Sleepwell

August 3, 2019

To

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|---|---|
| The Secretary<br>Listing Department<br>The BSE Limited<br>Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai-400001 | The Manager,<br>The National Stock Exchange India Limited<br>Exchange Plaza, Bandra Kurla Complex<br>Bandra(E), Mumbai-400051 |
| Scrip Code: 540203 | Symbol: SFL |

Sir/Mam

**Sub: Annual Report 2018-19**

Pursuant to regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, please find enclosed soft copy of the Annual Report for the financial year 2018-19 duly approved and adopted by the shareholders of the Company at the 47th Annual General Meeting held on July 15, 2019.

For Sheela foam Limited

(Md Iquebal Ahmad)
Company Secretary and Compliance Officer

**SHEELA FOAM LTD.**
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# ENSURING A HEALTHY FUTURE

Annual Report
2018 – 2019

neem fresche

Health & Hygiene inspired by Nature and Science

# ENSURING A HEALTHY FUTURE

## 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.

# Index

What is neem fresche? It's more than just a groundbreaking technology, or another innovation in a long line of game changers. It is the ultimate representation to what length Sleepwell is ready to go, to bring the best technology and provide ultimate care and protection to the consumers. We keep inovating and improving our products to ensure that those who put their trust in us are treated with ultimate care and safeguarded from anything that can disrupt their pursuit of happiness in life.

It is this focus on an individual's needs, the personal touch that makes us different, that drives us. We don't just make great products, we also create new innovations for our consumers. To enrich lives, to keep those we care about safe, and to ensure nothing stands in the way of growth – this is what neem fresche represents. Beyond just being a marvel of technology, it is a philosophy that drives us to always keep pushing what it means to truly care for those important to you.

**Introducing neem fresche, a technology that protects your home furnishing against dust mites that cause skin allergies and breathing disorders. All Sleepwell products come treated with neem fresche.**

# 50 YEARS OF EXPERIENCE IN SHAPING 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: ultimate comfort.**

Sleepwell

# 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 50 years of experience, the Company has robust capabilities of quality manufacturing and technological innovation. neem fresche, a patented technology that now all Sleepwell products come with, is the latest in a line of many such innovations. This is complemented by an extensive pan India distribution and sales channel. 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 Rs. 2141 Crores of Sheela Group
- The group companies include: Sheela Foam Ltd and Joyce Foam, Australia (A 100% subsidiary of Sheela Foam)
- Sleepwell is the flagship brand of the group
- It is an ISO 9001 Certified Company

## Vision and Mission

- We will continue 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

Sheela Group
*ISO 9001 Certified*

## Key Strengths

- Strong Brand Name: Sleepwell the flagship brand of the Company for mattresses and home comfort accessories, has a strong presence in the market and a high recall among consumers. Our products have a reputation of being highly durable and of superior quality
- R&D: A dedicated team of engineers and scientists always strive to improve on existing products with the introduction of technology like neem fresche in them or 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 4,900 multi brand outlets and more than 4,193 exclusive retail dealers
- Customer-centricity:A dedicated customer care team for:
    - Prompt and quality after-sales service
    - Informing customers about new technologies like neem fresche, Comfort Cell, My Mattress and others
    - Helping them choose products based on their specific needs
    - 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
- International presence (exports) in 25 countries

## Product Portfolio

### Mattress Line

- My Mattress
- Spring Range
- Technology Range
- Custom Cell Range
- Back Support Range
- Flexi PUF Range
- Showroom Range
- Economy Range

### Home Comfort Line

- Furniture Cushions
- Pillows
- Bedsheets
- Comforters/Blankets
- Mattress Protectors
- Sofa-cum-Beds

### Technical Foam Line

- Automotive Foams
- Reticulated Foams
- Ultra Violet Stable Foams
- Silentech Foams

## Awards & Accolades

- Most Trusted Mattress Brand Award In India – **Reader's Digest most trusted brand award 2018 trophy** This award is decided through a Research Survey done amongst the 1.3 million readers of The Reader's Digest Magazine. Sleepwell was declared as the Gold Winner in the Mattress category
- **Economic Times Best Brand 2019** – In the Sleep & Comfort Brand Category. Sleepwell got shortlisted, after independent consumer research & shortlist done by the famous AC Nielsen research agency for the Economic Times
- **Business Standard Star SME of the Year 2017-18**
- Computer Society of India 'Best CIO of the Year – 2018' for IT Innovation & Excellence
- Data Quest 'Digital Leader 2018'. This award is based on the ability to transform enterprise computing to the next orbit
- IDC Insights Award 2018 has been awarded in the category of Excellence in Revenue Generation. This award honors Business & IT Leaders, who successfully executed an IT Implementation that brought tangible results for the business

# ENSURING A HEALTHY FUTURE

We at Sheela Foam, in our five decades of experience as the leader in the mattress industry, have always worked towards introducing new and innovative technologies for our valued consumers in order to give them not only the most comfortable sleeping experience possible but also to ensure their Health and Hygiene.

This dedication to providing state-of-the-art sleep solutions has helped us stay ahead of the competition and closer to our consumers over the years. Our extensive and widespread presence in the mattress and comfort products industry is courtesy of our very high brand recall and a reputation for unmatched innovation.

Sleepwell, launched in 1994, today stands as a prominent brand that has fully earned consumer trust and delivers on its brand promise of premium quality and customisation of products.
Sleepwell products are developed through research and innovation at par with the highest international standards.

With technological advancement and constant upgradation in the quality of products, Sleepwell has now successfully come up with neem fresche, the most significant technological innovations in the mattress and home furnishing industry. This revolutionary technology brings together the best of nature and science to provide every Sleepwell product with a lasting resistance to dust mites and other allergens that cause skin problems and breathing disorder.

The other path-breaking and innovative technology developed by Sleepwell is '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 launch of neem fresche, we are

***ENSURING A HEALTHY FUTURE***

for our consumers.

# Chairman's Message

**Dear Shareholders,**

It gives me immense pleasure to present the FY 2018-19 Annual Report of the Company. The last financial year witnessed an industrial slowdown due to a fall in consumer demand. Pre-election uncertainty has also affected the market. Despite the slowdown and uncertain business environment, our Company has managed to post growth. We are considered as the leading Manufacturer & Consumer Brand of Mattress and Home Comfort Productsin our industry. Our constant efforts in product and process innovation helps us differentiate from our competition. The demand for our products is constantly growing and to cater to the same, we are planning to invest into new capacities as well as expansion of the existing capacity is also under consideration.

The health of our consumer is a priority for the Company. To address this, the Company has introduced Neem-Fresche, a unique technology innovation that protects against Breathing Problems and Skin Allergies which occur due to Dust-mites and Allergens present on mattress &soft furnishings. All Sleepwell & Featherfoam products will have the Protection of Neem Fresche and this is exclusive to us.

### Economic Overview:

In the Automobile industry, Four-wheelers and Two-wheelers production is not at the same level as last year and has been de-growing for the last 2 quarters. Automobiles being a core industry reflect the economic health of our country. Our Company has been indirectly impacted because our technical foams form a major part of our offering to theautomobile industry.

The Index of Industrial Production (IIP) was also at its lowest level at the end of the year due to which a tight fiscal condition was observed in the markets. This also reflected in the GST collection numbers and at the end of year, average collection was less than Rs. 1,00,000 crore per month. This is lower than what was forecasted for the month and the year.

### Financial performance:

The TDI price during the year was volatile and unpredictable which impacted the EBITDA for the year under review. Through the introduction of an economy range mattress in the market and extensive push, we expect a volume increase. We experienced growth of 9% from Rs. 1,667 crores in FY 2017-18 to Rs.1,814 in FY 2017-18 in the Indian business. The Australian business registered a growth of 5.4%.

For the Indian business, the EBITDA for the year was Rs.182 crores and for the Australian business it was Rs.28 crores. Both businesses are growing as per the industry trends. The consolidated turnover for FY 2018-19 was Rs.2141 crore.

### Equity Dilution:

Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Rule 19 (2) and Rule 19A of the Securities Contracts (Regulation) Rules 1957, require that the public shareholding in a listed Company should not be less than 25 percent. To bring the level of public shareholding to the level of 25%, the promoters of your Company have diluted 10.68 % of shareholding through an Offer for Sale during the year under review.

## Future Strategy:

### Capacity Expansion

Manufacturing Capacity of the Greater Noida plant has been increased. Consolidation of Talwada plant has been done by shifting the re-bonding plant from Silvassa. For this additional land was purchased next to our existing plant. The Company is planning to expand the capacity of the Erode plant and also to start manufacturing at Sahibabad. The Company is further looking to establish one new factory in the North/Central part of India. This will help improve the capacity and reduce the dependency on exiting factories.

### Brand Building

Brand building activity is a continuous exercise in Sheela Foam. With a strong Brand leadership in our core products such as mattresses and bedding materials as well as higher grade technical PU foam lines, present us a significant headroom for growth. We will also ramp up our marketing initiatives for further enhancement of customer experience through our various offerings under the Sleepwell Brand i.e. My Mattress, Comfort Cell, My Pillow etc.

## Launch of Economy Product Range & E-commerce

The Company intends to leverage the existing range of products through its specialised know-how and manufacturing capabilities to produce niche and higher-margin products, including more sophisticated grades of technical PU foam. The Company is trying to enhance its sale through penetration in the rural markets by introducing budget mattresses i.e. 'Starlite '&' Feather foam', considered as a Value for Money range and different channels are being leveraged to market these products.

The Company is also actively developing the E-commerce channel for the sale of Mattresses and Allied products. The Company is planning to use its own E – Commerce Website for mattress sale and is also developing a separate sub-brand and product line by the name of 'SleepX' to retail on Marketplaces like Amazon and Flipkart. Since it is a new Channel, there will be a learning curve both in terms of the Products Mix and retailing strategy and how it fits into our overall business. As a company we expect it to add to both our Top Line and Bottom line growth in the future and details of the same will be shared in due course of time.

## Expansion of Distribution Network and Export sales

Taking a Micro market penetration approach, the Company continues to expand its Distribution channel in newer territories. Also, export operations will be further leveraged to sell higher volumes of technical foam to manufacturers in SAARC nations. In addition, the company will continue to open more 'Sleepwell Retail 2.0 stores' i.e. Experience Lead Brand showrooms on franchise model in major towns.

***To tap the large furniture foam market, we have started a loyalty cum skill upgradation programme (Anmol Bandhan) for carpenters and upholsters, where they are trained about usage of Sleepwell foam for the furniture made by them. The Company has created this programme for the carpenters and upholsters to motivate them and in turn increase use of our Furniture cushioning foam products.***

## Adoption of Advanced Production Technology

Some of the Notable advanced Production Technologies that the company has adopted are – Comfort Cell which lets us personalise a mattress to a customer's needs and Vertivac (Vertical Variable Pressure Foaming) which is used for making Foam used for quilting of mattress. The company will keep adopting and using the latest in technology to gain and maintain an edge over its competition.

## Industry opportunity

Poor roads and infrastructure conditions in the rural markets make it difficult for volumetric materials to be transported, coupled with low affordability, leading to low penetration of our products. However, more than 65% of our population lives in rural areas and those are largely untapped. With the development of roads, and increasing finance options, the company plans to increase its penetration in rural market with low priced products.

To tap the large furniture foam market, we have started a loyalty cum skill upgradation programme (Anmol Bandhan) for carpenters and upholsters, where they are trained about usage of Sleepwell foam for the furniture made by them. The Company has created this programme for the carpenters and upholsters to motivate them and in turn increase use of our Furniture cushioning foam products.

In conclusion, on behalf of the Board, I take this opportunity to thank our Shareholders, partners, customers and employees who are a constant support in our endeavour to grow the Company.

With best regards

**Rahul Gautam,**
Chairman & Managing Director
Sheela Foam Ltd

# Board of Directors

## Rahul Gautam

***Chairman & Managing Director***

He has been associated with our Company since 1971 and been our Managing Director since April 1, 1996. He holds a Bachelor's degree in technology (chemical engineering) from the Indian Institute of Technology, Kanpur, and a Master's degree in science (chemical engineering) from the Polytechnic Institute of New York. He has over 42 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 30 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 head 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 27 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 Ltd and serves on its board of directors. He has over 16 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 postgraduate 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 June7, 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***

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.

## Meena Jagtiani,

***Independent Director (Additional)***

Ms. Meena Jagtiani, aged 53 year is an MBA from the symbiosis institute of business management.

She has done an executive development programme from Wharton Business School, University of Pennsylvania. Presently she is working as an independent HR Advisor She has three decades rich industry experience in the field of HR. She served in various corporate such as Aditya Birla Group, Daksh e-Services Private limited and Korn/Ferry International (the world's leading search firm) etc before taking her Independent Advisory.

# 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

Meena Jagtiani

CFO – Pankaj Garg

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 1122026876

## Corporate Office

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Telephone - +91 1204162200

Facsimile - +91 1204162282

E-mail – iquebal.ahmad@sheelafoam.com

## Registrar of the Company

Link In time India Private Limited

Noble Heights, First Floor, Plot NH2

C-1 Block LSC, Near Savitri Market

Janakpuri, New Delhi-110058

Telephone - +91 11-41410592,93, 94

E-mail – delhi@linintime.co.in

Website – www.linintime.co.in

Sleepwell

# Management Discussion and Analysis

## ECONOMIC OVERVIEW

### World Economy

The economic growth of world deaccelerated during the year due to US-China trade tension and economy crisis in Argentina and Turkey. Disruption of Auto Sector in Germany and tighter credit policies in China aggrieved the situation. Global growth which was around 4 percent during year 2017 dropped to 3.6 percent at the end of the year 2018. Larger advanced economieshave contributed to a significantly weakenedglobal expansion, especially in the second half of2018. The weakness expected to persist into the first half of 2019. With improvements expected in the second half of2019, global economic growth in 2020 is projected to return to 3.6 percent. This return is predicated on arebound in Argentina and Turkey and some improvement in a set of other stressed emerging market anddeveloping economies, and therefore subject to considerable uncertainty. Beyond 2020 growth will stabilize at around 3½ percent, bolstered mainly by growth in China and India and their increasing weights in world income. Growth in advanced economies will continue to slow gradually as the impact of US fiscalstimulus fades and growth tends toward the modest potential for the group, given ageing trends and lowproductivity growth. Growth in emerging market and developing economies will stabilize at around 5percent, though with considerable variance between countries as subdued commodity prices and civil strife weaken prospects for some.

(Source: IMF – World Economic Outlook April2019)

### Indian Economy

Growth of India's GDP is expected to 7.0% as per press note of CSO released on 28th February 2019. This would be marginally higher than previous year. The sectors which are likely to register growth rate of over 7.0% are Construction, Public Administration, Defence and Other Services, Manufacturing, Electricity, Gas, Water Supply and Other Utility Services and Financial, Real Estate and Professional Services. The growth in the Agriculture, Forestry and Fishing, Mining and Quarrying and Trade, Hotels, Transport, Communication and Services related to Broadcasting is estimated to be 2.7 percent, 1.2 percent and 6.8 percent respectively. The growth in the Gross Value Added(GVA) at Basic Prices for 2018-19 from 'Manufacturing' sector is estimated to be 8.1 percent as compared to growth of 5.9 percent in 2017-18.

(Source: CSO press note released on 28th February 2019)

## INDUSTRY OVERVIEW

### Indian mattress industry

**The Indian mattress market has huge potential as**

The size of the Indian mattress market is more than INR 100 bn comprising polyurethane (PU) foam, rubberisedcoir and spring mattresses. The Indian mattress marketis dominated by small and unorganised players whichspecialises in coir, cotton and foam mattresses. The unorganisedplayers constitute around 65% of the totalmarket. The organised segment comprises of brandedplayers who manufacture high quality mattresses byusing, premium foam, spring and coir combinations. Agradual shift from un-organised to organised playersis visible, as branded players are educating customersabout the material used in mattresses. The shift isexpected to gain pace with the launch of economyproducts and subsequent cost increase for un-organisedplayers led by GST. As people are becoming more health conscious andaspiring luxury lifestyle,there is an evident rise in theawareness of the relation between good sleep and agood quality mattress especially among the youth. Amajor growth driver for the mattress market in India isthe growing urban population who is ready to spendconsiderable amounts on luxury and comfort. Themajor market for modern mattresses is in urban area.The rural market is dominated by Cotton Mattress orother sleeping surfaces.The organised mattress market encompasses threetypes of mattresses namely PU foam, spring and coir.PU foam mattresses dominated the overall organisedmarket capturing ~50% share followed by coir andspring mattresses constituting 30% and 20% sharerespectively. South India is considered as production hubof rubberised coir mattresses. However, there has beena steady decline in market share of coir mattress mainlydue to inherent quality issues such as premature saggingand rise in price of rubber which in turn has led to risein the final price of the product. Also, the consumerismdriven

Indian market with surplus disposable income isready to embrace the International standard Foam andspring mattress occupying 85% of the total market share.Institutions such as hotels, hospitals and institutions contributed the remaining 15%.

Based on distribution channel the mattress market isdominated by distributor/dealer network followed byown/franchisee stores and online mode accountingfor nearly 88%, 10% and around 2% of the total sales respectively. Organised players have started online sales by way of partnerships with online portals andalso by establishing their own websites. 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 25.1bn 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 PUfoam. 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 theforecasted period.The Indian flexible PU Foam industry is estimatedat `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

**Rapid urbanisation, growing youth and rise in nuclearfamilies:** With a median age of about 28 years and 62% of the 130+ Crore Indian population under 35-year age, consciousness for comfort sleeping is on the rise. ByFY 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 personaldisposable income is expected to increase from USD130 bn in 2015 to USD 220 bn by 2020 growing at 10.5%CAGR.

(Source: KPMG survey)

**Changing consumer lifestyle:** Urbanisation, increasinguse of technology, brand and style awareness and hecticlife routines have contributed in changing consumer'spreference for bedding. With rising exposure todeveloped economies due to foreign travel consumersare increasingly preferring PU foam mattresses / springmattresses.

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

**Housing growth:** The government's push for housingfor all by FY 2021-22 and smart cities project will giverise to residential setups.In February 2018, creation ofNational Urban Housing Fund was approved with anoutlay of `60,000 Crores. Under the Pradhan MantriAwas 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 willlead to growth in demand for mattresses.

**Hospitality:** The hospitality sector in India is expectedto grow at 16.1% CAGR to reach `27.97tn by 2022. This presents atremendous 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 arehousing, and also pose cost-related challenges. This makes long distance transportation of these items a challenging task.

Consumer's lack of understanding: The conceptof 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 theprice sensitive Indian consumer.

## REVIEW OF FINANCIAL PERFORMANCE

During the year under review, Net Revenue from operations on standalone basis, increased to Rs. 1814 Croresfrom Rs. 1667 Crores, registering a growth of 9% over last year. The Profit After Tax for the current year decreased to Rs. 124 Crores from Rs. 126 Crores. The Net Revenue from operation from Australia increased to Rs. 328 Crores from Rs. 309 Crores, registering a growth of 6% over last year. The Net Profit after tax was Rs. 14 Crores in FY 2018-19 as against Rs. 8 Crores in FY 2017-18 i.e. an increase of valuable growth. The fluctuating TDI has reduced the Net Profit and EBITDA. On Consolidated basis, Net Revenue from operations increased to Rs. 2141 Crores from Rs. 2004 Crores, registering a growth of 7% over last year.

## 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 couldthus adversely impact the performance of the Company which serves these sectors.

### Mitigation:

The Country has re-elected stable government. Favourable indicators such as moderate levelsof inflation, growth in industrial sector, recovery in investment demand, expectations of good monsoon, and on going structural reforms could propel Indian economy togrow 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 labours and daily wage earners, and shift of rural economy and small scale sector to e-payments bode well for economic development.

### 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 enjoying 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 4,193 Exclusive Dealers which helps creates a USP in shopping experience and promoting premium range of products.

### Inventory risk

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

### Mitigation:

The Company has a strong distribution network of 110+ exclusive distributors, 4,193 + Exclusive Dealers and 4,900+ multi-brand outlets. This deeply penetrated network enables to maintain asteady sale of products Additionally the Company invests in media spends across television, radio, newspaper, Hand magazines to maintain brand visibility and customer recall The Company's inventory management is robustowing 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 theraw 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 keyraw 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 checkon sale of counterfeit products.

## INTERNAL CONTROL SYSTEMS AND THEIRADEQUACY

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 requiredfor 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 ofits employees. Polices nurture a culture that leads to alignment of employee goals with that of the Company. During the year, the Company continued to witness healthy employee and industrial relations with harmony and peace.

## CAUTIONARY STATEMENT

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

# Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 47th 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 31st March, 2019.

## Financial Information

**(Rs. in Crores)**

| Particulars | Consolidated | | Standalone | |
|---|---|---|---|---|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Revenue from operations | **2141.45** | 2004.45 | **1813.76** | 1695.66 |
| Profit before Financial Charges, Depreciation & Tax | **238.58** | 237.40 | **214.03** | 216.03 |
| Less: Financial Charges | **9.62** | 8.67 | **7.34** | 5.75 |
| Cash Profit | **228.96** | 228.73 | **206.69** | 210.28 |
| Less: Depreciation | **39.53** | 35.24 | **31.09** | 27.78 |
| Profit before Tax | **189.43** | 193.49 | **175.60** | 182.50 |
| Add/(Less): Income Tax<br>Earlier year's tax | **52.33**<br>**(1.11)** | (58.93)<br>-- | **47.18**<br>**(1.11)** | (55.93)<br>-- |
| Add/(Less): Deferred Tax | **4.46** | (0.85) | **5.86** | (0.63) |
| Profit after Tax | **133.75** | 133.71 | **123.67** | 125.93 |
| Other Comprehensive Income | **(0.92)** | (0.57) | **(0.92)** | (0.88) |
| Total Comprehensive Income for the year | **132.83** | 133.14 | **122.75** | 125.05 |

During the year 2017-2018 Excise duty till 30th June 2017 is included in 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:-

**(Rs. in Crores)**

| Particulars | Consolidated | | Standalone | |
|---|---|---|---|---|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Revenue from operations | **2141.45** | 2004.45 | **1813.76** | 1695.66 |
| Less: Excise Duty | - | 39.13 | - | 39.13 |
| Add: Freight | - | 10.29 | - | 10.29 |
| Net Revenue from operations | **2141.45** | 1975.61 | **1813.76** | 1666.82 |

During the current year, Net Revenue of the Company, on standalone basis, increased from Rs.1666.82 Crores to Rs.1813.76 Crores registering a growth of 8.81% over last year. The Profit after tax for the current year decreased by 1.79% to Rs.123.67 Crores as against the profit after tax of Rs.125.93 Crores of last year.

## Present Status & Future Outlook

Your Company's share in the organised Mattress Market is more than 25%. Retaining the leadership position in Mattresses and Foam Products.

The Company registered a growth of approx. 9% in turnover despite the growth of industries are substantially low.

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 about 50 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 2018-19. The entire profit being ploughed back in the business.

## Subsidiaries

As on March 31, 2019 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 66.70 Million Australian Dollars (AUD) in 2018-19, as compared with 63.28 Million AUD in 2017-18, recording a growth of more than 5.40% and has posted pretax profit of 2.93 Million AUD in 2018-19, as against 2.28 Million AUD in 2017-18.

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.

## 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. During the year Company has constituted a Risk Management Committee.

## 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. Tushaar Gautam 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 reappointment.

The Board also recommends the appointment of Ms. Meena Jagtiani 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, and Company Secretary continue to hold that office as on the date of this report. Chief Financial Officer Mr. Dhruv Chandra Mathur ceased from his office from 30th November 2018 due to superannuation. Mr. Pankaj Garg appointed as Chief Financial Officer of the company w.e.f. 1st December 2018.

## 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 2019-20 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 Financial Year 2019-20, 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 2019-20. 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 2018-19. 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. The Company can oversee 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 Work Place (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 system has been set up to redress complaints received regarding sexual harassment. During the period under review, no complaint was received by the Company.

## 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) Installed the light dependent switch or LUX switch, which works on natural lighting to eliminate the wastage of electricity as many times lights remain in on state in day time.

2) Installed transparent roof sheets to make use of Natural Lighting.

3) Used thermal insulation for chillers and it results into increased efficiency of chiller operation around 5 to 7 Degree Celsius.

4) Replacement of conventional MH and street lights with energy efficient LED lights.

5) Used pressure switch in water pipe line to control the water pump automatically saves wastage of water and power.

6) Used thermography instrument in preventive maintenance of machine.

7) Used PPR-C pipe line for zero leakages in compressed air line saves electricity.

B. The expenses incurred on Research and Development have been included in respective expense heads.

C. The Company has introduced new process to reduce the consumption of energy and upgraded technology whenever required to replace the machinery.

D. The earnings from exports were Rs. 23.49 crores (Previous Year Rs. 20.43) and payments in foreign exchange were Rs. 271.85 crores (Previous Year Rs.274.86 crores).

## Listing Agreements

Your Company has entered into agreements with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), 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.

## Dividend Distribution Policy

The company has adopted Dividend Distribution Policy and there is no change in policy during the year. As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the policy is hosted at our web site at www.sheelafoam.com and is also attached as Annexure-I.

## Acknowledgement

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

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

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

By Order and on behalf of the

Board of Sheela Foam Limited

**Place: Noida**
**Date : 4th May, 2019**

**(Rahul Gautam)**
**Chairman and Managing Director**

## Annexure-A

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

**(Rs. 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<br>AUD= INR 49.16 | N.A. | N.A. |
| Share capital | 3237.18 | 9.36 | 1.05 |
| Reserves & surplus | 52315.14 | 6619.24 | 1655.87 |
| Total assets | 16990.8 | 6761.73 | 176.21 |
| Total Liabilities | 8533.83 | 133.12 | 9.58 |
| Investments | - | - | - |
| Turnover | 32791.06 | - | 10.00 |
| Profit/(Loss) before taxation | 1441.26 | (130.68) | 7.22 |
| Provision for taxation | 366.12 | 14.20 | 23.89 |
| Profit after taxation | 1075.14 | (116.48) | 48.37 |
| Proposed Dividend | NIL | NIL | NIL |
| % of shareholding | 100% | 100% | 100% |

**Note-**

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

## 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 10 (Ten) Directors, which include 6 (Six) Non-Executive Independent Directors and 4 (Four) Executive Directors including 2 (Two) Women Directors one of them is Independent Director.

During the end of the financial year 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 financial year 2018-19 ended on March 31, 2019. Board Meetings were held on May 18, 2018, August 10, 2018, November 5, 2018, February 1, 2019 and March 7&8, 2019.

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

## Independent Directors

All 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.

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 March 7, 2019 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 at the of Financial Year ie March 31, 2019, 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 18th July, 2018 | 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 | 5 | Yes | 1 | 0 | 0 |
| Rakesh Chahar 00180587 | Executive Director | 5 | Yes | 1 | 0 | 1 |
| Tushaar Gautam# 01646487 | Executive Director | 4 | No | 1 | 0 | 1 |
| Vijay Kumar Chopra 02103940 | Independent Director | 4 | Yes | 6 | 4 | 7 |
| Som Mittal 00074842 | Independent Director | 5 | Yes | 3 | 1 | 3 |
| Ravindra Dhariwal 00003922 | Independent Director | 5 | No | 3 | 0 | 5 |
| Anil Tandon 00089404 | Independent Director | 5 | No | 1 | 0 | 1 |
| Vijay Kumar Ahluwalia* 08078092 | Independent Director | 5 | Yes | 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.

## 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 four Directors which include three 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 financial year 2018-19 ended on March 31, 2019 on May 15, 2018, August 10, 2018, November 05, 2018, and February 01, 2019.

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 | 3 |
| Mr. Ravindra Dhariwal | 4 | 4 |
| Mr. Som Mittal | 4 | 1* |
| Mr. Tushaar Gautam | 4 | 4 |

The Chairman of the Audit Committee attended the 46th Annual General Meeting.

*Mr. Som Mittal, Independent Director appointed as a member of audit committee on 31.01.2019.

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 financial year 2018-19 ended on March 31, 2019 on May 18, 2018 and November 5, 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 financial year 2018-19 ended on March 31, 2019 on May 18, 2018.

| 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 March 31, 2019, the Company 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 11th 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. Ms. Namita Gautam- Executive Director
4. Mr. Tushaar Gautam- Executive Director

### Meetings and Attendance

Corporate Social Responsibility Committee met 1 (one) time during financial year 2018-19 ended on March 31, 2019 on May 18, 2018.

| 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 |
| Ms. Namita Gautam | 1 | 0* |

Ms Namita Gautam was appointed as a member of the Committee on May 18, 2018 post the meeting of CSR Committee on that date.

### 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."

### Risk Management Committee

The Committee constituted on 10th August, 2018. The Chairperson of the Committee is Lt. Gen (Dr.) V. K. Ahluwalia (Chairman) a Non-Executive Independent Director. The Committee comprises following Executive and Non-Executive Independent Directors:-

1. Lt Gen (Dr.) V. K. Ahluwalia- Independent Director
2. Mr. Rakesh Chahar- Executive Director
3. Mr. Tushaar Gautam-Executive Director

### Meetings and Attendance

There is no meeting held in F.Y 2018-2019.

## Committee Responsibilities and Authority

The committee shall evaluate significant risk exposures of the company and assess management's actions to mitigate the exposures in a timely manner.

The committee will coordinate its activities with the audit committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).

The committee shall make reports to the board, including with respect to risk management and minimization procedures.

The board shall review the performance of the committee.

The committee shall have access to any internal information of the company necessary to fulfil its oversight role. The committee shall also have the authority to obtain advice and assistance from internal or external experts /advisors.

The role and responsibilities of the committee shall include such other items as may be prescribed by applicable law or the board in compliance with applicable law, from time to time.

**General Body Meeting**

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

**Annual General Meeting**

| Year | Date & Day | Location | Time | Special Resolution |
|---|---|---|---|---|
| 2017-18 | 18th July 2018 Wednesday | Arya Auditorium, Desh Raj Complex, C Block, East of Kailash, New Delhi, 110065 | 10.30 AM | No Special Resolution |
| 2016-17 | 20th July 2017 Thursday | Arya Auditorium, Desh Raj Complex, C Block, East of Kailash, New Delhi, 110065 | 10.30 AM | No Special Resolution |
| 2015-16 | 31st May,2016 Tuesday | C-55, Preet Vihar, Delhi-110092 | 11.30 AM | 1. Subdivision of nominal value of equity shares<br>2. Alteration of Articles of Association<br>3. Initial Public offer<br>4. Increase the borrowing power<br>5. Sheela Foam Employee Stock Options Scheme |

## Extraordinary General Meeting

| Year | Date & Day | Location | Time | Special Resolution |
|---|---|---|---|---|
| 2016-17 | 30th April, 2016 Saturday | C-55, Preet Vihar, Delhi-110092 | 11.00 AM | 1.Conversion of Company from Private Limited to Public Limited.<br>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 language.

**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:** 15th July, 2019, Monday
**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.

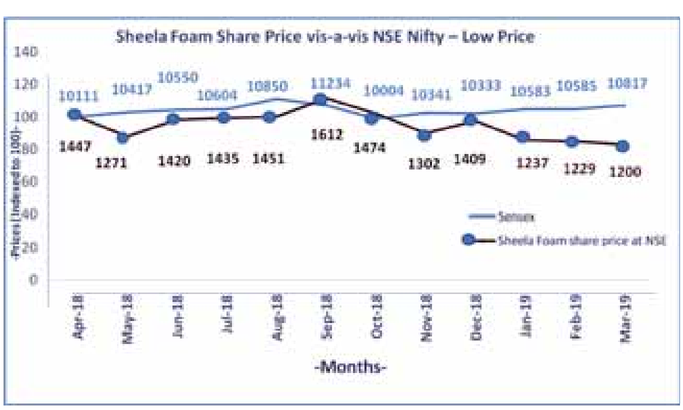
| Name and Address of Stock Exchanges | Stock Code |
|---|---|
| BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 023. | 504203 |
| National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra (E) Mumbai-400 051 | SFL |

## Market Price Data/Stock Performance: FY 2018-19 ended on March 31, 2019

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 Rs.) | | National Stock Exchange (NSE) (in Rs) | |
|---|---|---|---|---|
| | High | Low | High | Low |
| April 2018 | 1,650 | 1,449 | 1,574 | 1,447 |
| May 2018 | 1,525 | 1,275 | 1,517 | 1,271 |
| June 2018 | 1,549 | 1,417 | 1,564 | 1,420 |
| July 2018 | 1,545 | 1,425 | 1,568 | 1,435 |
| August 2018 | 1,721 | 1,451 | 1,715 | 1,451 |
| September 2018 | 1,817 | 1,603 | 1,848 | 1,612 |
| October 2018 | 1,701 | 1,410 | 1,709 | 1,474 |
| November 2018 | 1,659 | 1,288 | 1,585 | 1,302 |
| December 2018 | 1,529 | 1,400 | 1,551 | 1,409 |
| January 2019 | 1,483 | 1,230 | 1,490 | 1,237 |
| February 2019 | 1,450 | 1,235 | 1,421 | 1,229 |
| March 2019 | 1,449 | 1,201 | 1,411 | 1,200 |

## Stock Performance Graph



**Registrar and Share Transfer Agent**

**Address:**

**Link Intime India Private Limited**

Noble Heights, First Floor,Plot NH2
C-1 Block LSC, Near Savitri Market
Janakpuri, New Delhi-110058
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 March 31, 2019

| Group of Shares | Number of Shareholders | % to total Shareholders | Number of Shares held | % to Total Shares |
|---|---|---|---|---|
| 1-500 | 7,428 | 96.2176 | 4,28,430 | 0.8782 |
| 501-1000 | 132 | 1.7098 | 97,913 | 0.2007 |
| 1001-2000 | 44 | 0.5699 | 68,775 | 0.1410 |
| 2001-3000 | 19 | 0.2462 | 47,138 | 0.0966 |
| 3001-4000 | 6 | 0.0777 | 21,270 | 0.0436 |
| 4001-5000 | 7 | 0.0907 | 30,779 | 0.0631 |
| 5001- 10000 | 12 | 0.1554 | 88,387 | 0.1812 |
| 10001 & above | 72 | 0.9327 | 4,80,00,116 | 98.3956 |
| **Total** | **7,720** | **100.0000** | **4,87,82,808** | **100.0000** |

## Shareholding Pattern as on March 31, 2019

| Category | Number of Shares held | %-Issued Capital |
|---|---|---|
| Promoter and Prompter Group | 36587087 | 75.0000 |
| Mutual Funds | 8279199 | 16.9816 |
| Non Nationalised Banks | 934 | 0.0073 |
| Financial Institutions | 1446 | 0.0050 |
| Foreign Portfolio Investors (Corporate) | 1492604 | 3.0798 |
| Non Resident Indians | 29241 | 0.0600 |
| Non Resident (Non Repatriable) | 25239 | 0.0518 |
| Clearing Members | 663397 | 1.3799 |
| Other Bodies Corporate | 1096556 | 2.2578 |
| Public | 545917 | 1.0514 |
| Hindu Undivided Family | 21,537 | 0.0341 |
| Alternate Investment Funds | 39081 | 0.0901 |
| Trusts<br>NBFCs registered with RBI | 470<br>100 | 0.0010 |
| **TOTAL :** | **48,782,808** | **100** |

## Dematerialisation of Shares & Liquidity

As on March 31, 2019, 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 Re. 5/- each of the Company by NSDL/CDSL is INE916U01025.

### Plant Locations

| | |
|---|---|
| Plot No-51A, Udyog Vihar, Greater Noida -201306 Dist. Gautam Budh Nagar (Uttar Pradesh) | N.H 8, Near Bhilad Check Post Village- Talwada-396105 Taluka Umergoan Dist: Valsad (Gujarat) |
| Village- Habibpur, Noida Dadri Road Gautambudh Nagar-201304 | Survey No.-852, Medchal Industrial Area R.R. Dist-501401 (Telagana) |
| Village Mardanpur, Near Shampoo Teh. Rajpura, Dist. Patiala-140401 (Punjab) | MM-3, Phase-4, Sipcot Industrial Growth Centre, P.O.Palayam, Village:Perundurai, Erode- 638052 Tamilnadu |
| Mainthapal, Nahan Road Kalaamb, Dist.Sirmour, Himachal Pradesh-173030 | Kanchanjanga Intergrated Hub P.O. Fatapukur, P.S.Rajganj, Dist. Jalpaiguri. wPin-735134 (West Bengal) |
| Survey No: 261/1/2/3, Saily Umarkui Road, Silvassa- 396 230 (D.&N.H.) | - |

## 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 March 31, 2019, 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 March 31, 2019. A declaration to this effect signed by the Chairman & Managing Director is given below:

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To,
The Shareholders of
Sheela Foam Limited.

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

I hereby declare that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors and applicable to them for the financial year ended March 31, 2019.

Date: 4th May 2019
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 March 31, 2019. 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 March 31, 2019 is unmodified.

## Compliance Certificate on Corporate Governance from the Auditor

The certificate dated 04th May 2019 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 04th May 2019.

# CEO/CFO Certification

To

The Board of Directors

**Sheela Foam Limited**

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

We, Rahul Gautam, Chairman and Managing Director, Pankaj Garg, CFO certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 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

**Pankaj Garg**
Chief Financial Officer

Place: Noida
Date: 4th May 2019

# Independent Auditor's Certificate on Corporate Governance

To,

The Members of **Sheela Foam Limited,**

1. We have examined the compliance of conditions of Corporate Governance by Sheela Foam Limited (the "Company"), for the year ended on 31st March, 2019, as required by the provisions stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and para C & D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria'). This certificate is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

## Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of operating effectiveness of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

## Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance in the form of an opinion as to whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.

5. We have examined the relevant record of the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

   i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

   ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the year;

iii. Obtained and read the minutes of the following committee meetings held during April 01, 2018 to March 31, 2019:

(a) Board of Directors;

(b) Audit Committee;

(c) Annual General;

(d) Nomination and Remuneration Committee;

(e) Stakeholders Relationship Committee; and

(f) Corporate Social Responsibility Committee.

iv. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this certificate did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

## Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and to the best of our information and explanations provided to us, we are of the opinion that the Company has complied, in all material aspects, with the conditions of Corporate Governance as stipulated in the Listing Regulations during the year ended 31st March, 2019.

   We state that such compliance 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.

## Restriction on Use

9. This certificate is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate.

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

Place : Noida
Dated : 4th May, 2019

**(Sanjiv Gupta)**
Partner
M. No. 083364

# 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 2019

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 2019, 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 2019 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**
Company Secretaries
**S/d Amitabh**
(Partner)
CP: 5500

Place: Delhi
Date: 3rd May 2019

## 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
**S/d Amitabh**
(Partner)
CP: 5500

Place: Delhi
Date: 3rd May 2019

## Annexure-E

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES FOR THE YEAR 2018-19:

| | |
|---|---|
| 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<br>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, since 2001.<br>During the year under review the CSR initiatives have been made mainly in the area of education, healthcare, sanitation and eradicating hunger, poverty and malnutrition. |
| 2. The Composition of the CSR Committee | Committee comprising three Directors:<br>1. Mr. Anil Tandon- Chairman<br>2. Ms. Namita Gautam- Member<br>3. Mr. Ravindra Dhariwal-Member<br>4. Mr. Tushaar Gautam-Member |
| 3. Average net profit of the Company for last three financial years. | Rs. 1573.49 Lakhs |
| 4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) | Rs. 314.69 Lakhs |
| 6. Details of CSR spent during the financial year 2018-19:<br>1. Total amount to be spent for the financial year 2018-19.<br>2. Amount unspent, if any | Rs. 320.09 Lakhs<br><br>NIL |

2. Manner in which the amount spent during the financial year 2018-19 is detailed below.

**( Rs. In Lakhs)**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| S. 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 | 286.62 | 286.62 | 286.62 | Through, Sleepwell Foundation (Trust) |
| 2 | Education/ Skill Development | Promoting Education including employment enhancing vocational skills | Aligarh, Uttar Pradesh | 9.00 | 9.00 | 9.00 | Through Pt. Mohan Lal Gautam Trust |
| 3 | Others | Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation | Uttar Pradesh | 24.47 | 24.47 | 24.47 | Through company |

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 2019, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2019.

| Name and Designation | Remuneration for Financial Year 2019 (Rs. in Lakhs) | % increase of remuneration in the Financial Year 2019 | Ratio of remuneration to Median Remuneration |
|---|---|---|---|
| **Executive Director** | | | |
| Mr. Rahul Gautam Managing Director | 293.94 | -2.86% | 150 |
| Ms. Namita Gautam Wholetime Director | 158.98 | -2.32% | 81 |
| Mr. Rakesh Chahar Wholetime Director | 156.70 | 3.75% | 80 |
| Mr. Tushaar Gautam Wholetime Director | 165.69 | -2.04% | 85 |
| **Non Executive Independent Director** | | | |
| Mr. Vijay Kumar Chopra Non Executive Independent Director | 18.00 | NA | 9 |
| Mr. Som Mittal Non Executive Independent Director | 18.50 | NA | 9 |
| Mr. Ravindra Dhariwal Non Executive Independent Director | 19.00 | NA | 9 |
| Mr. Anil Tandon Non Executive Independent Director | 16.50 | NA | 8 |
| Lt Gen (Dr.) Vijay Kumar Ahluwalia Non Executive Independent Director | 16.50 | NA | 8 |
| **Key Managerial Personnel** | | | |
| Mr. Dhruv Chandra Mathur Chief Financial Officer * | 80.74 | 28.26% | 41 |
| Mr. Pankaj Garg** Chief Financial Officer | 21.78 | - | 11 |
| Mr. Md Iquebal Ahmad Company Secretary | 14.54 | 23.32% | 7 |

*Mr. Dhruv Chandra Mathur Ceased the office on 30th November 2018.
**Mr. Pankaj Garg appointed w.e.f 1st December 2018.

Note: The remuneration of the non-executive Independent directors includes sitting fees for attending Board/Committee meetings and commissions there is no change therefore 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 Rs.1.96 Lakhs.

(iv) In the financial year, there was an increase of 17.36 % in the median remuneration of employees.

(v) Number of permanent employees on the role of the Company as on 31.03.2019 is 2039

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

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

| Name and Designation | Remuneration for FY 19 (Rs. in Lakhs) | Experience (in years) | Educational Qualification | Previous employment and designation |
|---|---|---|---|---|
| Dr. Mahesh N Gopalasamudram (COO) | 108.70 | 20 | PhD | Manali Petrochemical |

# Annexure-G

## Form No. MGT-9
## EXTRACT OF ANNUAL RETURN
## as on the financial year ended on 31st March, 2019

[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<br>5-9 Bridge Road, Moorebank, NSW 2170 | NA | Subsidiary | 100 | 2(87) |
| 2 | Joyce WC NSW Pty Ltd<br>5-9 Bridge Road, Moorebank, NSW 2170 | NA | Stepdown Subsidiary | 100 | 2(87) |
| 3 | Divya Software Solutions Private Limted<br>C-55, Preet Vihar, Vikas Marg, Delhi-110092 | U72200DL 2010PTC201680 | Subsidiary | 100 | 2(87) |
| 4 | Sleepwell Enterprises Pvt Ltd<br>C-55, Preet Vihar, Vikas Marg, Delhi-110092 | U74899DL19 94PTC062005 | Subsidiary | 100 | 2(87) |

## IV. Share Holding Pattern (Equity Share capital Breakup as percentage of total equity

### (i) Category wise Shareholding

| Sr No | Category of Shareholders | Shareholding at the beginning of the year - 2018 | | | | Shareholding at the end of the year - 2019 | | | | % 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 | 35221098 | 0 | 35221098 | 72.1998 | 30011678 | 0 | 30011678 | 61.5210 | -10.6788 |
| (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 | 6575409 | 0 | 6575409 | 13.4789 | 6575409 | 0 | 6575409 | 13.4789 | 0.0000 |
| | **Sub Total (A)(1)** | **41796507** | **0** | **41796507** | **85.6788** | **36587087** | **0** | **36587087** | **75.0000** | **-10.6788** |
| **[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) | 41796507 | 0 | 41796507 | 85.6788 | 36587087 | 0 | 36587087 | 75.0000 | -10.6788 |
| **(B)** | **Public Shareholding** | | | | | | | | | |
| **[1]** | **Institutions** | | | | | | | | | |
| (a) | Mutual Funds / UTI | 4085760 | 0 | 4085760 | '8.3754 | 8279199 | 0 | 8279199 | '16.9716 | '8.5962 |
| (b) | Venture Capital Funds | 0 | 0 | 0 | '0.0000 | 0 | 0 | 0 | '0.0000 | '0.0000 |
| (c) | Alternate Investment Funds | 244038 | 0 | 244038 | '0.5003 | 39081 | 0 | 39081 | '0.0801 | '-0.4202 |
| (d) | Foreign Venture Capital Investors | 0 | 0 | 0 | '0.0000 | 0 | 0 | 0 | '0.0000 | '0.0000 |
| (e) | Foreign Portfolio Investor | 1258227 | 0 | 1258227 | '2.5792 | 1492604 | 0 | 1492604 | '3.0597 | '0.4805 |
| (f) | Financial Institutions / Banks | 3924 | 0 | 3924 | '0.0080 | 2380 | 0 | 2380 | '0.0049 | '-0.0031 |
| (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) | 5591949 | 0 | 5591949 | 11.4630 | 9813264 | 0 | 9813264 | '20.1162 | '8.6532 |



Sheela Group
ISO 9001 Certified

| Sr No | Category of Shareholders | Shareholding at the beginning of the year - 2018 | | | | Shareholding at the end of the year - 2019 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| **[2]** | **Central Government/ State Government(s)/ President of India** | | | | | | | | | |
| | 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 Rs. 1 lakh. | 254427 | 2 | 254429 | 0.5216 | 545915 | 2 | 545917 | '1.1191 | '0.5975 |
| (ii) | Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 245091 | 0 | 245091 | 0.5024 | 0 | 0 | 0 | '0.0000 | '-0.5024 |
| (b) | NBFCs registered with RBI | 0 | 0 | 0 | 0.0000 | 100 | 0 | 100 | '0.0002 | '0.0002 |
| (d) | Overseas Depositories(holding DRs) (balancing figure) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | '0.0000 | '0.0000 |
| (e) | Any Other (Specify) | | | | | | | | | |
| | Trusts | 3000 | 0 | 3000 | 0.0061 | 470 | 0 | 470 | '0.0010 | '-0.0051 |
| | Hindu Undivided Family | 14006 | 0 | 14006 | 0.0287 | 21537 | 0 | 21537 | '0.0441 | '0.0154 |
| | Non Resident Indians (Non Repat) | 8441 | 0 | 8441 | 0.0173 | 25239 | 0 | 25239 | '0.0517 | '0.0344 |
| | Non Resident Indians (Repat) | 17095 | 0 | 17095 | 0.0350 | 29241 | 0 | 29241 | '0.0599 | '0.0249 |
| | Clearing Member | 5055 | 0 | 5055 | 0.0104 | 663397 | 0 | 663397 | '1.3599 | '1.3495 |
| | Bodies Corporate | 847235 | 0 | 847235 | 1.7367 | 1096556 | 0 | 1096556 | '2.2478 | '0.5111 |
| | Sub Total (B)(3) | 1394350 | 2 | 1394352 | 2.8583 | 2382455 | 2 | 2382457 | '4.8838 | '2.0255 |
| | Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3) | 6986299 | 2 | 6986301 | '14.3212 | 12195719 | 2 | 12195721 | '25.0000 | '10.6788 |
| | Total (A)+(B) | 48782806 | 2 | 48782808 | '100.0000 | 48782806 | 2 | 48782808 | '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)** | **48782806** | **2** | **48782808** | **'100.0000** | **48782806** | **2** | **48782808** | **'100.0000** | |

### (ii) Shareholding of Promoter (Including Promoter Group)

| Sr No | Shareholder's Name | Shareholding At The Beginning Of The Year - 2018 | | | Shareholding At The End Of The Year - 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | | No.of Shares Held | % of total Shares of the company | %of Shares Pledged/ encumbered to total Shares | No. of Shares Held | % of total Shares of the company | %of Shares Pledged/ encumbered to total Shares | % Change in Shareholding During the Year |
| 1 | Sheela Gautam | 17561880 | '36.0001 | '0.0000 | 17561880 | '36.0001 | '0.0000 | '0.0000 |
| 2 | Rahul Gautam | 9955419 | '20.4076 | '0.0000 | 6209485 | '12.7288 | '0.0000 | '-7.6788 |
| 3 | Rangoli Resorts P Ltd | 6563391 | '13.4543 | '0.0000 | 6563391 | '13.4543 | '0.0000 | '0.0000 |
| 4 | Namita Gautam | 5715879 | '11.7170 | '0.0000 | 5715879 | '11.7170 | '0.0000 | '0.0000 |
| 5 | Tushaar Gautam | 1987920 | '4.0750 | '0.0000 | 524434 | '1.0750 | '0.0000 | '-3.0000 |
| 6 | Core Mouldings Private Ltd | 12018 | '0.0246 | '0.0000 | 12018 | '0.0246 | '0.0000 | '0.0000 |
| | **Total** | **41796507** | **'85.6788** | **'0.0000** | **36587087** | **'75.0000** | **'0.0000** | **'-10.6788** |

### (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 - 2018 | | Transactions During the year | | Cumulative Shareholding at the end of the year - 2019 | |
|---|---|---|---|---|---|---|---|
| | | 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 | 17561880 | 36.0001 | | | 17561880 | 36.0001 |
| | At The End Of The Year | | | | | 17561880 | 36.0001 |
| 2 | Rangoli Resorts P Ltd | 6563391 | 13.4543 | | | 6563391 | 13.4543 |
| | At The End Of The Year | | | | | 6563391 | 13.4543 |
| 3 | Rahul Gautam | 9955419 | 20.4076 | | | 9955419 | 20.4076 |
| | Transfer | | | 29 Mar 2019 | (3745934) | 6209485 | 12.7288 |
| | At The End Of The Year | | | | | 6209485 | 12.7288 |
| 4 | Namita Gautam | 5715879 | 11.7170 | | | 5715879 | 11.7170 |
| | At The End Of The Year | | | | | 5715879 | 11.7170 |
| 5 | Tushaar Gautam | 1987920 | 4.0750 | | | 1987920 | 4.0750 |
| | Transfer | | | 29 Mar 2019 | (1463486) | 524434 | 1.0750 |
| | At The End Of The Year | | | | | 524434 | 1.0750 |
| 6 | Core Mouldings Private Ltd | 12018 | 0.0246 | | | 12018 | 0.0246 |
| | At the end of the Year | | | | | 12018 | 0.0246 |

Note: 1. Paid up Share Capital of the Company (Face Value Rs. 5.00) at the end of the year is 48782808 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 - 2018 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2019 | |
|---|---|---|---|---|---|---|---|
| | | 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 | 2375999 | 4.8706 | | | 2375999 | 4.8706 |
| | Transfer | | | 04 May 2018 | (384) | 2375615 | 4.8698 |
| | Transfer | | | 11 May 2018 | (964) | 2374651 | 4.8678 |
| | Transfer | | | 18 May 2018 | 95421 | 2470072 | 5.0634 |
| | Transfer | | | 10 Aug 2018 | 343300 | 2813372 | 5.7671 |
| | Transfer | | | 17 Aug 2018 | 79200 | 2892572 | 5.9295 |
| | Transfer | | | 14 Sep 2018 | (7998) | 2884574 | 5.9131 |
| | Transfer | | | 21 Sep 2018 | (1167) | 2883407 | 5.9107 |
| | Transfer | | | 29 Sep 2018 | (645) | 2882762 | 5.9094 |
| | Transfer | | | 05 Oct 2018 | (15) | 2882747 | 5.9094 |
| | Transfer | | | 26 Oct 2018 | (417) | 2882330 | 5.9085 |
| | Transfer | | | 09 Nov 2018 | 2000 | 2884330 | 5.9126 |
| | Transfer | | | 16 Nov 2018 | 250 | 2884580 | 5.9131 |
| | Transfer | | | 08 Feb 2019 | 30090 | 2914670 | 5.9748 |
| | Transfer | | | 22 Feb 2019 | 41649 | 2956319 | 6.0602 |
| | Transfer | | | 29 Mar 2019 | 1769819 | 4726138 | 9.6881 |
| | At the end of the Year | | | | | 4726138 | 9.6881 |
| 2 | Dsp Midcap Fund | 0 | 0.0000 | | | 0 | 0.0000 |
| | Transfer | | | 29 Mar 2019 | 1355000 | 1355000 | 2.7776 |
| | At the end of the Year | | | | | 1355000 | 2.7776 |
| 3 | Uti - Equity Fund | 884811 | 1.8138 | | | 884811 | 1.8138 |
| | Transfer | | | 06 Apr 2018 | (61) | 884750 | 1.8137 |
| | Transfer | | | 18 May 2018 | 13480 | 898230 | 1.8413 |
| | Transfer | | | 25 May 2018 | 2227 | 900457 | 1.8458 |
| | Transfer | | | 01 Jun 2018 | 25387 | 925844 | 1.8979 |
| | Transfer | | | 08 Jun 2018 | 12021 | 937865 | 1.9225 |
| | Transfer | | | 15 Jun 2018 | 4389 | 942254 | 1.9315 |
| | Transfer | | | 22 Jun 2018 | 1516 | 943770 | 1.9346 |
| | Transfer | | | 06 Jul 2018 | 21756 | 965526 | 1.9792 |
| | Transfer | | | 13 Jul 2018 | 10000 | 975526 | 1.9997 |
| | Transfer | | | 24 Aug 2018 | 792 | 976318 | 2.0014 |
| | Transfer | | | 31 Aug 2018 | 3 | 976321 | 2.0014 |
| | Transfer | | | 07 Sep 2018 | 2442 | 978763 | 2.0064 |
| | Transfer | | | 14 Sep 2018 | 865 | 979628 | 2.0081 |
| | Transfer | | | 21 Sep 2018 | 5647 | 985275 | 2.0197 |
| | Transfer | | | 29 Sep 2018 | 2320 | 987595 | 2.0245 |
| | Transfer | | | 05 Oct 2018 | 5322 | 992917 | 2.0354 |
| | Transfer | | | 12 Oct 2018 | 10932 | 1003849 | 2.0578 |
| | Transfer | | | 26 Oct 2018 | 2134 | 1005983 | 2.0622 |
| | Transfer | | | 16 Nov 2018 | 1000 | 1006983 | 2.0642 |
| | Transfer | | | 07 Dec 2018 | 56 | 1007039 | 2.0643 |
| | Transfer | | | 14 Dec 2018 | 944 | 1007983 | 2.0663 |
| | Transfer | | | 21 Dec 2018 | 297 | 1008280 | 2.0669 |

| Sr No. | Name & type of Transaction | Shareholding at the Beginning of the year - 2018 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2019 | |
|---|---|---|---|---|---|---|---|
| | | 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 | | | 28 Dec 2018 | 1644 | 1009924 | 2.0702 |
| | Transfer | | | 31 Dec 2018 | 591 | 1010515 | 2.0715 |
| | Transfer | | | 04 Jan 2019 | 5000 | 1015515 | 2.0817 |
| | Transfer | | | 11 Jan 2019 | 9500 | 1025015 | 2.1012 |
| | Transfer | | | 18 Jan 2019 | 7000 | 1032015 | 2.1155 |
| | Transfer | | | 22 Feb 2019 | 353 | 1032368 | 2.1163 |
| | Transfer | | | 01 Mar 2019 | 230 | 1032598 | 2.1167 |
| | Transfer | | | 08 Mar 2019 | 355 | 1032953 | 2.1175 |
| | Transfer | | | 15 Mar 2019 | 62 | 1033015 | 2.1176 |
| | Transfer | | | 29 Mar 2019 | 245248 | 1278263 | 2.6203 |
| | At the end of the Year | | | | | 1278263 | 2.6203 |
| 4 | Goldman Sachs India Limited | 308488 | 0.6324 | | | 308488 | 0.6324 |
| | Transfer | | | 18 May 2018 | 182362 | 490850 | 1.0062 |
| | At the end of the Year | | | | | 490850 | 1.0062 |
| 5 | Canara Hsbc Oriental Bank Of Commerce Life Insurance Company Ltd | 158841 | 0.3256 | | | 158841 | 0.3256 |
| | Transfer | | | 06 Apr 2018 | 586 | 159427 | 0.3268 |
| | Transfer | | | 13 Apr 2018 | 38 | 159465 | 0.3269 |
| | Transfer | | | 27 Apr 2018 | (106) | 159359 | 0.3267 |
| | Transfer | | | 18 May 2018 | 825 | 160184 | 0.3284 |
| | Transfer | | | 25 May 2018 | (1108) | 159076 | 0.3261 |
| | Transfer | | | 01 Jun 2018 | 850 | 159926 | 0.3278 |
| | Transfer | | | 13 Jul 2018 | (750) | 159176 | 0.3263 |
| | Transfer | | | 17 Aug 2018 | (734) | 158442 | 0.3248 |
| | Transfer | | | 24 Aug 2018 | (545) | 157897 | 0.3237 |
| | Transfer | | | 07 Sep 2018 | (556) | 157341 | 0.3225 |
| | Transfer | | | 14 Sep 2018 | (536) | 156805 | 0.3214 |
| | Transfer | | | 12 Oct 2018 | 318 | 157123 | 0.3221 |
| | Transfer | | | 19 Oct 2018 | (1651) | 155472 | 0.3187 |
| | Transfer | | | 26 Oct 2018 | (3732) | 151740 | 0.3111 |
| | Transfer | | | 02 Nov 2018 | 311 | 152051 | 0.3117 |
| | Transfer | | | 16 Nov 2018 | 458 | 152509 | 0.3126 |
| | Transfer | | | 23 Nov 2018 | 1572 | 154081 | 0.3159 |
| | Transfer | | | 30 Nov 2018 | 96973 | 251054 | 0.5146 |
| | Transfer | | | 07 Dec 2018 | (453) | 250601 | 0.5137 |
| | Transfer | | | 14 Dec 2018 | 526 | 251127 | 0.5148 |
| | Transfer | | | 21 Dec 2018 | 229 | 251356 | 0.5153 |
| | Transfer | | | 28 Dec 2018 | 521 | 251877 | 0.5163 |
| | Transfer | | | 11 Jan 2019 | 629 | 252506 | 0.5176 |
| | Transfer | | | 01 Feb 2019 | 115 | 252621 | 0.5178 |
| | Transfer | | | 08 Feb 2019 | 1134 | 253755 | 0.5202 |

| Sr No. | Name & type of Transaction | Shareholding at the Beginning of the year - 2018 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2019 | |
|---|---|---|---|---|---|---|---|
| | | 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 | | | 15 Feb 2019 | 317 | 254072 | 0.5208 |
| | Transfer | | | 01 Mar 2019 | 1055 | 255127 | 0.5230 |
| | Transfer | | | 29 Mar 2019 | 181000 | 436127 | 0.8940 |
| | At The End Of The Year | | | | | 436127 | 0.8940 |
| 6 | Reliance Capital Trustee Co. Ltd-A/C Reliancesmall Cap Fund | 385850 | 0.7910 | | | 385850 | 0.7910 |
| | Transfer | | | 18 May 2018 | (19561) | 366289 | 0.7509 |
| | Transfer | | | 25 May 2018 | 33711 | 400000 | 0.8200 |
| | Transfer | | | 16 Nov 2018 | 3205 | 403205 | 0.8265 |
| | At The End Of The Year | | | | | 403205 | 0.8265 |
| 7 | Nse Clearing Limited | 0 | 0.0000 | | | 0 | 0.0000 |
| | Transfer | | | 29 Mar 2019 | 394980 | 394980 | 0.8097 |
| | At The End Of The Year | | | | | 394980 | 0.8097 |
| 8 | Max Life Insurance Co Ltd A/C Participating Fund | 90639 | 0.1858 | | | 90639 | 0.1858 |
| | Transfer | | | 27 Apr 2018 | (304) | 90335 | 0.1852 |
| | Transfer | | | 11 May 2018 | (2650) | 87685 | 0.1797 |
| | Transfer | | | 18 May 2018 | (23436) | 64249 | 0.1317 |
| | Transfer | | | 10 Aug 2018 | 256402 | 320651 | 0.6573 |
| | Transfer | | | 04 Jan 2019 | (4402) | 316249 | 0.6483 |
| | Transfer | | | 11 Jan 2019 | (72414) | 243835 | 0.4998 |
| | Transfer | | | 18 Jan 2019 | (17853) | 225982 | 0.4632 |
| | Transfer | | | 25 Jan 2019 | (15444) | 210538 | 0.4316 |
| | Transfer | | | 01 Feb 2019 | (2825) | 207713 | 0.4258 |
| | Transfer | | | 08 Feb 2019 | (36024) | 171689 | 0.3519 |
| | Transfer | | | 15 Feb 2019 | (43013) | 128676 | 0.2638 |
| | Transfer | | | 08 Mar 2019 | (1052) | 127624 | 0.2616 |
| | Transfer | | | 15 Mar 2019 | (507) | 127117 | 0.2606 |
| | Transfer | | | 22 Mar 2019 | (153) | 126964 | 0.2603 |
| | Transfer | | | 29 Mar 2019 | 263349 | 390313 | 0.8001 |
| | At The End Of The Year | | | | | 390313 | 0.8001 |
| 9 | Kotak Small Cap Fund | 212485 | 0.4356 | | | 212485 | 0.4356 |
| | Transfer | | | 20 Jul 2018 | 3000 | 215485 | 0.4417 |
| | Transfer | | | 21 Sep 2018 | (829) | 214656 | 0.4400 |
| | Transfer | | | 29 Sep 2018 | (1272) | 213384 | 0.4374 |

| Sr No. | Name & type of Transaction | Shareholding at the Beginning of the year - 2018 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2019 | |
|---|---|---|---|---|---|---|---|
| | | 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 | | | 19 Oct 2018 | 4244 | 217628 | 0.4461 |
| | Transfer | | | 02 Nov 2018 | 5932 | 223560 | 0.4583 |
| | Transfer | | | 16 Nov 2018 | 20215 | 243775 | 0.4997 |
| | Transfer | | | 21 Dec 2018 | 3430 | 247205 | 0.5067 |
| | Transfer | | | 11 Jan 2019 | 16489 | 263694 | 0.5405 |
| | Transfer | | | 18 Jan 2019 | 9396 | 273090 | 0.5598 |
| | Transfer | | | 25 Jan 2019 | 8076 | 281166 | 0.5764 |
| | Transfer | | | 08 Feb 2019 | 3000 | 284166 | 0.5825 |
| | Transfer | | | 15 Feb 2019 | 87 | 284253 | 0.5827 |
| | Transfer | | | 22 Feb 2019 | 1598 | 285851 | 0.5860 |
| | Transfer | | | 29 Mar 2019 | 68155 | 354006 | 0.7257 |
| | At The End Of The Year | | | | | 354006 | 0.7257 |
| 10 | Kuwait Investment Authority Fund 225 | 365891 | 0.7500 | | | 365891 | 0.7500 |
| | Transfer | | | 04 May 2018 | (399) | 365492 | 0.7492 |
| | Transfer | | | 18 May 2018 | (159331) | 206161 | 0.4226 |
| | Transfer | | | 25 May 2018 | (17610) | 188551 | 0.3865 |
| | Transfer | | | 01 Jun 2018 | (834) | 187717 | 0.3848 |
| | Transfer | | | 08 Jun 2018 | (8078) | 179639 | 0.3682 |
| | Transfer | | | 15 Jun 2018 | (609) | 179030 | 0.3670 |
| | Transfer | | | 22 Jun 2018 | (7461) | 171569 | 0.3517 |
| | Transfer | | | 30 Jun 2018 | (17109) | 154460 | 0.3166 |
| | Transfer | | | 06 Jul 2018 | (41296) | 113164 | 0.2320 |
| | Transfer | | | 13 Jul 2018 | (4589) | 108575 | 0.2226 |
| | Transfer | | | 20 Jul 2018 | (1504) | 107071 | 0.2195 |
| | Transfer | | | 27 Jul 2018 | (6) | 107065 | 0.2195 |
| | Transfer | | | 03 Aug 2018 | (613) | 106452 | 0.2182 |
| | Transfer | | | 10 Aug 2018 | (106452) | 0 | 0.0000 |
| | Transfer | | | 29 Mar 2019 | 190526 | 190526 | 0.3906 |
| | At The End Of The Year | | | | | 190526 | 0.3906 |
| 11 | Icici Prudential Life Insurance Company Limited | 184239 | 0.3777 | | | 184239 | 0.3777 |
| | Transfer | | | 26 Oct 2018 | (486) | 183753 | 0.3767 |
| | Transfer | | | 28 Dec 2018 | (654) | 183099 | 0.3753 |
| | Transfer | | | 31 Dec 2018 | (6013) | 177086 | 0.3630 |
| | Transfer | | | 11 Jan 2019 | (13709) | 163377 | 0.3349 |
| | Transfer | | | 18 Jan 2019 | (45737) | 117640 | 0.2412 |
| | At The End Of The Year | | | | | 117640 | 0.2412 |
| 12 | Azim Premji Trust | 399011 | 0.8179 | | | 399011 | 0.8179 |
| | Transfer | | | 18 May 2018 | (57000) | 342011 | 0.7011 |

| Sr No. | Name & type of Transaction | Shareholding at the Beginning of the year - 2018 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2019 | |
|---|---|---|---|---|---|---|---|
| | | 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 | | | 15 Jun 2018 | (21000) | 321011 | 0.6580 |
| | Transfer | | | 30 Jun 2018 | (3049) | 317962 | 0.6518 |
| | Transfer | | | 06 Jul 2018 | (314) | 317648 | 0.6511 |
| | Transfer | | | 13 Jul 2018 | (13731) | 303917 | 0.6230 |
| | Transfer | | | 20 Jul 2018 | (2454) | 301463 | 0.6180 |
| | Transfer | | | 03 Aug 2018 | (7313) | 294150 | 0.6030 |
| | Transfer | | | 10 Aug 2018 | (294150) | 0 | 0.0000 |
| | At The End Of The Year | | | | | 0 | 0.0000 |
| 13 | Ashish Kacholia | 245091 | 0.5024 | | | 245091 | 0.5024 |
| | Transfer | | | 26 Oct 2018 | (21037) | 224054 | 0.4593 |
| | Transfer | | | 09 Nov 2018 | (52752) | 171302 | 0.3512 |
| | Transfer | | | 16 Nov 2018 | (35302) | 136000 | 0.2788 |
| | Transfer | | | 30 Nov 2018 | (96599) | 39401 | 0.0808 |
| | Transfer | | | 07 Dec 2018 | (39401) | 0 | 0.0000 |
| | At The End Of The Year | | | | | 0 | 0.0000 |
| 14 | Pi Opportunities Fund I | 244038 | 0.5003 | | | 244038 | 0.5003 |
| | Transfer | | | 10 Aug 2018 | (244038) | 0 | 0.0000 |
| | At The End Of The Year | | | | | 0 | 0.0000 |

Note: 1. Paid up Share Capital of the Company (Face Value Rs. 5.00) at the end of the year is 48782808 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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning 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** |
| **Change in Indebtedness during the financial year** | | | | |
| Addition | Nil | NIL | Nil | Nil |
| Reduction | 16.85 | 71.65 | Nil | 88.50 |
| Net Change | 16.85 | 71.65 | Nil | 88.50 |
| Indebtedness at the end of the financial year: | | | | |
| i) Principal Amount | 1.74 | 29.57 | Nil | 31.31 |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | Nil | Nil | Nil |
| **Total (i+ii+iii)** | **1.74** | **29.57** | **Nil** | **31.31** |

## VI. Remuneration of Whole Time Directors and Key Managerial Personnel-

(A) Remuneration of Directors **(Rs. in Lakhs)**

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | |
|---|---|---|---|---|---|
| | | Mr. Rahul Gautam | Ms. Namita Gautam | Mr. Rakesh Chahar | Mr. Tushaar Gautam |
| 1 | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2)<br>c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | 29.26<br>0.40 | 26.44<br>0.40 | 24.17<br>0.40 | 23.95<br>0.40 |
| 2 | Stock Option | -- | -- | -- | -- |
| 3 | Sweat Equity | -- | -- | -- | -- |
| 4 | Commission<br>- as% of profit<br>- others, specify... | 264.28 | 132.14 | 132.14 | 132.14 |
| | Others, please specify<br>Special Allowence | -- | -- | -- | 9.20 |
| | **Total** | **293.94** | **158.98** | **156.70** | **165.69** |

## (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. Pankaj Garg CFO | Mr. Md Iquebal Ahmad Company Secretary |
| | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2)<br>c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | 80.74<br><br>-- | 21.78<br><br>-- | 14.32<br><br>0.22 |
| | Stock Option | -- | -- | -- |
| | Sweat Equity | -- | -- | -- |
| | Commission<br>- as% of profit<br>- others, specify... | -- | -- | -- |
| | Others, please specify | -- | -- | -- |
| | **Total** | **80.74** | **21.78** | **14.54** |

## 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 | | NIL | | |
| Punishment | | | | |
| Compounding | | | | |
| **B. Directors** | | | | |
| Penalty | | NIL | | |
| Punishment | | | | |
| Compounding | | | | |
| **C. Other Officers In Default** | | | | |
| Penalty | | NIL | | |
| Punishment | | | | |
| 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:** L74899DL1971PLC005679
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:** 2018-19
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, Pillow
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, Sri Lanka, Bangladesh and Nepal.

   **(b) Number of National Locations**

Company production unit at 9 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)1813.76 Crores
3. Total profit after taxes (INR) 123.67 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax 2.59%
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 and eradication of poverty

## 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 stakeholder specially 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 online? | www.sheelafoam.com-investors | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes | | | | | | | | |
| 8 | Does the company have in-house structure to implement the policy/ policies. | Yes | | | | | | | | |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Yes | | | | | | | | |
| | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | The Managing director along with his team evaluates the implementation of the policy. | | | | | | | | |

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

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

**3. Governance related to BR**

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

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

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

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

## Section E: Principle-Wise Performance

### Principle 1

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

   This covers all subsidiaries and group companies.

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

   The company has 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 31st March 2019 were 3386

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

   Out of the total Employees , 1347 were on contractual basis

3. Please indicate the Number of permanent women employees.

   The number of women employees as on 31st March 2019 was 149

4. Please indicate the Number of permanent employees with disabilities

   Number of permanent employees with disabilities as on 31st March 2019 were 05

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 | |

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

3. 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

4. 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.

5. 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.

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

   Company has Installed LED on the street and inside the building for conserving energy. The installation is complete in almost 40% area.

7. 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

8. 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 Rs.3.20 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 2019 company has around 5.5% 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 .

Annexure-I

# Dividend Distribution Policy

## 1. Preamble

This Policy is drawn by the management to strike the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.;

## 2. Company's View

The view of the Company is to maximise the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

## 3. Regulatory Framework

The Securities Exchange Board of India ("SEBI") on July 8, 2016 inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy.

Sheela Foam Limited is newly listed company and voluntarily opt to comply the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 4. Parameters for declaration of Dividend

In line with the company's view stated above in Clause 2, the Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

**• Financial Parameters / Internal Factors :**

The Board of Directors of the Company would consider the following financial

parameters before declaring or recommending dividend to shareholders:

» Consolidated net operating profit after tax;

» Working capital requirements;

» Capital expenditure requirements;

» Resources required to fund acquisitions and / or new businesses

» Cash flow required to meet contingencies;

» Outstanding borrowings;

» Past Dividend Trends

**• External Factors:**

The Board of Directors of the Company would consider the following external factors

before declaring or recommending dividend to shareholders:

» Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;

» Dividend pay-out ratios of companies in the same/similar industry.

**• Circumstances under which the shareholders may or may not expect Dividend:**

The shareholders of the Company may not expect Dividend under the following circumstances:

» Whenever the Company undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;

» Significantly higher working capital requirements adversely impacting free cash flow;

» Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;

» Whenever it proposes to utilise surplus cash for buy-back of securities; or

» In the event of inadequacy of profits or whenever the Company has incurred losses.

» Utilization of retained earnings:

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

## 5 Procedures

- The Chief Financial Officer in consultation with the MD of the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of Directors of the Company.
- The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal.
- Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company.
- The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

**6 Disclosure:** The Company shall make appropriate disclosures as required under the SEBI Regulations.

## 7 General

- This Policy would be subject to revision/ amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.
- The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

# Independent Auditor's Report

**To The Members Of 'Sheela Foam Limited' On Standalone Financial Statements**

## Opinion

We have audited the accompanying standalone financial statements of Sheela Foam Limited (the "Company"), which comprise the Standalone Balance Sheet as at 31st March, 2019, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019 and its profit (including Other Comprehensive Income), its changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report

| Key Audit Matters | Auditor's Response |
|---|---|
| **Useful lives of Property, Plant & Equipment**<br><br>(Refer to Notes 3 and 4 to the standalone financial statements)<br><br>The property, plant and equipment are depreciated on a pro-rate basis on written down value basis, over the useful life of the assets, as estimated by the management. These estimations are based on changes in the expected level of usage, technological developments, level of wear and tear, which involves high degree of the estimation and judgement and could affect the reported residual value and depreciation of the assets. As the value of property, plant and equipment is substantial i.e. Rs. 26,538 lakhs, which is 25.95% of the total assets of the Company, therefore any change in these estimates or actual results could have a substantial impact on the profit/ assets in future years and completeness and accuracy of the financial statements. | Our Audit Procedure :<br><br>We obtained and evaluated the management's estimations and specifically performed work as under:<br><br>- Comparing the key assumptions, use within the impairments models to the historic performance of the respective group of assets and approved estimates.<br><br>- Benchmarking the key assumptions, use with in the impairment models and past history of the replacement age etc. and repairs requirements / cost etc.<br><br>Our Results:<br>As a result of performance of above procedures we have not identified any circumstances that would led to material adjustments to the carrying value of these assets, or change in their useful lives. |
| **Evaluation of uncertain tax positions**<br><br>(Refer to Note 39.1 to the standalone financial statements)<br><br>The Company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputed. | Our Audit Procedure :<br><br>We obtained details of tax assessments and demands from management and discussed its underlying assumptions in estimating the tax provisions and the possible outcome of the disputes. We also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionaly, we considered the effect of new information in respect of uncertain tax postions to evaluate whether any change was required to managements position on these uncertainities. We also relied upon the tax expert's brief on the issues.<br><br>Our Results:<br>As a result of performance of above procedures we have not identified any circumstance which may necessitate to change the managment positon and disclosure in the standalone financial statements. |
| **Fair Value measurement of Financial Instruments**<br><br>(Refer to Note 39.11 to the standalone financial statements)<br><br>Fair value of financial assets and financial liabilities has been measured using valuation techniques where the financial instruments are not quoted in active market. The inputs to these techniques / 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, which involve high degree of the estimation and judgement and could affect the reported fair value of financial instruments. | Our Audit Procedure :<br><br>The Company has carried out the valuation of the Financial Instruments after applying judgments and estimates. We have conducted the verification of the data provided to us by the Company with respect to its correctness and completeness vis-à-vis the financial accounts / records of the Company, and has held interaction with the management to understand their process and results and the implementation and usage of valuation techniques / models. This included the review of the controls over adjustments to mitigate model limitations and assumptions.<br><br>Our Results:<br>The results of our testing were satisfactory and we considered the fair value of the financial instruments assets and liabilities recognised to be acceptable. |

### Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report and Directors' Report, including annexures thereon, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone 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 Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   d. in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

   e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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';

   g. In our opinion, the remuneration paid by the Company to its Directors is in accordance with the provisions of Section 197 of the Companies Act, 2013; and

h. 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 standalone financial statements – Refer Note 39.1 to the standalone 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

**Place: Noida**
**Dated: 4th May, 2019**

**(Sanjiv Gupta)**
Partner
M. No. 083364

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

*(Referred to in paragraph 1 under `Report on Other Legal and Regulatory Requirements' section of the independent auditors' report of even date on the standalone financial statements of Sheela Foam Limited for the year ended 31st March, 2019)*

(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 at reasonable intervals, 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 standalone 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 any loans, secured or unsecured to companies, firms, LLP or other parties 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, Goods and Service Tax, Duty of Customs, Cess and other statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.

b. The disputed statutory dues aggregating to Rs. 3,403.93 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 (Rs. in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Central Excise Act, 1944 | Excise duty | 604.34 | 2010-16 | Central Excise and Service Tax Appellate Tribunal |
| | | 14.79 | 2012-13 | The Commissioner (Appeal), Central Excise and Service Tax |
| | | 1.29 | 2009-10 | The Suprintendent Central Excise |
| Central Sales Tax and Sales Tax Act of various states | Sales Tax | 1011.08 | 2005-12 | The Hon'ble High Court |
| | | 319.00 | 1999-2000 | The Hon'ble High Court |
| | | 840.68 | 2009-13 | Tribunal, Commercial Tax |
| | | 10.81 | 2012-13 | Joint Commissioner (Appeal), Commercial Tax |
| | | 13.13 | 2015-16 | Joint Commissioner (Appeal), Commercial Tax |
| | Entry Tax | 28.87 | 2012-14 | The Hon'ble Supreme Court |
| | | 28.86 | 2001-12 | The Hon'ble High Court |
| Goods and Service Tax | CGST | 2.69 | 2017-19 | UP Goods & Service Tax Department |
| Income Tax Act, 1961 | Income Tax | 8.45 | 2004-05 | The Commissioner of Income Tax (Appeals) |
| | | 6.27 | 2011-12 | The Commissioner of Income Tax (Appeals) |
| | | 513.67 | 2005-14 | Income Tax Appellate Tribunal |

(viii) Based on the audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution, banks and Government.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

(x) In our opinion and according to the information and explanations given to us, no fraud by the Company or 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 standalone 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

**Place : Noida**
**Dated : 4th May, 2019**

**(Sanjiv Gupta)**
Partner
M. No. 083364

# 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 31st March, 2019)*

## 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, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The 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, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, 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

**Place : Noida**
**Dated : 4th May, 2019**

**(Sanjiv Gupta)**
Partner
M. No. 083364

# Standalone Balance Sheet

as at 31st March, 2019

**(Rs. In Lakhs)**

| Particulars | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, Plant and Equipment | 3 | 26,537.97 | | 25,238.60 | |
| Capital work in progress | | 73.94 | | 371.74 | |
| Investment Property | 4 | 384.86 | | 127.90 | |
| Investments in Subsidiaries | 5 | 9,938.09 | | 9,669.66 | |
| Financial Assets | | | | | |
| - Investments | 6 | 4,917.69 | | 3,745.75 | |
| - Loans | 7 | 234.55 | | 215.74 | |
| - Other non-current financial assets | 8 | 11.00 | | 10.39 | |
| Non-current tax assets (net) | 9 | 1,061.33 | | 11.73 | |
| Other non-current assets | 10 | 178.48 | **43,337.91** | 541.59 | **39,933.10** |
| **Current assets** | | | | | |
| Inventories | 11 | 15,295.80 | | 12,985.29 | |
| Financial Assets | | | | | |
| - Investments | 12 | 26,767.39 | | 6,059.24 | |
| - Trade receivables | 13 | 10,265.85 | | 10,160.20 | |
| - Cash and cash equivalents | 14 | 1,066.90 | | 13,922.56 | |
| " - Bank balances other than cash and cash equivalents" | 15 | 157.19 | | 561.31 | |
| - Loans | 16 | 18.78 | | 39.28 | |
| - Other current financial assets | 17 | 2,567.68 | | 2,739.51 | |
| Other current assets | 18 | 2,807.74 | **58,947.33** | 2,446.41 | **48,913.80** |
| **TOTAL ASSETS** | | | **102,285.24** | | **88,846.90** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Equity Share Capital | 19 | 2,439.14 | | 2,439.14 | |
| Other Equity | 20 | 64,468.47 | **66,907.61** | 52,193.60 | **54,632.74** |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Financial Liabilities | | | | | |
| - Borrowings | 21 | 29.57 | | 30.27 | |
| - Other non-current financial liabilities | 22 | 6,965.39 | | 5,445.19 | |
| Provisions | 23 | 675.98 | | 1,463.64 | |
| Deferred tax liabilities (Net) | 24D | 1,142.09 | **8,813.03** | 555.95 | **7,495.05** |
| **Current liabilities** | | | | | |
| Financial liabilities | | | | | |
| - Borrowings | 25 | - | | 18.04 | |
| - Trade payables | 26 | 11,654.98 | | 11,315.03 | |
| - Other current financial liabilities | 27 | 7,429.42 | | 8,207.76 | |
| Provisions | 28 | 486.30 | | 1,171.53 | |
| Other current liabilities | 29 | 6,993.90 | **26,564.60** | 6,006.75 | **26,719.11** |
| **TOTAL EQUITY AND LIABILITIES** | | | **102,285.24** | | **88,846.90** |

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

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

| | | | |
|---|---|---|---|
| **(Rahul Gautam)**<br>**Managing Director**<br>**DIN : 00192999** | **(Tushaar Gautam)**<br>**Whole-time Director**<br>**DIN : 01646487** | **(Pankaj Garg)**<br>**Chief Financial Officer** | **(Md. Iquebal Ahmad)**<br>**Company Secretary**<br>**M. No. - A20921** |

**As per our Report of even date attached**

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

**Place: Noida**
**Dated: 4th May, 2019**

**(Sanjiv Gupta)**
**Partner**
**Membership No. 083364**

# Standalone Statement of Profit And Loss

for the year ended 31st March, 2019

(Rs. In Lakhs)

| Particulars | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| **INCOME:** | | | | | |
| Revenue From Operations | 30 | | 181,375.90 | | 169,565.62 |
| Other Income | 31 | | 3,184.37 | | 2,292.17 |
| **Total Income** | | | **184,560.27** | | **171,857.79** |
| **EXPENSES:** | | | | | |
| Cost of materials consumed | 32 | | 97,869.43 | | 92,539.28 |
| Excise Duty | | | - | | 3,913.20 |
| Purchases of Stock- in-Trade | 33 | | 4,662.53 | | 4,023.04 |
| Other manufacturing expenses | 34 | | 7,418.93 | | 6,782.72 |
| Changes in inventories of finished goods, stock-in-process and stock-in-trade | 35 | | (741.82) | | (1,711.98) |
| Employee benefits expense | 36 | | 11,073.05 | | 10,083.27 |
| Finance costs | 37 | | 733.83 | | 575.50 |
| Depreciation and amortization expense | 3 & 4 | | 3,108.68 | | 2,777.79 |
| Other expenses | 38 | | 42,875.71 | | 34,624.77 |
| **Total Expenses** | | | **167,000.34** | | **153,607.59** |
| **Profit before tax** | | | **17,559.93** | | **18,250.20** |
| **Tax expense:** | 24A | | | | |
| Current tax - Current year's | | 4,717.79 | | 5,593.59 | |
| - Earlier year's | | (111.02) | | - | |
| Deferred tax | | 586.14 | **5,192.91** | 63.07 | **5,656.66** |
| **Profit for the year** | | | **12,367.02** | | **12,593.54** |
| **Other Comprehensive Income :** | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| - Re-measurements losses on defined benefit plans | 39.4 | | (141.64) | | (134.96) |
| - Income tax effects | 24B | | 49.49 | | 46.71 |
| **Other Comprehensive Income for the year** | | | **(92.15)** | | **(88.25)** |
| **Total Comprehensive Income for the year** | | | **12,274.87** | | **12,505.29** |
| Earnings per share- Basic/Diluted in Rs. | 39.8 | | 25.35 | | 25.82 |

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

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

| (Rahul Gautam) | (Tushaar Gautam) | (Pankaj Garg) | (Md. Iquebal Ahmad) |
|---|---|---|---|
| **Managing Director** | **Whole-time Director** | **Chief Financial Officer** | **Company Secretary** |
| **DIN : 00192999** | **DIN : 01646487** | | **M. No. - A20921** |

**As per our Report of even date attached**

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

**Place: Noida**
**Dated: 4th May, 2019**

(Sanjiv Gupta)
**Partner**
**Membership No. 083364**

# Standalone Statement Of Changes In Equity

for the year ended 31st March, 2019

## (A) Equity Share Capital

### For the year ended 31st March, 2019

(Rs. In Lakhs)

| Balance as at 01st April, 2018 | Changes in equity share capital during the year | Balance as at 31st March, 2019 |
|---|---|---|
| 2,439.14 | - | 2,439.14 |

### For the year ended 31st March, 2018

(Rs. In Lakhs)

| Balance as at 01st April, 2017 | Changes in equity share capital during the year | Balance as at 31st March, 2018 |
|---|---|---|
| 2,439.14 | - | 2,439.14 |

## (B) Other Equity

### For the year ended 31st March, 2019

(Rs. In Lakhs)

| Particulars | Retained Earnings | Capital Reserve | General Reserve | Other comprehensive income - other items | Total |
|---|---|---|---|---|---|
| **Balance as at 1st April, 2018** | **50,295.50** | **328.57** | **1,716.27** | **(146.74)** | **52,193.60** |
| Profit for the year | 12,367.02 | - | - | - | 12,367.02 |
| Other Comprehensive Loss for the year (net of tax) | - | - | - | (92.15) | (92.15) |
| **Balance as at 31st March, 2019** | **62,662.52** | **328.57** | **1,716.27** | **(238.89)** | **64,468.47** |

### For the year ended 31st March, 2018

(Rs. In Lakhs)

| Particulars | Retained Earnings | Capital Reserve | General Reserve | Other comprehensive income - other items | Total |
|---|---|---|---|---|---|
| **Balance as at 1st April, 2017** | **37,701.96** | **328.57** | **1,716.27** | **(58.49)** | **39,688.31** |
| Profit for the year | 12,593.54 | - | - | - | 12,593.54 |
| Other Comprehensive Loss for the year (net of tax) | - | - | - | (88.25) | (88.25) |
| **Balance as at 31st March, 2018** | **50,295.50** | **328.57** | **1,716.27** | **(146.74)** | **52,193.60** |

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

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

| (Rahul Gautam) | (Tushaar Gautam) | (Pankaj Garg) | (Md. Iquebal Ahmad) |
|---|---|---|---|
| **Managing Director** | **Whole-time Director** | **Chief Financial Officer** | **Company Secretary** |
| **DIN : 00192999** | **DIN : 01646487** | | **M. No. - A20921** |

**As per our Report of even date attached**

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

**Place: Noida**
**Dated: 4th May, 2019**

(Sanjiv Gupta)
**Partner**
**Membership No. 083364**

# Standalone Statement Of Cash Flows

for the year ended 31st March, 2019

(Rs. In Lakhs)

| Particulars | Year Ended 31st March, 2019 | | Year Ended 31st March, 2018 | |
|---|---|---|---|---|
| | Amount | Total | Amount | Total |
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Net Profit before tax as per statement of profit and loss** | | 17,559.93 | | 18,250.20 |
| **Adjustments for:** | | | | |
| Depreciation and amortisation expense | 3,108.68 | | 2,777.79 | |
| Finance costs | 733.83 | | 575.50 | |
| Advances/Balances written off | 0.34 | | 17.13 | |
| Bad debts written off | - | | 6.27 | |
| Provision for doubtful receivables | 38.47 | | - | |
| Fair value gain on investments (net) | (639.42) | | (76.07) | |
| Dividend received from mutual funds | (28.29) | | (71.28) | |
| Profit on sale of investments (net) | (418.01) | | (26.58) | |
| Liabilities/provisions no longer required written back | (14.60) | | - | |
| Unrealised foreign exchange loss (net) | 48.44 | | 8.62 | |
| Interest income | (1,049.39) | | (1,164.26) | |
| Assets written off | 25.82 | | 42.50 | |
| Loss/(Profit) on sale of property, plant and equipment (net) | 29.35 | | (17.29) | |
| | | 1,835.22 | | 2,072.33 |
| **Operating profit before working capital changes** | | **19,395.16** | | **20,322.53** |
| **Adjustment for working capital changes:** | | | | |
| (Increase) in Inventories | (2,310.51) | | (1,962.70) | |
| (Increase)/Decrease in loans and trade receivables | (142.43) | | 2.18 | |
| Decrease/(Increase) in other financial and non-financial assets | 129.39 | | (981.06) | |
| Increase/(Decrease) in trade payables | 291.17 | | (2,099.00) | |
| "Increase in other financial liabilities, non-financial liabilities and provisions" | 198.86 | | 949.19 | |
| **Cash used in Working Capital Changes** | | (1,833.52) | | (4,091.39) |
| **Cash generated from operations** | | **17,561.64** | | **16,231.14** |
| Income Tax paid | | (5,606.88) | | (4,858.19) |
| **Net Cash inflow from Operating Activities - A** | | **11,954.76** | | **11,372.95** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of propery, plant and equipment including capital work in progress | (4,486.48) | | (5,108.81) | |
| Sale/adjusment/write-off of property, plant and equipment | 64.09 | | 198.67 | |
| Deposits matured/made during the year (net) | 403.12 | | 8,481.39 | |
| Investment in equity shares of Subsidiary Company | (268.43) | | (2,372.78) | |
| Investment in bonds, debentures and mutual funds (net) | (20,822.66) | | (9,701.99) | |
| Dividend income | 28.29 | | 71.28 | |
| Interest income | 1,093.98 | | 1,324.98 | |
| **Net Cash outflow from Investing Activities - B** | | **(23,988.09)** | | **(7,107.26)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Repayment of Secured long term borrowings | (16.85) | | (20.48) | |
| Repayment of Unsecured long term borrowings | (53.61) | | (251.01) | |
| Repayments of Unsecured short term borrowings | (18.04) | | (5.20) | |
| Finance costs | (733.83) | | (575.50) | |
| **Net Cash outflow from Financing Activities - C** | | **(822.33)** | | **(852.19)** |
| **Net (decrease)/increase in cash and cash equivalents (A+B+C)** | | **(12,855.66)** | | **3,413.50** |
| **Cash and cash equivalents (Opening Balance)** | | **13,922.56** | | **10,509.06** |
| **Cash and cash equivalents (Closing Balance)** | | **1,066.90** | | **13,922.56** |

(Rs. In Lakhs)

| Particulars | Year Ended 31st March, 2019 | | Year Ended 31st March, 2018 | |
|---|---|---|---|---|
| | Amount | Total | Amount | Total |
| **Note to Statement of cash flows :** | | | | |
| **- Components of Cash and cash equivalents as under :** | | | | |
| - Balance with Banks | | | | |
| - Cash on hand | 9.71 | | 30.65 | |
| - Deposits with Banks with original maturity of less than 3 months | - | | 12,700.00 | |
| | | **1,066.90** | | **13,922.56** |
| - Figures in brackets indicate cash outflow.<br>- 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.

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

| (Rahul Gautam) | (Tushaar Gautam) | (Pankaj Garg) | (Md. Iquebal Ahmad) |
|---|---|---|---|
| Managing Director | Whole-time Director | Chief Financial Officer | Company Secretary |
| DIN : 00192999 | DIN : 01646487 | | M. No. - A20921 |

**As per our Report of even date attached**

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

**Place: Noida**
**Dated: 4th May, 2019**

**(Sanjiv Gupta)**
**Partner**
**Membership No. 083364**

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

## 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 9 manufacturing facilities using the state-of-the-art technology at strategic locations across the country.

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorized for issue on May 4, 2019.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of Compliance and Basis of Preparation

#### a. Basis of Preparation :

The standalone financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') read with the Companies (Indian Accounting Standards) Rules, 2015 (as amendedfrom time to time) and other relevant provisions of the Act. . The financial statements have been prepared on accrual and going concern basis. 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 standalone 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 standalone 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.

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.

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

## 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 Balance Sheet, or that occurred after that date but provide additional evidence about conditions existing as at the Balance Sheet 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-rate 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 financial position 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 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 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 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 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

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.

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Subsequent costs are added to the existing asset's carrying amount or recognized as a separate asset, as appropriate, only whenit is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. 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 Rs. 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 and internal assessment, 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 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.

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

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 |
| - Residential | 60 | 59 |

Based on usage pattern and internal assessment, 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 whenthere 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.

### 2.5 Financial Instruments

A financial instrument is a contract that gives riseto 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;

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

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 assetin 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, investments in securitiesand 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 Company as at the Balance Sheet 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 Profit and Loss. This category comprises of investments in mutual funds and market linked debentures.

**(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 Balance Sheet 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 Balance Sheet date for collectability. Trade receivables are classified as current assets, if collection is expected within twelve months as at Balance Sheet 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.

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 Balance Sheet) when:

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

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:

**FinancialLiabilities 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.

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 Balance Sheet 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 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 31st March, 2019

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 valueindicators.

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 resourcesembodying 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

Revenue from sale of goods is recognised when the control of the goods is transferred to the customer, which is generally on the delivery of 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 goods and service tax collected on behalf of the government.

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

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

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

c) Interest income is recognizedon time proportion basis taking into account the amount outstanding and applicable interest rates.

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

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

f) Other income/revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and it can be reliably measured.

## 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.Liability towards Gratuity is funded through a separate Gratuity Trust. The short / excess of the Gratuity liability as compared to the net fund held by the Gratuity Trust is accounted for as liability/ assets as at the year end.

## 2.13 Leases

The determination of whet he ran arrangement is, or contains, alease is base dont he 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 anarrangement.

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

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 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 leaseterm.

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 costincrease.

**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 thelease.

## 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.

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

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 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.

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

### 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.

### 2.19 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified the following new/amendment to Ind AS which the Company has not applied as they are effective for annual periods beginning on or after April 01, 2019:

| Standards not yet effective | Effective Date |
|---|---|
| Ind AS 116: Leases and relevant amendments - | April 01, 2019 |

**The Company is evaluating the impact of above standard/amendment on its financial statements.**

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

## NOTE-3 - PROPERTY, PLANT AND EQUIPMENT (As at 31st March, 2019)

(Rs. in Lakhs)

| Description | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2018 | Additions during the year | Sales/ disposal/ transfers during the year | As at 31.03.2019 | As at 01.04.2018 | For the year | Sales/ disposal/ transfers during the year | As at 31.03.2019 | As at 31.03.2019 | As at 31.03.2018 |
| **(i) Tangible Assets** | | | | | | | | | | |
| Land | | | | | | | | | | |
| - Freehold | 988.07 | 270.59 | - | 1,258.66 | - | - | - | - | 1,258.66 | 988.07 |
| - Leasehold (refer note 3.2) | 1,460.32 | - | - | 1,460.32 | 44.08 | 14.62 | - | 58.70 | 1,401.62 | 1,416.24 |
| Buildings (refer note 3.4) | 11,619.85 | 1,243.15 | 309.27 | 12,553.73 | 1,624.18 | 923.85 | 35.99 | 2,512.04 | 10,041.69 | 9,995.67 |
| Plant & Equipment | 13,120.38 | 2,705.89 | 47.06 | 15,779.21 | 2,683.63 | 1,659.79 | 8.52 | 4,334.90 | 11,444.31 | 10,436.75 |
| Furniture & Fixtures | 697.26 | 93.07 | 3.96 | 786.37 | 93.93 | 121.26 | 1.26 | 213.93 | 572.44 | 603.33 |
| Vehicles | 617.31 | 200.19 | 71.96 | 745.54 | 177.50 | 106.24 | 11.98 | 271.76 | 473.78 | 439.81 |
| Office equipment | 1,048.15 | 155.89 | 39.91 | 1,164.13 | 229.72 | 174.96 | 22.16 | 382.52 | 781.61 | 818.44 |
| Electrical fittings | 720.33 | 115.49 | 0.36 | 835.46 | 180.04 | 91.75 | 0.18 | 271.61 | 563.85 | 540.29 |
| **Total** | **30,271.67** | **4,784.28** | **472.52** | **34,583.43** | **5,033.08** | **3,092.47** | **80.09** | **8,045.45** | **26,537.97** | **25,238.60** |
| **(ii) Capital Work-in-progress** (refer note 3.3) | 371.74 | 2,144.23 | 2,442.03 | 73.94 | - | - | - | - | 73.94 | 371.74 |
| **Total (i+ii)** | **30,643.41** | **6,928.51** | **2,914.55** | **34,657.37** | **5,033.08** | **3,092.47** | **80.09** | **8,045.45** | **26,611.91** | **25,610.34** |

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

## PROPERTY, PLANT AND EQUIPMENT (As at 31st March, 2018)

(Rs. in Lakhs)

| Description | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2017 | Additions during the year | Sales/dis-posal/ trans-fers during the year | As at 31.03.2018 | As at 01.04.2017 | For the year | Sales/dis-posal/ trans-fers 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 notes 3.2 and 3.4 (ii) | 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** |

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 Rs. 14.62 lakhs (Previous Year : Rs. 14.34 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 01.04.2018 | Additions during 2018-19 | Capitalisation/ adjustment during during 2018-19 | Closing as on 31.03.2019 | Opening as on 01.04.2017 | Additions during during 2017-18 | Capitalisation/ adjustment during 2017-18 | Closing as on 31.03.2018 |
|---|---|---|---|---|---|---|---|---|
| Travelling Exp | 0.91 | 6.65 | 7.56 | - | | 0.91 | - | 0.91 |
| Soil Testing & Land Measurement Exp | - | 1.09 | 0.20 | 0.89 | - | - | - | - |
| **Total** | **0.91** | **7.74** | **7.76** | **0.89** | **-** | **0.91** | **-** | **0.91** |

3.4 Building(Flat) at Jaypee Greens Greater Noida, has been leased for a period of 11 months w.e.f. 15th September, 2018, subject to renewal for subsequent years by mutual consent. Accordingly cost of Rs. 309.12 lakhs and accumulated depreciation of Rs. 35.95 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 31st March, 2019

## NOTE-4-INVESTMENT PROPERTY (At cost)

As at 31st March, 2019

(Rs. in Lakhs)

| | Gross Block | | | | Depreciation | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Description** | **As at 01.04.2018** | **Transfer during the year** | **Sales/ disposal/ adjustments during the year** | **As at 31.03.2019** | **As at 01.04.2018** | **Transfer during the year** | **For the year** | **Sales/ disposal/ adjustments during the year** | **As at 31.03.2019** | **As at 31.03.2019** | **As at 31.03.2018** |
| **(i) Tangible Assets** | | | | | | | | | | | |
| Land -Leasehold (refer note 4.2) | 68.47 | - | - | 68.47 | 1.82 | - | 0.91 | - | 2.73 | 65.74 | 66.65 |
| Buildings | 76.36 | 309.12 | - | 385.48 | 15.11 | 35.95 | 15.30 | - | 66.36 | 319.12 | 61.25 |
| **Total** | **144.83** | **309.12** | **-** | **453.95** | **16.93** | **35.95** | **16.21** | **-** | **69.09** | **384.86** | **127.90** |

As at 31st March, 2018

| | Gross Block | | | | Depreciation | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Description** | **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** (refer note 3.4) | **144.83** | **-** | **-** | **144.83** | **9.03** | **-** | **7.90** | **-** | **16.93** | **127.90** | **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 Rs. 0.91 lakhs (Previous Year : Rs. 0.91 lakhs) as per the accounting policy in terms of the Ind AS-40 on 'Investment Property'.

4.3

(Rs. in Lakhs)

| **Particulars** | **As at 31.03.2019** | **As at 31.03.2018** |
|---|---|---|
| Rental Income derived from investment property | 147.92 | 144.00 |
| Profit arising from investment property before depreciation | 147.92 | 144.00 |
| Less: Depreciation for the year | 16.21 | 7.90 |
| **Net Profit arising from investment property** | **131.71** | **136.10** |

4.4 The Company has obtained independent valuation for its investment property at Rs. 791.77 lakhs as at 31st March, 2019 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 31st March, 2019

## NOTE-5 - INVESTMENTS IN SUBSIDIARIES

(Valued at cost, unless stated otherwise)

**(Rs. In Lakhs)**

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | Nos. | Amount | Nos. | Amount |
| | **In Equity Instruments - Unquoted, fully paid up** | | | | |
| | - Joyce Foam Pty. Limited, Australia of Aud $ 10/- each | 658,500 | 2,306.59 | 658,500 | 2,306.59 |
| | - Divya Software Solutions (P) Ltd. of Rs. 10/- each | 93,633 | 7,522.30 | 90,333 | 7,253.87 |
| | - Sleepwell Enterprises (P) Ltd. of Rs. 10/- each | 10,500 | 109.20 | 10,500 | 109.20 |
| | **Total Investments in Subsidiaries** | | **9,938.09** | | **9,669.66** |
| | Aggregate amount of Unquoted Investments | | 9,938.09 | | 9,669.66 |
| | Aggregate amount of impairment in value of investments | | Nil | | Nil |

**5.1 Information about subsidiaries**

| | Name of the Company and Country of Incorporation | Principal Activities | Proportion (%) of Shareholding | |
|---|---|---|---|---|
| | | | As at 31st March, 2019 | As at 31st March, 2018 |
| | 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 |
| | Divya Software Solutions (P) Ltd., India (refer note 5.2) | To carry on business of software development and related ancillary activities | 100 | 100 |
| | Sleepwell Enterprises (P) Ltd., India | To provide its Trademarks, Patents, Logos etc. and earning royalty thereon | 100 | 100 |

5.2 During the current year, the Company has further acquired 3,300 number of shares in Divya Software Solutions (P) Ltd. for a consideration of Rs. 268.43 lakhs (Previous Year: 29,000 number of shares of Rs. 2,372.78 lakhs).





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# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

## NOTE-6 - NON CURRENT FINANCIAL INVESTMENTS

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | Nos. | Amount | Nos. | Amount |
| | **In Bonds & Debentures - fully paid up** | | | | |
| **(a)** | **Carried at amortised cost - Unquoted** | | | | |
| | - IDBI Investment Deposit Account Scheme, 1986 | - | 0.35 | - | 0.35 |
| **(b)** | **Carried at fair value through profit and loss - Quoted** | | | | |
| | - Citi Corp Finance (India) Limited- Redeemable Index Linked Non-convertible Debentures of Rs. 1,00,000/- each | - | - | 2,000 | 2,060.90 |
| | - Ecap Equities Limited- Index Linked Non-convertible Debentures of Rs. 1,00,000/- each | 1,000 | 1,116.11 | - | - |
| | - Edelweiss Finvest Pvt Ltd- Index Linked Non-convertible Debentures of Rs. 1,00,000/- each | 1,500 | 1,788.30 | - | - |
| | - Tata Capital Financial Services Ltd - Non-convertible Debentures of Rs. 10,00,000/- each | 200 | 2,012.93 | - | - |
| | - 9.37% Bonds of IL&Fs Transportation Networks Ltd. of Rs. 10,00,000/- each | - | - | 170 | 1,684.50 |
| | **Total Investments (a) + (b)** | | **4,917.69** | | **3,745.75** |
| | Aggregate amount of Quoted Investments | | 4,917.34 | | 3,745.40 |
| | Market value of Quoted Investments | | 4,917.34 | | 3,745.40 |
| | Aggregate amount of Unquoted investment | | 0.35 | | 0.35 |
| | Aggregate amount of impairment in value of investments | | Nil | | Nil |

## NOTE-7 - LOANS

(Unsecured, considered good)

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Loans to employees | | 54.06 | | 20.11 |
| | Security deposits | | 180.49 | | 195.63 |
| | **TOTAL** | | **234.55** | | **215.74** |

Sheela Group
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# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

## NOTE-8 - OTHER NON-CURRENT FINANCIAL ASSETS

(Unsecured, Considered Good)

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Margin money deposits with Banks | | 1.34 | | 1.34 |
| | Deposits with Banks | | 8.83 | | 7.83 |
| | Interest accrued but not due on deposits with Banks | | 0.83 | | 1.22 |
| | **TOTAL** | | **11.00** | | **10.39** |

## NOTE-9 - NON-CURRENT TAX ASSETS (NET)

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Advance income tax (Net of provisions) | | 1,061.33 | | 11.73 |
| | **TOTAL** | | **1,061.33** | | **11.73** |

## NOTE-10 OTHER NON-CURRENT ASSETS

(Unsecured, Considered Good)

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Capital advances | | 138.76 | | 501.43 |
| | Prepaid rent | | 39.72 | | 40.16 |
| | **TOTAL** | | **178.48** | | **541.59** |

## NOTE-11 INVENTORIES

(Valued at lower of Cost and Net Realisable Value, unless stated otherwise) (Refer Note 2.6 for the Accounting Policy)

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Prepaid rent | | | | |
| | Raw Materials | 6,294.76 | | 4,978.06 | |
| | - in Transit | 1,350.06 | **7,644.82** | 1,445.31 | **6,423.37** |
| | Stock-in-process | | 3,542.59 | | 4,667.75 |
| | Finished Goods | | 586.73 | | 461.78 |
| | Stock-in-trade | | 1,742.58 | | 0.55 |
| | Packing Material | 478.44 | | 444.59 | |
| | - in Transit | 3.85 | **482.29** | 9.31 | **453.90** |
| | Stores and Spares | 1,201.49 | | 877.75 | |
| | - in Transit | 95.30 | **1,296.79** | 100.19 | **977.94** |
| | **TOTAL** | | **15,295.80** | | **12,985.29** |

# Notes to the Standalone Financial Statements
for the year ended 31st March, 2019

## NOTE-12 - CURRENT INVESTMENTS

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | Nos. | Amount | Nos. | Amount |
| | **In Bonds & Debentures - fully paid up** | | | | |
| (a) | **Carried at amortised cost - Unquoted** | | | | |
| - | 9.25% Edelweiss Finvest Pvt Ltd 2028- Unsecured Redeemable Non-convertible Debentures of Rs. 1,00,000/- each | 1,000 | 1,000.30 | - | - |
| | **Total (a)** | **-** | **1,000.30** | - | - |
| (b) | **Carried at fair value through profit and loss- Quoted** | | | | |
| - | Citi Corp Finance (India) Limited- Secured Redeemable Index Linked Non-convertible Debentures of Rs. 1,00,000/- each | 1,000 | 1,088.40 | - | - |
| - | Edelweises Finance Pvt Ltd - Index Linked Non-convertible Debentures of Rs. 1,00,000/- each | 1,300 | 1,410.34 | - | - |
| - | Ecap Equities Limited- Index Linked Non-convertible Debentures of Rs. 1,00,000/- each | 1,461 | 1,573.38 | 786 | 806.28 |
| - | Mahindra & Mahindra Financial Services Ltd- Principal Protected Non-convertible Market Linked Debentures of Rs. 10,00,000/- each | 200 | 2,030.60 | - | - |
| - | Reliance Financial Ltd- Principal Protected Non-convertible Market Linked Debentures of Rs. 1,00,000/- each | 1,000 | 1,063.10 | - | - |
| | **Total (b)** | | **7,165.82** | | **806.28** |
| | **In Mutual Funds - fully paid up - Quoted** | | | | |
| (c) | **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 |
| - | ICICI Prudential Ultra Short Term Fund- D P Growth | 9,289,751 | 2,867.68 | - | - |
| - | ICICI Prudential Corporate Bond Fund- Direct Plan | 11,491,608 | 2,260.02 | - | - |
| - | Aditya Birla Sun Life Saving Fund-Growth-Direct Plan | 1,257,809 | 4,676.01 | - | - |
| - | SBI Magnum Ultra Short Duration Fund Direct Growth | 126,026 | 5,252.52 | - | - |
| - | HDFC Ultra Short Term Fund - Direct Growth | 33,844,820 | 3,545.04 | - | - |
| - | 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 (c)** | | **18,601.27** | | **5,252.96** |
| | **Total Investments (a) + (b) + (c)** | | **26,767.39** | | **6,059.24** |
| | Aggregate amount of Quoted Investments | | 25,767.09 | | 6,059.24 |
| | Market value of Quoted Investments | | 25,767.09 | | 6,059.24 |
| | Aggregate amount of Unquoted investment | | 1,000.30 | | - |
| | Aggregate amount of impairment in value of investment | | Nil | | Nil |

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

**NOTE-13 - TRADE RECEIVABLES** **(Rs. In Lakhs)**

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | (Unsecured, considered good) | | 10,265.85 | | 10,160.20 |
| | (Unsecured, considered doubtful) | 38.47 | | - | |
| | Less: Allowance for doubtful receivables | (38.47) | - | - | - |
| | **TOTAL** | | **10,265.85** | | **10,160.20** |

13.1 Trade receivables include amount of Rs. 186.65 lakhs (Rs. 193.42 lakhs as at 31st March, 2018) due from a Subsidiary Company (Refer note 39.6).
13.2 Refer note 39.13 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.

**NOTE-14 - CASH AND CASH EQUIVALENTS** **(Rs. In Lakhs)**

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Balances with Banks - Current Accounts | 1,057.19 | | 1,191.91 | |
| | Cash on hand | 9.71 | | 30.65 | |
| | Deposits with Banks with original maturity of less than 3 months | - | **1,066.90** | 12,700.00 | **13,922.56** |
| | **TOTAL** | | **1,066.90** | | **13,922.56** |

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

**NOTE-15 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS** **(Rs. In Lakhs)**

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Deposits with Banks: | | | | |
| | - held as margin money (refer note 15.1) | 157.19 | | 244.67 | |
| | - having original maturity of more than 3 months but less than 12 months | - | 157.19 | 316.64 | 561.31 |
| | **TOTAL** | | **157.19** | | **561.31** |

15.1 Under lien with banks as security for guarantee facility.

**NOTE-16 - LOANS**
(Unsecured, Considered Good) **(Rs. In Lakhs)**

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Loans to employees | | 18.78 | | 39.28 |
| | **TOTAL** | | **18.78** | | **39.28** |

**NOTE-17 - OTHER CURRENT FINANCIAL ASSETS**
(Unsecured, Considered Good) **(Rs. In Lakhs)**

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Interest accrued but not due on deposits with Banks, bonds and debentures | | 24.69 | | 68.90 |
| | Subsidy receivable | | 139.08 | | 139.08 |
| | Insurance claim receivable | | 1,213.24 | | 1,213.24 |
| | Investment recoverable (since sold) | | - | | 1,018.67 |
| | Discounts receivable | | 1,190.67 | | 299.62 |
| | **TOTAL** | | **2,567.68** | | **2,739.51** |

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# Notes to the Standalone Financial Statements
for the year ended 31st March, 2019

**NOTE-18 - OTHER CURRENT ASSETS**

(Unsecured, Considered Good) **(Rs. In Lakhs)**

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Advance to contractors/suppliers | | 671.68 | | 1,087.18 |
| | Balances with Statutory/Government authorities: | | | | |
| | - Excise & Custom | 30.30 | | 31.66 | |
| | - GST | 97.27 | | 76.95 | |
| | - VAT/Sales Tax | 493.98 | **621.55** | 149.91 | **258.52** |
| | Prepaid expenses | | 226.72 | | 228.05 |
| | GST refund receivable (refer note 18.1) | | 1,043.78 | | 741.75 |
| | Lease equalisation asset | | 35.81 | | 17.27 |
| | Income tax refund | | 46.99 | | 46.99 |
| | Employee Benefit assets (refer note 39.4) | | 22.59 | | - |
| | Other Loans & Advances (refer note 18.2) | | 138.62 | | 66.65 |
| | **TOTAL** | | **2,807.74** | | **2,446.41** |

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 31st March, 2019

**NOTE-19 - EQUITY SHARE CAPITAL** (Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | No. | Amount | No. | Amount |
| | **Authorised:** | | | | |
| | "Equity Shares of Rs. 5/- each" | 8,80,21,000 | 4,401.05 | 8,80,21,000 | 4,401.05 |
| | | | | | |
| | **Issued, Subscribed and Fully Paid up:** | | | | |
| | "Equity Shares of Rs. 5/- each" | 4,87,82,808 | 2,439.14 | 4,87,82,808 | 2,439.14 |

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

19.2 Reconciliation of the number of shares outstanding:

| | Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | Nos. | Rs. in Lakhs | Nos. | Rs. in Lakhs |
| | At the beginning of the year | 4,87,82,808 | 2,439.14 | 4,87,82,808 | 2,439.14 |
| | At the end of the year | 4,87,82,808 | 2,439.14 | 4,87,82,808 | 2,439.14 |

19.3 Details of Shares allotted as fully paid up without payment being received in cash during 5 years immediately preceeding 31st March, 2019 / 31st March, 2018.

19.3.1 During 2016-17, 1,62,60,936 fully paid up equity shares of Rs. 5/- each, were allotted by way of bonus shares to all the shareholders in the ratio of 1:2.

19.3.2During 2011-12 and 2012-13, 2,100 and 63,296 equity shares of Rs. 10/- each fully paid up respectively (1,96,188 equity shares of Rs. 5/- each fully paid up as at 31st March, 2019 after splitting up and issue of Bonus shares) were allotted without payment being received in cash.

19.4 Details of Shareholders holding more than 5% shares:

| | Name of the Shareholder | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | No. of Shares | % held | No. of Shares | % held |
| | Sh. Rahul Gautam | 6,209,485 | 12.73 | 99,55,419 | 20.41 |
| | Smt. Namita Gautam | 5,715,879 | 11.72 | 57,15,879 | 11.72 |
| | Smt. Sheela Gautam and Sh. Tushaar Gautam | 17,561,880 | 36.00 | 1,75,61,880 | 36.00 |
| | Rangoli Resorts Private Limited | 65,63,391 | 13.45 | 65,63,391 | 13.45 |
| | SBI Mutual Funds | 4,726,138 | 9.69 | 23,75,999 | 4.87 |

19.5 Equity shares held (under Authorised Capital) as per Sheela Foam Employees Stock Option Scheme, 2016 (ESOS 2016) (Refer Note 39.3)

| | | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|---|
| | | No. of Shares | No. of Shares |
| | Equity Shares of Rs.5/- each | 24,00,000 | 24,00,000 |

# Notes to the Standalone Financial Statements
for the year ended 31st March, 2019

## NOTE-20 - OTHER EQUITY

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | **Capital Reserve** | | | | |
| | As per last account | | 328.57 | | 328.57 |
| | **General Reserve** | | | | |
| | As per last account | | 1,716.27 | | 1,716.27 |
| | **Retained Earnings** | | | | |
| | As per last account | 50,295.50 | | 37,701.96 | |
| | Add : Profit for the year | 12,367.02 | 62,662.52 | 12,593.54 | 50,295.50 |
| | **Other comprehensive income** | | | | |
| | As per last account | (146.74) | | (58.49) | |
| | Add: Remeasurement of defined benefit plans (net of tax) | (92.15) | (238.89) | (88.25) | (146.74) |
| | **TOTAL** | | **64,468.47** | | **52,193.60** |

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.

## NOTE-21 - BORROWINGS

(Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | | | Non Current | Current | Non Current | Current |
| **(i)** | **Secured** | | | | | |
| | Term loans from: | | | | | |
| | - Others | 21.1 | - | 1.74 | 1.74 | 16.85 |
| | | | - | 1.74 | 1.74 | 16.85 |
| **(ii)** | **Unsecured** | | | | | |
| | Deferred Sales Tax Liability | 21.2 | - | - | - | 54.65 |
| | Loans and advances from related party: | | | | | |
| | - Directors' relative | 21.3 | 29.57 | - | 28.53 | - |
| | | | 29.57 | - | 28.53 | 54.65 |
| | **TOTAL** | | **29.57** | **1.74** | **30.27** | **71.50** |
| | Less: Amount disclosed under the head "Other current financial liabilities" (Refer Note-27) | | - | 1.74 | - | 71.50 |
| | **Net amount** | | **29.57** | **-** | **30.27** | **-** |

21.1 Term Loans of Rs. 1.74 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 %.

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 Rs. 219.62 lakhs for the period April, 1996 to April, 2005 and for Rs. 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 party is on long term basis, carrying interest rate of 9% p.a. However, terms of repayment have not been stipulated.

# Notes to the Standalone Financial Statements
for the year ended 31st March, 2019

## NOTE-22 - OTHER NON-CURRENT FINANCIAL LIABILITIES (Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Deposits from dealers and others | | 5,959.27 | | 4,497.19 |
| | Capital Investment Subsidy | | 31.20 | | - |
| | Unearned Interest Income on Deposits | | 904.74 | | 872.64 |
| | Unearned Rent Income | | 70.18 | | 75.36 |
| | **TOTAL** | | **6,965.39** | | **5,445.19** |

## NOTE-23 - PROVISIONS (Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | **Provision for employee benefits:** | 39.4 | | | | |
| | - Gratuity | | | - | | 1,155.16 |
| | - Leave encashment | | | 376.03 | | 308.48 |
| | Warranty Claims | 28.1 | | 299.95 | | - |
| | **TOTAL** | | | **675.98** | | **1,463.64** |

## NOTE-24 - INCOME TAXES (Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| **A.** | **Tax expense in the statement of profit and loss comprises:** | | | | |
| | **Income tax** | | | | |
| | - Current income tax charge | | 4,717.79 | | 5,593.59 |
| | - Earlier year's tax reversal | | (111.02) | | - |
| | **Deferred tax** | | | | |
| | - Relating to origination and reversal of temporary differences | | 586.14 | | 63.07 |
| | **Total tax expense reported in the statement of profit or loss** | | **5,192.91** | | **5,656.66** |
| **B.** | **Statement of other comprehensive income (OCI)** | | | | |
| | Remeasurement losses on defined benefit plans | | (49.49) | | (46.71) |
| | **Income tax related to items recognised in OCI during the year** | | **(49.49)** | | **(46.71)** |
| **C.** | **Reconciliation of tax liability on book profit vis-à-vis actual tax liability** | | | | |
| | Acounting Profit before income tax | | 17,559.93 | | 18,250.20 |
| | Applicable Tax Rate | | 34.94% | | 34.61% |
| | **Computed Tax Expense** | | **6,136.14** | | **6,316.03** |
| | **Tax related adjustments** | | | | |
| | Difference in Tax Rate | | (37.98) | | (4.60) |
| | Income not considered for tax purpose | | 415.59 | | (175.97) |
| | Expenses not considered for tax purpose | | (246.03) | | 370.54 |
| | Tax adjustment for earlier year's | | 111.02 | | - |
| | Additional allowances for tax purpose | | (1,185.83) | | (849.34) |
| | **Income tax expense charged to the statement of profit or loss** | | **5,192.91** | | **5,656.66** |
| | **Effective tax rate** | | **29.57%** | | **31.00%** |

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

(Rs. In Lakhs)

| | | As at 31st March, 2018 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| **D.** | **Deferred Tax Liability comprises:** | | | | |
| | **Deferred Tax Liability:** | | | | |
| | – Depreciation | | 1,228.11 | 134.20 | 1,093.91 |
| | – Fair value gain/(loss) on investments | | 63.94 | 56.99 | 6.95 |
| | **Deferred Tax Assets:** | | | | |
| | – Disallowance under Section 43B | | (12.86) | (0.13) | (12.73) |
| | – Provision for employee benefits | | (137.10) | 395.08 | (532.18) |
| | **Net Deferred Tax Liability** | | **1,142.09** | **586.14** | **555.95** |

## NOTE-25 - BORROWINGS

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | **Unsecured** | | | | |
| | Book overdraft | | - | | 18.04 |
| | **TOTAL** | | **-** | | **18.04** |

## NOTE-26 - TRADE PAYABLES

(Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Total outstanding dues of Micro Enterprises and Small Enterprises | 39.2 | 1087.02 | | | 799.64 |
| | Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | | 10,567.96 | | | 10,515.39 |
| | **TOTAL** | | **11,654.98** | | | **11,315.03** |

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

## NOTE-27 - OTHER CURRENT FINANCIAL LIABILITIES

(Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Current maturities of Borrowings | 21 | | 1.74 | | 71.50 |
| | Accrued expenses | | | 4,197.64 | | 4,625.25 |
| | Creditors for assets | | | 321.02 | | 233.43 |
| | Creditors for expense | | | 2,548.68 | | 2,962.60 |
| | Capital Investment Subsidy | | | 2.83 | | - |
| | Unearned Interest Income | | | 327.07 | | 259.37 |
| | Unearned Rent Income | | | 8.62 | | 9.51 |
| | Payable to employees | | | 21.82 | | 46.10 |
| | **TOTAL** | | | **7,429.42** | | **8,207.76** |

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 31st March, 2019 / 31st March, 2018.

# Notes to the Standalone Financial Statements
for the year ended 31st March, 2019

## NOTE-28 - PROVISIONS

(Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Provision for employee benefits: | 39.4 | | | | |
| | - Gratuity | | - | | 57.47 | |
| | - Leave Encashment | | 16.30 | 16.30 | 14.06 | 71.53 |
| | Warranty Claims | 28.1 | | 470.00 | | 1,100.00 |
| | **TOTAL** | | | **486.30** | | **1,171.53** |

### 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:

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Opening Balance | | 1,100.00 | | 847.50 |
| | Less: Amount utilized during the year | | 604.80 | | 600.00 |
| | | | **495.20** | | **247.50** |
| | Add: Provision made during the year | | 274.75 | | 852.50 |
| | Closing Balance | | **769.95** | | **1,100.00** |

## NOTE-29 - OTHER CURRENT LIABILITIES

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Advance from customers | | | | |
| | Statutory liabilities | | 5,867.07 | | 4,684.56 |
| | | | 1,126.83 | | 1,322.19 |
| | **TOTAL** | | **6,993.90** | | **6,006.75** |

## NOTE-30 - REVENUE FROM OPERATIONS

(Rs. In Lakhs)

| | | Note No. | Year ended 31st March, 2019 | | Year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | **Sale of products** (including excise duty upto 30.06.2017) | | | | | |
| | - Finished Goods | 30.1.a | 176,026.95 | | 162,316.31 | |
| | - Traded Goods | 30.1.b | 4,270.51 | **180,297.46** | 6,322.11 | **168,638.42** |
| | **Other operating revenue:** | | | | | |
| | - Duty drawback | | 0.13 | | 2.53 | |
| | - GST Refund | 18.1 | 857.30 | | 741.75 | |
| | - Sale of process scrap | | 221.01 | **1,078.44** | 182.92 | **927.20** |
| | **TOTAL** | | | **181,375.90** | | **169,565.62** |

### Note-30.1 - Detail Of Sale Of Products:

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| **a** | **Finished Goods:** | | | | |
| | - PU Foam sheets/mattresses/rolls/bolster/ pillows etc. | | 176,026.95 | | 162,316.31 |
| | | | **176,026.95** | | **162,316.31** |
| **b** | **Traded Goods:** | | | | |
| | - PU Bed Sheets/Comforters/Foam/Spring/ Coir mattresses etc. | | 4,270.51 | | 6,322.11 |
| | | | **4,270.51** | | **6,322.11** |
| | **TOTAL** | | **180,297.46** | | **168,638.42** |

# Notes to the Standalone Financial Statements
for the year ended 31st March, 2019

## NOTE-31 - OTHER INCOME

(Rs. In Lakhs)

| | | Note No. | Year ended 31st March, 2019 | | Year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Interest income: | | | | | |
| | - Bank deposits | | 480.86 | | 867.59 | |
| | - Bonds | | 230.58 | | 7.42 | |
| | - Income tax refund | | 61.25 | | - | |
| | - Others | | 276.70 | **1,049.39** | 289.25 | **1,164.26** |
| | Export of I T support services | | | 390.06 | | 387.60 |
| | Rent (refer note 31.1) | | | 260.85 | | 182.50 |
| | Liabilities/provisions no longer required written back | | | 14.60 | | - |
| | Dividend received from mutual funds | | | 28.29 | | 71.28 |
| | Fair value gain on Investments (net) | | | 639.42 | | 76.07 |
| | Profit on sale of investments (net) | | | 418.01 | | 26.58 |
| | Investment Subsidy received | | | 22.69 | | - |
| | Sale of non-process scrap | | | 357.96 | | 369.31 |
| | Other miscellaneous income | | | 3.10 | | 14.57 |
| | **TOTAL** | | | **3,184.37** | | **2,292.17** |

31.1 Includes Rs. 147.92 lakhs (Previous Year : Rs. 144.00 lakhs) on Investment property (refer note 4)

## NOTE-32 - COST OF MATERIALS CONSUMED

(Rs. In Lakhs)

| | | Note No. | Year ended 31st March, 2019 | | Year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | **Raw material** | | | | | |
| | Opening Stock | | 4,978.06 | | 3,799.73 | |
| | Add: Purchases (less returns) | | 95,658.81 | | 92,502.03 | |
| | | | **100,636.87** | | **96,301.76** | |
| | Less: Sales | | 2,778.63 | | 3,663.65 | |
| | Less: Closing Stock | | 6,294.76 | **91,563.48** | 4,978.06 | **87,660.05** |
| | **Packing Material** | | | | | |
| | Opening Stock | | 444.59 | | 469.23 | |
| | Add: Purchases (less returns) | | 6,745.62 | | 5,124.89 | |
| | | | **7,190.21** | | **5,594.12** | |
| | Less: Sales | | 405.83 | | 270.30 | |
| | Less: Closing Stock | | 478.44 | **6,305.94** | 444.59 | **4,879.23** |
| | **TOTAL** | | | **97,869.43** | | **92,539.28** |

## NOTE-33 - PURCHASES OF STOCK-IN-TRADE

(Rs. In Lakhs)

| | | Note No. | Year ended 31st March, 2019 | | Year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Traded goods - Bed Sheets/Comforters/PU Foam/Spring/Coir mattresses etc. | | | 4,662.53 | | 4,023.04 |
| | **TOTAL** | | | **4,662.53** | | **4,023.04** |

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

## NOTE-34 - OTHER MANUFACTURING EXPENSES

(Rs. In Lakhs)

| | | Note No. | Year ended 31st March, 2019 | | Year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Stores consumed | | | 3,781.41 | | 3,369.07 |
| | Power & fuel | | | 834.84 | | 774.83 |
| | Repair and maintenance: | | | | | |
| | - Buildings | | | 174.93 | | 138.81 |
| | - Plant & equipment | | | 866.06 | | 748.80 |
| | Processing & other charges | | | 1,761.69 | | 1,751.21 |
| | **TOTAL** | | | **7,418.93** | | **6,782.72** |

## NOTE-35 - CHANGES IN INVENTORIES OF FINISHED GOODS STOCK-IN-PROCESS AND STOCK-IN-TRADE

(Rs. In Lakhs)

| | | Note No. | Year ended 31st March, 2019 | | Year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | **Inventories at the end of the year** | | | | | |
| | Finished goods | | 586.73 | | 461.78 | |
| | Stock-in-trade | | 1,742.58 | | 0.55 | |
| | Stock-in-process | | 3,542.59 | **5,871.90** | 4,667.75 | **5,130.08** |
| | **Inventories at the beginning 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** |
| | **TOTAL** | | | **(741.82)** | | **(1,711.98)** |

## NOTE-36 - EMPLOYEE BENEFITS EXPENSE

(Rs. In Lakhs)

| | | Note No. | Year ended 31st March, 2019 | | Year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Salaries, wages, bonus, gratuity, leave encashment, allowances etc. | | | 9,366.62 | | 8,595.16 |
| | Contribution to provident, ESI and other funds etc. | | | 600.75 | | 550.32 |
| | Workmen & staff welfare expenses | | | 1,105.68 | | 937.79 |
| | **TOTAL** | | | **11,073.05** | | **10,083.27** |

## NOTE-37 - FINANCE COSTS

(Rs. In Lakhs)

| | | Note No. | Year ended 31st March, 2019 | | Year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Interest expense on: | | | | | |
| | - Term loans - Vehicles | | 0.99 | | 2.89 | |
| | - Working capital loans | | 16.50 | | 47.87 | |
| | - Loans from others | | 2.70 | | 2.70 | |
| | - Security deposits | | 554.58 | | 421.44 | |
| | - Others | | 61.19 | **635.96** | 41.74 | **516.64** |
| | Bank Charges | | | 97.87 | | 58.86 |
| | **TOTAL** | | | **733.83** | | **575.50** |

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

## NOTE-38 - OTHER EXPENSES

(Rs. In Lakhs)

| | | Note No. | Year ended 31st March, 2019 | | Year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Rent | | | 218.36 | | 160.74 |
| | Insurance | | | 278.85 | | 407.73 |
| | Rates & taxes | | | 49.54 | | 180.86 |
| | Repair & maintenance others | | | 778.81 | | 605.04 |
| | Advertisement expenses | | | 8,163.07 | | 6,428.67 |
| | Travelling and conveyance | | | 1,162.99 | | 1,001.30 |
| | Payment to Auditors: | | | | | |
| | - Audit Fees | | 26.40 | | 24.00 | |
| | - Certification work | | 2.48 | | 0.75 | |
| | - Reimbursement of expenses | | 1.43 | **30.31** | 2.01 | **26.76** |
| | Contributions towards CSR | 39.9 | | 320.09 | | 238.57 |
| | Advances/Balances written off | | | 0.34 | | 17.13 |
| | Bad debts written off | | | - | | 6.27 |
| | Provision for doubtful receivables | | | 38.47 | | - |
| | Selling & promotional expenses (net) | | | 3,604.35 | | 3,523.44 |
| | Sales promotion schemes (net) | | | 9,902.93 | | 7,423.05 |
| | Freight & cartage (net) | | | 7,272.86 | | 5,277.94 |
| | Incentives & Rebates | | | 7,530.99 | | 7,640.08 |
| | Exchange fluctuation loss/(profit) (net) | | | 106.52 | | (187.96) |
| | Loss/(Profit) on sale of property, plant & equipment (net) | | | 29.35 | | (17.29) |
| | Assets written off (net) | | | 25.82 | | 42.50 |
| | Miscellaneous expenses | | | 3,362.06 | | 1,849.94 |
| | **TOTAL** | | | **42,875.71** | | **34,624.77** |

# NOTE – 39 : OTHER NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March, 2019

## 39.1 Contingent Liabilities and Commitments:-

(Rs. in Lakhs)

| Sr. No. | Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| **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 : | | | | |
| | - Sales tax | 2,641.26 | | 366.49 | |
| | - Entry tax | 57.72 | | -- | |
| | - GST | 2.69 | | 0.39 | |
| | - Income tax | 679.22 | | 220.85 | |
| | - Excise Duty | 666.20 | **4,047.09** | 895.50 | **1,483.23** |
| ii. | Guarantees given by the Bankers on behalf of the Company to third parties | | 48.13 | | 498.40 |
| 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) | | 51.02 | | 682.80 |
| | **TOTAL** | | **4,221.24** | | **2,739.43** |

(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 appellant proceedings.

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

(Rs. in Lakhs)

| | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| i. Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act. | -- | -- |
| - Principal | 1,087.02 | 799.64 |
| - Interest | -- | -- |
| ii. Amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | -- | -- |

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

(Rs. in Lakhs)

| | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act. | -- | -- |
| iv. The amount of interest accrued and remaining unpaid | -- | -- |
| v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act, 2006 | -- | -- |
| **Total** | **1,087.02** | **799.64** |

The above information regarding dues to Micro Enterprises and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information collected with the Holding Company. Further, the amount payable to these parties is not overdue hence no interest is required to provide/accrue as at 31.03.2019/31.03.2018.

### 39.3 Employee Stock Option Scheme

In an earlier Annual General Meeting of the Company held on 31st 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.

### 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 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 Rs. 600.75 lakhs (Previous Year: Rs. 550.32 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

(Rs. in Lakhs)

| | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|---|---|
| Employer's contribution towards Provident Fund (PF) | 506.98 | 465.26 |
| Employer's contribution towards Employees State Insurance (ESI) | 93.77 | 85.06 |

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

**(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:**

**(Rs. in Lakhs)**

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Present Value of Defined Benefit Obligation at the beginning of year | 1,212.63 | 1,043.35 | 322.54 | 221.66 |
| Interest cost | 94.58 | 76.69 | 25.15 | 16.29 |
| Current Service Cost | 124.32 | 109.88 | 43.70 | 51.58 |
| Past Service Cost | -- | 34.23 | -- | -- |
| Benefit Paid | (74.25) | (56.43) | (80.58) | (97.05) |
| Actuarial (Gain) / Loss arising from Change in Financial Assumptions | (5.09) | (66.54) | (1.42) | (18.68) |
| Actuarial (Gain) / Loss arising from Changes in Experience Adjustments | 65.79 | 71.45 | 82.94 | 148.74 |
| **Present value of the Defined Benefit Obligation at the end of year** | **1,417.99** | **1,212.63** | **392.33** | **322.54** |

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

**(Rs. in Lakhs)**

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Current Service Cost | 124.32 | 109.88 | 43.70 | 51.58 |
| Past Service Cost | -- | 34.23 | -- | -- |
| Interest cost | 94.58 | 76.69 | 25.15 | 16.29 |
| **Net Defined Benefit recognized in Statement of Profit and Loss** | **218.90** | **220.80** | **68.85** | **67.87** |

**iii) Recognized in Other Comprehensive Income.**

**(Rs. in Lakhs)**

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Actuarial (Gain)/Loss on arising from Change in Financial Assumption | (5.09) | (66.54) | (1.42) | (18.68) |
| Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments | 65.79 | 71.45 | 82.94 | 148.74 |
| Return on Plan Asset (Excluding Interest) | (0.58) | -- | -- | -- |
| **Net actuarial Loss** | **60.12** | **4.91** | **81.52** | **130.06** |

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

### iv) Reconciliation of the opening and closing balances of fair value of Plan Assets

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Fair value of Plan Assets at the beginning of year | - | - | - | - |
| Expected return on plan Assets | - | - | - | - |
| Employer's Contribution | 1,440.00 | - | - | - |
| Remeasurement of the (Gain) /Loss in Other Comprehensive Income | 0.58 | - | - | - |
| Return on Plan Assets excluding interest income | - | - | - | - |
| Benefits paid | - | - | - | - |
| **Fair value of Plan Assets** at the end of year | 1,440.58 | - | - | - |

### v) Net Defined Benefit Assets / (Liability) recognized in the Balance Sheet

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Present value of the **Defined Benefit Obligation** at the end of year | (1,417.99) | (1,212.63) | (392.33) | (322.54) |
| Fair value of Plan Assets at the end of year | 1,440.58 | - | - | - |
| **Net Defined Benefit Assets / (Liability)** recognized in the Balance Sheet | 22.59 | (1,212.63) | (392.33) | (322.54) |

### vi) Broad categories of Plan Assets as percentage of total assets

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Insurer Managed Funds | 100% | N.A. | N.A. | N.A. |

### a) Impact of the change in the discount rate

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Present value of the Defined Benefit Obligation at the end of year | 1,417.99 | 1,212.63 | 392.33 | 322.54 |
| a) Impact due to increase of 1.00% (Previous year: 0.50%) | (156.08) | (68.54) | (43.49) | (19.13) |
| b) Impact due to decrease of 1.00% (Previous Year: 0.50%) | 184.58 | 74.61 | 51.58 | 20.86 |

# Notes to the Standalone Financial Statements
for the year ended 31st March, 2019

**b) Impact of the change in the salary increase**

**(Rs. in Lakhs)**

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Present value of the Defined Benefit Obligation at the end of year | 1,417.99 | 1,212.63 | 392.33 | 322.54 |
| a) Impact due to increase of 1.00% (Previous year: 0.50%) | 188.05 | 76.31 | 52.55 | 21.34 |
| b) Impact due to decrease of 1.00% (Previous year: 0.50%) | (161.35) | (70.61) | (44.96) | (19.71) |

*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.

**viii. Maturity Profile.**

**(Rs. in Lakhs)**

| Year | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| 0 to 1 year | 47.53 | 57.47 | N.A | 14.06 |
| 1 to 2 Year | 53.21 | 20.22 | | 5.67 |
| 2 to 3 Year | 65.48 | 20.22 | | 6.69 |
| 3 to 4 Year | 62.74 | 20.43 | | 8.08 |
| 4 to 5 Year | 68.57 | 19.73 | | 8.65 |
| 5 Year onwards | 1,120.45 | 1,074.56 | | 279.39 |

**ix. Expected contribution for the next annual reporting period**

**(Rs. in Lakhs)**

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Service Cost | 141.98 | 124.33 | 49.97 | 43.70 |
| Net Interest Cost | (1.77) | 94.59 | 30.72 | 25.16 |
| Expected Expense for the next annual reporting period | 140.21 | 218.91 | 80.69 | 68.86 |

**x. Actuarial Assumptions:**

Principal assumptions used for actuarial valuation are:

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Method used | Projected unit credit method | | | |
| Discount rate | 7.83% | 7.80% | 7.83% | 7.80% |
| Salary Escalation | 5.00% | 5.00% | 5.00% | 5.00% |
| Mortality Rate | IALM (2006-08) | | | |
| Withdrawal rate up to 30/44 and above 44 years | 3%/2%/1% | | | |
| Rate of return on plan assets | 7.83 P.A | | N.A , as there are no plan assets | |

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

### 39.5 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.

### 39.6 Related Party Disclosures (Ind AS-24):

**A. List of Related Parties and relationships**

**(a) Subsidiaries:**
- Joyce Foam Pty Ltd., Australia
- Divya Software Solutions (P) Ltd.
- Sleepwell Enterprises Pvt. Ltd.

**(b) Entities in which Key Management Personnel or their relatives have significance influence**
- Rangoli Resorts Pvt. Ltd.
- Core Moulding Pvt. Ltd.
- Sleepwell Foundation (Trust)

**(c) Key Management Personnel (KMP) :**
- Mr. Rahul Gautam (Managing Director) *
- Mr. Rakesh Chahar (Whole-time Director)
- Mrs. Namita Gautam (Whole-time Director) *
- Mr. Tushaar Gautam (Whole-time Director) *

* Also having significant influence through major shareholding.

**(d) Relatives of Key Management Personnel:**
- Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam)*
- Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)

* 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:** **(Rs. in Lakhs)**

| | | Subsidiaries | Related Entities | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|---|---|---|---|
| **(i)** | **Transactions during the year:** | | | | |
| a. | Purchase of Material / Capital Goods | 10.67<br>(999.99) | --<br>(--) | --<br>(--) | --<br>(--) |
| b. | Sale of Material/ Capital Goods | 25.18<br>(40.40) | 2.25<br>(2.50) | --<br>(--) | --<br>(--) |
| c. | Sale of IT Support Services | 390.06<br>(387.60) | --<br>(--) | --<br>(--) | --<br>(--) |
| d. | Rent received | 0.36<br>(0.36) | 0.24<br>(0.24) | --<br>(--) | --<br>(--) |
| e. | Royalty paid | 10.00<br>(10.00) | --<br>(--) | --<br>(--) | --<br>(--) |
| f. | Investment made | 268.43<br>(2,372.78) | --<br>(--) | --<br>(--) | --<br>(--) |
| g. | Bank Charges Recovered | 2.76<br>(17.99) | -- | --<br>(--) | --<br>(--) |
| h. | Remuneration including Performance Incentives | --<br>(--) | --<br>(--) | 787.77<br>(796.11) | --<br>(10.71) |
| i. | Interest paid/payable | --<br>(--) | --<br>(--) | --<br>(--) | 3.14<br>(3.10) |
| j. | Rent paid | 9.59<br>(3.18) | --<br>(--) | --<br>(--) | --<br>(--) |
| k. | Share application money paid and refunded | --<br>(245.46) | --<br>(--) | --<br>(--) | --<br>(--) |
| l. | Reimbursement of expenses | 296.46<br>(180.81) | 10.58<br>(--) | (--)<br>(--) | (--)<br>(--) |
| m. | Contributions under CSR | --<br>(--) | 286.62<br>(215.10) | --<br>(--) | --<br>(--) |

# Notes to the Standalone Financial Statements
for the year ended 31st March, 2019

| | | Subsidiaries | Related Entities | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|---|---|---|---|
| **(ii)** | **Closing balance as at 31st March, 2019 / 31st March, 2018 :** | | | | |
| a. | Trade Receivables | 186.65<br>(193.42) | --<br>(--) | --<br>(--) | --<br>(--) |
| b. | Long Term Loans and Advances Payable | --<br>(--) | --<br>(--) | --<br>(--) | 29.57<br>(28.53) |
| c. | Investments | 9,938.09<br>(9,669.66) | --<br>(--) | --<br>(--) | --<br>(--) |

Note: (Figures in bracket are for the year ended March 31, 2018)

**39.7 Leases**

**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 Rs. 78.73 lakhs (Previous year: Rs. 72.14 lakhs) are included in 'Rent' under Note-38.

**b. Company as Lessor**

The Company entered into a lease agreements to lease the following properties which have been treated as "Investment Property".

| | |
|---|---|
| Land & Factory Building situated at Sikkim | 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 Rs. 144.00 lakhs (Previous year: Rs. 144.00 lakhs). |
| Residential Flat situated at Greater Noida | The lease agreement was executed w.e.f. 15th September, 2018. The said lease is for a term of 11 months with a clause of subsequent renewal by mutual consent. The total rent recognized as income during the year is Rs. 3.92 lakhs (Previous year: Rs. Nil). |

**39.8 Earnings per Share:**

**(Rs. in Lakhs)**

| **Particulars** | **Year ended 31st March, 2019** | **Year ended 31st March, 2018** |
|---|---|---|
| Net Profit as per Statement of Profit and Loss – (Rs. in lakhs) | 12,367.02 | 12,593.54 |
| 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.) | 25.35 | 25.82 |

# Notes to the Standalone Financial Statements
for the year ended 31st March, 2019

### 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 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:

(Rs. in Lakhs)

| | | Amount spent during the current year ended 31st March, 2019 | Amount pending for spending as at 31st March, 2019 | Total Amount |
|---|---|---|---|---|
| – | Gross Amount lying pending for the earlier year as at 01.04.2018 | | | – |
| – | Gross Amount required to be spent during the year | | | 314.69 |
| | | | | |
| – | Amount spent during the year: | | | |
| | a. Construction/acquisition of any asset | – | – | – |
| | b. Contribution to Trusts / NGOs / Societies | 320.09 | – | 320.09 |

### 39.10 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:

(Rs. in Lakhs)

| Foreign Currency (FC) | Currency Symbol | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | FC | INR | FC | INR |
| **Liabilities** | | | | | |
| **Trade Payables** | | | | | |
| United States Dollar | $ | 14.86 | (1,048.50) | 42.65 | (2,789.86) |
| Great Britain Pound | £ | 0.01 | (0.25) | -- | -- |
| Euro | € | 0.62 | (49.65) | 0.22 | (17.68) |
| Chinese Yuan | ¥ | 8.89 | (97.76) | -- | -- |
| **Advance from Customers** | | | | | |
| United States Dollar | $ | 0.14 | (10.20) | 0.21 | (13.49) |
| **Assets** | | | | | |
| **Trade Receivables** | | | | | |
| United Stated Dollar | $ | 1.15 | 77.29 | 0.69 | 44.58 |
| Australian Dollar | AUD | 3.94 | 186.65 | 3.94 | 193.42 |
| **Advance to Vendor** | | | | | |
| United Stated Dollar | $ | 9.42 | 634.54 | 4.21 | 334.76 |
| Euro | € | 1.15 | 86.43 | 8.25 | 532.03 |
| Great Britain Pound | £ | 0.13 | 11.07 | -- | -- |
| UAE Dirham | AED | 6.98 | 122.20 | -- | -- |
| **Net Liability (in INR)** | | | **88.18** | | **1,716.24** |

Note: Figures in the brackets represents payables.

# Notes to the Standalone Financial Statements
for the year ended 31st March, 2019

### 39.11 Fair Value Measurements

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

(Rs. in Lakhs)

| Particulars | Carrying amount/Fair value | |
|---|---|---|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| **Financial assets** | | |
| **Carrying amounts/fair value:** | | |
| **a) Measured at fair value through profit and loss** | | |
| **Non-current assets** | | |
| Investments | 4,917.34 | 3,745.40 |
| **Current assets** | | |
| Investments | 25,767.09 | 6,059.24 |
| **b) Measured at fair value through other comprehensive income** | -- | -- |
| **c) Measured at amortised cost** | | |
| **Non-current assets** | | |
| -Investments | 0.35 | 0.35 |
| -Loans | 234.55 | 215.74 |
| -Other non-current financial assets | 11.00 | 10.39 |
| **Current assets** | | |
| -Investments | 1,000.30 | -- |
| -Trade receivables | 10,265.85 | 10,160.20 |
| -Cash and cash equivalents | 1,066.90 | 13,922.56 |
| -Bank balances other than cash and cash equivalents | 157.19 | 561.31 |
| -Loans | 18.78 | 39.28 |
| -Other current financial assets | 2,567.68 | 2,739.51 |
| **Total** | **46,007.03** | **37,453.98** |
| | | |
| **Financial liabilities** | | |
| **Carrying amounts/fair value:** | | |
| **a) Measured at fair value through profit and loss** | -- | -- |
| **b) Measured at fair value through other comprehensive income** | -- | -- |
| **c) Measured at amortised cost** | | |
| **Non-current liabilities** | | |
| -Borrowings | 29.57 | 30.27 |
| -Other non-current financial liabilities | 6,965.39 | 5,445.19 |
| **Current liabilities** | | |
| -Borrowings | -- | 18.04 |
| -Trade payables | 11,654.98 | 11,315.03 |
| -Other current financial liabilities | 7,429.42 | 8,207.76 |
| **Total** | **26,079.36** | **25,016.29** |

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

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.

**Fair value hierarchy**

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

Level1: 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:**

| **Particulars** | **Carrying amount/Fair value** | | | | | |
|---|---|---|---|---|---|---|
| | **As at 31st March, 2019** | | | **As at 31st March, 2018** | | |
| **Financial assets** | L-1 | L-2 | L-3 | L-1 | L-2 | L-3 |
| **Carrying amounts/fair value:** | | | | | | |
| **a) Measured at fair value though profit and loss** | | | | | | |
| **Non-current assets** | | | | | | |
| - Investments | 4,917.34 | -- | -- | 3,745.40 | -- | -- |
| **b) Measured at fair value though other comprehensive income** | -- | -- | -- | | -- | -- |
| **c) Measured at amortised cost** | | | | | | |
| **Non-current assets** | | | | | | |
| - Investments | -- | -- | 0.35 | -- | -- | 0.35 |
| - Loans | -- | -- | 234.55 | -- | -- | 215.74 |
| - Other non-current financial assets | -- | -- | 11.00 | -- | -- | 10.39 |
| **Current assets** | | | | | | |
| - Investments | 25,767.09 | -- | 1,000.30 | 6,059.24 | -- | -- |
| - Trade receivables | -- | -- | 10,265.85 | -- | -- | 10,160.20 |
| - Cash and cash equivalents | -- | -- | 1,066.90 | | -- | 13,922.56 |
| - Bank balances other than cash and cash equivalents | -- | -- | 157.19 | -- | -- | 561.31 |
| - Loans | -- | -- | 18.78 | -- | -- | 39.28 |
| - Other current financial assets | -- | -- | 2,567.68 | -- | -- | 2,739.51 |
| **Total** | **30,684.43** | **--** | **15,322.60** | **9,804.64** | **--** | **27,649.34** |
| | | | | | | |
| **Financial liabilities** | | | | | | |
| **Carrying amounts/fair value:** | | | | | | |

| Particulars | Carrying amount/Fair value | | | | | |
|---|---|---|---|---|---|---|
| | As at 31st March, 2019 | | | As at 31st March, 2018 | | |
| **a) Measured at fair value through profit and loss** | -- | -- | -- | -- | -- | -- |
| **b) Measured at fair value through other comprehensive income** | -- | -- | -- | -- | -- | -- |
| **c) Measured at amortised cost** | | | | | | |
| **Non-current liabilities** | | | | | | |
| - Borrowings | -- | -- | 29.57 | | -- | 30.27 |
| - Other non-current financial liabilities | -- | -- | 6,965.39 | | -- | 5,445.19 |
| **Current liabilities** | | | | | | |
| - Borrowings | -- | -- | -- | -- | -- | 18.04 |
| - Trade payables | -- | -- | 11,654.98 | | -- | 11,315.03 |
| - Other current financial liabilities | -- | -- | 7,429.42 | | -- | 8,207.76 |
| **Total** | **--** | **--** | **26,079.36** | **--** | **--** | **25,016.29** |

### 39.12 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.

### 39.13 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 March 31, 2019. 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, 2019.

### (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, GBP, Chinese Yuan, AED 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:

**(Rs. in Lakhs)**

| Foreign Currency (FC) | Currency Symbol | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | FC | INR | FC | INR |
| **Liabilities** | | | | | |
| **Trade Payables** | | | | | |
| United States Dollar | $ | 14.86 | (1048.50) | 42.65 | (2,789.86) |
| Great Britain Pound | £ | 0.01 | (0.25) | -- | (--) |
| Euro | € | 0.62 | (49.65) | 0.22 | (17.68) |
| Chinese Yuan | ¥ | 8.89 | (97.76) | -- | (--) |
| **Advance from Customers** | | | | | |
| United States Dollar | $ | 0.14 | (10.20) | 0.21 | (13.49) |
| | | | | | |
| **Assets** | | | | | |
| **Trade Receivables** | | | | | |
| United Stated Dollar | $ | 1.15 | 77.29 | 0.69 | 44.58 |
| Australian Dollar | AUD | 3.94 | 186.65 | 3.94 | 193.42 |
| | | | | | |
| **Advance to Vendor** | | | | | |
| United Stated Dollar | $ | 9.42 | 634.54 | 4.21 | 334.76 |
| Euro | € | 1.15 | 86.43 | 8.25 | 532.03 |
| Great Britain Pound | £ | 0.13 | 11.07 | -- | -- |
| UAE Dirham | AED | 6.98 | 122.20 | -- | -- |
| **Net Liability (in INR)** | | | **(88.18)** | | **(1,716.24)** |

| Impact on profit before tax and equity | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| 5% Increase | (-) 4.41 | (-) 85.81 |
| 5% Decrease | (+) 4.41 | (+) 85.81 |

Note: Figures in bracket represents payables

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

**(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 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 31st March, 2019 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.

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Non-current assets** | | |
| - Investments | 4,917.69 | 3,745.75 |
| - Loans | 234.55 | 215.74 |
| - Other non-current financial assets | 11.00 | 10.39 |
| **Current assets** | | |
| - Investments | 26,767.39 | 6,059.24 |
| - Trade receivables | 10,265.85 | 10,160.20 |
| - Cash and cash equivalents | 1,066.90 | 13,922.56 |
| - Bank balances other than cash and cash equivalents | 157.19 | 561.31 |
| - Loans | 18.78 | 39.28 |
| - Other current financial assets | 2,567.68 | 2,739.51 |
| **Total** | **46,007.03** | **37,453.98** |

# Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

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:

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Not Due | 8,171.99 | 9,013.78 |
| Due from 0 to 180 days | 1,902.03 | 726.54 |
| Due from more than 180 days | 230.30 | 419.88 |
| Less: Loss Allowance | (38.47) | -- |
| **Total** | **10,265.85** | **10,160.20** |

**(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.

**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 31st March, 2019** | | | |
| Trade payables | 11,654.98 | 11,654.98 | -- |
| Other non-current financial liabilities | 6,965.39 | -- | 6,965.39 |
| Other current financial liabilities | 7,429.42 | 7,429.42 | -- |
| **Total** | **26,049.79** | **19,084.40** | **6,965.39** |

| Particulars | Carrying Value | Less than 1 year | 1 to 5 years |
|---|---|---|---|
| **As at 31st 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** |

# Notes to the Standalone Financial Statements
for the year ended 31st March, 2019

**39.14 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:

**(Rs. in Lakhs)**

| Sr. No. | Name of the Investee | Nature of Transaction | 2018-19 | | 2017-18 | |
|---|---|---|---|---|---|---|
| | | | During the Year | Outstanding Balance | During the Year | Outstanding Balance |
| 1. | Joyce Foam Pty. Ltd. | Investment | -- | 2,306.59 | -- | 2,306.59 |
| 2. | Divya Software Solutions Pvt. Ltd. | Investment | 268.43 | 7,522.30 | 2,372.78 | 7,253.87 |
| 3. | Sleepwell Enterprises Pvt. Ltd. | Investment | -- | 109.20 | -- | 109.20 |

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

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

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

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

**(Pankaj Garg)**
**Chief Financial Officer**

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

**As per our Report of even date attached**

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

**(Sanjiv Gupta)**
**Partner**
**Membership No. 083364**

**Place: Noida**
**Dated: 4th May, 2019**

# Independent Auditor's Report

**To The Members Of 'Sheela Foam Limited' On Consolidated Financial Statements**

## Opinion

We have audited the accompanying consolidated financial statements of Sheela Foam Limited (hereinafter referred to as the "Holding Company") and its Subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March, 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2019 and its consolidated profit (including Other Comprehensive Income), its consolidated changes in equity and its consolidated cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matters | Auditor's Response |
|---|---|
| **Useful lives of Property, Plant & Equipment**<br><br>(Refer to Notes 3 and 4 to the consolidated financial statements)<br><br>The property, plant and equipment are depreciated on a pro-rate basis on written down value basis, over the useful life of the assets, as estimated by the management. These estimations are based on changes in the expected level of usage, technological developments, level of wear and tear, which involves high degree of the estimation and judgement and could affect the reported residual value and depreciation of the assets. As the value of property, plant and equipment is substantial i.e. Rs. 33,961 lakhs, which is 29.23% of the total assets of the Group, therefore any change in these estimates or actual results could have a substantial impact on the profit/ assets in future years and completeness and accuracy of the consolidated financial statements. | Our Audit Procedure :<br><br>We obtained and evaluated the management's estimations and specifically performed work as under:<br><br>- Comparing the key assumptions, use within the impairments models to the historic performance of the respective group of assets and approved estimates.<br><br>- Benchmarking the key assumptions, use with in the impairment models and past history of the replacement age etc. and repairs requirements / cost etc.<br><br>Our Results:<br>As a result of performance of above procedures we have not identified any circumstances that would led to material adjustments to the carrying value of these assets, or change in their useful lives. |
| **Evaluation of uncertain tax positions**<br><br>(Refer to Note 38.1 to the consolidated financial statements)<br><br>The Holding Company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputed. | Our Audit Procedure :<br>We obtained details of tax assessments and demands from management and discussed its underlying assumptions in estimating the tax provisions and the possible outcome of the disputes. We also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionaly, we considered the effect of new information in respect of uncertain tax postions to evaluate whether any change was required to managements position on these uncertainities. We also relied upon the tax expert's brief on the issues.<br><br>Our Results:<br>As a result of performance of above procedures we have not identified any circumstance which may necessitate to change the managment positon and disclosure in the consolidated financial statements. |
| **Fair Value measurement of Financial Instruments**<br><br>(Refer to Note 38.11 to the consolidated financial statements)<br><br>Fair value of financial assets and financial liabilities has been measured using valuation techniques where the financial instruments are not quoted in active market. The inputs to these techniques / 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, which involve high degree of the estimation and judgement and could affect the reported fair value of financial instruments. | Our Audit Procedure :<br>The Holding Company has carried out the valuation of the Financial Instruments after applying judgments and estimates. We have conducted the verification of the data provided to us by the Holding Company with respect to its correctness and completeness vis-à-vis the financial accounts / records of the Holding Company, and has held interaction with the management to understand their process and results and the implementation and usage of valuation techniques / models. This included the review of the controls over adjustments to mitigate model limitations and assumptions.<br><br>Our Results:<br>The results of our testing were satisfactory and we considered the fair value of the financial instruments assets and liabilities recognised to be acceptable. |

### Information Other than the Consolidiated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report and Directors' Report, including annexures thereon, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consoldiated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consoldiated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of 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 Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consoldiated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consoldiated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolildated financial statements.

As part of an audit in accordance with SAs, we along with auditor's of Subsidiary Companies exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for

expressing our opinion on whether the holding company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consoldiated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the conosolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

We did not audit the 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 Rs. 23,251.45 lakhs as at 31st March, 2019, and total revenues of Rs. 32,837.15 lakhs, total comprehensive income (net) of Rs. 958.66 lakhs and cash outflow (net) of Rs. 629.59 lakhs for the year ended on that date, as considered in the consolidated financial statements.

The 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 financial statements, and our Report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the management.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and reports of the other auditors.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

e. on the basis of the written representations received from the directors of the Holding Company and Subsidiary incorporated in India audited by us and taken on record by the 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, 2019 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. In our opinion, the remuneration paid by the Holding Company and Subsidiary Company incorporated in India audited by us, and by the Subsidiary company incorporated in India, not audited by us (as reported by their auditors), to its Directors is in accordance with the provisions of Section 197 of the Companies Act, 2013; and

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Consolidated financial statements disclose the impact of pending litigations on the Consolidated financial position of the Group – Refer Note 38.1 to the consolidated financial statements;

   ii. The Holding Company and its Subsidiary companies incorporated in India, have not entered into any long-term contracts including derivative contracts.

   iii. There has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary companies incorporated in India.

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

**(Sanjiv Gupta)**
Partner
M. No. 083364

**Place: Noida**
**Dated: 4th May, 2019**

# 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 financial statements of Sheela Foam Limited for the year ended 31st March, 2019)*

## 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, 2019, in conjunction with our audit of the consolidated 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, adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at 31st March, 2019, 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 with reference to the financial statements 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

**Place: Noida**
**Dated: 4th May, 2019**

**(Sanjiv Gupta)**
Partner
M. No. 083364

Sheela Group
ISO 9001 Certified

# Consolidated Balance Sheet

as at 31st March, 2019

**(Rs. In Lakhs)**

| Particulars | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, Plant and Equipment | 3 | 33,961.18 | | 33,891.82 | |
| Capital work in progress | | 73.94 | | 5,222.58 | |
| Investment Property | 4 | 6,388.18 | | 127.90 | |
| Goodwill | 3 | 818.56 | | 818.23 | |
| Financial Assets | | | | | |
| - Investments | 5 | 4,917.69 | | 3,745.75 | |
| - Loans | 6 | 285.69 | | 267.09 | |
| - Other non-current financial assets | 7 | 111.47 | | 109.88 | |
| Non-current tax assets (net) | 8 | 874.72 | | 151.89 | |
| Other non-current assets | 9 | 178.48 | **47,609.91** | 719.52 | **45,054.66** |
| **Current assets** | | | | | |
| Inventories | 10 | 18,713.67 | | 17,258.36 | |
| Financial Assets | | | | | |
| - Investments | 11 | 26,838.11 | | 6,059.24 | |
| - Trade receivables | 12 | 15,215.77 | | 14,730.73 | |
| - Cash and cash equivalents | 13 | 1,684.13 | | 15,165.88 | |
| - Bank balances other than cash and cash equivalents | 14 | 345.69 | | 657.96 | |
| - Loans | 15 | 18.78 | | 39.28 | |
| - Other current financial assets | 16 | 2,573.75 | | 2,761.04 | |
| Other current assets | 17 | 3,180.16 | **68,570.06** | 2,542.96 | **59,215.45** |
| **TOTAL ASSETS** | | | **116,179.97** | | **104,270.11** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Equity Share Capital | 18 | 2,439.14 | | 2,439.14 | |
| Other Equity | 19 | 70,571.16 | **73,010.30** | 57,286.53 | **59,725.67** |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Financial Liabilities | | | | | |
| - Borrowings | 20 | 555.36 | | 826.12 | |
| - Other non-current financial liabilities | 21 | 6,965.39 | | 5,445.19 | |
| Provisions | 22 | 796.76 | | 1,564.74 | |
| Deferred tax liabilities (Net) | 23D | 650.43 | **8,967.94** | 204.18 | **8,040.23** |
| **Current liabilities** | | | | | |
| Financial liabilities | | | | | |
| - Borrowings | 24 | 2,266.38 | | 2,740.14 | |
| - Trade payables | 25 | 14,320.17 | | 14,677.92 | |
| - Other current financial liabilities | 26 | 9,126.26 | | 10,872.21 | |
| Provisions | 27 | 1,282.33 | | 1,951.39 | |
| Other current liabilities | 28 | 7,206.59 | **34,201.73** | 6,262.55 | **36,504.21** |
| **TOTAL EQUITY AND LIABILITIES** | | | **116,179.97** | | **104,270.11** |

Significant Accounting Policies' and 'Notes 1 to 38' form an integral part of the Standalone Financial Statements.

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

| (Rahul Gautam) | (Tushaar Gautam) | (Pankaj Garg) | (Md. Iquebal Ahmad) |
|---|---|---|---|
| **Managing Director** | **Whole-time Director** | **Chief Financial Officer** | **Company Secretary** |
| **DIN : 00192999** | **DIN : 01646487** | | **M. No. - A20921** |

**As per our Report of even date attached**

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

**Place: Noida**
**Dated: 4th May, 2019**

**(Sanjiv Gupta)**
**Partner**
**Membership No. 083364**

# Consolidated Statement of Profit and Loss

for the year ended 31st March, 2019

(Rs. In Lakhs)

| Particulars | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| **INCOME:** | | | | | |
| Revenue From Operations | 29 | | 214,144.94 | | 200,444.59 |
| Other Income | 30 | | 2,908.90 | | 2,106.41 |
| **Total Income** | | | **217,053.84** | | **202,551.00** |
| **EXPENSES:** | | | | | |
| Cost of materials consumed | 31 | | 113,824.43 | | 106,975.76 |
| Excise Duty | | | - | | 3,913.20 |
| Purchases of Stock- in-Trade | 32 | | 4,662.53 | | 4,023.04 |
| Other manufacturing expenses | 33 | | 8,933.02 | | 8,050.15 |
| Changes in inventories of finished goods, stock-in-process and stock-in-trade | 34 | | (1,167.24) | | (1,552.59) |
| Employee benefits expense | 35 | | 17,731.52 | | 16,265.48 |
| Finance costs | 36 | | 962.35 | | 867.05 |
| Depreciation and amortization expense | 3&4 | | 3,952.72 | | 3,524.00 |
| Other expenses | 37 | | 49,211.81 | | 41,136.26 |
| **Total Expenses** | | | **198,111.14** | | **183,202.35** |
| **Profit before tax** | | | **18,942.70** | | **19,348.65** |
| **Tax expense:** | | | | | |
| Current tax - Current year's | 23A | 5,233.25 | | 5,931.62 | |
| - Earlier year's | | (111.02) | | (38.45) | |
| Deferred tax | | 446.43 | **5,568.66** | 84.76 | **5,977.93** |
| **Profit for the year** | | | **13,374.04** | | **13,370.72** |
| **Other Comprehensive Income :** | | | | | |
| a. Items that will not be reclassified to profit or loss | | | | | |
| - Re-measurements losses on defined benefit plans | 38.4 | | (141.64) | | (134.96) |
| - Income tax effects | 23B | | 49.49 | | 46.71 |
| b. Items that will be reclassified to profit or loss | | | | | |
| - Exchange differences on translation of foreign operations | | | 1.25 | | 30.93 |
| **Other Comprehensive Income for the year** | | | **(90.90)** | | **(57.32)** |
| **Total Comprehensive Income for the year** | | | **13,283.14** | | **13,313.40** |
| Earnings per share- Basic/Diluted in Rs. | 38.8 | | 27.41 | | 27.41 |

Significant Accounting Policies' and 'Notes 1 to 38' form an integral part of the Consolidated Financial Statements

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

| (Rahul Gautam) | (Tushaar Gautam) | (Pankaj Garg) | (Md. Iquebal Ahmad) |
|---|---|---|---|
| **Managing Director** | **Whole-time Director** | **Chief Financial Officer** | **Company Secretary** |
| **DIN : 00192999** | **DIN : 01646487** | | **M. No. - A20921** |

**As per our Report of even date attached**

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

**Place: Noida**
**Dated: 4th May, 2019**

(Sanjiv Gupta)
**Partner**
**Membership No. 083364**

# Consolidated Statement of Changes in Equity

for the year ended 31st March, 2019

## (A) Equity Share Capital

### for the year ended 31st March, 2019

(Rs. In Lakhs)

| Balance as at 01st April, 2018 | Changes in equity share capital during the year | Balance as at 31st March, 2019 |
|---|---|---|
| 2,439.14 | - | 2,439.14 |

### for the year ended 31st March, 2018

(Rs. In Lakhs)

| Balance as at 01st April, 2017 | Changes in equity share capital during the year | Balance as at 31st March, 2018 |
|---|---|---|
| 2,439.14 | - | 2,439.14 |

## (B) Other Equity

### for the year ended 31st March, 2019

(Rs. In Lakhs)

| Particulars | Retained Earnings | Capital Reserve | General Reserve | Foreign Currency Translation Reserve | Other comprehensive income-Other items | Total |
|---|---|---|---|---|---|---|
| **Balance as at 01st April, 2018** | **54,619.01** | **1,266.70** | **1,716.27** | **(168.71)** | **(146.74)** | **57,286.53** |
| Profit for the year | 13,374.04 | - | - | - | - | **13,374.04** |
| Other Comprehensive Loss for the year | - | - | - | - | - | **-** |
| - Re-measurements losses on defined benefit plans (net) | - | - | - | - | (92.15) | **(92.15)** |
| - Exchange gain on translation (net) | - | 1.49 | - | 1.25 | - | **2.74** |
| **Balance as at 31st March, 2019** | **67,993.05** | **1,268.19** | **1,716.27** | **(167.46)** | **(238.89)** | **70,571.16** |

### for the year ended 31st March, 2018

(Rs. In Lakhs)

| Particulars | Retained Earnings | Capital Reserve | General Reserve | Foreign Currency Translation Reserve | Other comprehensive income-Other items | Total |
|---|---|---|---|---|---|---|
| **Balance as at 01st April, 2017** | **41,248.29** | **1,219.66** | **1,716.27** | **(199.64)** | **(58.49)** | **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) | - | - | - | - | (88.25) | **(88.25)** |
| - Exchange gain on translation (net) | - | 47.04 | - | 30.93 | - | **77.97** |
| **Balance as at 31st March, 2018** | **54,619.01** | **1,266.70** | **1,716.27** | **(168.71)** | **(146.74)** | **57,286.53** |

Refer Note No. 19.1 for nature and purpose of reserve
Significant Accounting Policies' and 'Notes 1 to 38' form an integral part of the Consolidated Financial Statements

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

| (Rahul Gautam) | (Tushaar Gautam) | (Pankaj Garg) | (Md. Iquebal Ahmad) |
|---|---|---|---|
| Managing Director | Whole-time Director | Chief Financial Officer | Company Secretary |
| DIN : 00192999 | DIN : 01646487 | | M. No. - A20921 |

**As per our Report of even date attached**

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

**Place: Noida**
**Dated: 4th May, 2019**

**(Sanjiv Gupta)**
**Partner**
**Membership No. 083364**

# Consolidated Statement of Cash Flows

for the year ended 31st March, 2019

(Rs. In Lakhs)

| Particulars | Year Ended 31st March, 2019 | | Year Ended 31st March, 2018 | |
|---|---|---|---|---|
| | Amount | Total | Amount | Total |
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Net Profit before tax as per statement of profit and loss** | | 18,942.72 | | 19,348.65 |
| **Adjustments for:** | | | | |
| Depreciation and amortisation expense | 3,952.72 | | 3,524.00 | |
| Finance costs | 962.35 | | 867.05 | |
| Advances/Balances written off | 5.15 | | 16.96 | |
| Bad debts written off | - | | 6.27 | |
| Provision for doubtful receivables | 38.47 | | - | |
| Fair value gain on investments (net) | (640.06) | | (76.07) | |
| Dividend received from mutual funds | (28.29) | | (71.28) | |
| Profit on sale of investments (net) | (480.64) | | (26.58) | |
| Liabilities/provisions no longer required written back | (16.45) | | - | |
| Unrealised foreign exchange loss (net) | 48.44 | | 8.62 | |
| Interest income | (1,084.34) | | (1,180.08) | |
| Assets written off | 25.82 | | 42.50 | |
| Loss/(Profit) on sale of property, plant and equipment (net) | 46.71 | | 22.63 | |
| | | 2,829.87 | | 3,134.02 |
| **Operating profit before working capital changes** | | **21,772.59** | | **22,482.67** |
| **Adjustment for working capital changes:** | | | | |
| (Increase) in Inventories | (1,455.31) | | (2,605.63) | |
| (Increase)/Decrease in loans and trade receivables | (521.61) | | (679.20) | |
| Decrease/(Increase) in other financial and non-financial assets | (130.65) | | (508.37) | |
| Increase/(Decrease) in trade payables | (357.75) | | (1,526.63) | |
| "Increase in other financial liabilities, non-financial liabilities and provisions" | 274.75 | | 1,623.63 | |
| **Cash used in Working Capital Changes** | | (2,190.57) | | (3,696.20) |
| **Cash generated from operations** | | **19,582.02** | | **18,786.47** |
| Income Tax paid | | (5,794.97) | | (5,414.50) |
| **Net Cash inflow from Operating Activities - A** | | **13,787.05** | | **13,371.97** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of propery, plant and equipment including capital work in progress | (5,277.60) | | (9,113.91) | |
| Sale/adjusment/write-off of property, plant and equipment | 71.02 | | 926.97 | |
| Deposits matured/made during the year (net) | 312.27 | | 8,469.73 | |
| Investment in bonds, debentures and mutual funds (net) | (20,830.11) | | (9,701.99) | |
| Dividend income | 28.29 | | 71.28 | |
| Interest income | 1,127.70 | | 1,340.68 | |
| **Net Cash outflow from Investing Activities - B** | | **(24,568.43)** | | **(8,007.24)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Repayment of Secured long term borrowings | (1,210.65) | | (1,041.49) | |
| Repayment of Unsecured long term borrowings | (53.61) | | (251.01) | |
| Repayments of Unsecured short term borrowings | (485.28) | | 152.96 | |
| Proceeds from Unsecured short term borrowings | 11.52 | | (3.45) | |
| Finance costs | (962.35) | | (867.05) | |
| **Net Cash outflow from Financing Activities - C** | | **(2,700.37)** | | **(2,010.04)** |
| **Net (decrease)/increase in cash and cash equivalents (A+B+C)** | | **(13,481.75)** | | **3,354.69** |
| **Cash and cash equivalents (Opening Balance)** | | **15,165.88** | | **11,811.19** |
| **Cash and cash equivalents (Closing Balance)** | | **1,684.13** | | **15,165.88** |

| Particulars | Year Ended 31st March, 2019 | | Year Ended 31st March, 2018 | |
|---|---|---|---|---|
| | Amount | Total | Amount | Total |
| **Note to statement of cash flows:** | | | | |
| **- Components of Cash and cash equivalents as under :** | | | | |
| – Balance with Banks – Current Accounts | 1,619.11 | | 1,780.38 | |
| – Cash on hand | 15.02 | | 35.50 | |
| – Deposits with Banks with original maturity of less than 3 months | 50.00 | | 13,350.00 | |
| | | **1,684.13** | | **15,165.88** |
| – 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 38' form an integral part of the Consolidated Financial Statements.

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

| (Rahul Gautam) | (Tushaar Gautam) | (Pankaj Garg) | (Md. Iquebal Ahmad) |
|---|---|---|---|
| **Managing Director** | **Whole-time Director** | **Chief Financial Officer** | **Company Secretary** |
| **DIN : 00192999** | **DIN : 01646487** | | **M. No. - A20921** |

**As per our Report of even date attached**

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

**Place: Noida**
**Dated: 4th May, 2019**

**(Sanjiv Gupta)**
**Partner**
**Membership No. 083364**

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019.

## 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, 2019 were approved by the Board of Directors and authorized for issue on 4th May, 2019.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of Compliance and Basis of Preparation

#### a. Basis of Preparation :

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') read with the Companies (Indian Accounting Standards) Rules, 2015 ( as amended from time to time) and other relevant provisions of the Act

The consolidated financial statements have been prepared on accrual and going concern basis. 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 consolidated 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;
- 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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019.

- 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 Balance Sheet, or that occurred after that date but provide additional evidence about conditions existing as at the Balance Sheet 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 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 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.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019.

## 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 31.03.2019 | Proportion (%) of Shareholding as on 31.03.2018 |
|---|---|---|---|
| **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% |

## 2.3 Property, Plant & Equipment

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.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019.

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 Rs. 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 and internal assessment, 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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019.

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 |
| - Residential | 60 | 59 |

Based on usage pattern and internal assessment, 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.

## 2.5 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 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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019.

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 Balance Sheet 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 banks, security deposits and employee loans etc.
- Financial assets that are debt instruments, and are measured at FVTOCI, The Group as at the Balance Sheet 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 Balance Sheet date for collectability. Trade receivables are classified as current assets, if collection is expected within twelve months as at Balance Sheet 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 Balance Sheet) 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)**

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.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019.

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 Balance Sheet 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 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 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 the control of the goods is transferred to the customer, which is generally on the delivery of 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 goods and service tax collected on behalf of the government.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019.

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.

g) Other income/revenue is recognized to the extent that it is probable that the economic benefit will flow to the Group and it can be reliably measured.

## 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 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. Liability towards Gratuity is funded through a separate Gratuity Trust. The short / excess of the Gratuity liability as compared to the net fund held by the Gratuity Trust is accounted for as liability/ assets as at the year end.

**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.

### 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 average number of equity

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019.

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 bsiness 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.

### 2.22 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified the following new/amendment to Ind AS which the Company has not applied as they are effective for annual periods beginning on or after April 01, 2019:

| Standards not yet effective | Effective Date |
|---|---|
| Ind AS 116: Leases and relevant amendments – | April 01, 2019 |

**The Company is evaluating the impact of above standard/amendment on its financial statements.**

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-3 - PROPERTY, PLANT AND EQUIPMENT (As at 31st March, 2019)

(Rs. in Lakhs)

| Description | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2018 | Additions during the year | Sales/ disposal/ transfers during the year | As at 31.03.2019 | As at 01.04.2018 | For the year | Sales/ disposal/ transfers during the year | As at 31.03.2019 | As at 31.03.2019 | As at 31.03.2018 |
| **(i) Tangible Assets** | | | | | | | | | | |
| Land | | | | | | | | | | |
| - Freehold | 988.07 | 270.59 | - | 1,258.66 | - | - | - | - | 1,258.66 | 988.07 |
| - Leasehold (refer note 3.2) | 1,734.60 | - | - | 1,734.60 | 50.92 | 18.04 | - | 68.96 | 1,665.64 | 1,683.68 |
| Buildings (refer notes 3.4 (i) & (ii)) | 14,455.64 | 1,271.42 | 1,096.14 | 14,630.92 | 1,734.97 | 978.19 | 45.65 | 2,667.51 | 11,963.41 | 12,720.67 |
| Plant & Equipment | 19,960.10 | 2,994.82 | 495.08 | 22,459.84 | 4,070.12 | 2,348.68 | 467.79 | 5,951.01 | 16,508.83 | 15,889.98 |
| Furniture & Fixtures | 711.38 | 96.37 | 3.96 | 803.79 | 94.29 | 126.89 | 1.26 | 219.92 | 583.87 | 617.09 |
| Vehicles | 622.24 | 200.19 | 71.96 | 750.47 | 177.87 | 107.61 | 11.98 | 273.50 | 476.97 | 444.37 |
| Office equipment | 1,202.42 | 179.25 | 39.94 | 1,341.73 | 234.16 | 223.76 | 22.19 | 435.73 | 906.00 | 968.26 |
| Electrical fittings | 761.15 | 117.21 | 2.06 | 876.30 | 181.45 | 97.23 | 0.18 | 278.50 | 597.80 | 579.70 |
| **Total** | **40,435.60** | **5,129.85** | **1,709.14** | **43,856.31** | **6,543.78** | **3,900.40** | **549.05** | **9,895.13** | **33,961.18** | **33,891.82** |
| **(ii) Capital Work-in-progress** (refer note 3.3) | 5,222.58 | 2,589.44 | 7,738.08 | 73.94 | - | - | - | - | 73.94 | 5,222.58 |
| **(iii) Goodwill** | 818.23 | - | (0.33) | 818.56 | - | - | - | - | 818.56 | 818.23 |
| **Total (i+ii+iii)** | **46,476.41** | **7,719.29** | **9,446.89** | **44,748.81** | **6,543.78** | **3,900.40** | **549.05** | **9,895.13** | **34,853.68** | **39,932.63** |

Sleepwell

## PROPERTY, PLANT AND EQUIPMENT (As at 31st March, 2018)

(Rs. in Lakhs)

| Description | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2017 | Additions during the year | Sales/dis-posal/ trans-fers during the year | As at 31.03.2018 | As at 01.04.2017 | For the year | Sales/dis-posal/ trans-fers 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 notes 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 | (58.49) | 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** | **(88.25)** | **6,543.78** | **33,891.82** | **30,888.28** |
| **(ii) Capital Work-in-progress** (refer note 3.3) | 3,620.77 | 4,174.78 | 2,572.96 | 5,222.58 | - | - | - | - | 5,222.58 | 3,620.77 |
| **(iii) 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** |

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 Rs. 18.04 lakhs (Previous Year : Rs. 17.76 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 includes under noted pre-operative expenditures pending allocation on commencement of commercial production.

(Rs. in Lakhs)

| Nature of Expense | Opening as on 01.04.2018 | Additions during the year | Capitalisation/ adjustment during 2018-19 | Closing as on 31.03.2019 | Opening as on 01.04.2017 | Additions during the year | Capitalisation/ adjustment during 2017-18 | Closing as on 31.03.2018 |
|---|---|---|---|---|---|---|---|---|
| Travelling expenses | 5.17 | 6.65 | 7.56 | 4.26 | 2.92 | 2.25 | - | 5.17 |
| Testing charges | 0.90 | 1.09 | 0.20 | 1.79 | - | 0.90 | - | 0.90 |
| Electricity & Power expenses | 60.80 | - | - | 60.80 | 22.44 | 38.36 | - | 60.80 |
| Other finance cost | 49.90 | - | - | 49.90 | 49.18 | 0.72 | - | 49.90 |
| Security service charges | 14.85 | - | - | 14.85 | 9.19 | 5.66 | - | 14.85 |
| Legal & Professional charges | 100.20 | 22.49 | - | 122.69 | 73.54 | 26.66 | - | 100.20 |
| **Total** | **231.82** | **30.23** | **7.76** | **254.29** | **157.27** | **74.55** | **-** | **231.82** |

3.4.(i) Building(Flat) at Jaypee Greens Greater Noida, has been leased for a period of 11 months w.e.f. 15th September, 2018, subject to renewal for subsequent years by mutual consent. Accordingly cost of Rs. 309.12 lakhs and accumulated depreciation of Rs. 35.95 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.

3.4.(ii) Building at Sector 135 Noida, owned by Divya Software Solutions Pvt. Ltd., has been leased for a period of 11 months till 31st July, 2019, subject to renewal for subsequent years by mutual consent. Accordingly cost of Rs. 752.30 lakhs and accumulated depreciation of Rs. 8.93 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 Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-4 - INVESTMENT PROPERTY (As at 31st March, 2019)

(Rs. in Lakhs)

| Description | Gross Block | | | | Depreciation | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2018 | Transfer during the year | Sales/disposal/ adjustments during the year | As at 31.03.2019 | As at 01.04.2018 | Transfer during the year | For the year | Sales/disposal/ adjustments during the year | As at 31.03.2019 | As at 31.03.2019 | As at 31.03.2018 |
| **(i) Tangible Assets** | | | | | | | | | | | |
| Land - Leasehold (refer note 4.2) | 68.47 | - | - | 68.47 | 1.82 | - | 0.91 | - | 2.73 | 65.74 | 66.65 |
| Buildings | 76.36 | 1,061.42 | - | 1,137.78 | 15.11 | 44.88 | 51.41 | - | 111.40 | 1,026.38 | 61.25 |
| CWIP- Building | - | 5,296.06 | - | 5,296.06 | - | - | - | - | - | 5,296.06 | - |
| **Total** | **144.83** | **6,357.48** | **-** | **6,502.31** | **16.93** | **44.88** | **52.32** | **-** | **114.13** | **6,388.18** | **127.90** |

## INVESTMENT PROPERTY (As at 31st March, 2018)

(Rs. in Lakhs)

| Description | Gross Block | | | | Depreciation | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2017 | Transfer 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** |

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 Rs. 0.91 lakhs (Previous Year : Rs. 0.91 lakhs) as per the accounting policy in terms of the Ind AS-40 on 'Investment Property'.

4.3

(Rs. in Lakhs)

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|
| Rental Income derived from investment property (refer note 30.1) | 147.92 | 144.00 |
| Profit arising from investment property before depreciation | 147.92 | 144.00 |
| Less: Depreciation for the year | 52.32 | 7.90 |
| **Net Profit arising from investment property** | **95.60** | **136.10** |

4.4 The Group has obtained independent valuation for its investment property for Rs. 6,840 lakhs as at March 31, 2019 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 Group 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 31st March, 2019

## NOTE-5 - NON CURRENT FINANCIAL INVESTMENTS

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | Nos. | Amount | Nos. | Amount |
| | **In Bonds & Debentures - fully paid up** | | | | |
| **(a)** | **Carried at amortised cost - Unquoted** | | | | |
| - | IDBI Investment Deposit Account Scheme, 1986 | - | 0.35 | - | 0.35 |
| **(b)** | **Carried at fair value through profit and loss - Quoted** | | | | |
| - | Citi Corp Finance (India) Limited - Redeemable Index Linked Non-convertible Debentures of of Rs. 1,00,000/- each | - | - | 2,000 | 2,060.90 |
| - | Ecap Equities Limited- Index Linked Non-convertible Debentures of Rs. 1,00,000/- each | 1,000 | 1,116.11 | - | - |
| - | Edelweiss Finvest Pvt Ltd- Index Linked Non-convertible Debentures of Rs. 1,00,000/- each | 1,500 | 1,788.30 | - | - |
| - | Tata Capital Financial Services Ltd - Non-convertible Debentures of Rs. 10,00,000/- each | 200 | 2,012.93 | - | - |
| - | 9.37% Bonds of IL&FS Transportation Networks Ltd. of Rs. 10,00,000/- each | - | - | 170 | 1,684.50 |
| | **Total Investments (a) + (b)** | | **4,917.69** | | **3,745.75** |
| | Aggregate amount of Quoted Investments | | 4,917.34 | | 3,745.40 |
| | Market value of Quoted Investments | | 4,917.34 | | 3,745.40 |
| | Aggregate amount of Unquoted investment | | 0.35 | | 0.35 |
| | Aggregate amount of impairment in value of investment | | Nil | | Nil |

## NOTE-6 - LOANS

(Unsecured, considered good)

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Loans to employees | | 54.06 | | 20.11 |
| | Security deposits | | 231.63 | | 246.98 |
| | **TOTAL** | | **285.69** | | **267.09** |

## NOTE-7 - OTHER NON-CURRENT FINANCIAL ASSETS

(Unsecured, considered good)

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Margin money deposits with Banks | | 1.34 | | 1.34 |
| | Deposits with Banks | | 109.30 | | 107.32 |
| | Interest accrued but not due on deposits with Banks | | 0.83 | | 1.22 |
| | **TOTAL** | | **111.47** | | **109.88** |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-8 - NON-CURRENT TAX ASSETS (NET)

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Advance income tax (Net of provisions) | | 874.72 | | 151.89 |
| | | | **874.72** | | **151.89** |

## NOTE-9 - OTHER NON CURRENT ASSETS

(Unsecured, considered good)

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Capital advances | | 138.76 | | 679.36 |
| | Prepaid rent | | 39.72 | | 40.16 |
| | **TOTAL** | | **178.48** | | **719.52** |

## NOTE-10 - INVENTORIES

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

(Refer Note 2.6 for the Accounting Policy)

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Raw Materials | 7,724.96 | | 7,663.37 | |
| | - in Transit | 1,436.61 | **9,161.57** | 1,573.42 | **9,236.79** |
| | Stock-in-process | | 4,810.13 | | 5,465.53 |
| | Finished Goods | | 1,081.94 | | 1,001.33 |
| | Stock-in-trade | | 1,742.58 | | 0.55 |
| | Packing Material | 478.44 | | 444.59 | |
| | - in Transit | 3.85 | **482.29** | 9.31 | **453.90** |
| | Stores and Spares | 1,339.86 | | 1,000.07 | |
| | - in Transit | 95.30 | **1,435.16** | 100.19 | **1,100.26** |
| | **TOTAL** | | **18,713.67** | | **17,258.36** |

Sheela Group
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# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-11 - CURRENT INVESTMENTS

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | Nos. | Amount | Nos. | Amount |
| | **In Bonds & Debentures - fully paid up** | | | | |
| **(a)** | **Carried at amortised cost - Unquoted** | | | | |
| - | 9.25% Edelweiss Finvest Pvt Ltd 2028- Unsecured Redeemable Non-convertible Debentures of Rs. 1,00,000/- each | 1,000 | 1,000.30 | - | - |
| | **Total (a)** | 1,000 | **1,000.30** | **-** | **-** |
| **(b)** | **Carried at fair value through profit and loss- Quoted** | | | | |
| - | Citi Corp Finance (India) Limited- Secured Redeemable Index Linked Non-convertible Debentures of Rs. 1,00,000/- each | 1,000 | 1,088.40 | - | - |
| - | Edelweises Finance Pvt Ltd - Index Linked Non-convertible Debentures of Rs. 1,00,000/- each | 1,300 | 1,410.34 | - | - |
| - | Ecap Equities Limited- Index Linked Non-convertible Debentures of Rs. 1,00,000/- each | 1,461 | 1,573.38 | 786 | 806.28 |
| - | Mahindra & Mahindra Financial Services Ltd- Principal Protected Non-convertible Market Linked Debentures of Rs. 10,00,000/- each | 200 | 2,030.60 | - | - |
| - | Reliance Financial Ltd- Principal Protected Non-convertible Market Linked Debentures of Rs. 1,00,000/- each | 1,000 | 1,063.10 | - | - |
| | **Total (b)** | | **7,165.82** | | **806.28** |
| | **In Mutual Funds - fully paid up - Quoted** | | | | |
| **(c)** | **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 |
| - | ICICI Prudential Ultra Short Term Fund- D P Growth | 9,289,751 | 2,867.68 | - | - |
| - | ICICI Prudential Corporate Bond Fund- Direct Plan | 11,491,608 | 2,260.02 | - | - |
| - | Aditya Birla Sun Life Saving Fund-Growth-Direct Plan | 1,276,831 | 4,746.73 | - | - |
| - | SBI Magnum Ultra Short Duration Fund Direct Growth | 126,026 | 5,252.52 | - | - |
| - | HDFC Ultra Short Term Fund - Direct Growth | 33,844,820 | 3,545.04 | - | - |
| - | 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 (c)** | | **18,671.99** | | **5,252.96** |
| | **Total Investments (a) + (b) + (c)** | | **26,838.11** | | **6,059.24** |
| | Aggregate amount of Quoted Investments | | 25,837.81 | | 6,059.24 |
| | Market value of Quoted Investments | | 25,837.81 | | 6,059.24 |
| | Aggregate amount of Unquoted investment | | 1,000.30 | | - |
| | Aggregate amount of impairment in value of investment | | Nil | | Nil |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-12 - TRADE RECEIVABLES

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | (Unsecured, considered good) | | 15,215.77 | | 14,730.73 |
| | (Unsecured, considered doubtful) | 38.47 | | - | |
| | Less: Allowance for doubtful receivables | (38.47) | - | - | - |
| | **TOTAL** | | **15,215.77** | | **14,730.73** |

12.1 Refer Note 38.13 For information about credit and market risk of trade receivables.
12.2 Trade receivables are usually non-interest bearing and on the trade terms of 60 days.

## NOTE-13 - CASH AND CASH EQUIVALENTS

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Balances with Banks - Current Accounts | 1,619.11 | | 1,780.38 | |
| | Cash on hand | 15.02 | | 35.50 | |
| | Deposits with Banks with original maturity of less than 3 months | 50.00 | **1,684.13** | 13,350.00 | **15,165.88** |
| | **TOTAL** | | **1,684.13** | | **15,165.88** |

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

## NOTE-14 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Deposits with Banks: | | | | |
| | - held as margin money (refer note 14.1) | 157.19 | | 244.68 | |
| | - having original maturity of more than 3 months but less than 12 months | 188.50 | 345.69 | 413.28 | 657.96 |
| | **TOTAL** | | **345.69** | | **657.96** |

14.1 Under lien with banks as security for guarantee facility.

## NOTE-15 - LOANS

(Unsecured, considered good)

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Loans to employees | | 18.78 | | 39.28 |
| | **TOTAL** | | **18.78** | | **39.28** |

Sheela Group
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# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-16 - OTHER CURRENT FINANCIAL ASSETS

(Unsecured, considered good) **(Rs. In Lakhs)**

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Interest accrued but not due on deposits with banks, bonds and debentures | | 30.75 | | 73.72 |
| | Subsidy receivable | | 139.08 | | 139.08 |
| | Insurance claim receivable | | 1,213.24 | | 1,213.24 |
| | Investment recoverable (since sold) | | - | | 1,018.67 |
| | Discounts receivable | | 1,190.67 | | 299.63 |
| | Other receivables | | 0.01 | | 16.70 |
| | **TOTAL** | | **2,573.75** | | **2,761.04** |

## NOTE-17 - OTHER CURRENT ASSETS

(Unsecured, considered good) **(Rs. In Lakhs)**

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Advance to contractors/suppliers | | 1,100.04 | | 1,155.05 |
| | Balances with Statutory/Government authorities: | | | | |
| | - Excise & Custom | 30.30 | | 31.66 | |
| | - GST | 106.71 | | 77.12 | |
| | - VAT/Sales Tax | 493.98 | **630.99** | 149.91 | **258.69** |
| | Prepaid expenses | | 236.74 | | 232.00 |
| | GST refund receivable (refer note 17.1) | | 1,043.78 | | 741.75 |
| | Lease equalisation asset | | 35.81 | | 17.27 |
| | Income tax refund | | 46.99 | | 46.99 |
| | Employee benefit assets (refer note 38.4) | | 22.59 | | - |
| | Other Loans & Advances (refer note 17.2) | | 63.22 | | 91.21 |
| | **TOTAL** | | **3,180.16** | | **2,542.96** |

17.1 Amount of GST paid by the unit of Holding Company located at exempted zone, due for refund under the Government Budgetry Support Scheme.

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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-18 - EQUITY SHARE CAPITAL

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | No. | Amount | No. | Amount |
| | **Authorised:** | | | | |
| | Equity Shares of Rs. 5/- each | 8,80,21,000 | 4,401.05 | 8,80,21,000 | 4,401.05 |
| | **Issued, Subscribed and Fully Paid up:** | | | | |
| | Equity Shares of Rs. 5/- each | 4,87,82,808 | 2,439.14 | 4,87,82,808 | 2,439.14 |

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

18.2 Reconciliation of the number of shares outstanding:

| | Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | Nos. | Rs. in Lakhs | Nos. | Rs. in Lakhs |
| | At the beginning of the year | 4,87,82,808 | 2,439.14 | 4,87,82,808 | 2,439.14 |
| | At the end of the year | 4,87,82,808 | 2,439.14 | 4,87,82,808 | 2,439.14 |

18.3 Details of Shares allotted as fully paid up without payment being received in cash during 5 years immediately preceeding 31st March, 2019 / 31st March, 2018

18.3.1 During 2016-17, 1,62,60,936 fully paid up equity shares of Rs. 5/- each, were allotted by way of bonus shares to all the shareholders in the ratio of 1:2.

18.3.2 During 2011-12 and 2012-13, 2,100 and 63,296 equity shares of Rs. 10/- each fully paid up respectively (1,96,188 equity shares of Rs. 5/- each fully paid up as at 31st March, 2019 after splitting up and issue of Bonus shares) were allotted without payment being received in cash.

18.4 Details of Shareholders holding more than 5% shares:

| | Name of the Shareholder | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | No. of Shares | % held | No. of Shares | % held |
| | Sh. Rahul Gautam | 6,209,485 | 12.73 | 99,55,419 | 20.41 |
| | Smt. Namita Gautam | 57,15,879 | 11.72 | 57,15,879 | 11.72 |
| | Smt. Sheela Gautam and Sh. Tushaar Gautam | 1,75,61,880 | 36.00 | 1,75,61,880 | 36.00 |
| | Rangoli Resorts Private Limited | 65,63,391 | 13.45 | 65,63,391 | 13.45 |
| | SBI Mutual Funds | 4,726,138 | 9.69 | 23,75,999 | 4.87 |

18.5 Equity shares held (under Authorised Capital) as per Sheela Foam Employees Stock Option Scheme, 2016 (ESOS 2016) (Refer Note 38.3)

| | | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|---|
| | | No. of Shares | No. of Shares |
| | Equity Shares of Rs.5/- each | 24,00,000 | 24,00,000 |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-19 - OTHER EQUITY

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | **Capital Reserve** | | | | |
| | As per last account | 1,266.70 | | 1,219.66 | |
| | Add: Foreign Exchange gain on Reserve | 1.49 | 1,268.19 | 47.04 | 1,266.70 |
| | **General Reserve** | | | | |
| | As per last account | | 1,716.27 | | 1,716.27 |
| | **Foreign Currency Translation reserve** | | | | |
| | As per last account | (168.71) | | (199.64) | |
| | Add: Exchange gain on property, plant and equipment | 2.85 | | 84.07 | |
| | | (165.86) | | (115.57) | |
| | Less : Exchange (loss) on others | (1.60) | (167.46) | (53.14) | (168.71) |
| | **Retained Earnings** | | | | |
| | As per last account | 54,619.01 | | 41,248.29 | |
| | Add : Profit for the year | 13,374.04 | 67,993.05 | 13,370.72 | 54,619.01 |
| | **Other comprehensive income** | | | | |
| | As per last account | (146.74) | | (58.49) | |
| | Add: Re-measurements losses on defined benefit plans (net of tax) | (92.15) | (238.89) | (88.25) | (146.74) |
| | **TOTAL** | | **70,571.16** | | **57,286.53** |

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.

**(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) 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.

## NOTE-20 - BORROWINGS

(Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | | | Non Current | Current | Non Current | Current |
| **(i)** | **Secured** | | | | | |
| | Term loans from: | | | | | |
| | - Banks | 20.1 | 525.79 | 231.05 | 795.85 | 1,154.79 |
| | - Others | 20.2 | - | 1.74 | 1.74 | 16.85 |
| | | | 525.79 | 232.79 | 797.59 | 1171.64 |
| **(ii)** | **Unsecured** | | | | | |
| | Deferred Sales Tax Liability | 20.3 | - | - | - | 54.65 |
| | Loans and advances from related party: | | | | | |
| | - Directors' relatives | 20.4 | 29.57 | - | 28.53 | - |
| | | | 29.57 | - | 28.53 | 54.65 |
| | **TOTAL** | | **555.36** | **232.79** | **826.12** | **1,226.29** |
| | Less: Amount disclosed under the head "Other current financial liabilities" (Refer Note-26) | | - | 232.79 | - | 1,226.29 |
| | **Net amount** | | **555.36** | **-** | **826.12** | **-** |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

**20.1 Foreign Subsidiary (Joyce Foam Pty. Ltd.) - Rs. 756.84 lakhs**

a. "Rs. 127.60 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 25 equal monthly installments of Rs. 4.91 lakhs each and last instalment of Rs. 4.85 lakhs due in August, 2020."

b. Rs. 58.99 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 $ 0.12 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 loan outstanding is repayable in April, 2019.

c. "Rs. 457.19 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 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 16 equal quarterly installments of Rs. 28.26 lakhs each and last instalment of Rs. 5.03 lakhs due in June, 2023."

d. Rs. 113.07 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 - Rs. 1.74 lakhs**

Term Loans of Rs. 1.74 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 %.

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 Rs. 219.62 lakhs for the period April, 1996 to April, 2005 and for Rs. 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 party is on long term basis, carrying interest rate of 9% p.a. However, terms of repayment have not been stipulated.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-21 - OTHER NON-CURRENT FINANCIAL LIABILITIES

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Deposits from dealers and others | | 5,959.27 | | 4,497.19 |
| | Unearned Interest Income on Deposits | | 904.74 | | 872.64 |
| | Unearned Rent Income | | 70.18 | | 75.36 |
| | Capital Investment Subsidy | | 31.20 | | - |
| | **TOTAL** | | **6,965.39** | | **5,445.19** |

## NOTE-22 - PROVISIONS

(Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Provision for employee benefits: | 38.4 | | | | |
| | - Gratuity | | | - | | 1,155.16 |
| | - Leave encashment | | | 496.81 | | 409.58 |
| | Warranty Claims | 27.1 | | 299.95 | | |
| | **TOTAL** | | | **796.76** | | **1,564.74** |

## NOTE-23 - INCOME TAXES

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| **A.** | **Tax expense in the statement of profit and loss comprises:** | | | | |
| | **Income tax** | | | | |
| | - Current income tax charge | | 5,233.25 | | 5,931.62 |
| | - Earlier year's tax reversal | | (111.02) | | (38.45) |
| | **Deferred tax** | | | | |
| | - Relating to origination and reversal of temporary differences | | 446.43 | | 84.76 |
| | **Total tax expense reported in the statement of profit or loss** | | **5,568.66** | | **5,977.93** |
| **B.** | **Statement of other comprehensive income (OCI)** | | | | |
| | Remeasurement losses on defined benefit plans | | (49.49) | | (46.71) |
| | **Income tax related to items recognised in OCI during the year** | | **(49.49)** | | **(46.71)** |
| **C.** | **Reconciliation of tax liability on book profit vis-à-vis actual tax liability** | | | | |
| | Acounting Profit before income tax | | 18,942.70 | | 19,348.65 |
| | Applicable Tax Rate | | 34.94% | | 34.61% |
| | **Computed Tax Expense** | | **6,619.34** | | **6,696.18** |
| | **Tax related adjustments** | | | | |
| | Difference in Tax Rate | | (37.98) | | (4.60) |
| | Income not considered for tax purpose | | 415.59 | | (175.97) |
| | Expenses not considered for tax purpose | | (353.48) | | 273.20 |
| | Tax adjusted for earlier years | | 111.02 | | 38.45 |
| | Additional allowances for tax purpose | | (1,185.83) | | (849.33) |
| | **Income tax expense charged to the statement of profit or loss** | | **5,568.66** | | **5,977.93** |
| | **Effective tax rate** | | **29.40%** | | **30.90%** |
| **D.** | **Deferred Tax Liability comprises:** | | | | |
| | **Deferred Tax Liability:** | | | | |
| | - Depreciation | | 736.45 | | 742.14 |
| | - Fair value gain/(loss) on investments | | 63.94 | | 6.95 |
| | **Deferred Tax Assets:** | | | | |
| | - Disallowance under Section 43B | | (12.86) | | (12.73) |
| | - Provision for employee benefits | | (137.10) | | (532.18) |
| | **Net Deferred Tax Liability** | | **650.43** | | **204.18** |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-24 - BORROWINGS

(Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| (i) | Secured | | | | | |
| | Working Capital Loans from Banks | 24.1 | | 2,089.40 | | 2,574.68 |
| | | | | | | |
| (ii) | Unsecured | | | | | |
| | Book overdraft | | | – | | 18.04 |
| | Loan and advances from a related party: | 24.2 | | | | |
| | – CEO & Director of a Subsidiary | | | 176.98 | | 147.42 |
| | **TOTAL** | | | **2,266.38** | | **2,740.14** |

24.1 **Working Capital Loans from Banks are secured by way of:**
**Foreign Subsidiary (Joyce Foam Pty. Ltd.) - Rs. 2,089.40 lakhs**
Loan of Rs. 2,089.40 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.

## NOTE-25 - TRADE PAYABLES

(Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Total outstanding dues of micro enterprises and small enterprises | 38.2 | | 1,087.02 | | 799.64 |
| | Total outstanding dues of creditors other than micro enterprises and small enterprises | | | 13,233.15 | | 13,878.28 |
| | **TOTAL** | | | **14,320.17** | | **14,677.92** |

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

## NOTE-26 - OTHER CURRENT FINANCIAL LIABILITIES

(Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Current maturities of Borrowings | 20 | | 232.79 | | 1,226.29 |
| | Accrued expenses | | | 4,750.50 | | 5,027.51 |
| | Creditors for assets | | | 419.33 | | 493.57 |
| | Creditors for expense | | | 3,307.45 | | 3,523.28 |
| | Unearned Interest Income | | | 327.07 | | 259.37 |
| | Unearned Rent Income | | | 8.62 | | 9.51 |
| | Payable to employees | 26.1 | | 77.67 | | 332.68 |
| | Capital Investment subsidy | | | 2.83 | | – |
| | **TOTAL** | | | **9,126.26** | | **10,872.21** |

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 31st March, 2019 / 31st March, 2018.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-27 - PROVISIONS

(Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Provision for employee benefits: | 38.4 | | | | |
| | - Gratuity | | - | | 57.47 | |
| | - Leave Encashment | | 812.33 | **812.33** | 793.92 | **851.39** |
| | Warranty Claims | 27.1 | | 470.00 | | 1,100.00 |
| | **TOTAL** | | | **1,282.33** | | **1,951.39** |

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 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:

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Opening Balance | | 1,100.00 | | 847.50 |
| | Less : Amount utilized during the year | | 604.80 | | 600.00 |
| | | | **495.20** | | **247.50** |
| | Add: Provision made during the year | | 274.75 | | 852.50 |
| | Closing Balance | | **769.95** | | **1,100.00** |

## NOTE-28 - OTHER CURRENT LIABILITIES

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Advance from Customers | | 5,867.07 | | 4,684.57 |
| | Statutory liabilities | | 1,339.52 | | 1,577.98 |
| | **TOTAL** | | **7,206.59** | | **6,262.55** |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-29 - REVENUE FROM OPERATIONS

(Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | **Sale of products** (including excise duty): | | | | | |
| | - Finished Goods | 29.1.a | 208,795.99 | | 193,195.27 | |
| | - Traded Goods | 29.1.b | 4,270.51 | **213,066.50** | 6,322.12 | **199,517.39** |
| | **Other operating revenue:** | | | | | |
| | - Duty drawback | | 0.13 | | 2.53 | |
| | - GST Refund | 17.1 | 857.30 | | 741.75 | |
| | - Sale of process scrap | | 221.01 | **1,078.44** | 182.92 | **927.20** |
| | | | | **214,144.94** | | **200,444.59** |

## NOTE-29.1 - Detail of sale of products

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| a | **Finished Goods :** | | | | |
| | - PU Foam sheets/mattresses/rolls/bolster/ pillows etc. | | 208,795.99 | | 193,195.27 |
| | | | **208,795.99** | | **193,195.27** |
| b | **Traded Goods** | | | | |
| | - PU Foam/Bed Sheets/Comforters/Spring/Coir mattresses etc. | | 4,270.51 | | 6,322.12 |
| | | | **4,270.51** | | **6,322.12** |
| | **TOTAL** | | **213,066.50** | | **199,517.39** |

## NOTE-30 - OTHER INCOME

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Interest income : | | | | |
| | - Bank deposits | 512.81 | | 876.95 | |
| | - Bonds | 230.58 | | 7.42 | |
| | - Income tax refund | 61.25 | | - | |
| | - Others | 279.70 | **1,084.34** | 295.71 | **1,180.08** |
| | Rent (refer note 30.1) | | 260.49 | | 182.56 |
| | Insurance claim realised | | 0.12 | | 0.07 |
| | Liabilities/provisions no longer required written back | | 16.45 | | - |
| | Fair value gain on Investments (net) | | 640.06 | | 76.07 |
| | Dividend received from mutual funds | | 28.29 | | 71.28 |
| | Profit on sales of investments (net) | | 480.64 | | 26.58 |
| | Exchange fluctuation profit | | 2.79 | | 185.71 |
| | Investment subsidy received | | 22.69 | | - |
| | Sale of non-process scrap | | 357.96 | | 369.31 |
| | Other miscellaneous income | | 15.07 | | 14.75 |
| | **TOTAL** | | **2,908.90** | | **2,106.41** |

30.1 Includes Rs. 147.92 lakhs (Previous Year : Rs. 144.00 lakhs) on Investment property (refer note 4)

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-31 - COST OF MATERIALS CONSUMED

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | **Raw material** | | | | |
| | Opening Stock | 7,663.37 | | 5,683.92 | |
| | Purchases (less returns) | 110,352.64 | | 107,700.54 | |
| | | 118,016.01 | | 113,384.46 | |
| | Less : Sales | 2,772.56 | | 3,624.56 | |
| | Less : Closing Stock | 7,724.96 | **107,518.49** | 7,663.37 | **102,096.53** |
| | **Packing Material** | | | | |
| | Opening Stock | 444.59 | | 469.23 | |
| | Purchases (less returns) | 6,745.62 | | 5,124.89 | |
| | | **7,190.21** | | **5,594.12** | |
| | Less : Sales | 405.83 | | 270.30 | |
| | Less : Closing Stock | 478.44 | **6,305.94** | 444.59 | **4,879.23** |
| | **TOTAL** | | **113,824.43** | | **106,975.76** |

## NOTE-32 - PURCHASES OF STOCK-IN-TRADE

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Traded goods - PU Foam/Bed Sheets/Comforters/Spring/ Coir mattresses etc. | | 4,662.53 | | 4,023.04 |
| | **TOTAL** | | **4,662.53** | | **4,023.04** |

## NOTE-33 - OTHER MANUFACTURING EXPENSES

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Stores consumed | | 3,975.43 | | 3,537.48 |
| | Power & fuel | | 1,279.19 | | 1,179.29 |
| | Repair and maintenance: | | | | |
| | -Buildings | | 174.93 | | 138.81 |
| | -Plant & machinery | | 1,247.65 | | 1,101.55 |
| | Processing & other charges | | 2,255.82 | | 2,093.02 |
| | **TOTAL** | | **8,933.02** | | **8,050.15** |

## NOTE-34 - CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | **Inventories at the end of the year** | | | | |
| | Finished goods | 1,081.94 | | 1,001.33 | |
| | Stock-in-trade | 1,742.58 | | 0.55 | |
| | Stock-in-process | 4,810.13 | **7,634.65** | 5,465.53 | **6,467.41** |
| | **Inventories at the beginning 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** |
| | **TOTAL** | | **(1,167.24)** | | **(1,552.59)** |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

## NOTE-35 - EMPLOYEE BENEFITS EXPENSE

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Salaries, wages, bonus, gratuity,leave encashement, allowances etc. | | 15,757.80 | | 14,637.78 |
| | Contribution to provident, ESI and other funds etc. | | 600.75 | | 550.32 |
| | Workmen & staff welfare expenses | | 1,372.97 | | 1,077.38 |
| | **TOTAL** | | **17,731.52** | | **16,265.48** |

## NOTE-36 - FINANCE COSTS

(Rs. In Lakhs)

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | Interest Expense on : | | | | |
| | – Term loans | 185.95 | | 99.87 | |
| | – Working capital loans | 16.50 | | 170.43 | |
| | – Loans from others | 3.69 | | 5.59 | |
| | – Income tax | – | | – | |
| | – Security deposits | 554.58 | | 421.44 | |
| | – Others | 61.19 | **821.91** | 42.07 | **739.40** |
| | Bank Charges | | 140.44 | | 127.65 |
| | **TOTAL** | | **962.35** | | **867.05** |

## NOTE-37 - OTHER EXPENSES

(Rs. In Lakhs)

| | | Note No. | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | Rent | | | 1,900.92 | | 1,829.93 |
| | Insurance | | | 681.79 | | 703.04 |
| | Rates & taxes | | | 207.24 | | 384.39 |
| | Repair & maintenance others | | | 824.74 | | 627.51 |
| | Advertisement expenses | | | 8,850.67 | | 7,557.82 |
| | Travelling and conveyance | | | 1,254.77 | | 1,063.68 |
| | Payment to Auditors: | | | | | |
| | – Audit Fees | | 56.57 | | 51.49 | |
| | – Certification work | | 2.48 | | 0.75 | |
| | – Reimbursement of expenses | | 1.43 | **60.48** | 2.01 | **54.25** |
| | Contributions towards CSR | 38.9 | | 320.09 | | 238.57 |
| | Advances/Balances written off | | | 5.15 | | 16.96 |
| | Bad debts written off | | | – | | 6.27 |
| | Provision for doubtful receivables | | | 38.47 | | – |
| | Selling & promotional expenses (net) | | | 4,098.42 | | 3,891.17 |
| | Sales promotion schemes (net) | | | 9,902.93 | | 7,423.05 |
| | Loss on sale of property, plant & equipment (net) | | | 46.71 | | 22.63 |
| | Freight & cartage (net) | | | 9,163.45 | | 7,046.89 |
| | Incentives & Rebates | | | 7,532.09 | | 7,634.31 |
| | Assets written off (net) | | | 25.82 | | 42.50 |
| | Exchange fluctuation loss | | | 106.52 | | – |
| | Miscellaneous expenses | | | 4,191.55 | | 2,593.29 |
| | **TOTAL** | | | **49,211.81** | | **41,136.26** |

# NOTE – 38 : OTHER NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2019

**38.1 Contingent Liabilities and Commitments: -** **(Rs. in Lakhs)**

| Sr. No. | Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| **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 : | | | | |
| | - Sales tax | 2,641.26 | | 366.49 | |
| | - Entry tax | 57.72 | | -- | |
| | - GST | 2.69 | | 0.39 | |
| | - Income tax | 679.22 | | 220.85 | |
| | - Excise Duty | 666.20 | **4,047.09** | 895.50 | **1,483.23** |
| ii. | Guarantees given by the Bankers on behalf of the Company to third parties | | 48.13 | | 498.40 |
| 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) | | 51.02 | | 866.14 |
| | **TOTAL** | | **4,221.24** | | **2,922.77** |

(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 Group's 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 appellant proceedings

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

**(Rs. in Lakhs)**

| | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| i. Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act. | | |
| - Principal | 1,087.02 | 799.64 |
| - Interest | -- | -- |
| ii. Amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | -- | -- |
| iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act. | -- | -- |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

| | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| iv. The amount of interest accrued and remaining unpaid | -- | -- |
| v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act, 2006 | -- | -- |
| **Total** | **1,087.02** | **799.64** |

The above information regarding dues to Micro Enterprises and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information collected with the Holding Company. Further, the amount payable to these parties is not overdue hence no interest is required to provide/accrue as at 31.03.2019/31.03.2018.

**38.3 Employee Stock Option Scheme**

In an earlier Annual General Meeting of the Holding Company held on 31st 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.

**38.4 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 the 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 Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of Rs. 600.75 lakhs (Previous Year: Rs. 550.32 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

**(Rs. in Lakhs)**

| | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|---|---|
| Employer's contribution towards Provident Fund (PF) | 506.98 | 465.26 |
| Employer's contribution towards Employees State Insurance (ESI) | 93.77 | 85.06 |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

**(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:**

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Present Value of **Defined Benefit Obligation** at the beginning of year | 1,212.63 | 1,043.35 | 322.54 | 221.66 |
| Interest cost | 94.58 | 76.69 | 25.15 | 16.29 |
| Current Service Cost | 124.32 | 109.88 | 43.70 | 51.58 |
| Past Service Cost | -- | 34.23 | -- | -- |
| Benefit Paid | (74.25) | (56.43) | (80.58) | (97.05) |
| Actuarial (Gain) / Loss arising from Change in Financial Assumptions | (5.09) | (66.54) | (1.42) | (18.68) |
| Actuarial (Gain) / Loss arising from Changes in Experience Adjustments | 65.79 | 71.45 | 82.94 | 148.74 |
| **Present value of the Defined Benefit Obligation at the end of year** | **1,417.99** | **1,212.63** | **392.33** | **322.54** |

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

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Current Service Cost | 124.32 | 109.88 | 43.70 | 51.58 |
| Past Service Cost | -- | 34.23 | -- | -- |
| Interest cost | 94.58 | 76.69 | 25.15 | 16.29 |
| **Net Defined Benefit recognized in Statement of Profit and Loss** | **218.90** | **220.80** | **68.85** | **67.87** |

**iii) Recognized in Other Comprehensive Income.**

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Actuarial (Gain)/Loss on arising from Change in Financial Assumption | (5.09) | (66.54) | (1.42) | (18.68) |
| Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments | 65.79 | 71.45 | 82.94 | 148.74 |
| Return on Plan Asset (Excluding Interest) | (0.58) | -- | -- | -- |
| **Net Actuarial Loss** | **60.12** | **4.91** | **81.52** | **130.06** |

# Notes to the Consolidated Financial Statementss

for the year ended 31st March, 2019

### iv) Reconciliation of the opening and closing balances of fair value of Plan Assets

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Fair value of Plan Assets at the beginning of year | – | – | – | – |
| Expected return on plan Assets | – | – | – | – |
| Employer's Contribution | 1,440.00 | – | – | – |
| Remeasurement of the (Gain) / Loss in Other Comprehensive Income | 0.58 | – | – | – |
| Return on Plan Assets excluding interest income | – | – | – | – |
| Benefits paid | – | – | – | – |
| **Fair value of Plan Assets** at the end of year | 1,440.58 | – | – | – |

### v) Net Defined Benefit Assets / (Liability) recognized in the Balance Sheet

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Present value of the **Defined Benefit Obligation** at the end of year | (1,417.99) | (1,212.63) | (392.32) | (322.54) |
| Fair value of Plan Assets at the end of year | 1,440.58 | – | – | – |
| **Net Defined Benefit Assets / (Liability)** recognized in the Balance Sheet | 22.59 | (1,212.63) | (392.32) | (322.54) |

### vi) Broad categories of Plan Assets as percentage of total assets

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Insurer Managed Funds | 100% | N.A. | N.A. | N.A. |

### vii). Sensitivity Analysis*

### a) Impact of the change in the discount rate

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Present value of the **Defined Benefit Obligation** at the end of year | 1,417.99 | 1,212.63 | 392.33 | 322.54 |
| a) Impact due to increase of 1.00% (Previous year : 0.50%) | (156.08) | (68.54) | (43.49) | (19.13) |
| b) Impact due to decrease of 1.00% (Previous Year : 0.50%) | 184.58 | 74.61 | 51.58 | 20.86 |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

**b) Impact of the change in the salary increase**

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Present value of the **Defined Benefit Obligation** at the end of year | 1,417.99 | 1,212.63 | 392.33 | 322.54 |
| a) Impact due to increase of 1.00% (Previous year : 0.50%) | 188.05 | 76.31 | 52.55 | 21.34 |
| b) Impact due to decrease of 1.00% (Previous year : 0.50%) | (161.35) | (70.61) | (44.96) | (19.71) |

*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.

**viii. Maturity Profile.**

(Rs. in Lakhs)

| Year | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| 0 to 1 year | 47.53 | 57.47 | N.A | 14.06 |
| 1 to 2 Year | 53.21 | 20.22 | | 5.67 |
| 2 to 3 Year | 65.48 | 20.22 | | 6.69 |
| 3 to 4 Year | 62.74 | 20.43 | | 8.08 |
| 4 to 5 Year | 68.57 | 19.73 | | 8.65 |
| 5 Year onwards | 1,120.45 | 1,074.56 | | 279.39 |

**ix. Expected contribution for the next annual reporting period**

(Rs. in Lakhs)

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Service Cost | 141.98 | 124.33 | 49.97 | 43.70 |
| Net Interest Cost | (1.77) | 94.59 | 30.72 | 25.16 |
| Expected Expense for the next annual reporting period | 140.21 | 218.91 | 80.69 | 68.86 |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

**x. Actuarial Assumptions:**

Principal assumptions used for actuarial valuation are:

| Particulars | Gratuity | | Leave Encashment | |
|---|---|---|---|---|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Method used | Projected unit credit method | | | |
| Discount rate | 7.83% | 7.80% | 7.83% | 7.80% |
| Salary Escalation | 5.00% | 5.00% | 5.00% | 5.00% |
| Mortality Rate | IALM (2006-08) | | | |
| Withdrawal rate up to 30/44 and above 44 years | 3%/2%/1% | | | |
| Rate of return on plan assets | 7.83 P.A. | | N.A , as there are no plan assets | |

**38.5 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.

**(Rs. in Lakhs)**

| Particulars | For the Year Ended 31st March, 2019 | | |
|---|---|---|---|
| | Within India | Outside India | Total |
| Net Sales/Income from Operations | 1,81,375.90 | 32,769.04 | 2,14,144.94 |
| Total Assets | 99,689.25 | 16,490.72 | 1,16,179.97 |
| Cost incurred during the period to acquire property, plant & equipment | 4,841.02 | 288.83 | 5,129.85 |

**38.6 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**

- Rangoli Resorts Pvt. Ltd.
- Core Moulding Pvt. Ltd.
- Sleepwell Foundation (Trust)

**(b) Key Management Personnel (KMP) :**

- Mr. Rahul Gautam (Managing Director) *
- Mr. Rakesh Chahar (Whole-time Director)
- Mrs. Namita Gautam (Whole-time Director) *

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

- 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.

** Of Foreign Subsidiary

**(c) Relatives of Key management Personnel:**

- Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam)*
- Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)
- Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)
- 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:** **(Rs. in Lakhs)**

| | | Related Entities | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|---|---|---|
| **(i)** | **Transactions during the year:** | | | |
| a. | Sale of Material/ Capital Goods | 2.25 | -- | -- |
| | | (2.50) | (--) | (--) |
| b. | Rent received | 0.24 | -- | -- |
| | | (0.24) | (--) | (--) |
| c. | Remuneration including Performance Incentives | -- | 787.77 | -- |
| | | (--) | (796.11) | (10.71) |
| d. | Interest paid/payable | -- | 7.62 | 3.44 |
| | | (--) | (9.92) | (3.10) |
| e. | Reimbursement of expenses | 10.58 | -- | -- |
| | | (--) | (--) | (--) |
| f. | Contributions under CSR | 286.62 | -- | -- |
| | | (215.10) | (--) | (--) |

| | | Related Entities | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|---|---|---|
| **(ii)** | **Closing balance as at 31st March, 2019 / 31st March, 2018 :** | | | |
| a. | Loans and Advances from related parties | --<br>(--) | 147.48<br>(147.48) | 59.07<br>(28.53) |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Note: (Figures in bracket are for the year ended March 31, 2018)

**38.7 Capital and leasing Commitements:**

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 Rs. 78.73 lakhs (Previous year: Rs. 72.14 lakhs) are included in 'Rent' under Note-37.

b. **Holding Company as Lessor**

The Holding Company has entered into a lease agreement to lease the following properties which have been treated as "Investment Property".

| | |
|---|---|
| Land & Factory Building situated at Sikkim | 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 Rs. 144.00 lakhs (Previous year: Rs. 144.00 lakhs). |
| Residential Flat situated at Greater Noida | The lease agreement was executed w.e.f. 15th September, 2018. The said lease is for a term of 11 months with a clause of subsequent renewal by mutual consent. The total rent recognized as income during the year is Rs. 3.92 lakhs (Previous year: Rs. Nil). |

**Foreign Subsidiary Company: Joyce Foam Pty. Ltd.**

Non-cancellable operating leases contracted for but not capitalized in the financial statements.

**(Rs. in Lakhs)**

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Payable-minimum lease payments | | |
| - not later than 12 months | 1,585.34 | 1,550.07 |
| - between 12 months and five years | 2,428.69 | 2,949.34 |
| - greater than five years | 158.86 | 543.63 |
| **TOTAL** | **4,172.89** | **5,043.04** |

**38.8 Earnings per Share:**

**(Rs. in Lakhs)**

| Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|---|---|---|
| Net Profit as per Statement of Profit and Loss – (Rs. in lakhs) | 13,374.04 | 13,370.72 |
| 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.) | 27.41 | 27.41 |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

**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:

**(Rs. in Lakhs)**

| | | Amount spent during the current year ended 31st March, 2019 | Amount pending for spending as at 31st March, 2019 | Total Amount |
|---|---|---|---|---|
| – | Gross Amount lying pending for the earlier year as at 01.04.2018 | | | – |
| – | Gross Amount required to be spent during the year | | | 314.69 |
| – | Amount spent during the year: | | | |
| | a. Construction/acquisition of any asset | – | – | – |
| | b. Contribution to Trusts / NGOs / Societies | 320.09 | – | 320.09 |

**38.10 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:

**(Rs. in Lakhs)**

| Foreign Currency (FC) | Currency Symbol | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | FC | INR | FC | INR |
| **Liabilities** | | | | | |
| **Trade Payables** | | | | | |
| United States Dollar | $ | 14.86 | 1,048.50 | 42.65 | 2,789.86 |
| Great Britain Pound | £ | 0.01 | 0.25 | -- | -- |
| Euro | € | 0.62 | 49.65 | 0.22 | 17.68 |
| Chinese Yuan | ¥ | 8.89 | 97.76 | -- | -- |
| **Advance from Customers** | | | | | |
| United States Dollar | $ | 0.14 | 10.20 | 0.21 | 13.49 |
| **Assets** | | | | | |
| **Trade Receivables** | | | | | |
| United Stated Dollar | $ | 1.15 | 77.29 | 0.69 | 44.58 |
| **Advance to Vendor** | | | | | |
| United Stated Dollar | $ | 9.42 | 634.54 | 4.21 | 334.76 |
| Euro | € | 1.15 | 86.43 | 8.25 | 532.03 |
| Great Britain Pound | £ | 0.13 | 11.07 | -- | -- |
| UAE Dirham | AED | 6.98 | 122.20 | -- | -- |
| **Net Liability (in INR)** | | | **(274.83)** | | **(1,909.66)** |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

### 38.11 Fair Value Measurements

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

(Rs. in Lakhs)

| Particulars | Carrying amount/Fair value | |
|---|---|---|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| | | |
| **Financial assets** | | |
| **Carrying amounts/fair value:** | | |
| **a) Measured at fair value through profit and loss** | | |
| **Non-current assets** | | |
| Investments | 4,917.34 | 3,745.40 |
| **Current assets** | | |
| Investments | 25,837.81 | 6,059.24 |
| **b) Measured at fair value through other comprehensive income** | -- | -- |
| **c) Measured at amortised cost** | | |
| **Non-current assets** | | |
| -Investments | 0.35 | 0.35 |
| -Loans | 285.69 | 267.09 |
| -Other non-current financial assets | 111.47 | 109.88 |
| **Current assets** | | |
| -Investments | 1,000.30 | -- |
| -Trade receivables | 15,215.77 | 14,730.73 |
| -Cash and cash equivalents | 1,684.13 | 15,165.88 |
| -Bank balances other than cash and cash equivalents | 345.69 | 657.96 |
| -Loans | 18.78 | 39.28 |
| -Other current financial assets | 2,573.75 | 2,761.04 |
| **Total** | **51,991.08** | **43,536.85** |
| | | |
| **Financial liabilities** | | |
| **Carrying amounts/fair value:** | | |
| **a) Measured at fair value through profit and loss** | -- | -- |
| **b) Measured at fair value through other comprehensive income** | -- | -- |
| **c) Measured at amortised cost** | | |
| **Non-current liabilities** | | |
| -Borrowings | 555.36 | 826.12 |
| -Other non-current financial liabilities | 6,965.39 | 5,445.19 |
| **Current liabilities** | | |
| -Borrowings | 2,266.38 | 2,740.14 |
| -Trade payables | 14,320.17 | 14,677.92 |
| -Other current financial liabilities | 9,126.26 | 10,872.21 |
| **Total** | **33,233.56** | **34,561.58** |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

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 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.

**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 based on observable market data

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

**(Rs. in Lakhs)**

| **Particulars** | **Carrying amount/Fair value** | | | | | |
|---|---|---|---|---|---|---|
| | **As at 31st March, 2019** | | | **As at 31st March, 2018** | | |
| **Financial assets** | L-1 | L-2 | L-3 | L-1 | L-2 | L-3 |
| **Carrying amounts/fair value:** | | | | | | |
| **a) Measured at fair value though profit and loss** | | | | | | |
| **Non-current assets** | | | | | | |
| - Investments | 4,917.34 | -- | -- | 3,745.40 | -- | -- |
| **Current assets** | | | | | | |
| - Investments | 25,837.81 | -- | -- | 6,059.24 | -- | -- |
| **b) Measured at fair value though other comprehensive income** | -- | -- | -- | | -- | -- |
| **c) Measured at amortised cost** | | | | | | |
| **Non-current assets** | | | | | | |
| - Investments | -- | -- | 0.35 | -- | -- | 0.35 |
| - Loans | -- | -- | 285.69 | -- | -- | 267.09 |
| - Other non-current financial assets | -- | -- | 111.47 | -- | -- | 109.88 |
| **Current assets** | | | | | | |
| - Investments | -- | -- | 1000.30 | -- | -- | -- |
| - Trade receivables | -- | -- | 15,215.77 | -- | -- | 14,730.73 |
| - Cash and cash equivalents | -- | -- | 1,684.13 | -- | -- | 15,165.88 |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

| Particulars | Carrying amount/Fair value | | | | | |
|---|---|---|---|---|---|---|
| | As at 31st March, 2019 | | | As at 31st March, 2018 | | |
| – Bank balances other than cash and cash equivalents | -- | -- | 345.69 | -- | -- | 657.96 |
| – Loans | -- | -- | 18.78 | -- | -- | 39.28 |
| – Other current financial assets | -- | -- | 2,573.75 | -- | -- | 2,761.04 |
| **Total** | **30,755.15** | **--** | **21,235.93** | **9,804.64** | **--** | **33,732.21** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **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 | -- | -- | 555.36 | | -- | 826.12 |
| – Other non-current financial liabilities | -- | -- | 6,965.39 | | -- | 5,445.19 |
| **Current liabilities** | | | | | | |
| – Borrowings | -- | -- | 2,266.38 | -- | -- | 2,740.14 |
| – Trade payables | -- | -- | 14,320.17 | | -- | 14,677.92 |
| – Other current financial liabilities | -- | -- | 9,126.26 | | -- | 10,872.21 |
| **Total** | **--** | **--** | **33,233.56** | **--** | **--** | **34,561.58** |

### 38.12 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 to shareholders. The Group may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

### 38.13 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 Company 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

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

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, 2019. 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, 2019.

**(i) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future Group's 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 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, GBP, Chinese Yuan, AED and AUD exchange rates, with all other variables held constant. The impact on the group profit 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:

**(Rs. in Lakhs)**

| Foreign Currency (FC) | Currency Symbol | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | FC | INR | FC | INR |
| **Liabilities** | | | | | |
| **Trade Payables** | | | | | |
| United States Dollar | $ | 14.86 | (1048.50) | 42.65 | (2,789.86) |
| Great Britain Pound | £ | 0.01 | (0.25) | -- | -- |
| Euro | € | 0.62 | (49.65) | 0.22 | (17.68) |
| Chinese Yuan | ¥ | 8.89 | (97.76) | -- | -- |
| **Advance from Customers** | | | | | |
| United States Dollar | $ | 0.14 | (10.20) | 0.21 | (13.49) |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

| Foreign Currency (FC) | Currency Symbol | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | FC | INR | FC | INR |
| **Assets** | | | | | |
| **Trade Receivables** | | | | | |
| United Stated Dollar | $ | 1.15 | 77.29 | 0.69 | 44.58 |
| | | | | | |
| **Advance to Vendor** | | | | | |
| United Stated Dollar | $ | 9.42 | 634.54 | 4.21 | 334.76 |
| Euro | € | 1.15 | 86.43 | 8.25 | 532.03 |
| Great Britain Pound | £ | 0.13 | 11.07 | -- | -- |
| UAE Dirham | AED | 6.98 | 122.20 | -- | -- |
| **Net Liability (in INR)** | | | **(274.83)** | | **(1,909.66)** |

| Impact on profit before tax and equity | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| 5% Increase | (-) 13.74 | (-) 95.48 |
| 5% Decrease | (+) 13.74 | (+) 95.48 |

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. group'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 Group 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 Group has entered into various purchase contracts for these material for which there is an active market. The Group's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Group partly mitigated the risk of price volatility by entering into the contract for the purchase of these material and further the Group 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 Group 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 Group'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 Group regularly monitors its outstanding customer receivables.

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

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 Group does not hold collateral as security. The Group 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 Group's finance department in accordance with the Group'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 31st March, 2019 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.

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| **Non-current assets** | | |
| - Investments | 4,917.69 | 3,745.75 |
| - Loans | 285.69 | 267.09 |
| - Other non-current financial assets | 111.47 | 109.88 |
| **Current assets** | | |
| - Investments | 26,838.11 | 6,059.24 |
| - Trade receivables | 15,215.77 | 14,730.73 |
| - Cash and cash equivalents | 1,684.13 | 15,165.88 |
| - Bank balances other than cash and cash equivalents | 345.69 | 657.96 |
| - Loans | 18.78 | 39.28 |
| - Other current financial assets | 2,573.75 | 2,761.04 |
| **Total** | **51,991.08** | **43,536.85** |

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

**(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:

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

| Particulars | Carrying Value | Less than 1 year | 1 to 5 years |
|---|---|---|---|
| **As at 31st March, 2019** | | | |
| Borrowings | 3,054.53 | 2,499.17 | 555.36 |
| Trade payables | 14,320.17 | 14,320.17 | -- |
| Other non-current financial liabilities | 6,965.39 | -- | 6,965.39 |
| Other current financial liabilities | 8,893.47 | 8,893.47 | -- |
| **Total** | **33,233.56** | **25,712.81** | **7,520.75** |

| Particulars | Carrying Value | Less than 1 year | 1 to 5 years |
|---|---|---|---|
| **As at 31st 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** | **34,561.58** | **28,290.27** | **6,271.31** |

**38.14 Salient Features of financials of Subsidiaries as per the Companies Act, 2013:**

| 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 | 49.16 | - | - |
| 4. | Share Capital | 3,237.19 | 9.36 | 1.05 |
| 5. | Reserves & Surplus | 5,219.86 | 6,619.24 | 165.60 |
| 6. | Total Assets | 16,490.72 | 6,761.73 | 176.22 |
| 7. | Total Liabilities | 8,033.66 | 133.13 | 9.57 |
| 8. | Investments | Nil | Nil | 70.72 |
| 9. | Turnover /Total Income | 32,796.09 | 41.06 | 82.27 |
| 10. | Profit / (Loss) before tax | 1,441.20 | (130.68) | 72.27 |
| 11. | Provision for tax | 366.06 | (14.20) | 23.90 |
| 12. | Profit / (Loss) after tax | 1075.14 | (116.48) | 48.37 |
| 13. | Proposed Dividend | - | - | - |
| 14. | % of shareholding | 100% | 100% | 100% |

# Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

a. : The Subsidiary has yet to start its commercial operations.

**38.15 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 (Rs. in lakhs) | As % of consolidated profit | Amount (Rs. in lakhs) |
| **Parent / Holding :** | | | | |
| Sheela Foam Limited | 92.91 | 67,838.50 | 92.47 | 12,367.02 |
| | | | | |
| **Subsidiaries:** | | | | |
| **Indian** | | | | |
| Divya Software Solutions Private Limited | (0.29) | (213.66) | (0.87) | (116.48) |
| Sleepwell Enterprises Private Limited | 0.23 | 165.60 | 0.36 | 48.37 |
| **Foreign** | | | | |
| Joyce Foam Pty. Ltd. and Controlled Entities | 7.15 | 5,219.86 | 8.04 | 1,075.14 |

**38.16** There are no material differences in the accounting policies of the Holding Company and its Subsidiaries.

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

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

| (Rahul Gautam) | (Tushaar Gautam) | (Pankaj Garg) | (Md. Iquebal Ahmad) |
|---|---|---|---|
| Managing Director | Whole-time Director | Chief Financial Officer | Company Secretary |
| DIN : 00192999 | DIN : 01646487 | | M. No. - A20921 |

**As per our Report of even date attached**

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

**Place: Noida**
**Dated: 4th May, 2019**

**(Sanjiv Gupta)**
**Partner**
**Membership No. 083364**

www.sheelafoam.com

**Registered Office:**

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