.16**
b. Traded Goods:		
- PU Foam/Spring/Coir mattresses etc.	6,322.12	5,867.84
	6,322.12	**5,867.84**
Total	199,517.39	**189,168.00**

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

31. OTHER INCOME

(₹ in Lakhs)

	Year ended 31 March, 2018		Year ended 31 March, 2017	
Interest income :				
- Bank deposits	876.95		1,121.96	
- Bonds	7.42		-	
- Others	295.71	1,180.08	214.84	1,336.80
Rent (refer note 31.1)		182.56		41.17
Insurance claim realised		0.07		5.08
Liabilities/provisions no longer required written back		-		78.47
Fair value gain on Investments (net)		76.07		-
Dividend received from mutual funds		71.28		-
Profit on sales of investments (net)		26.58		71.20
Exchange fluctuation profit (net)		185.71		316.80
Sale of non-process scrap		369.31		434.02
Other miscellaneous income		14.75		29.88
Total		**2,106.41**		**2,313.42**

31.1 Includes ₹144.00 lakhs (Previous Year : ₹25.50 lakhs) on Investment property (refer note 4)

32. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

	Year ended 31 March, 2018		Year ended 31 March, 2017	
Raw material				
Opening Stock	5,683.92		3,342.98	
Add: Purchases (less returns)	107,700.54		93,728.85	
	113,384.46		97,071.83	
Less : Sales	3,624.56		2,542.71	
Less : Closing Stock	7,663.37	102,096.53	5,683.92	88,845.20
Packing Material				
Opening Stock	469.23		482.18	
Add: Purchases (less returns)	5,124.89		4,704.53	
	5,594.12		5,186.71	
Less : Sales	270.30		258.71	
Less : Closing Stock	444.59	4,879.23	469.23	4,458.77
Total		**106,975.76**		**93,303.97**

33. PURCHASES OF STOCK-IN-TRADE

(₹ in Lakhs)

	Year ended 31 March, 2018	Year ended 31 March, 2017
Traded goods - PU Foam/Spring/Coir mattresses etc.	4,023.04	3,543.27
Total	**4,023.04**	3,543.27

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

34. OTHER MANUFACTURING EXPENSES

(₹ in Lakhs)

	Year ended 31 March, 2018	Year ended 31 March, 2017
Stores consumed	3,537.48	3,373.24
Power & fuel	1,179.29	1,142.82
Repair and maintenance:		
- Buildings	138.81	189.49
- Plant & machinery	1,101.55	983.02
Processing & other charges	2,093.02	2,055.35
Total	**8,050.15**	**7,743.92**

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

(₹ in Lakhs)

	Year ended 31 March, 2018		Year ended 31 March, 2017	
Inventories at the end of the year				
Finished goods	1,001.33		739.65	
Stock-in-trade	0.55		8.53	
Stock-in-process	5,465.53	6,467.41	4,166.64	4,914.82
Inventories at the beginning of the year				
Finished goods	739.65		910.20	
Stock-in-trade	8.53		2.82	
Stock-in-process	4,166.64	4,914.82	3,257.20	4,170.22
Inventory detroyed in fire				
Stock-in-process		-		644.54
Total		**(1,552.59)**		**(1,389.14)**

36. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

	Year ended 31 March, 2018	Year ended 31 March, 2017
Salaries, wages, bonus, gratuity, leave encashment, allowances etc.	14,637.78	13,789.73
Contribution to provident, ESI and other funds etc.	550.32	482.54
Workmen & staff welfare expenses	1,077.38	1,042.60
Total	**16,265.48**	**15,314.87**

37. FINANCE COSTS

(₹ in Lakhs)

	Year ended 31 March, 2018		Year ended 31 March, 2017	
Interest Expense on :				
- Term loans	99.87		206.12	
- Working capital loans	170.43		151.83	
- Loans from others	5.59		17.39	
- Income tax	-		157.43	
- Security deposits	421.44		316.87	
- Others	42.07	739.40	73.52	923.16
Bank Charges		127.65		173.36
Total		**867.05**		1,096.52

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

38. OTHER EXPENSES

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2018		Year ended 31 March, 2017	
Rent			**1,829.93**		1,849.90
Insurance			**703.04**		450.90
Rates & taxes			**384.39**		376.16
Repair & maintenance others			**627.51**		605.96
Advertisement expenses			**7,557.82**		7,596.04
Travelling and conveyance			**1,063.68**		977.47
Payment to Auditors:					
- Audit Fees		**51.49**		52.60	
- Certification work		**0.75**		1.76	
- Reimbursement of expenses		**2.01**	**54.25**	2.94	57.30
Contributions towards CSR	39.9		**238.57**		190.64
Advances/Balances written off			**16.96**		1.29
Bad debts written off			**6.27**		48.58
Provision for warranty claims (net)	27.1		**252.50**		207.50
Selling & promotional expenses			**3,891.17**		3,523.51
Sales promotion schemes (net)			**7,170.55**		8,177.14
Loss/(Profit) on sale of property, plant & equipment (net)			**22.63**		(0.14)
Freight & cartage (net)			**7,046.89**		3,290.06
Incentives & Rebates			**7,634.31**		5,314.34
Assets written off (net)			**42.50**		40.72
Miscellaneous expenses			**2,593.29**		2,449.80
Total			**41,136.26**		**35,157.17**

39. OTHER NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

39.1 Contingent Liabilities and Commitments: -

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 March, 2018		As at 31 March, 2017	
A.	**Contingent Liabilities**				
i.	**Claims against the Group not acknowledged as debts** - Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards (a) :				
	- Sales tax	**366.49**		366.49	
	- Entry tax	**--**		104.54	
	- GST	**0.39**		--	
	- Income tax	**220.85**		289.32	
	- Excise Duty	**895.50**	**1,483.23**	913.26	1,673.61
ii.	Guarantees given by the Bankers on behalf of the Company to third parties		**498.40**		715.24
iii.	Others – for which the Company is contingently liable		**75.00**		75.00
B.	**Commitments**				
i.	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)		**866.14**		2,606.07
	Total		**2,922.77**		**5,069.92**

(a) The Group is contesting these demands and the management including its advisers 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 Groups financial position and results of operations. The Group does not expect any reimbursement in respect of these contingent liabilities, and it is not practicable to estimate the timing of cash outflows, if any, in respect of these matters, pending resolution of the arbitration/appellant proceedings.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

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

(₹ in Lakhs)

	As at 31 March, 2018	As at 31 March, 2017
i. Principal amount remaining unpaid to MSME suppliers as at 31 March, 2018	799.64	973.59
ii. Interest due thereon remaining unpaid to any supplier as at 31 March, 2018	--	--
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 2017-18	--	--
v. The amount of interest accrued and remaining unpaid at 31 March, 2018	--	--
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	--	--
Total	799.64	973.59

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.

39.3 Employee Stock Option Scheme

In an earlier 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 Holding 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.

39.4 Employee Benefits:-

(a) Defined Benefit plans:

Gratuity : Payable on separation as per the Payment of Gratuity Act, 1972 as amended @ 15 days pay, for each completed year of service to Holding Company's eligible employees who render continuous service of 5 years or more.

Leave Encashment : Employees of the Holding 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.

(b) Defined Contribution plan:

Holding Company's employees are covered by Provident Fund and Employees State Insurance Scheme/ Fund, to which the Holding Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 550.32 lakhs (Previous Year: ₹ 482.54 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

(₹ in Lakhs)

	Year ended 31 March, 2018	Year ended 31 March, 2017
Employer's contribution towards Provident Fund (PF)	465.26	424.08
Employer's contribution towards Employees State Insurance (ESI)	85.06	58.46

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

(c) Other disclosures of Defined Benefit plans as required under Ind AS–19 are as under:-

i. Reconciliation of the opening and closing balances of Defined Benefit Obligation:

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	**Year ended 31 March, 2018**	Year ended 31 March, 2017
Present Value of **Defined Benefit Obligation** at the beginning of year	**1043.35**	812.37	**221.66**	215.05
Interest cost	**76.69**	64.99	**16.29**	17.20
Current Service Cost	**109.88**	102.72	**51.58**	24.71
Past Service Cost	**34.23**	--	**--**	--
Benefit Paid	**(56.43)**	(22.65)	**(97.05)**	(38.82)
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	**(66.54)**	78.82	**(18.68)**	15.94
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	**71.45**	7.10	**148.74**	(12.42)
Present value of the **Defined Benefit Obligation** at the end of year	**1,212.63**	1,043.35	**322.54**	221.66

ii. Net Defined Benefit recognized in the Statement of Profit and Loss.

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	**Year ended 31 March, 2018**	Year ended 31 March, 2017
Current Service Cost	**109.88**	102.72	**51.58**	24.71
Past Service Cost	**34.23**	--	**--**	--
Interest cost	**76.69**	64.99	**16.29**	17.20
Net Defined Benefit recognized in Statement of Profit and Loss	**220.80**	167.71	**67.87**	41.91

iii. Recognized in Other Comprehensive Income.

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	**Year ended 31 March, 2018**	Year ended 31 March, 2017
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	**(66.54)**	78.82	**(18.68)**	15.94
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	**71.45**	7.10	**148.74**	(12.42)
Net actuarial Loss	**4.91**	85.92	**130.06**	3.52

iv. Sensitivity Analysis*

a) Impact of the change in the discount rate

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	**Year ended 31 March, 2018**	Year ended 31 March, 2017
Present value of the **Defined Benefit Obligation** at the end of year	**1,212.63**	1,043.35	**322.54**	221.66
a) Impact due to increase of 0.50%	**(68.54)**	(61.73)	**(19.13)**	(12.43)
b) Impact due to decrease of 0.50%	**74.61**	67.43	**20.86**	13.54

Notes to the Consolidated Financial Statements
for the year ended 31 March, 2018

b) Impact of the change in the salary increase

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Present value of the **Defined Benefit Obligation** at the end of year	1,212.63	1,043.35	322.54	221.66
a) Impact due to increase of 0.50%	76.31	68.66	21.34	13.79
b) Impact due to decrease of 0.50%	(70.61)	(63.34)	(19.71)	(12.75)

*Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

* Sensitivities as to rate of inflation, rate of increase of pension in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

v. Maturity Profile.

(₹ in Lakhs)

Year	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
0 to 1 year	57.47	39.08	14.06	22.28
1 to 2 Year	20.22	49.44	5.67	9.54
2 to 3 Year	20.22	29.88	6.69	3.39
3 to 4 Year	20.43	18.03	8.08	4.05
4 to 5 Year	19.73	31.73	8.65	5.08
5 to 6 Year	19.40	25.55	5.69	5.20
6 Year onwards	1,055.16	849.64	273.70	172.12

vi. Expected contribution for the next Annual reporting period

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Service Cost	124.33	112.48	43.70	24.18
Net Interest Cost	94.59	76.69	25.16	16.29
Expected Expense for the next annual reporting period	218.91	189.17	68.86	40.47

vii. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are: (₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Method used	Projected unit credit method			
Discount rate	7.80%	7.35%	7.80%	7.35%
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			

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

39.5 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 Indian Accounting Standard (Ind AS-108) 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)

	Within India	Outside India	Total
Net Sales/Income from Operations	1,69,534.53	30,910.06	**2,00,444.59**
Total Assets	86,998.25	17,271.86	**104,270.11**
Cost incurred during the period to acquire property, plant & equipment	4,979.45	2,489.78	**7,469.23**

39.6 Related Party Disclosures (Ind AS-24):

A. List of Related Parties and relationships

(a) Entities in which Key Management Personnel or their Relatives have significance influence	**(b) Key Management Personnel (KMP) :**
- Rangoli Resorts Pvt. Ltd.	- Mr. Rahul Gautam (Managing Director)*
- Polyflex Marketing Pvt. Ltd. (upto 31.03.2016)	- Mr. Rakesh Chahar (Whole-time Director)
- Core Moulding Pvt. Ltd.	- Mrs. Namita Gautam (Whole-time Director)*
- Sleepwell Foundation (Trust)	- 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:	** Of foreign Subsidiary
- Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam)*	
- Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)	
- Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)	
- 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.

B. Transactions with related parties:

(₹ in Lakhs)

Transactions	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
(i) Transactions during the year:			
a. Sale of Material/ Capital Goods	2.50	--	--
	(0.40)	(--)	(--)
b. Rent received	0.24	--	--
	(0.42)	(--)	(--)
c. Loans & Advances Recd. back	--	--	--
	(289.16)	(--)	(--)
d. Loans & Advances paid back	--	--	--
	(--)	(--)	(15.00)
e. Remuneration including Performance Incentives	--	796.11	10.71
	(--)	(633.81)	(10.20)
f. Interest received/receivable	--	--	--
	(34.60)	(--)	(--)
g. Interest paid/payable	--	9.92	3.10
	(--)	(11.21)	(3.30)
h. Recovery of IPO Expenses	--	--	--
	(2259.25)	(--)	(--)
i. Contribution under CSR	215.10	--	--
	(182.00)	(--)	(--)

(₹ in Lakhs)

	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
(ii) Closing balance as at 31 March, 2018 / 31 March, 2017 :			
a. Long Term Loans and Advances Payable	--	**147.42**	**28.53**
	(--)	(145.68)	(28.14)

Note : (Figures in bracket are for the year ended March 31, 2017)

39.7 Capital and Leasing Commitments:

Holding Company:

a. Holding Company as Lessee

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 ₹ 72.14 lakhs (Previous year: ₹ 62.97 lakhs) are included in 'Rent' under Note-38.

b. Holding Company as Lessor

The Holding Company has entered into a sub-lease agreement to sublet a property situated at Sikkim which has been considered as "Investment Property". The lease agreement was executed on 1st December, 2016.

The said lease is for a term of 10 years with a clause to enable upward revision of the rental charge after every 3 years. The total rent recognized as income during the year is ₹ 144.00 lakhs (Previous year: ₹ 25.50 lakhs).

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Foreign Subsidiary Company: Joyce Foam Pty. Ltd.

Non-cancellable operating leases contracted for but not capitalized in the financial statements.

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Payable-minimum lease payments		
- not later than 12 months	1,550.07	1,551.17
- between 12 months and five years	2,949.34	3,054.80
- greater than five years	543.63	316.04
TOTAL	5,043.04	4,922.01

39.8 Earnings per Share:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Net Profit as per Statement of Profit and Loss – (₹ in lakhs)	13,370.72	12,555.43
Basic/Diluted weighted average number of equity shares outstanding during the year	4,87,82,808	4,87,82,808
Nominal value of Equity Share (₹)	5.00	5.00
Basic/Diluted Earnings per Share (₹)	27.41	25.74

39.9 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:

(₹ in Lakhs)

	Amount spent during the current year ended 31 March, 2018	Amount pending for spending as at 31 March, 2018	Total Amount
- Gross Amount lying pending for the earlier year as at 01.04.2017			-
- Gross Amount required to be spent during the year			222.52
- Amount spent during the year:			
a. Construction/acquisition of any asset	-	-	-
b. Contribution to Trusts / NGOs / Societies	238.57	-	238.57

39.10 Financial and Derivative Instruments:

a. During the year, there are no Derivative contracts entered by the Group for Hedging Currency and Interest Rate Related Risks (Previous year: Nil).

b. Foreign currency exposures that are not hedged by derivative instruments are given below:

(₹ in Lakhs)

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
		FC	INR	FC	INR	FC	INR
Liabilities							
Trade Payables							
United States Dollar	$	42.65	2,789.86	68.43	4,467.49	24.62	1,647.09
Australian Dollar	AUD	--	--	--	--	0.06	3.04
Euro	€	0.22	17.68	0.74	52.08	0.69	52.69

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Foreign Currency (FC)	Currency Symbol	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
		FC	INR	FC	INR	FC	INR
Advance from Customers							
United States Dollar	$	0.21	13.49	0.01	0.51	--	--
Euro	€	--	--	0.12	8.01	--	--
Buyer's Credit							
United States Dollar	$	--	--	--	--	50.21	3,337.07
Assets							
Trade Receivables							
United Stated Dollar	$	0.69	44.58	1.76	113.08	1.76	115.59
Advance to Vendor							
United Stated Dollar	$	4.21	334.76	0.96	65.13	2.41	179.20
Euro	€	8.25	532.03	9.95	639.89	2.36	155.32
Net Liability (in INR)			**1,909.66**		**3,709.99**		**4,589.78**

39.11 First-time adoption of Ind AS

The Holding Company w.e.f. 1 April, 2017 has adopted Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015, as amended by Companies (Indian Accounting Standards) Rules, 2017 and the other relevant provisions of the Companies Act, 2013, with a transition date of 1 April, 2016. For all the periods upto and including year ended 31 March, 2017, the Group prepared, its consolidated financial statements in accordance with the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous Indian GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101 'First-time Adoption of Indian Accounting Standards'. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Group has prepared consolidated financial statements which comply with Ind AS for year ended 31 March, 2018, together with the comparative information as at and for the year ended 31 March, 2017 and the opening Ind AS Balance Sheet as at 1 April, 2016, the date of transition to Ind AS. The accounting policies as set out in Note 2 which are in accordance with Ind AS, have been applied in preparing these financial statements.

In preparing these Ind AS financial statements, the Group has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous Indian GAAP have been recognised directly in equity under retained earnings. This note explains the adjustments made by the Group in restating its financial statements prepared under previous Indian GAAP, including the Balance Sheet as at 1 April, 2016 and the financial statements as at and for the year ended 31 March, 2017.

Exemptions availed and mandatory exceptions

Ind AS 101 - First-time Adoption of Indian Accounting Standards permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous Indian GAAP to Ind AS.

Notes to the Consolidated Financial Statements

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A. Ind AS optional exemptions

The Group has elected to apply the following optional exemptions from retrospective application:

i) Deemed cost for Property, Plant and Equipment and Investment Properties

The Group has elected to measure all its property, plant and equipment and investment properties at the Previous Indian GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

Ind AS 17 "Leases' requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS except where the effect is material. The group has elected to apply this exemption for such contracts/arrangements.

B. Ind AS mandatory exceptions

i) Estimates

On assessment of the estimates made under the Previous Indian GAAP financial statements, the Group has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous Indian GAAP are made by the Group, wherever required for the relevant reporting dates reflecting conditions existing as at that date.

ii) Classification and measurement of financial assets

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

iii) De-recognition of financial assets and financial liabilities

Ind AS 101 requires an entity to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. Accordingly the Group has applied the de-recognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous Indian GAAP to Ind AS in accordance with Ind AS 101:

I. Reconciliation of Equity as at 1 April, 2016

II. Reconciliation of Equity as at 31 March, 2017

III. III. Reconciliation of Statement of Profit and Loss for the year ended 31 March, 2017

There is no material impact on the Cash Flow Statements of the transition from Previous GAAP to Ind AS.

Previous Indian GAAP figures have been reclassified / regrouped wherever necessary to conform to financial statements prepared under Ind AS.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

I. Reconciliation of Equity as at 1 April, 2016.

(₹ in Lakhs)

	Sub Notes	Previous GAAP	Adjustments Under IND AS	As at 1st April,2016(Restated)
Assets				
Non-current assets				
Property, plant and equipment		28,072.31	--	28,072.31
Capital work in progress		970.01	--	970.01
Investment property		--	--	--
Goodwill		710.74	--	710.74
Financial assets				
- Investments	(a)	1,000.35		1,013.00
- Loans		148.03	12.65	148.03
- Other non-current financial assets		170.32	--	170.32
Non-current tax assets (net)		--	--	
Other non-current assets		1,285.46	--	1,285.46
Total Non-current assets		**32,357.22**	**12.65**	**32,369.87**
Current assets				
Inventories		10,461.31	--	10,461.31
Financial assets				
- Trade receivables		11,706.83	--	11,706.83
- Cash and cash equivalents		6,081.38	--	6,081.38
- Bank balances other than cash and cash equivalents		15,634.57	--	15,634.57
- Loans		320.08	--	320.08
- Other current financial assets		678.28	--	678.28
Other current assets		1,590.93	--	1,590.93
Total Current assets		**46,473.38**	**--**	**46,473.38**
Total Assets		**78,830.60**	**12.65**	**78,843.25**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital		1,626.09	--	1,626.09
Other Equity	(a, g)	32,217.35	12.65	32,230.00
Total Equity		**33,843.44**	**12.65**	**33,856.09**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
- Borrowings	(b)	3,462.75	(2.22)	3,460.53
- Other non-current financial liabilities	(b, c)	3,421.28	(134.3)	3,286.98
Provisions		1,064.18	--	1,064.18
Deferred tax liabilities (net)	(i)	194.16	--	194.16
Total non-current liabilities		**8,142.37**	**(136.52)**	**8,005.85**
Current liabilities				
Financial Liabilities				
- Borrowings		7,882.75	--	7,882.75
- Trade Payables		11,262.23	--	11,262.23
- Other current financial liabilities	(b, c)	9,597.31	136.52	9,733.83
Provisions		1,444.76	--	1,444.76
Current tax liabilities (net)		1,620.08	--	1,620.08
Other current liabilities		5,037.66	--	5,037.66
Total current liabilities		**36,844.79**	**136.52**	**36,981.31**
Total liabilities		**44,987.16**	**--**	**44,987.16**
Total equity and liabilities		**78,830.60**	**12.65**	**78,843.25**

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II. Reconciliation of Equity as at 31 March, 2017.

(₹ in Lakhs)

	Sub Notes	Previous GAAP	Adjustments Under IND AS	As at March 31, 2017 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	(d)	31,024.08	(135.8)	30,888.28
Capital work in progress	-	3,620.77	--	3,620.77
Investment property	(d)	--	135.8	135.8
Goodwill		817.88	--	817.88
Financial assets				
- Investments		0.35	--	0.35
- Loans		151.55	--	151.55
- Other non-current financial assets		131.78	--	131.78
Non-current tax assets (net)		630.56	--	630.56
Other non-current assets		837.17	--	837.17
Total non-current assets		**37,214.14**	**--**	**37,214.14**
Current assets				
Inventories		14,652.73	--	14,652.73
Financial assets				
- Trade receivables		13,881.27	--	13,881.27
- Cash and cash equivalents		11,811.19	--	11811.19
- Bank balances other than cash and cash equivalents		9,127.69	--	9,127.69
- Loans		331.35	--	331.35
- Other current financial assets		1,730.86	--	1,730.86
Other current assets		3,085.82	--	3,085.82
Total Current assets		**54,620.91**	**--**	**54,620.91**
Total Assets		**91,835.05**	**--**	**91,835.05**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital		2,439.14	--	2,439.14
Other Equity	(b, c)	43,900.06	26.03	43,926.09
Total Equity		**46,339.20**	**26.03**	**46,365.23**
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	(b)	2,198.30	(1.86)	2,196.44
- Other non-current financial liabilities	(b, c)	4,017.49	(186.53)	3,830.96
Provisions		1,296.26	--	1,296.26
Deferred tax liabilities (net)	(i)	162.56	--	162.56
Total Non-current liabilities		**7,674.61**	**(188.39)**	**7,486.22**
Current liabilities				
Financial liabilities				
- Borrowings		2,590.63	--	2,590.63
- Trade payables		16,047.74	--	16,047.74
- Other current financial liabilities	(b, c)	11,514.50	161.47	11,675.97
Provisions		1634.43	--	1634.43
Other current liabilities	(g)	6,033.94	0.89	6,034.83
Total current liabilities		**37,821.24**	**162.36**	**37,983.60**
Total liabilities		**45,495.85**	**(26.03)**	**45,469.82**
Total equity and liabilities		**91,835.05**	**--**	**91,835.05**

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III. Reconciliation of Total Comprehensive Income for the year ended 31 March, 2017

(₹ in Lakhs)

	Sub Notes	For the year ended 31 March, 2017 Previous GAAP	Re-classifications	IND-AS Adjustments	IND-AS (Restated)
Income					
Revenue from operations	(e, f)	1,74,999.53	14,450.64	--	1,89,450.17
Other income	(a, b, c, g, k)	2,188.44	(0.4)	125.38	2,313.42
Total Income		**1,77,187.97**	**14,450.24**	**125.38**	**1,91,763.59**
Expenses					
Cost of materials consumed		93,303.97	--	--	93,303.97
Excise Duty	(e)	--	16,165.19	--	16,165.19
Purchase of Stock-in-Trade		3,543.27	--	--	3,543.27
Other manufacturing expenses		7,743.92	--	--	7,743.92
Changes in inventories of finished goods, stock-in-process and stock-in-trade		(1,389.14)		--	(1,389.14)
Employee benefits expense	(h)	15,404.31	(89.44)	--	15,314.87
Finance costs	(b, c)	986.92	--	109.6	1,096.52
Depreciation and amortization expense		3,039.05	--	--	3,039.05
Other expenses	(f, g, k)	36,869.72	(1,714.95)	2.4	35,157.17
Total Expenses		**1,59,502.02**	**14,360.80**	**112**	**1,73,974.82**
Profit before tax		**17,685.95**	**89.44**	**13.38**	**17,788.77**
Tax expense					
Current tax					
- Current year's		5,247.53		--	5,278.48
- Earlier year's		0.77	30.95	--	0.77
Deferred tax		(45.91)	--	--	(45.91)
Profit for the year		**12,483.56**	**58.49**	**13.38**	**12,555.43**
Other Comprehensive Loss:					
a. Items that will not be reclassified as profit or loss					
- Re-measurements losses on defined benefit plans	(h)	--	--	--	(89.44)
- Income tax effects		--	--	--	30.95
b. Items that will be reclassified to profit or loss		--	30.95	--	
- Exchange differences on translation of foreign operations	(h)	--	--	12.72	12.72
Other Comprehensive Loss for the year		**--**	**58.49**	**12.72**	**(45.77)**
Total Comprehensive Income for the year	**(j)**	**12,483.56**	**--**	**26.1**	**12,509.66**

Notes to the reconciliation of equity as at 1 April, 2016 and 31 March, 2017 and total comprehensive income for the year ended 31 March, 2017.

a) **Fair Valuation of Investments**

In accordance with Ind AS 109 "Financial Instruments", investments in mutual funds, debentures etc. are recognised at fair value through the statement of profit and loss at each reporting period.

b) Under Ind AS, at initial recognition all financial instruments are required to be recognised at fair value. Accordingly the Holding Company has fair valued the "Loan and advance from related party" resulting in decrease in "Loan from Relatives" and recognition of "Unearned Interest Income" at the reporting date.

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c) Under previous GAAP, security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS, at initial recognition all financial instruments are required to be recognised at fair value. Accordingly the Holding Company has fair valued the security deposits and the difference between the transaction value and fair value is recognised as "Unearned Interest Income" at the reporting date.

d) **Recognition of Investment Property (Ind AS – 40)**

Holding Company has given assets held i.e. leasehold land and building at Sikkim Unit (after closure of the unit) to Titan Industries Limited for 10 years; therefore, the said assets have been shown as Investment Property from 01.12.2016.

e) **Excise Duty**

Under the Previous Indian GAAP, revenue from sale to goods was presented exclusive of excise duty. Under Ind AS revenue from sales of goods is presented inclusive of excise duty. Excise duty paid is presented as expenditure under Statement of profit and loss.

f) **Revenue from Sale of Products**

Under Previous Indian GAAP, revenue was recognised net of trade discounts, sales taxes / VAT and excise duties. Under Ind AS, revenue is recognised at the fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates, rate/weight difference and any taxes or duties collected on behalf of the government such as sales tax/VAT except excise duty. Credit notes given to the consumer/dealer/distributor includes cash discounts, volume rebates and rate/weight differences which have been reclassified from 'Incentives & Rebates' within other expenses under Previous GAAP are netted from revenue under Ind AS.

g) **Straight-Lining of Leases (Ind AS – 17)**

Under Previous Indian GAAP, rent/lease income/expense has been recognised based on actual payment made; however under IND AS, Lease income/expense has be recognised on a straight-line basis over the lease term and the corresponding impact of decrease/increase is recognised under Lease Equalization Asset/Liability.

h) **Actuarial gain/(loss) on Defined Benefit Scheme (Ind AS – 19)**

Both under Previous Indian GAAP and Ind AS, the Holding Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements i.e. actuarial gains and losses are recognised in balance sheet through other comprehensive income. Thus, employee benefits expense is reduced with the corresponding impact under other comprehensive income. The related current tax expense has also been reclassified from statement of Profit and loss to Other Comprehensive Income.

i) **Deferred Taxes (Ind AS -12)**

Under the Previous Indian GAAP, deferred tax is calculated using the income statement approach, which focuses on difference between taxable profits and accounting profits for the period. Ind AS 12 – 'Income tax' requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. As, the Holding Company is already calculating deferred tax under balance sheet approach, therefore no impact has been noted for the year ended March 31, 2018 and March 31, 2017.

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j) **Other comprehensive Income**

Under Previous Indian GAAP, the Holding Company has not presented Other Comprehensive Income (OCI) separately. Hence, it has reconciled Previous Indian GAAP profit to profit as per Ind AS. Further, Previous Indian GAAP profit is reconciled to Total Comprehensive Income as per Ind AS.

k) k) Previous Indian GAAP figures have been reclassified / regrouped wherever necessary to conform to financial statements prepared under Ind AS.

D. Standard issued but not yet effective

The standard issued, but not yet effective (considering the applicability to the Group) upto the date of the issuance of the Group's financial statements is disclosed below. The Group intends to adopt this standard when it becomes effective.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued in February, 2015 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come into force from accounting period commencing on or after April 01, 2018. The Group will adopt the new standard on the required effective date. During the current year, the Group performed a preliminary assessment of Ind AS 115, which is subject to changes arising from a more detailed ongoing analysis.

39.12 Fair Value Measurements

The carrying amounts and fair values of the financial instruments by class are as follows:

(₹ in Lakhs)

Particulars	Carrying amount/Fair value		
	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Financial assets			
Carrying amounts/fair value:			
a) Measured at fair value though profit and loss			
Non-current assets			
- Investments	**3,745.40**	--	1,012.65
b) Measured at fair value though other comprehensive income	--	--	--
c) Measured at amortised cost			
Non-current assets			
- Investments	**0.35**	0.35	0.35
- Loans	**267.09**	151.55	148.03
- Other non-current financial assets	**109.88**	131.78	170.32
Current assets			
- Investments	**6,059.24**	--	--
- Trade receivables	**14,730.73**	13,881.27	11,706.83
- Cash and cash equivalents	**15,165.88**	11,811.19	6,081.38
- Bank balances other than cash and cash equivalents	**657.96**	9,127.69	15,634.57
- Loans	**39.28**	331.35	320.08
- Other current financial assets	**2,761.04**	1,730.86	678.28
Total	**43,536.85**	**37,166.04**	**35,752.49**
Financial liabilities			

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(₹ in Lakhs)

Particulars	Carrying amount/Fair value		
	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Financial liabilities			
Carrying amounts/fair value:			
a) Measured at fair value though profit and loss	-	-	-
b) Measured at fair value though other comprehensive income	-	-	-
c) Measured at amortised cost			
Non-current liabilities			
- Borrowings	**826.12**	2,196.44	3,460.53
- Other non-current financial liabilities	**5,445.19**	3,830.96	3,286.98
Current liabilities			
- Borrowings	**2,740.14**	2,590.63	7,882.75
- Trade payables	**14,677.92**	16,047.74	11,262.23
- Other current financial liabilities	**10,872.21**	11,675.97	9,733.83
Total	**34,561.68**	**36,341.74**	**35,626.32**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The Group has disclosed financial instruments such as trade receivables, cash and cash equivalents, other bank balances, trade payables, other financial assets and liabilities at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

2. Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

Fair value hierarchy

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

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

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

based on observable market data

Disclosures of fair value measurement hierarchy for financial instruments are given below:

(₹ in Lakhs)

Particulars	Carrying amount/Fair value								
	As at 31 March, 2018			As at 31 March, 2017			As at 1 April, 2016		
	L-1	**L-2**	**L-3**	L-1	L-2	L-3	L-1	L-2	L-3
Financial assets									
Carrying amounts/fair value:									
d) Measured at fair value though profit and loss									
Non-current assets									
- Investments	**3,745.40**	**-**	**-**	-	-	-	1,012.65	-	-
e) Measured at fair value though other comprehensive income	**-**	**-**	**-**	-	-	-	-	-	-
f) Measured at amortised cost									
Non-current assets									
- Investments	**--**	**--**	**0.35**	--	--	0.35	--	--	0.35
- Loans	**--**	**--**	**267.09**	--	--	151.55	--	--	148.03
- Other non-current financial assets	**--**	**--**	**109.88**	--	--	131.78	--	--	170.32
Current assets									
- Investments	**6,059.24**	**--**	**--**	--	--	--	--	--	--
- Trade receivables	**--**	**--**	**14,730.73**	--	--	13,881.27	--	--	11,706.83
- Cash and cash equivalents	**--**	**--**	**15,165.88**	--	--	11,811.19	--	--	6,081.38
- Bank balances other than cash and cash equivalents	**--**	**--**	**657.96**	--	--	9,127.69	--	--	15,634.57
- Loans	**--**	**--**	**39.28**	--	--	331.35	--	--	320.08
- Other current financial assets	**--**	**--**	**2,761.04**	--	--	1,730.86	--	--	678.28
Total	**9,804.64**	**--**	**33,732.11**	**--**	**--**	**37,166.04**	**1,012.65**	**--**	**34,739.84**
Financial liabilities									
Carrying amounts/fair value:									
d) Measured at fair value though profit and loss	**-**	**-**	**-**	-	-	-	-	-	-
e) Measured at fair value though other comprehensive income	**-**	**-**	**-**	-	-	-	-	-	-
f) Measured at amortised cost									
Non-current liabilities									
- Borrowings	**-**	**-**	**826.12**	--	--	2,196.44	--	--	3,460.53
- Other non-current financial liabilities	**-**	**-**	**5,445.19**	--	--	3,830.96	--	--	3,286.98
Current liabilities									
- Borrowings	**-**	**-**	**2,740.14**	--	--	2,590.63	--	--	7,882.75
- Trade payables	**-**	**-**	**14,677.92**	--	--	16,047.74	--	--	11,262.23
- Other current financial liabilities	**-**	**-**	**10,872.21**	--	--	11,675.97	--	--	9,733.83
Total	**-**	**-**	**34,561.58**	--	--	36,341.74	--	--	35,626.32

39.13 Capital Management

Equity share capital and other equity are considered for the purpose of Group's capital management.

The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Group is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the Board of Directors monitors the return on capital as well as the level of dividends

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for the year ended 31 March, 2018

to shareholders. The Group may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

39.14 Financial risk management objectives and policies

The Group's principal financial liabilities, comprise of borrowings, security deposits, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of Directors and Audit Committee. This process provides assurance to Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Group policies and Group risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31, 2018. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2018.

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from various countries. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EURO and AUD exchange rates, with all other variables held constant. The impact on the Group profit

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before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Group that have not been hedged by a derivative instrument or otherwise are as under:

(₹ in Lakhs)

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
		FC	INR	FC	INR	FC	INR
Liabilities							
Trade Payables							
United States Dollar	$	42.65	2,789.86	68.43	4,467.49	24.62	1,647.09
Australian Dollar	AUD	--	--	--	--	0.06	3.04
Euro	€	0.22	17.68	0.74	52.08	0.69	52.69
Advance from Customers							
United States Dollar	$	0.21	13.49	0.01	0.51	--	--
Euro	€	--	--	0.12	8.01	--	--
Buyer's Credit							
United States Dollar	$	--	--	--	--	50.21	3,337.07
Assets							
Trade Receivables							
United Stated Dollar	$	0.69	44.58	1.76	113.08	1.76	115.59
Advance to Vendor							
United Stated Dollar	$	4.21	334.76	0.96	65.13	2.41	179.2
Euro	€	8.25	532.03	9.95	639.89	2.36	155.32
Net Liability (in INR)			1,909.66		3,709.99		4,589.78

Impact on profit before tax and equity	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
5% Increase	(-) 95.48	(-) 185.50	(-) 229.49
5% Decrease	(+) 95.48	(+) 185.50	(+) 229.49

Note: Figures in bracket represents payables

ii) Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises of interest bearing vehicle loans, loan and advance from related party and security deposits; however these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

iii) Commodity Price Risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of bedding articles, home comfort products, furniture cushioning and specialized foam and therefore require a continuous supply of raw materials i.e. TDI and Polyol being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the TDI and Polyol, the Company has entered into various purchase contracts for these material for which there is an active market. The Company's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Company partly mitigated the risk of price volatility by entering into the contract for the purchase of these material and further the Company increases prices of its products as and when think appropriate to minimize the impact of increase in raw material prices.

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for the year ended 31 March, 2018

(b) Credit Risk :

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

i) Trade Receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating review and individual credit limits are defined in accordance with this assessment. The Company regularly monitors its outstanding customer receivables.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

ii) Financial instruments and cash & bank deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits, bonds, debentures and mutual funds. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Group.

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Non-current assets			
- Investments	3,745.75	0.35	1,013.00
- Loans	267.09	151.55	148.03
- Other non-current financial assets	109.88	131.78	170.32
Current assets			
- Investments	6,059.24	--	--
- Trade receivables	14,730.73	13,881.27	11,706.83
- Cash and cash equivalents	15,165.88	11,811.19	6,081.38
- Bank balances other than cash and cash equivalents	657.96	9,127.69	15,634.57
- Loans	39.28	331.35	320.08
- Other current financial assets	2,761.04	1,730.86	678.28
Total	**43,536.85**	**37,166.04**	**35,752.49**

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

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for the year ended 31 March, 2018

(c) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits, short term investments and cash credit facility. Processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows. The Group assessed the concentration of risk with respect to its debt and concluded it to be very low.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date:

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2018			
Borrowings	**4,792.55**	**3,966.43**	**826.12**
Trade payables	**14,677.92**	**14,677.92**	**--**
Other non-current financial liabilities	**5,445.19**	**--**	**5,445.19**
Other current financial liabilities	**9,645.92**	**9,645.92**	**--**
Total	**34,561.98**	**28,290.27**	**6,271.31**

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2017			
Borrowings	5,935.54	3,739.10	2,196.44
Trade payables	16,047.74	16,047.74	--
Other non-current financial liabilities	3,830.96	--	3,830.96
Other current financial liabilities	10,527.50	10,527.50	--
Total	**36,341.74**	**30,314.34**	**6,027.40**

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 1 April, 2016			
Borrowings	11,509.20	8,048.67	3,460.53
Trade payables	11,262.23	11,262.23	--
Other non-current financial liabilities	3,286.98	--	3,286.98
Other current financial liabilities	9,567.91	9,567.91	--
Total	**35,626.32**	**28,878.80**	**6,747.51**

39.15 Salient Features of financials of Subsidiaries as per the Companies Act, 2013:

(₹ in Lakhs)

Sl. No.	Particulars	Subsidiaries		
		Joyce Foam Pty. Ltd. And Controlled Entities (Foreign Subsidiary)	Divya Software Solutions Private Limited (Indian Subsidiary) (Note – a below)	Sleepwell Enterprises Private Limited (Indian Subsidiary)
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	49.14	-	-
4.	Share Capital	3,235.87	9.03	1.05

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2018

(₹ in Lakhs)

Sl. No.	Particulars	Subsidiaries		
		Joyce Foam Pty. Ltd. And Controlled Entities (Foreign Subsidiary)	Divya Software Solutions Private Limited (Indian Subsidiary) (Note – a below)	Sleepwell Enterprises Private Limited (Indian Subsidiary)
5.	Reserves & Surplus	4,143.03	6,467.63	117.22
6.	Total Assets	17,271.86	7,105.29	120.98
7.	Total Liabilities	9,892.96	628.62	2.71
8.	Investments	Nil	Nil	Nil
9.	Turnover /Total Income	30,910.06	9.97	17.45
10.	Profit / (Loss) before tax	1,120.06	(30.84)	9.24
11.	Provision for tax	296.75	22.27	2.24
12.	Profit / (Loss) after tax	823.31	(53.11)	6.99
13.	Proposed Dividend	-	-	-
14.	% of shareholding	100%	100%	100%

a. : The Subsidiary has yet to start its commercial operations.

39.16 Additional information pursuant to Schedule III of Companies Act, 2013

Name of Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit	
	As % of consolidated net assets	Amount (₹ in lakhs)	As % of consolidated profit	Amount (₹ in lakhs)
Parent / Holding :				
Sheela Foam Limited	93.03	55,562.60	94.19	12,593.53
Subsidiaries:				
Indian				
Divya Software Solutions Private Limited	(0.16)	(97.18)	(0.40)	(53.11)
Sleepwell Enterprises Private Limited	0.20	117.22	0.05	6.99
Foreign				
Joyce Foam Pty. Ltd. and Controlled Entities	6.93	4,143.03	6.16	823.31

39.17 There are no material differences in the accounting policies of the Holding Company and its Subsidiaries.

39.18 The previous year's figures have been re-grouped/re-classified wherever considered necessary.

As per our Report of even date attached

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

For and on behalf of the Board of Directors

(Pawan K. Gupta)
Partner
Membership No. 092529

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

(Md. Iqubal Ahmad)
Company Secretary
M. No. - A20921

Place : New Delhi
Date : 18 May, 2018

NOTES

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