ENSURING A HEALTHY FUTURE

ANNUAL REPORT 2019-20

Annual Report 2019-20

SHEELA FOAM LIMITED

जातस्य हि ध्रुवो मृत्युर्ध्रुवं जन्म मृतस्य च ।
तस्मादपरिहार्येऽर्थे न त्वं शोचितुमर्हसि ।।

Smt. Sheela Gautam - A Tribute

November 15, 1931 - June 08, 2019

Smt. Sheela Gautam, Chairperson Emeritus, was the founder of the Sheela Group. She was also a member of the Lok Sabha four times from 1991 onwards. Undoubtedly, memories of Smt. Sheela Gautam will be cherished for ever with respect and reverence for the leadership and guidance she provided, especially in the formative years of the Sheela Group. She leaves behind a rich legacy, which will continue to inspire us all in the years ahead.

What's Inside?

To read this report online or to download, please visit us at http://sheelafoam.com/annual-report.html

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.

Ensuring a Healthy Future

At Sheela Foam Limited, we have achieved the perfect blend of comfort technology with a scientific health-booster, helping consumers experience life and meet its challenges with vigour.

The shape of the future intrigues us and motivates us every day. There are so many factors that influence our future; and the most important factor is our health. A hard day's work has to be followed by a good night's rest. Even at sedentary work, or when moving towards a destination, we need the kind of innovation that gives our body comfort and leaves our mind free to soar. Without those restful minutes and hours, we cannot find the reserves of strength needed to meet the endless challenges of the future, near and distant.

At Sheela Foam Limited, we have perfected the technology for rest, for support, for sound sleep. Our flagship brand **Sleepwell** is one of the best-known mattress brands in India and has established itself in major overseas markets, too. To this, we have added the ground-breaking technology **Neem Fresche**, an innovation that helps mattresses and other home furnishing items ensure a healthy future for its user. Gentle on the environment and protective of the human body, Neem Fresche enhances the resting experience and retains its efficacy for many years despite all the cleaning cycles.

Our innovations are designed to provide utmost comfort and health benefits, drastically lowering the risk of ailments, leaving one feeling fitter, fresher.

Sheela Foam Limited has a strong presence in India, Australia and Spain. Sleepwell, the flagship brand of the Company, is renowned for its innovative approach to designing comfort and for contributing to the one essential thing of life: good health.

Evolving, Energising, and Envisioning a Healthy Future

Our success is built upon the kind of innovation that appeals to the new-age consumer. For them, investment in the best comfort products is the equivalent of investment in their own health.

Sheela Foam Limited is the top player in the mattress and foam products industry in India, and its best-known brand **Sleepwell** has been fortified by the revolutionary health-boosting technology **Neem Fresche**. This unique, treatment technology for all our mattresses and home furnishings is helping us consolidate our leadership in this space, because the new-age consumers place a large premium on innovation-driven products.

Building upon five decades of experience; a vast portfolio that spans home, institutional, and technical foam products; world-class manufacturing capabilities; presence across India and the wider Asia; footprints in Europe, Africa, and the Americas; and a well-established group subsidiary in Australia and Spain, we are perfectly positioned to capture the imagination of consumers for whom the science that goes into a product is as important, or more, than its utility and price point. Professionally managed by a highly qualified team, we are the first mattress and home comfort products company in India to be listed on the stock exchanges.

Our market-leading research and development, encapsulated in the promise of long-lasting benefit to the end user, reinforces brand awareness among consumers looking for real value. A shift in buyer preferences from unbranded to branded goods, and the rising social awareness on the need for investing in high quality comfort products have been to our advantage. We have been the key beneficiary of this trend, as our extensive sales and distribution network means that we are always close to the consumer - evolving, energising, and envisioning a healthy future together.

Overview

- Sheela Foam Limited was incorporated in 1971
- This is the flagship company of the ₹ 2,174 crore Sheela Group
- The group companies include Sheela Foam Limited, 100% subsidiary Joyce Foam, Australia and subsidiary in Spain
- Sleepwell is the flagship brand of the group
- Sheela Foam Limited 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

Winning Honours

Award/Accolades	Organisation/Institute
IOT Innovation Award	Express Computer
Great Place to Work	Great Place to Work Institute, India (Dec 2019-Nov 2020)
National Awards for Manufacturing Competitiveness	International Research Institute for Manufacturing
RK Bajaj Performance Excellence Trophy	IMC (Indian Merchants' Chamber)
Trusted Mattress Brand in India	Reader's Digest
Council Award	Plastic Export Promotion
Dare to Dream Business Person of the year - Rahul Gautam	Zee Business Channel
Sleep & Comfort Brand Category - Best Brand	Economic Times Best Brand 2019 - AC Nielsen Research Agency
Life Time Achievement Award - Rahul Gautam	Zakir Hussain Foundation
7th Position Overall & 2nd Position Textile Sector	Fortune India Next 500 Ranking
India's Best Mattress Brand of the Year 2020	Bershire Media, LISA (Based on Brand Research Report 2020)
Doctorate in "Global Leadership & Management"- Rahul Gautam	European International University, Paris, France

Shaping a Healthy Future Together

We create the perfect setting for the best sleep and refreshing comfort through products that are renowned for their durability, backed by stringent quality control and dedicated customer support.

OUR KEY STRENGTHS

Reputation and high brand recall: Sleepwell, the flagship brand of Sheela Foam Limited for mattresses and home comfort accessories, has a very solid reputation in the market for its quality and durability and a correspondingly high level of brand recall.

Research and development: We have heavily invested in R&D, and this is how we add market-leading value to every one of our products. Our health-friendly technology Neem Fresche, based on the disinfecting power of neem, protects users from dust mites that burrow in soft furnishings and trigger allergic reactions such as skin problems and breathing trouble. Our dedicated team of engineers and scientists not only improve products and introduce new benefits, but they also ensure round-the-year quality control.

Pan-India presence: Our wide distribution network includes 110 exclusive distributors, more than 11,500 retail dealers, over 7,400 multi-brand outlets, and more than 4,100 exclusive retail dealers.

Customer-centricity: We back-up our outstanding R&D and high quality with a dedicated customer care team that provides information about new technologies such as Neem Fresche, Comfort Cell, and My Mattress; helps them choose the best home comfort products based on their needs; and offers excellent after-sales support.

Promoting Sleepedia: This pioneering initiative raises awareness on that universal need, sound sleep, by building a community around sleep knowledge. Sleep Talk, Blogs, Your Sleep Story are some of the features of Sleepedia (accessible through our Company website) that engage people in learning more and understanding the role of an ideal bedroom and the best quality products in ensuring physical and psychological wellbeing.

Multi-location manufacturing presence: We have 10 manufacturing units across India - 5 in north; 2 in the west; 2 in the south; and 1 in the east. We also have 5 manufacturing facilities in Australia through our 100% subsidiary Joyce Foam. We also have manufacturing facility in Spain through our subsidiary, Interplasp S.L.

Intellectual capital: The Company is professionally managed by the best people in their field, and R&D is powered by a pool of top talent in science and technology, resulting in a busy pipeline of innovation.

Customer satisfaction: The superior comfort afforded by our Sleepwell range of mattresses is unparalleled. Features such as 'Zero Turn' (no turning of the mattress required to prevent sagging) and 'Responsive Memory Foam' (the foam remembers and responding to how one sleeps) give consumers utmost satisfaction.

International presence: We export our international standard products to 25 countries. Exports largely comprise high quality technical Foam. With the US Market opening up, post trade barriers with China, the export of Bed In Box from Company or from its subsidiary in Spain is a strong possibility.

Our IT strength: One of the biggest strength of the Company is its IT and its application across all plants in India, Australia and Spain, Channel Partners. The Company has won various awards for its innovative IT applications. IT has enabled the Company in improving overall efficiency in operations, sales, Brand Protection, and other fields. During the year, the Company has set up a100% subsidiary "Staqo" to provide IT services to Company, its Channel Partners, Subsidiaries. It is also starting to provide specialised IT services to other Government and private sectors. Staqo plans to provide IT services overseas, as well.

Our Journey of Excellence

We are in the 50th year of our operations, during which time we have galloped ahead of the competition in the Indian market and have made a name for ourselves in the international market.

1971
Sheela Foam's Limited journey begins from Sahibabad, Uttar Pradesh, founded by the chairperson emeritus Mrs. Sheela Gautam.

1985
Taking a step ahead, operations were extended to Noida, in the National Capital Region.

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

2007
Sheela Foam Limited won the prestigious CIO 100 Award.

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

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

2011
Received the prestigious Red Hat Asia Pacific Award and Indian Express Intelligent Enterprise Award. Also won the MIS Asia IT Excellence Award, one of Asia's top information technology awards.

2012
Continued to win honours, such as the SKOCH Digital Inclusion Award; Dataquest Innovator Award; CIO Innovative – Special Award; Information Week Silver Edge Award; and the CIO 100 Award yet again. In the same year, the Company started a state-of-the-art unit in Erode, Tamil Nadu, to cater to southern India.

2013
The Company expanded production capacities at Kala Amb in Himachal Pradesh to cater to the markets of northern India.

2014
More prestigious awards were received by the Company, such as the CIO 100-Hall of Fame; Information Week Silver Edge Award; and the CIO 100 Award once again.

1994 Brand Sleepwell was launched.

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

1998 The Company introduced rubberised coir products under the brand name Starlite.

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

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

2002 The Company spread its operations to north India and started a plant in Rajpura, Punjab.

2003 Another manufacturing unit of the Company was set up in Sikkim.

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

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

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

2018 More awards were won by the Company. The included Star SME of the Year by Business Standard; Silver medal in the India Green Manufacturing Challenge 2017, presented by the International Research Institute for Manufacturing, India; 5 Awards for Excellence in IT.

2019 Footprint in Europe, the Company acquired Interplasp S.L. in Spain

Sleepwell

Performance Highlights

A Healthy Set of Numbers

₹ 2,174 Crore

CONSOLIDATED TURNOVER

9%

REVENUE GROWTH - CAGR 2015-20

27%

EBIDTA GROWTH - CAGR 2015-20

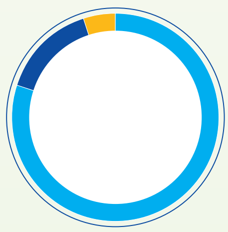
36%

PAT GROWTH - CAGR 2015-20

30%

NET WORTH GROWTH - CAGR 2015-20

SEGMENTAL BREAK-UP

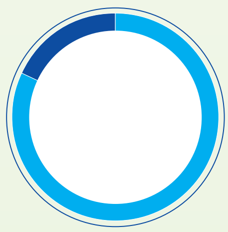


80% Indian Operations

15% Australian Operations

5% European Operations

BREAK-UP OF INDIAN OPERATIONS

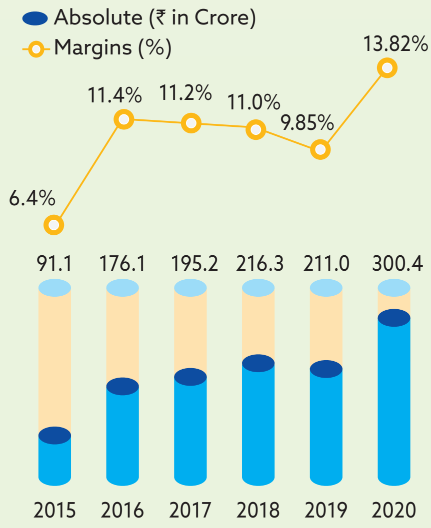


82% Home Comfort Line

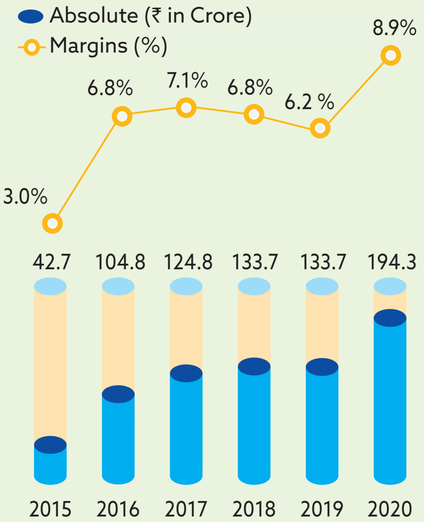
18% Technical Foam

5-YEAR FINANCIAL GRAPHS ON:

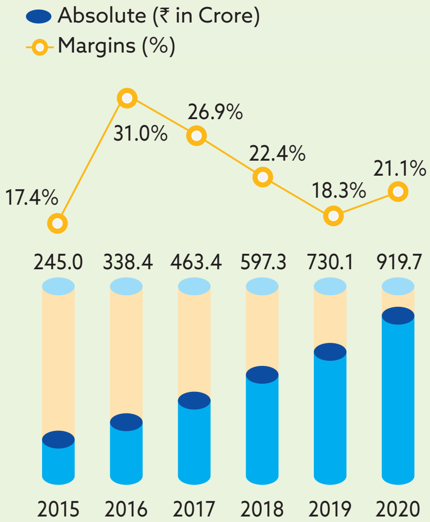
EBIDTA



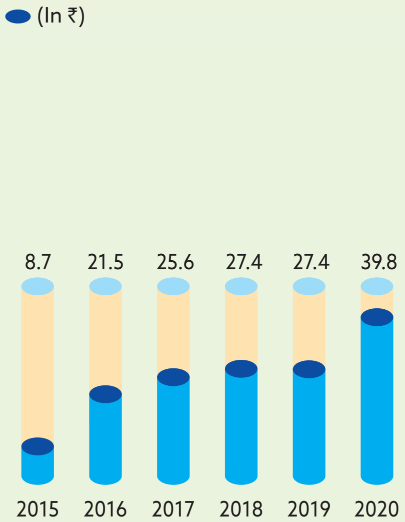
PAT



NET WORTH



EARNINGS PER SHARE



Chairman's Message

"We believe that in the post-pandemic era, Sheela Foam Limited will emerge stronger, because we are the only comfort product manufacturer in India that has a technology of Neem Fresche to improve one's health, to improve immunity to allergies and infections"

Dear Shareholders,

I am pleased to present to you the Annual Report for FY 2019-20 of your Company. We have weathered the challenges of the year under review through a strategy of enhancing operational efficiency and improving raw material cost management; devising new ways to reach a larger consumer base; and playing up our core strength of research-led innovation resulting in unmatched value proposition for consumers in both premium and economy segments. The tail end of Q4 in the year under review was, of course, impacted across the country - indeed, around the world - by the unimaginable scale of the coronavirus pandemic. Our business felt that impact, too, as social distancing began, then stores had to be closed and e-commerce delivery was also suspended. Nonetheless, our efforts before COVID-19 have been fruitful, and we were tracking 24% higher volumes of Mattress Sale. Despite the fact that selling price of Foam was reduced due to low raw material costs, we were matching the sales value of 2019, till the period of lockdown.

If there is one thing the pandemic has done, it is to draw the whole world's attention to the fact that one's health is one's greatest wealth. We believe that in the post-pandemic era, Sheela Foam Limited will emerge stronger, because we are the only comfort product manufacturer in India that has a technology to improve one's health, to resist allergies and infections. The ground-breaking power of Neem Fresche, available in all home comfort products in our Sleepwell range, fights dust mites and prevents skin and breathing problems, thereby leaving consumers fitter, better equipped to go out and face the world with all its uncontrollable health risks.

We see our medium- and long-term future as exciting, despite pandemic. 2021 will surely be impacted as the markets will pick up slowly after opening up post lockdown. Mattress market is set to be ₹ 14,000 crore market by 2022, dominated by Foam Mattresses. We being the largest producer of Foam in India, stand to gain the largest market share. We are growing by virtue of having a very solid brand reputation and value proposition. Our marketing campaigns are making customers increasingly aware that when they invest in our products, they invest in themselves. We are also benefiting from a shift in general consumer preference towards top quality branded household products, especially those that have a direct impact on health and hygiene and come with guaranteed durability.

ECONOMIC OVERVIEW

One of the major macro-economic factors that adversely affected our business was the significant slowdown in the automobile industry in India in 2019. The industry saw a double-digit decline in business and hundreds of thousands of people losing jobs and getting pay cuts, sending the industry into a downward spiral of lower sales leading to lower employee incomes, and lower incomes leading to still lower sales. From two-wheelers to cars to trucks, every auto industry segment was affected. And with that, our technical foam business, which caters in part to the automobile industry, was affected to a corresponding degree.

The decline in the automobile industry was part of the larger picture of a general slowdown in GDP growth in India. In Q2 2019-it dropped to 4.5% in the July-September quarter - and that in turn was part of a global slowdown. There were also concerns about the implementation of the Goods and Services Tax and a liquidity crisis in the market, all of that leading to dampened business and consumer sentiments.

BUSINESS PERFORMANCE

For Sheela Foam, a major relief in a year of challenges was the low price of raw materials, including Toluene Di-Isocyanate (TDI), which held steady and enabled us to control the bottomline even as we strategised to improve the topline.

Not confining ourselves to the relatively moderate-volume, high-value home comfort category, we launched new products targeting consumers in the high-volume, moderate-value category. We do not reduce product prices in our premium category Sleepwell, but we do offer best-in-class innovation at very competitive prices through new launches in our economy category Starlite and Feather Foam.

During the year, we recorded an overall mattress sales volume growth of 20%. Our Indian business turnover, impacted by pandemic in the month of March 2020, was ₹ 1,755 crore in FY 2019-20, as compared to ₹ 1,814 crore in FY 2018-19. Despite lower sales, EBITDA increased by 22% from ₹ 184 crore to ₹ 224 crore and PAT increased by 34% from ₹ 124 crore to ₹ 166 crore.

Our Australian subsidiary Joyce Foam maintained the top line at AUD 66 mn, despite the devastating bushfires of 2019 in that country and COVID-19. Its EBITDA and PAT showed marked improvement. EBITDA increased by 86% from ₹ 28 crore to ₹ 52 crore and PAT increased by 90% from ₹ 10 crore to ₹ 19 crore.

We acquired Spanish Company, Interplasp, S.L. in Q3 FY20. For two quarters ending 31 March, the Turnover was ₹ 103 crore with EBITDA of ₹ 20 crore (19%) and PAT of ₹ 12 crore.

FUTURE STRATEGY

One of the major developments of FY 2019-20 is the acquisition of Interplasp, a company based in Spain that has been in operation for 30 years but is very modernised and is located in the most cost-effective manufacturing zone of Europe. With this acquisition, we can scale up our European business significantly, and there is much more room to grow there than in our Australian business.

The foam manufactured by Interplasp can be distributed within a 600-km radius, which covers a large part of Europe. It also opens more doors for us in North America because of the geographical proximity.

In India, our business strategy for growth is based on six key areas: continuing to develop the brand; continuing to focus on development of personalised products; expanding the product portfolio to cater to consumer preferences; expanding the distribution network and export sales; adoption of advanced production technology; introduction of low-priced mattresses.

E-COMMERCE PLATFORM

The Indian consumer has now grown to trust e-commerce enough to order most or all household products online. We have seized this opportunity by creating our e-commerce mattress brand, SleepX, backed by the reputation and promise of Sleepwell. We are in the process of looking into the viability of setting up our own e-commerce platform. We started this business in second quarter of this year and sold around 88,000 mattresses, generating a revenue of more than ₹ 30 crore. We see almost a limitless possibility of growth in this area as Internet penetration continues to increase in India - in terms of the total number of net users, the country is now only behind China - and more and more people go online to find the products that best match their specific needs.

DISTRIBUTION NETWORK AND EXPORT SALES

We intend to develop the domestic sales network in the entire country. The nature of network will be dependent upon the demand in a particular area. As the Company has plants and distributors across the country, the speed of penetration would be much faster than any other player in the industry. Online retail will help us achieve this faster.

We have also converted several hundred multi-brand outlets to exclusive brand outlets for our premium Sleepwell products, while the multi-brand outlets will be

"We intend to develop the domestic sales network in the entire country. The nature of network will be dependent upon the demand in a particular area. As the Company has plants and distributors across the country, the speed of penetration would be much faster than any other player in the industry. Online retail will help us achieve this faster"

used for promoting our economy products Starlite and Feather Foam.

On the export front, our strategy is to sell higher volumes of technical foam to manufacturers located in SAARC and other nations.

GROWTH OUTLOOK

We have in our portfolio unique offerings such as the Comfort Cell technology for personalising a mattress and Vertivac for perfect quilting of a mattress that would retain its shape for years. The addition of the health guard Neem Fresche to our line-up of unmatched technological advancements reinforces and validates our dominance in the market.

We are looking to aggressively grow the mattress business, since this is based mainly on people's aspirations, preference for quality, and the availability of disposable income, all of which are only set to increase in 21st century India despite the setbacks now and then.The mattress industry in India has grown at a CAGR of 8-10% since 2016, on account of the following factors: increasing population; rapid urbanisation; higher disposable income; a spike in health problems such as back pain and spine-related problems; and growth in the end-user industries such as housing, hospitality, and healthcare. Our home comfort range has also benefited from our Anmol Bandhan programme, a loyalty and skilling programme involving carpenters and upholsterers whom we train in using our foam for cushioning.

Growth in our core business will offset any slowdown in our technical foam business, where some external factors may keep impacting figures.

Concluding the Annual Report presentation, on behalf of the Board, I thank our shareholders, partners, customers and employees, whose support and endeavour helps us grow.

With best regards,

Rahul Gautam
Chairman & Managing Director
Sheela Foam Limited

Creating New Innovations. Crafting a Healthy Future.

Neem Fresche, our environment-friendly lifelong disinfecting technology for the entire Sleepwell range, is one of the most significant innovations in the mattress and home furnishing industry.

The products we offer to consumers today should add value to their lives for years to come. By creating new innovations, we want to craft a healthy future for every consumer. With this view, we look not just at our business capital but also at how much wellness capital we generate for consumers.

And we proudly present Neem Fresche, a revolutionary technology that turns a mattress into a user's personal bodyguard. The world-renowned disinfecting power of neem, one of the best natural ways to stay healthy, is used to treat all our products under the Sleepwell brand- mattresses, mattress protectors, bedsheets, pillows, comforters, and blankets. The benefits last for years, withstanding all the wear and tear and multiple cleaning cycles.

This is a doubly beneficial treatment technology, as it is environment-friendly and is certified as such by the United States Environmental Protection Agency. We pride ourselves on being able to bring together the best of nature and science through an innovation that improves immunity from dust mites and other allergens causing skin problems and breathing disorder for consumers. Comfort now goes hand in hand with good health and hygiene, and the promise of waking up energised every day.

Putting Health & Hygiene First

For 26 years, our flagship brand Sleepwell has been delivering on its promise of giving one 'Ma Jaisa Aaram', or the comfort of mother's lap, earning consumers' trust. The range has been further enhanced by its promise of protecting the users' health.

Launched in 1994, Sleepwell is one of the most beloved brands of India, with its premium quality, customisation options, clearly spelled out proposition of science-led innovation, and the newly introduced technology Neem Fresche that gives consumers the guarantee of not just a high degree of comfort but also of better health and hygiene. Our growing footprint in the international markets is another proof that Sleepwell is a brand that can stand tall with the best in the world.

We are present all around the Indian consumers, from car seats to hospital beds and hotel room soft furnishings. All our products are conceptualised, designed, and manufactured through a process of scientific research and rigorous quality control.

Not being limited only to the premium category, we bring the same promise of comfort and durability to the economy segment, in which consumers are looking to get the most innovative products at the most competitive prices.

Taking note of the explosive growth of e-commerce in India, we now target reaching consumers directly in the space of mattresses and other home comfort offerings. Our e-commerce range, SleepX, sold through the top online retail platforms, is backed by the Sleepwell promise. As India grows, and along with it the general awareness on investing in a good mattress rises, we aim to capture a much larger share of the economy segment through our Starlite & Feather Foam mattress range.

PRODUCT PORTFOLIO

Mattress

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

Technical Foam

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

Home Comfort

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

Sheela Group
ISO 9001 Certified

HOME COMFORT PRODUCTS	
Product	**Product lines**
Mattresses	My Mattress, Spring Range, Technology Range, Back Support Range, Flexi PUF Range, Showroom Range, Economy Range, Comfort Cell Range
Furniture - cushioning material	Sleepwell Resitec, Sleepwell Cool Gel, Primo, Feather Foam
Pillow	Fibre Range, Flexi PUF Range, Premium Range
Bolsters cushions	-
Sofa-cum beds	Sofa and Bed
Other products	Comfort Range Accessories, Foam Cores

TECHNICAL FOAM PRODUCTS		
Product	**Product lines**	**End-use Industries**
Automotive foams	Poly-ester foam, Poly-ether foam	Seat cover, Sound absorption systems, Sun visors, Headliners, Door trims, Lamination systems
Reticulated foam	Ester-based foam, Ether-based foam	Filtration systems, Ceramic foam filters, Outdoor furniture, Microphones and headphones, Safety fuel tanks, Ink cartridges
Ultra Violet Stable foam	-	Sportswear, Innerwear and lingerie, Clothing, Swimwear, Comfort accessories for shoes
Slientech foam	Ester-based PU Foam	Automotive, Diesel generator canopies, Theatres, auditoriums, indoor stadiums, Broadcasting rooms and recording studios, Industrial silencers, Acoustic enclosures, Engine testing rooms

Sheela Foam Limited can leverage the existing suite of products and manufacturing capabilities to produce niche, more sophisticated and higher-margin products

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

Dhruv Chandra Mathur

Company Secretary

Md Iquebal Ahmad

Auditors

S. P. Chopra and Company

BANKERS

Yes Bank Limited

Citi Bank

Kotak Mahindra Bank

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Uttar Pradesh, India
E-mail – iquebal.ahmad@sheelafoam.com

REGISTRAR OF THE COMPANY

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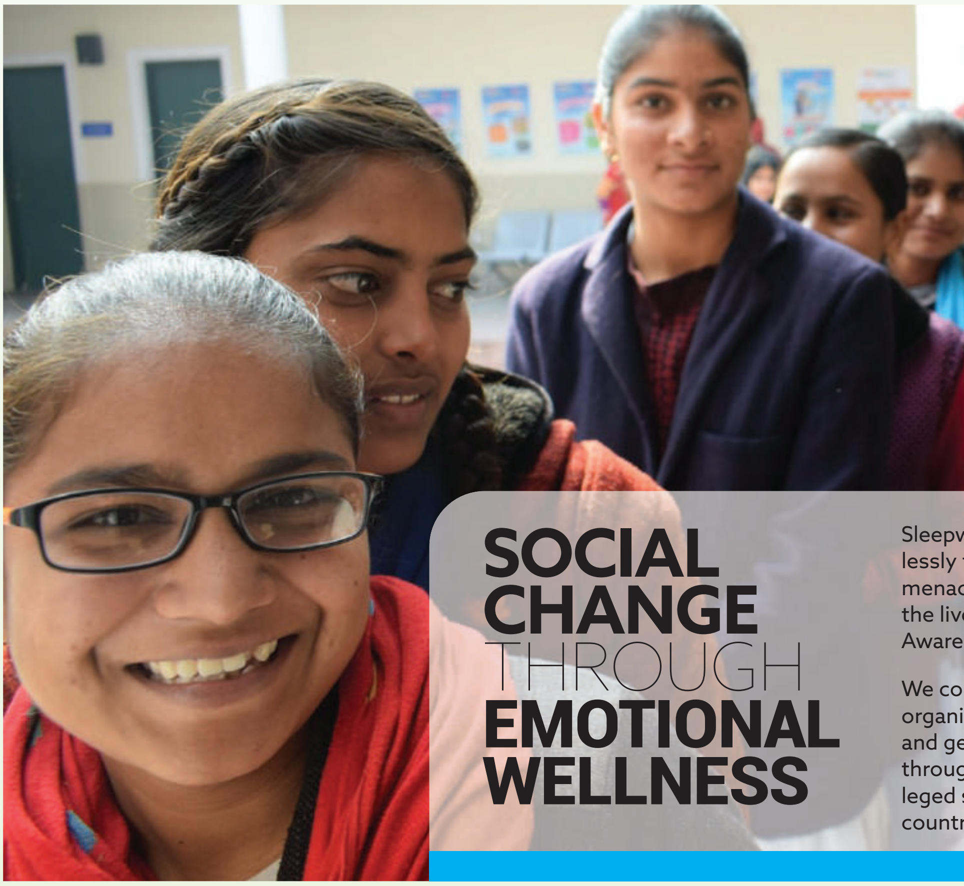
Telephone – +91 11 – 41410592, 93, 94
E-mail – delhi@linkintime.co.in
Website – www.linkintime.co.in

Sheela Group

Empowering Lives

Sleepwell Foundation

Wake up to a New India



SOCIAL CHANGE THROUGH EMOTIONAL WELLNESS

Sleepwell Foundation is working relentlessly to help the Society lift out of social menaces and bring Qualitative Change in the lives of Women and Youth by creating Awareness, Action and Advocacy.

We conduct training programmes, organise workshops, create counsellors, and generate mass awareness campaigns through outreach among the underprivileged section of society throughout the country.

Our Initiatives

EMOTIONAL WELLNESS	SKILL DEVELOPMENT	SDC KHURJA	ACT CLEAN

OUR VISION

WE WILL CONTINUE TO BE RECOGNISED

- AS AN HONEST ORGANISATION
- AWAKENING, EMPOWERING AND INSPIRING THE YOUTH OF INDIA
- WITH OUR INITIATIVES OF AWARENESS, ACTION AND ADVOCACY
- FOR QUALITATIVE CHANGE IN THEIR LIVES
- AND PROACTIVE EMOTIONAL WELLNESS OF SOCIETY

CREATING EMOTIONAL WELLNESS

Wellness Rules!

In the underprivileged segments of society, poor emotional health and distress is associated with rapid social change, poverty, gender discrimination, unhealthy lifestyle, violence, alcoholism, physical ill-health and human rights violation. The menaces are magnified by prevalence of unmonitored access to dark side of internet.

Sleepwell Foundation is driving positive change through Action to create emotional wellness. We have a whole range of initiatives to address emotional wellness of individuals, especially for those living on the margin of our society. We conduct educational workshops for Children and Youth, organise training programmes for Teachers and create Counsellors at the community level.

WE BELIEVE that instilling emotional wellness in individuals, especially among the poor and underprivileged is vital for our society. It would result in behavioural change; each transformed individual will act as a change agent and will impact the society.

EMOTIONAL WELLNESS **WORKSHOPS**

GENDER SENSITIZATION

MENSTRUATION, HEALTH AND HYGIENE

PERCEPTION & COMMUNICATION

EXAMINATION STRESS MANAGEMENT

PREVENTION OF BULLYING IN SCHOOLS

WELLNESS **CONCLAVES**

CREATING ADVOCACY TO INSPIRE MARGINALISED SECTION OF THE SOCIETY

OUTINGS FOR UNDERPRIVILEGED CHILDREN

WELLNESS **INDEX**

DEVELOPING A MEASURE OF EMOTIONAL WELLNESS

CREATING **COUNSELLORS**

PROACTIVE SOLUTION TO PREVENT CRIMES

BBCS – BAREFOOT BASIC COUNSELLING SKILLS WORKSHOPS

TEACHERS TRAINING WORKSHOPS
Empowering School Teachers with Counselling Skills

VIDEO SERIES ZINDAGI WITH RICHA

INSPIRING YOUTH WITH STORIES OF REAL-LIFE HEROES

NAVRAS

CREATING MASS OUTREACH THROUGH SOCIAL MEDIA

BUILDING EMOTIONALLY SAFE SPACES FOR CHILDREN— **RIPPLES**

EMPOWERING UNDER-PRIVILEGED YOUTH FOR LIFE AND LIVELIHOOD

WORKSHOPS ON EFFECTIVE COMMUNICATION AND PERSONALITY DEVELOPMENT IN ASSOCIATION WITH YUVA - A DELHI POLICE INITIATIVE & CII

SOCIAL CHANGE THROUGH SKILL DEVELOPMENT

Pro Skill

Sleepwell Foundation, through its initiative ProSkill makes skilling more effective as we integrate Soft skills and Personality development in all our programmes. We conduct workshops for a wide range of segments - from the Lowest Economic strata of unskilled workers to Supervisors and Shop Floor Managers.

SKILL DEVELOPMENT WORKSHOPS

ENHANCE YOUR PROFESSIONAL EFFECTIVENESS WORKSHOP

EFFECTIVE COMMUNICATION & PERSONALITY DEVELOPMENT WORKSHOP

LEADERSHIP DEVELOPMENT WORKSHOP

COMPUTER TRAINING WORKSHOPS FOR RURAL YOUTH

JIJABAI ITI FOR WOMEN

SOCIAL CHANGE THROUGH ACT CLEAN

Act Clean

Implementing cleaning programme at various levels including institutes, schools, colleges and workplaces and underprivileged neighbourhood

Creating awareness through step-by-step action plan

SOCIAL CHANGE NEAR OUR FACTORIES

FROM THE PLACES WHERE OUR PLANTS ARE LOCATED TO THOSE WHERE OUR PRODUCTS ARE SOLD, WE ARE COMMITTED TO CREATING AND INVESTING IN OPPORTUNITIES FOR PEOPLE AROUND THE WORLD.

JALPAIGURI

WE DISTRIBUTED Dual Desks for Classroom at Jhanju Para Primary School

PERUNDURAI

WE PROVIDED Computers and Painted The Science Block in Govt. Boys Higher Secondary School

KALA AMB (H.P.)

WE RENOVATED the School Building of Govt. Sr. Secondary School

MEDCHAL

WE DISTRIBUTED Sleepwell Slim Mattress and Pillows to the Hostelers of Govt. S.C. Girls Welfare Hostel

KASNA

WE CONDUCTED Workshop on Menstrual Health & Hygiene at Amichand Inter College

MEDCHAL

WE CONDUCTED Workshop on Emotional Wellness at Telangana State Women Residential High School

SDC KHURJA

SLEEPWELL FOUNDATION SKILL DEVELOPMENT CENTRE

SKILLING THE RURAL YOUTH OF KHURJA

SDC Khurja is proving to be a boon for the youth of Khurja and is doing a meaningful job, in not only imparting employable skills to the youth but also helping in enhancing their personality, as well.

- MODERN LABORATORIES & CLASSROOMS
- CONFERENCE ROOM
- STAGE FOR PUBLIC SPEAKING
- EXPERIENCED TRAINERS
- COMPLETE SAFETY FOR GIRLS
- CCTV CAMERAS IN PREMISES

SDC actively collaborates with leading corporates and Industry bodies to match trainings with skill requirements of the employers.

COURSES AT SDC

Basic Skills for Livelihood to Empower the Trainees to be Job Ready

- Certificate Course in IT for Beginners (CCIB)
- Certificate Course in Active Basic IT (CCAB)
- Course on Computer Concepts (CCC)
- Advance Excel
- Tally
- Desk Top Publishing (DTP)
- Hardware & Networking
- Certificate Course in English Foundation (CCEF)
- Beautician Training Course — Basic & Advance
- Masterg Fashion Designing Course

CERTIFICATION BY

NIIT FOUNDATION

LEADER IN ENGLISH & COMPUTER TRAINING IN INDIA

MASTER G

NIIT FOUNDATION

For Certification of English Speaking and IT courses.

MASTERG

Fashion Designing Course

Skilling woman for the role of a pattern maker, colloquially called 'Masterji', from all-male to gender equal.

BOSCH CII

In partnership with Bosch Foundation & CII, establishment of Employability Skill Development Centre for 'The BRIDGE Programme', at SDC Campus.

Col Gautam Academy for Armed Forces

We can & We will!

ONE-OF-ITS-KIND ACADEMY FOR PRE-RECRUITMENT TRAINING TO RURAL YOUTH ASPIRING TO JOIN NAVY, AIR FORCE, POLICE, RPF, CISF, BSF, ITBP AND OTHER ALLIED SERVICES



WE BELIEVE that in guiding the Rural Youth through practical training in Army recruitment procedure will enable and empower a lot of rural youth for life and livelihood with honour and dignity.

PHYSICAL TRAINING INFRASTRUCTURE

- JOGGING TRACK
- HANGING BARS
- PARALLEL BARS
- CLIMBING ROPES
- BALANCE BEAM
- LONG SHORT JUMP

AND CLASSROOM TRAINING

ALONG WITH ALL THE NECESSARY INFORMATION & SUPPORT REGARDING RECRUITMENT PROCEDURES




IMPACT OUR STUDENTS' ACHIEVEMENTS

WELL-PLACED WITH DECENT JOBS. MANY MORE WILL FOLLOW.

Deepak Chauhan

Indian Navy

Mohit Kumar

Indian Navy

Pushpankar

U.P. Police

Yatendra Chauhan

U.P. Police

Tekchand

Army, Meerut

Vinay Kumar

Army, Meerut

Naveen Kumar

Railway

Mohd. Anas

Accountant

Ankit (Lucky)

Indian Army

Sachin Kumar

Indian Army

Kajal Sharma

International Running

Neeraj Kumar

Indian Army

Vipin

Indian Army

Amit Kumar

Group Media

Pawan Kumar

Indian Army

Punit

RPF

Arvind

SSC GD/ UPP

Bhupendra

Airforce

Board of Directors

Rahul Gautam
Chairman &
Managing Director

Namita Gautam
Whole-Time Director

Rakesh Chahar
Whole-Time Director

Tushaar Gautam
Whole-Time Director

Vijay Kumar Chopra
Independent Director

Som Mittal
Independent Director

Ravindra Dhariwal
Independent Director

Anil Tandon
Independent Director

Lt Gen. (Dr) Vijay Kumar Ahluwalia
Independent Director

Meena Jagtiani
Independent Director

RAHUL GAUTAM

Chairman & Managing Director

He has been associated with our Company since 1971 and been our Managing Director since 1 April, 1996. He holds a Bachelor's degree in Technology (Chemical Engineering) from the Indian Institute of Technology, Kanpur, and a Master's degree in Science (Chemical Engineering) from the Polytechnic Institute of New York. He has over 43 years of experience in the home comfort products and PU foam industry, and is the Chairman Emeritus of the Indian Polyurethane Association.

NAMITA GAUTAM

Whole-Time Director

She has been associated with our group for the past 31 years and been a Whole-Time Director of our Company since 14 November, 2003. During her tenure, she has headed the human resource, marketing and projects departments of the Company. She currently heads our CSR initiative through the Sleepwell Foundation and heads special projects. She holds a Bachelor's degree in Law and a Master's degree in Economics from Kanpur University.

RAKESH CHAHAR

Whole-Time Director

He has been associated with our Company since 1 November, 1990, and been a Whole-Time Director since 14 November, 2003. He has more than 28 years of experience in the business of selling and marketing of bedding products and polyurethane foam. He heads the sales and marketing function.

TUSHAAR GAUTAM

Whole-Time Director

He has been associated with our Company since 7 January, 2002, and been a Whole-Time Director since 1 April, 2007. He holds a Bachelor's degree from Purdue University, USA, where his courses of study included Financial, Marketing and Operations Management. He oversees the operations of the Company and our subsidiary Joyce Foam Pty Ltd and serves on its Board of Directors. He has more than 17 years of experience in heading production, research and development.

RAVINDRA DHARIWAL

Independent Director

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

VIJAY KUMAR CHOPRA

Independent Director

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

SOM MITTAL

Independent Director

He has been associated with the Company since 7 June, 2016. He holds a Bachelor's degree in Metallurgical Engineering from the Indian Institute of Technology, Kanpur, and a post graduate diploma in Business Administration from the Indian Institute of Management, Ahmedabad. He has several years of experience in manufacturing and information technology sectors.

ANIL TANDON

Independent Director

He has been associated with our Company since 7 June, 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 5 March, 2018. He holds a Master's 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 the Armed Forces Tribunal and Director General of the Raffles Group of Institutions, Raffles University, Neemrana.

MEENA JAGTIANI

Independent Director

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

Management Discussion & Analysis

ECONOMIC OVERVIEW

Global Economy

As the global economy continues to reel under the pressure of novel coronavirus pandemic, it is expected to witness subdued growth. As per the International Monetary Fund (IMF) estimates, the global economy grew by 2.9% in 2019, as against 3.6% in 2018. The subdued growth is a consequence of elevated trade barriers, Brexit related concerns, geopolitical tensions and macroeconomic stress in several emerging economies. However, there have been positives since the beginning of 2020, which include United States (US)-China trade negotiations, a successful Brexit and continued monetary easing.

COVID-19 Impact

The outbreak of COVID-19 is seen posing fresh challenges for global activities and economy. The severe spread of the virus has plunged the entire world economy into a recession. As a result of the pandemic, the global economy is projected to contract sharply by -3% in 2020, much worse than the financial crisis a decade ago.

Strict containment measures have been enforced worldwide to limit the spread of this global pandemic. A series of stimulus packages have been announced by major developed economies and financial institutions to counteract the economic damage and strengthen health systems. With the normalisation of economic activity helped by policy support, growth is expected to rebound to 5.8% in 2021.

Region-wise growth

Advanced economies grew at 1.7% in 2019, as against 2.2% in 2018. The lower growth reflects a broad-based slowdown in industrial output resulting from weaker external demand, wider global repercussions of trade tensions and increased uncertainty on business sentiment and investment. Growth across advanced economy group is pegged at -6.1% in 2020, as several economies have been experiencing widespread coronavirus outbreak and deploying containment measures.

For the emerging market and developing economies (EMDEs), growth came in at 3.7% in 2019, lower than 4.5% in 2018. China's growth has been significantly impacted by increased trade tensions, which weighed on investment and manufacturing, and pulled down its exports. Growth across other emerging economies, such as Brazil, Mexico, Russia, Saudi Arabia, Argentina, Turkey, among others, also fell sharply during the year. EMDEs are estimated to grow by -1% in 2020, reflecting huge disruptions to economic activity from coronavirus pandemic.

(Source: IMF World Economic Outlook April 2020)

Indian Economy

As per the International Monetary Fund (IMF) estimates, India's Gross Domestic Product (GDP) is expected to grow by 4.2% in FY 2019-20, way lower than the 6.8% growth clocked in FY 2018-19. Primary factors responsible for this expected growth deceleration include the global economic slowdown, subdued consumption and private investment, weak exports and liquidity constraints. However, now with COVID-19 striking India too, its economic impact has not yet been fully analysed, and performance of GDP is yet to be recorded.

(Source: https://economictimes.indiatimes.com/news/economy/indicators/imf-projects-indias-growth-rate-at-1-9-in-2020-forecasts-global-recession-due-to-covid-19/articleshow/75142792.cms)

Despite these short and medium-term challenges, the Indian economy continues to face some positives. India improved by 14 ranks in the World Bank's Ease of Doing Business Index 2020 to the 63rd position. Reforms undertaken in recent years such as Goods and Services Tax (GST), Insolvency and Bankruptcy Code (IBC), Foreign Direct Investment (FDI) liberalisation, among others, have been amplifying the prospects of India's growth story.

(Source: https://www.livemint.com/news/india/india-jumps-14-notches-in-world-bank-s-ease-of-doing-business-rankings-11571882591868.html)

Policy reforms

In the recent past, the government has been expeditiously implementing bold policy reforms towards making India a USD 5 trillion economy by 2024. Recent measures such as corporate tax rate cuts, front-loaded infrastructure investment programmes, bank recapitalisation are likely to catapult the economy into a high growth orbit. The Union Budget 2020-21 had also focussed on strengthening infrastructure and domestic manufacturing, improving agricultural productivity and uplifting rural consumption. The simplified tax structure is expected to put more disposable money in the hands of taxpayers and propel consumer spending. On the monetary side, the Reserve Bank of India (RBI) slashed the benchmark repo rate by 135 basis points (bps) in FY 2019-20, with significant easing of monetary policy.

Facing economic challenges with COVID-19

The unexpected outbreak of COVID-19 has created widespread challenges for the economy. Consequently, akin to other global economies (developed and developing), the economic outlook seems gloomier at this juncture with growth estimated at 1.9% for FY 2020-21 with potential downsides. Strict containment measures, such as the nationwide lockdown have stalled economic activity and have impacted both consumption and investment. Nonetheless, growth is expected to recover sharply to 7.4% in FY 2021-22, buoyed by stringent containment measures, ongoing fiscal support and monetary stimulus to limit the economic fallout.

(Source: IMF World Economic Outlook April 2020, Economic Survey, Union Budget: PWC)

INDUSTRY OVERVIEW

Health & Wellness Industry

The wellness industry in India has evolved rapidly from its nascent unstructured beginning to a dynamic and growing ecosystem today. With the progress of time, wellness as a concept has taken up a comprehensive definition, encompassing the individual's desire for well-being, uniqueness and collective welfare. Apart from globalisation and the resultant societal and lifestyle changes, this revolution has also been accelerated by greater awareness of the need for wellness among individuals. Growing consumer awareness, rising disposable incomes and desire among the millennial population to transform their lifestyles amid increasing prevalence of lifestyle-related diseases is fuelling the demand for wellness products and solutions among Indian consumers.

Fitness and comfort has become fundamental to today's wellness economy, and consumers are increasingly demanding quality, comfortable products to suit their changing lifestyle patterns. Modern-day wellness refers to holistic living characterised by physical, mental, and spiritual well-being and comfort. With health & wellness becoming mainstream, the industry is expected to witness a massive boom in the coming years, led by rising consumer demand for newer, value-added offerings.

(Source: http://ficci.in/sector/83/Project_docs/Wellness_profile.pdf)

Indian mattress industry

The Indian mattress market, comprising rubberised coir, polyurethane (PU) foam and spring mattresses, is poised to reach ₹ 140 bn by the fiscal year 2022. The mattress market in India has seen a remarkable transition from a dull, predictable and slow growth market to an aggressive, vibrant and lucrative marketplace. Technology advancement, innovative products, and consumers' willingness for comfortable and durable mattresses have been driving the growth momentum.

Nationally, the mattress industry is dominated by small and unorganised players, accounting for nearly 62% of the total market. The organised segment, comprising premium and high-quality mattress manufacturers, constitutes the remaining 38% of the market. However, with growing awareness and rising demand for good quality mattresses, the market is fast shifting towards branded products. Today, the market offers a wide array of offerings for consumers, ranging from general to specialised products, as well as from high-priced, premium to affordable products.

Growth Enablers of India's Mattress Industry:

- **Focus on health products:** Rising lifestyle challenges and growing health consciousness is leading to increased aspirations for comfortable products that fall into rejuvenating the body-mind space.
- **Increased awareness on quality mattresses:** Greater recognition and information about the role of a good quality mattress for enriching the sleep experience and adding to the comfort level of consumers.
- **Greater demand for customised products:** Increased demand for premium and innovative mattresses owing to rapid urbanisation, burgeoning young population and spurt in income levels.
- **Brand consciousness:** Growing housing demand and thriving institutional sector are seen providing impetus to the branded mattress market.
- **Regulatory factors:** With GST implementation and greater thrust on formalisation of the economy, the market is witnessing a dynamic shift in business from unorganised to organised players.

A culmination of all these factors is expected to augment the growth of the organised mattress industry, with its market share estimated to reach 41% by the fiscal year 2021, up from the current 38%.

A paradigm shift towards high-quality, modern mattresses:

- **Quality:** Over the centuries, traditional cotton mattresses have been the most preferred sleeping products across India. These are highly prone to germs and dust mite attacks, are unreliable and have quality and sagging issues, resulting in the need for increased maintenance.
- **Comfort:** Due to the enhanced incidence of sleep disorders, consumers today desire good quality and well-maintained mattresses that maximise the quality of sleep and comfort level.
- **Changing preferences:** Shift in consumer preferences has resulted in a natural progression from unorganised cotton mattresses to premium and customised products.
- **Research:** Modern mattresses are developed with extensive research and advanced technology and are customised as per diverse needs.
- **Technology:** Use of anti-bacterial treatments and new foaming technology keep these mattresses fresh, durable, light weight and breathable. Aligned to this, mattress manufacturers are increasingly producing a wide array of technology-led and tailored products to suit consumer preferences.

Organised Mattress Market

Classification

- PU Foam
- Rubberised Coir
- Spring Mattresses

PU foam mattresses account for a major share of approximately 50% of the overall organised market, followed by Coir and Spring mattresses, which constitute about 30% and 20% respectively. The PU foam mattresses, owing to their inherent quality, durability, ultimate comfort experience and pricing, dominate the market and are largely preferred by the Indian consumers. A significant decline in the demand for coir mattresses can be attributed to the increasing price of rubber. These mattresses are also preferred less owing to their sagging tendencies and quality issues. On the other hand, the demand for spring mattresses has been steadily increasing in the recent years. Given their premium pricing, these mattresses are highly preferred by the urban population, who are willing to spend more on luxury and comfort.

In India, branded mattresses are broadly consumed by two end-users – Residential and Institutional. While the residential segment accounts for around 80% to 85% of the total market, the institutional sector contributes the remaining 15% to 20%.

Distribution platforms

Organised mattress players sell their products through two platforms - Offline and Online. The offline market consists of retail sales through distributors/dealers or own franchised stores. Distributor/dealer network is the primary distribution channel, occupying 87-89% of the organised market sales. This is followed by own/franchisee stores and online mode, constituting 9-11% and less than 3% of the total sales, respectively.

In India, the online mattress market has been making strong inroads and is anticipated to grow exponentially in the coming years. A large section of people is shifting towards online shopping due to the ease, comfort, favourable pricing options, quick delivery and availability of a variety of customised products. The extraordinary packaging and trial facilities have been enhancing the consumer experience. Getting mattresses delivered at the doorstep is, thus, proving to be a game-changer in the Indian mattress industry.

Indian Flexible PU Foam industry

The Indian flexible PU (polyurethane) foam industry is estimated to reach ₹ 90 bn by the fiscal year 2022. Asia Pacific holds the largest market share, with rapid industrialisation and urbanisation fostering the demand for PU foam in the region. Significant investments in new infrastructure development, housing projects, as well as soaring demand for PU foam from bedding & furniture, along with building, construction and automotive industries, is accelerating growth of the PU foam market.

Burgeoning demand from the building and construction sectors due to the boost in infrastructural projects is likely to fuel growth in the global PU foam market. Particularly, in developing countries like India, Brazil, and China, the expanding home furnishing sector owing to the growing middle class and disposable income is likely to provide opportunities for the polyurethane foam market.

The flexible PU foam is manufactured as Slab Stock Foam and Moulded Foam. Slab stock foam dominates the market, comprising 65-70% share. It is used extensively in industries like mattresses, furniture, and footwear, among others. On the other hand, moulded foam, constituting 30-35% of the organised market, finds a major application in the automotive industry.

OPPORTUNITIES AND CHALLENGES

Opportunities

Growing consumerism: Consumer spending in India is expected to grow from USD 1.5 trillion in 2019 to nearly USD 6 trillion by 2030. This consumption growth will be supported by a 1.3 billion strong population that is younger than any other major economy. By 2030, 77% of India's population will comprise millennials and Generation Z, who will be more "brand-aware" and better informed and will have a higher spending capacity. Demand and consumption of comfort sleeping products is set to grow on the back of rising consumerism, which is expected to give a significant boost to the modern mattress market.

(Source: WEF: Future of Consumption Report 2019)

Higher disposable incomes: Rising incomes and expansion of the middle class and high-income segments is seen reshaping consumption trends. By 2030, India will add about 140 mn middle-income and 21 mn high-income households. Higher income levels and more disposable incomes in the hands of people will lead to an increased willingness to spend more on luxury and premium quality products.

(Source: WEF: Future of Consumption Report 2019)

Increasing incidence of lifestyle diseases: Increasing prevalence of back pain, spine-related problems, orthopaedic ailments due to sedentary lifestyles, along with growing awareness on health and comfort are expected to translate into a rise in spending on well-being products and services. This will continue to drive demand for quality sleeping and home comfort products.

Evolving preferences: Expanding middle-class and its aspirations for improved standard of living, hectic life schedules, enhanced digital connectivity, technological advances, and brand consciousness are the factors leading to a shift in consumer tastes and preferences. This, in turn, will strengthen the demand for mattresses and bedding products.

Rising share of organised sector: With the advent of international players and branded companies, consumers are switching from traditional, low-quality products to branded mattresses. The shift in demand for high quality and customised products has been resulting in a considerable rise of organised players. In addition, formalisation of the economy with GST implementation gives an edge to the organised sector in the mattress industry.

Growth in end-user industries: Government flagship initiatives such as Housing for All, Smart Cities Mission, among others, will boost the housing sector. These policy reforms have been leading to an impressive rise in the number of residential units, which will lead to higher mattress consumption. Further, favourable trends in demand from real estate and hospitality segments have been underpinning the solid growth of the mattress industry.

Challenges

Transportation & Warehousing: Given the voluminous nature of PU foam and mattresses, warehousing and transportation of these products pose difficulties and significant cost challenges. Consequently, long-distance transportation of these items becomes infeasible.

Lack of consumer awareness: Earlier, mattresses, which play an important role in consumer's lives worldwide, never received due attention in India. Traditional mattresses and other sleeping surfaces dominated the market.

COMPANY OVERVIEW

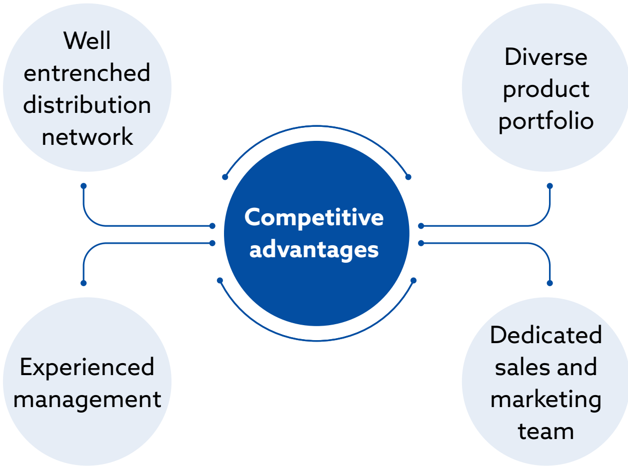
Sheela Foam Limited is a leading player in India's mattress and foam products industry. Founded in 1971, the Company enjoys strong brand awareness and a nationwide presence in manufacturing of mattresses, home comfort products and technical grades of PU foam. The Company also enjoys a significant presence overseas, with its products being exported to over 20 countries worldwide.

The products of the Company and its various brands earn the credit of being highly durable and of unmatched quality. These products are the outcome of the ingenious R&D efforts of the Company. A highly skilled team of engineers and scientists constantly strive to create pioneering products by leveraging best-in-class technologies, while ensuring supreme quality.

Product Portfolio:

- **Mattresses:** My Mattress, Spring range, Technology range, Comfort Cell range, Back support range, Flexi PUF range, Economy range
- **Home Comfort Products:** Furniture Cushions, Pillows, Comforters/Duvets, Sofa-cum-Beds
- **Technical Foam Products:** Automotive foams, Reticulated foams, Ultra-Violet Stable foams, Sound Absorption foams

Competitive advantages



Manufacturing excellence

The Company has 16 manufacturing facilities across India, Australia, and Spain, engaged in the manufacture of pioneering products that stand for a perfect blend of comfort and support. As an innovation-driven enterprise, the Company has robust capabilities of quality manufacturing and technological innovation.

Brands built over consistent quality and innovation

Sleepwell, the flagship brand of the Company, delivers on its brand promise of producing premium and customised products. Over the years, the brand has earned a formidable reputation of developing delightful products in line with growing consumer aspirations. Other brands of the Company include Feather Foam and Starlite, which are low-priced mattresses for consumers. These brands have enabled the Company to augment its share in the organised mattress market.

Technological innovations in Sleepwell:

- **"Neem fresche":** This ground-breaking technology in Sleepwell products protects mattresses and home furnishing against dust mites that cause skin allergies and breathing problems, bacteria and fungi. Developed with extensive R&D, Neem Fresche brings the best technology and provides ultimate care and protection to consumers. The Company's focus on enriching consumers' lives by providing them safe, quality products enabled it to develop this innovative technology with huge benefits.

Other initiatives:

- **Radio frequency identification ("RFID") chips** in mattresses to check counterfeits and ensure tracking of Sleepwell sales and curtailing of unauthorised sales

- **"Zero Turn" technology** to ensure that mattresses do not require periodic turning to avoid sagging
- **"Breathable visco-elastic" or "Memory foam"** reduces stress, ensures correct sleep posture and improves blood circulation and induces faster recovery of the mattresses to original shape
- **"SANtech"** technology for maintaining improved airflow, thereby enhancing the firmness and durability of the upholstery material
- **"Comfort Cell"** technology launched in mattress segment with 2,3,4 series options to raise the extra comfort quotient to the consumer, Special Edge Wall Design for Seating Support and Enhanced Durability

Acquisition of Spanish firm Interplasp

During the year, the Company acquired Spanish company Interplasp, which makes polyurethane foam for bedding, furniture and other applications. Interplasp has a manufacturing facility at Yecla in Spain, with a capacity to produce 22,000 tonnes of polyurethane foam. It exports foam to other European and North African countries and to Morocco. With this acquisition, Sheela Group has gained exclusive rights to the variable pressure foaming technology. It was acquired for a total consideration of Euro 40 mn financed by debt and internal accruals. The integration between the two companies is being achieved through robust IT systems.

Besides providing presence in Europe, the world's largest polyurethane foam market, the acquisition of Interplasp will lead to operational efficiency as manufacturing cost in Spain is the lowest in Europe. The acquisition will result in reduction in raw material pricing for the group companies in India, Australia and Spain, and thus will be EBITDA accretive from the first year.

FINANCIAL OVERVIEW

During the year under review, Net Revenue from operations on standalone basis decreased to ₹ 1,755 crore from ₹ 1,814 crore, due to COVID-19 impact. However, Profit After Tax for the current year increased to ₹ 166 core from ₹ 124 crore. The Net Revenue from operations from Australia decreased to AUD 66.17 mn from AUD 66.70 mn, due to COVID-19. The Net Profit after tax increased to AUD 4.08 mn in FY 2019-20 from AUD 2.19 mn in FY 2018-19. On Consolidated basis, Net Revenue from operations increased to ₹ 2,174 crore from ₹ 2,141 crore including revenue of ₹ 103 crore from Spain operation. On consolidated basis Net Profit after tax increased to ₹ 194 crore from ₹ 134 crore last year.

Key Financial Ratios Standalone Operation as per SEBI Listing Obligations and Disclosure Requirements (Amendment) Regulations, 2018

	2019-20	2018-19
Debtors Turnover	15.32 times	17.76 times
Inventory Turnover	11.03 times	12.83 times
Interest Coverage Ratio	28.13 times	28.61 times
Current Ratio	2.36	2.22
Debt Equity Ratio	0.00	0.00
Operating Profit Margin (%)	10.91	8.35
Net Profit Margin (%)	9.43	6.82
Return on Net Worth (RONW) (%)	19.94	18.48

Operating profit increased by more than 25% primarily due to reduction in Raw Material Costs and Net Profit Margin increased because of reduction in raw material cost and lower rate of income tax.

GROWTH STRATEGY & OUTLOOK

Keeping pace with growing demand

The Company is committed to developing personalised products to keep pace with the increasing demand. Leveraging existing portfolio of products, know-how and manufacturing capabilities qualifies it to produce niche and higher-margin products, including more sophisticated grades of technical PU foam.

Expanding distribution network and presence

The Company is focussed on deepening its domestic retail presence and aggressively sell its low-priced products in rural market. With development of infrastructure, it would be reaching out to customers in remote areas by expanding its distribution channels in newer geographies. The Company's low-priced products find significant demand in rural areas. With adequate infrastructure development, the Company aims to reach out to such consumers and expand its presence in remote locations to gain higher volumes.

Product Expansion & Brand Development

The Company's low-priced mattresses – Starlite and Feather Foam – provide ample growth opportunities to penetrate in the rural retail market. It endeavours to further launch competitively priced products to gain higher volumes. Looking ahead, the Company continues to invest in enhancing its brand presence and intends to accomplish this with aggressive brand promotion and marketing initiatives, strengthening the distribution and retail network, among others.

Leveraging E-commerce

The Company is actively pursuing the E-commerce channel for the sale of mattresses and allied products in line with the evolving times. Besides leveraging its own website to showcase product line-up and attract sales, the Company has also launched a sub-brand and product line by the name of 'SleepX' to retail market places like Amazon and Flipkart in the second quarter of the fiscal year. Since launch, this has been seeing good traction. The Company expects this to enhance its top line and bottom line growth in the coming years.

RISKS AND CONCERNS

1. Macro-Economic Risk

Slower than expected pace of growth of the economy may impact the growth of housing, hospitality and automotive sectors. Given the huge dependence of the Company's business on these industries, any slowdown in the user industry may adversely impact the Company's performance. The huge risk of Coronavirus is expected to slow down the business. At present, the widespread outbreak of COVID-19 and its severe disruptive impact on economic activity worldwide pose the biggest threat to the Company's operations.

Mitigation

- Despite external challenges, India retains the fastest growing economy tag. Better demand conditions, continuing positive effects of Government reform policies, strong thrust on infrastructure development and manufacturing are expected to encourage the long-term growth prospects of the economy. Further, government and major financial institutions have been enforcing a series of stimulus packages to counteract the economic fallout from the coronavirus pandemic
- Favourable demographics, growing urbanisation and rising disposable incomes for middle-class families are expected to augment demand and spending for improved products and services
- Presently, the organised sector constitutes 38% of the total mattress market. Growing awareness about modern, high-quality mattresses and formalisation of economy augur well for the organised market
- The Company's subsidiaries in Australia and Spain help reduce overdependence on the Indian economy and enables it to tap opportunities overseas

2. Competition Risk

The organised mattress market throws attractive growth opportunities, especially with reduction in GST rates and surging demand. This may increase the number of players operating in the industry, resulting in stiff competition. Failure to produce high quality products to meet the present and future competition may lead to loss of market share.

Mitigation

- The Company's flagship brand, Sleepwell, enjoys a strong brand resonance and high customer recall. Over the years, it has established itself as a highly reliable brand, offering diverse range of mattresses and home comfort products matching consumer demands
- The Company continues to step up investments in R&D activities and enhanced technologies to develop premium and customised products. Besides, advanced manufacturing equipment and improvised shop floor operations enables the Company to achieve higher operational efficiencies
- My Mattress, Comfort Cell, Neem Fresche are among the significant technology initiatives by the Company, aimed at offering right mattresses to customers. This exemplifies the consistent focus of the Company to deliver quality and innovative products and services. In addition, its extensive network of more than 4,100 Exclusive Brand Outlets (EBOs) boosts sales of premium products and creates unique shopping experience for consumers
- With its low-priced mattress offerings targeted to address the demands of relevant sections, the Company is well-placed to compete with the unorganised sector

3. Inventory Risk

Another major challenge facing the Company is the large pile-up of inventory, in case it is unsuccessful in marketing and selling its products.

Mitigation

- The Company ensures steady and consistent sale of its products through its wide distribution network of more than 110 exclusive distributors, more than 11,500 retail dealers, over 7,400 multi-brand and 4,100 exclusive brand outlets
- As a strategic measure to enhance brand visibility, the Company continues to make significant investments towards brand building and advertising across different channels
- Backed by its robust IT infrastructure, the inventory management of the Company ensures efficient product distribution. Moreover, the system ensures timely availability of products and real-time inventory management

4. Raw Material Risk

Raw materials need to be supplied continuously for the manufacture of quality products. Limitations or disruptions in the supply of raw materials may impede production. Besides, a major chunk of raw materials being imported, currency and exchange rate fluctuations may affect profitability.

Mitigation

- The Company makes bulk purchases of key raw materials (Polyol and TDI) at competitive rates by leveraging its huge scale of operations. It also maintains a balance between imports and local procurement of raw materials
- The Company's extensive experience and industry standing enables uninterrupted supply of raw materials at competitive rates
- In unavoidable circumstances, the Company has adequate provision for storing its key raw materials. This, in turn, minimises the risk of raw material shortage

5. Counterfeiting Risk

Inability to tackle product counterfeiting and quality issues may cause severe damage to brand reputation, resulting in loss of sales and eroded consumer trust.

Mitigation

- The Company undertakes regular market checks to track and curtail sales of fraudulent and counterfeit products
- Investments towards introduction of RFID micro-chips in mattresses enables the Company to check genuine products

INTERNAL CONTROLS

The Company has adequate internal control systems commensurate with the size, nature and complexity of its business. It has well-defined operating procedures, policies and guidelines as part of the overall internal control framework. These controls ensure stringent adherence to the applicable laws and regulations, safeguarding of assets, prevention of frauds/errors and timely reporting of financial transactions in accordance with the Accounting Standards. Periodic audits are conducted by an independent firm of internal auditors to ensure the efficacy and effectiveness of the internal control systems. The Audit Committee monitors the internal financial controls at regular intervals and reports any discrepancies to the senior management for their necessary action. The Company's MIS system ensures that all expenses are within the stipulated budgetary allocations and corrective measures are implemented for any deviation identified.

HUMAN RESOURCES

The Company recognises employees as its biggest asset and one of the most important stakeholders for long-term sustenance and growth. The HR policy of the Company is aimed at fostering a conducive and inclusive work culture across all plants and offices. The Company strives to attract, retain and develop the best industry talent and groom them to take on challenging roles across the organisation. Regular skill and personal development programmes are conducted to boost employee morale and productivity. The Company endeavours to achieve high employee satisfaction levels and create an environment of fairness, transparency and mutual respect, wherein everyone feels equal and is inspired to deliver best results. During the year, the Company maintained peaceful and harmonious relationship with all its employees. As on 31 March, 2020, the employee strength of the Company stood at 3,688.

CAUTIONARY STATEMENT

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

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 48th Annual Report on the business, operations and financial performance of the Company along with the Consolidated Audited Balance Sheet and Statement of Profit & Loss for the year ended 31 March, 2020.

FINANCIAL INFORMATION

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Revenue from operations	**2173.63**	2141.45	**1754.77**	1813.76
Profit before Financial Charges, Depreciation & Tax & Exceptional Item	**340.40**	238.58	**268.37**	214.03
Exceptional Item	**11.99**	0.00	**11.99**	0.00
Profit before Financial Charges, Depreciation & Tax	**328.41**	238.58	**256.38**	214.03
Less: Financial Charges	**13.00**	9.62	**8.14**	7.34
Cash Profit	**315.41**	228.96	**248.24**	206.69
Less: Depreciation	**59.04**	39.53	**33.09**	31.09
Profit before Tax	**256.37**	189.43	**215.15**	175.60
Add/(Less): Income Tax	**(66.77)**	(52.33)	**(54.23)**	(47.18)
Earlier year's tax	**0.00**	1.11	**-**	1.11
Add/(Less): Deferred Tax	**4.69**	(4.46)	**4.59**	(5.86)
Profit after Tax	**194.29**	133.75	**165.51**	123.67
Other Comprehensive Income	**(3.07)**	(0.92)	**(4.33)**	(0.92)
Total Comprehensive Income for the year	**191.22**	132.83	**161.18**	122.75

During the current year, Net Revenue of the Company, on standalone basis, decreased from ₹ 1814 Crores to ₹ 1755 Crores. The Company was recording higher turnover as compared to last year till 21 March, 2020, despite substantial reduction in Foam prices due to reduction in raw material costs. However no sale took place during lockdown due to COVID 19. The Profit after tax, for the current year increased by 33.8% to ₹ 165.51 Crores as against the profit after tax of ₹ 123.67 Crores of last year. The profit would have been much higher but for loss of sale during lockdown period and Exceptional Item. Exceptional Item of ₹ 11.99 crores is the loss on account of Fire at Greater Noida Plant in May 2016.This amount was shown as Claims Recoverable. However, as in spite of continuous follow up for its recovery, there is no concrete evidence /reasonable positive indication of its recovery, the said claim has been written off.

PRESENT STATUS & FUTURE OUTLOOK

During the year, the Company substantially increased the Sales Volume of Mattresses, registering a growth of 20% over last year, despite losing sale during the lockdown period. This has led to higher market share of your company in the organised mattress market. The company continues to retain its leadership position in Mattress and Foam Products.

During the year the prices of critical raw materials like Polyol and TDI went down. The Company also reduced the prices of its Foam Products. The reduction in prices resulted in a lower turnover by approx ₹ 87 crores. Further, the Company lost approximately ₹ 75 crores turnover due to lockdown.

A complete lockdown of more than 2 months due to COVID 19 and a slow restart means that the sales of Mattresses and Foam Product for the year 2020-21 are going to be substantially lower. Due to changed sentiments, the demand for discretionary products like Mattresses and Furniture will take time to pick up. Your Company is doing its best to revive the sales using innovative techniques, like Sleepwell@Home, Aggressive Online Marketing, Focus on selling products which are good for health etc. Company is now selling all its product treated with Neem Fresche which means immunity from various respiratory problems caused by Dust Mites, Bacteria & Fungi.

Over the last 2 years, there has been a shift from unorganised mattress market to organised market. The biggest contributing factor for this is implementation of GST. Your Company took timely action of introducing low priced mattresses, to maximise the gain from such shift.

The demand potential for Mattresses as well as for Foam Products remains high, considering that a large section of the population is yet to shift to modern mattresses and furniture using foam**.** As large section of society is becoming health conscious and has higher disposable income, the shift from unorganised segment to organised will accelerate. The culture of Work From Home would also mean higher usage of Mattresses, resulting in higher replacement demand. Sound Sleep is now known to be the biggest contributor to good body immunity. It is expected that this realisation would also work in favour of organised mattress manufacturing units.

The Company continues to increase its market penetration and the total retail outlets including EBO and MBO are more than 11500.

The B2B segment of business was impacted by the slowdown in automotive segment.

Despite this slowdown the Company was able to sell volumes similar to last year till 21 March, 2020. To increase the sales in this segment, Company continues to develop Import Substitute Foam through its in-house Research & Development.

During the year Company acquired 93.66% shares of Interplasp S.L. Spain, a Foam Manufacturing Company. The capacity of the plant is 22000MT of Foam, whereas it was operating at 50% capacity. Interplasp is having less than 1% of European Market Share. Further, the US market is also now open for Interplasp .With sufficient capacity and headroom for growth, your Company is expected to improve its Overall Revenue and profitability.

DIVIDEND

Board of Directors do not recommend any dividend for the year 2019-20. The entire profit is being ploughed back in the business.

SUBSIDIARIES

As on 31 March, 2020 the Company has Six subsidiaries and two steps down subsidiaries. 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, Joyce Foam Pty. Ltd (Joyce Foam) in Australia. Joyce Foam is the largest producer of Foam in Australia and supplies its high-quality Foam to Global Mattresses and Furnishing Companies. Joyce Foam recorded a turnover of 66.17 Million Australian Dollars (AUD) in 2019-20, as compared with 66.70 Million AUD in 2018-19, and has posted post tax profit of AUD4.08 Million in 2019-20, as against AUD 2.19 Million in 2018-19,recording a growth of about 86%

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

During the year, the Company has acquired 93.66% shares of a Spanish Company Interplasp S.L. through 100% subsidiary International Foam Technologies Spain S.L. (SPV). The acquisition was done for a total consideration of Euro 40 Million financed by debt and internal accrual. Interplasp has a manufacturing facility in Yecla in Spain and producing Polyurethane Foam for bedding and other applications having capacity to produce 22,000 ton.

During the year the Company created a Stock Corporation in the name of SleepX US Inc. in the state of Delaware in United State of America. The Company is yet to invest any share capital in SleepX US Inc.

During the year Company has also acquired a newly incorporated Company Staqo World Private Limited (Staqo) having paid-up capital of ₹ 1,00,000/-. Staqo is into the business of Information Technology and its registered office is in Delhi.

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 prioritisation of risk and development of risk mitigation plans. The Company has constituted a Risk Management Committee to look into the risk involved with the Company and its mitigation.

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 in their report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

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

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. Pankaj Garg ceased from his office from 11 November, 2019 due to resignation. Mr. Dhruv Chandra Mathur was appointed as Chief Financial Officer of the company w.e.f. 11 November, 2019.

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 of M/s. S.P. Chopra & Co as Statutory Auditors for FY 2020-21 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 2020-21, 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 2020-21. 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 2019-20. 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 has 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 victimisation of employees and Directors who may express their concerns pursuant to this policy. The policy is uploaded on the website of the Company at http://www.sheelafoam.com.

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

The Company has in place an Anti-Sexual Harassment policy in line with the requirements of sexual harassment of women at Work place (Prevention, Prohibition and Redressal) Act 2013. The Internal 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, 6 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 form 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 5 KWp solar power plant at one of the units to reduce the electricity consumption from power Distribution Company.

2) Replaced 10 nos. of electric hoist with hydraulic power pack, which results into increasing the efficiency of the machine and saving of electricity.

3) One of the processes named Hot Stamping completely turned into Laser Stamping for energy conservation. This process helps in identification of the product even after being removed from packaging.

4) Replacement of conventional MH and streetlights with energy efficient LED lights with LDR and motion sensor based control system.

5) Used hand held blowers for floor cleaning to eliminate the use of compressed air for the same.

6) Used air cooler with timer to eliminate the wastage of electricity as many times cooler remain in 'On state' in the absence of user.

7) Used PPR-CH pipeline with PUF insulation to increase the efficiency of Chiller Water.

8) Used floating valve in cooling towers to maintain water level automatically, it results into elimination of water and electricity wastage.

9) Replaced old Air conditioner with energy efficient new generation Air conditioner with non-CFC gases, leading to reduction in power consumption as well as not harming the Ozone layer.

10) Increased the usage of Variable Frequency drives instead of starters for the electric motors to reduce the electricity consumption and to increase the efficiency of motors.

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.

D. The earnings from exports were ₹ 16.43 crores (Previous Year ₹ 20.43) and payments in foreign exchange were ₹ 131.04 crores (Previous Year ₹ 271.53 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 SEBI LODR Regulations 2015.

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/Sustainability 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 : 26 June, 2020

(Rahul Gautam)
Chairman and Managing Director

Annexure-A

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

(₹ in Lakhs)

Name of the subsidiary	Joyce Foam Pty Ltd	Divya Software Solutions Pvt Ltd	Sleepwell Enterprises Pvt Ltd	Staqo World Private Limited	International Foam Technologies Spain S.L.	SleepX US Inc
Place of incorporation	Australia	India	India	India	Spain	USA
Date of incorporation / acquisition	03-10-2005	19-04-2010	07-10-1994	26-03-2020	12-06-2019	04-10-2019
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.	YES 01.10.2019 to 31.03.2020	N. A
Reporting currency and Exchange rate as on the last date of therelevant Financial year in the case of foreign subsidiaries	AUD AUD= INR 46.28	N.A.	N.A.	N.A.	EURO EURO= INR 83.08	N. A
Share capital	3047.50	9.46	1.05	1.00	9972.09	-
Reserves & surplus	6586.71	6593.83	170.46	24.56	1113.62	-
Total assets	23998.24	6628.71	175.23	60.92	44181.03	-
Total Liabilities	14364.03	25.42	3.72	35.35	32309.43	-
Investments	-	-	168.33	-	-	-
Turnover	31574.09	-	10.00	60.00	10325.24	-
Profit/(Loss) before taxation	2732.12	(112.25)	6.71	32.99	1564.19	-
Provision for taxation	876.97	(7.24)	1.84	8.43	364.70	-
Profit after taxation	1855.15	(105.01)	4.87	24.56	1199.49	-
Proposed Dividend	NIL	NIL	NIL	NIL	NIL	-
% of shareholding	100%	100%	100%	100%	100%	-

Note-
Joyce Foam Pty Ltd, Divya Software Solutions Private Limited, Sleepwell Enterprises Private Limited ,Staqo World Private Limited and International Foam Technologies Spain S.L. are wholly owned subsidiary of the Company.

Annexure-B

CORPORATE GOVERNANCE REPORT

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

BOARD OF DIRECTORS ("BOARD")

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

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

As on the date of this report the Board comprises of 10 (Ten) Directors, which include 6 (Six) Non-Executive Independent Directors and 4 (Four) Executive Directors. There are 2 (Two) Women Directors one of whom is Independent Director.

During the financial year none of the Independent Directors of the Company served 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/she is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

MEETINGS OF THE BOARD

The Board of Directors met Six times during the financial year ended on 31 March, 2020. Board Meetings were held on 4 May, 2019, 26 July, 2019, 6 August, 2019, 11 November, 2019, 10 February, 2020 and 7 March, 2020.

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 6 March, 2020 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 end of Financial Year ie 31 March, 2020, 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 15 July, 2019	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	6	Yes	1	0	0
Namita Gautam# 00190463	Executive Director	6	No	1	0	0
Rakesh Chahar 00180587	Executive Director	6	Yes	1	0	1
Tushaar Gautam# 01646487	Executive Director	5	Yes	1	0	1
Vijay Kumar Chopra 02103940	Independent Director	4	No	7	5	8
Som Mittal 00074842	Independent Director	6	Yes	2	1	4
Ravindra Dhariwal 00003922	Independent Director	6	No	3	1	6
Anil Tandon 00089404	Independent Director	5	Yes	1	0	1
Vijay Kumar Ahluwalia 08078092	Independent Director	5	Yes	1	0	0
Meena Jagtiani 08396893	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 periodically.

- **Presentations by the Management:** The Senior Management of the Company is invited at the Board meetings to 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:

1. Annual operating plans and budgets and any updates thereof;
2. Capital budgets and any updates thereof;
3. Quarterly results of the Company and its operating divisions and business segments;
4. Minutes of Meetings of the Audit Committee and other Committees of the Board;
5. Recruitment and remuneration of senior officers just below board level, including appointment and removal of Chief Financial Officer and the Company Secretary;
6. Materially important show cause, demand, prosecution and penalty notices report;
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;

8. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;

9. 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;

10. Details of any joint venture or collaboration agreement;

11. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;

12. 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.;

13. Sale of material nature, of investments, subsidiaries and assets which is not in the normal course of business;

14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material; and

15. 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 2019-20 ended on 31 March, 2020 on 4 May, 2019, 6 August, 2019, 11 November, 2019 and 10 February, 2020.

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

Name of the Members	No. of meetings	
	Held	Attended
Mr. V. K. Chopra(Chairman)	4	4
Mr. Ravindra Dhariwal	4	4
Mr.Som Mittal	4	4
Mr. Tushaar Gautam	4	3

Mr. Som Mittal, In-Charge of Audit Committee attended the 47th Annual General Meeting.

The terms of reference of the Committee are as under:

(i) The Audit Committee shall have powers, which should include the following:

(a) To investigate any activity within its terms of reference;

(b) To seek information from any employee of the Company;

(c) To obtain outside legal or other professional advice; and

(d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

(ii) The role of the Audit Committee shall include the following:

(a) Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and the fixation of audit fee;

(c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors of the Company;

(d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

(i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-Section 3 of Section 134 of the Companies Act, 2013;

(ii) Changes, if any, in accounting policies and practices and reasons for the same;

(iii) Major accounting entries involving estimates based on the exercise of judgement by the management of the Company;

(iv) Significant adjustments made in the financial statements arising out of audit findings;

(v) Compliance with listing and other legal requirements relating to financial statements

(vi) Disclosure of any related party transactions; and

(vii) Qualifications / modified opinion(s) in the draft audit report.

(e) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the board for approval;

(f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised 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 utilised 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:

Mr. Som Mittal-Independent Director

Mr. V. K. Chopra-Independent Director

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 3 (three) times during financial year 2019-20 ended on 31 March, 2020 on 4 May, 2019, 6 April,2019 and 11 November, 2019.

Name of the Members	No. of meetings	
	Held	Attended
Mr. Som Mittal (Chairman)	3	3
Mr. V. K. Chopra	3	2
Mr. Ravindra Dhariwal	3	3

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) Analysing, 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 2019-20 ended on 31 March, 2020 on 4 May, 2019.

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, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time; and

(d) Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services.

Details of Investor complaints

During the Financial Year ended on 31 March, 2020, 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 11 July, 2016. The Chairperson of the Committee is Mr. Anil Tandon a Non-Executive Independent Director. The Committee comprises following Executive and Non-Executive Independent Directors:-

1. Mr. Anil Tandon-Independent Director
2. Mr. Ravindra Dhariwal-Independent Director
3. 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 2019-20 ended on 31 March, 2020 on 4 May, 2019.

Name of the Members	No. of meetings	
	Held	Attended
Mr. Anil Tandon (Chairman)	1	1
Mr. Ravindra Dhariwal	1	1
Mr. Tushaar Gautam	1	0
Ms. Namita Gautam	1	1

The terms of reference of the Committee are as under:

1. 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;

2. 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 ;

3. To monitor the Corporate Social Responsibility Policy of the company from time to time; and

4. 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 10 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

Risk Management Committee met 1 (one) time during financial year 2019-20 ended on 31 March, 2020 on 27 April, 2019.

Name of the Members	No. of meetings	
	Held	Attended
Lt Gen (Dr.) Vijay Kumar Ahluwalia	1	1
Mr. Rakesh Chahar	1	1
Mr. Tushaar Gautam	1	1

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 MEETINGS

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

Annual General Meeting

Year	Date & Day	Location	Time	Special Resolution
2018-19	15 July, 2019	Arya Auditorium, Desh Raj Complex, C Block, East of Kailash, New Delhi, 110065	10.30 AM	No Special Resolution
2017-18	18 July, 2018	Arya Auditorium, Desh Raj Complex, C Block, East of Kailash, New Delhi, 110065	10.30 AM	No Special Resolution
2016-17	20 July, 2017	Arya Auditorium, Desh Raj Complex, C Block, East of Kailash, New Delhi, 110065	10.30 AM	No Special Resolution

Extraordinary General Meeting

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

Postal Ballot

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

Means of Communication with Shareholders

1. ***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.

2. ***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.

3. ***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.

4. ***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: 14 August, 2020, Friday
Time: 10.30 a.m.
Venue- E - Meeting, through Video Conference (VC) or Other Audio Visual Means (OAVM).

(b) Financial Year: April to March

(c) Listing on Stock Exchange

The Company's equity shares are listed at the following Stock Exchanges.

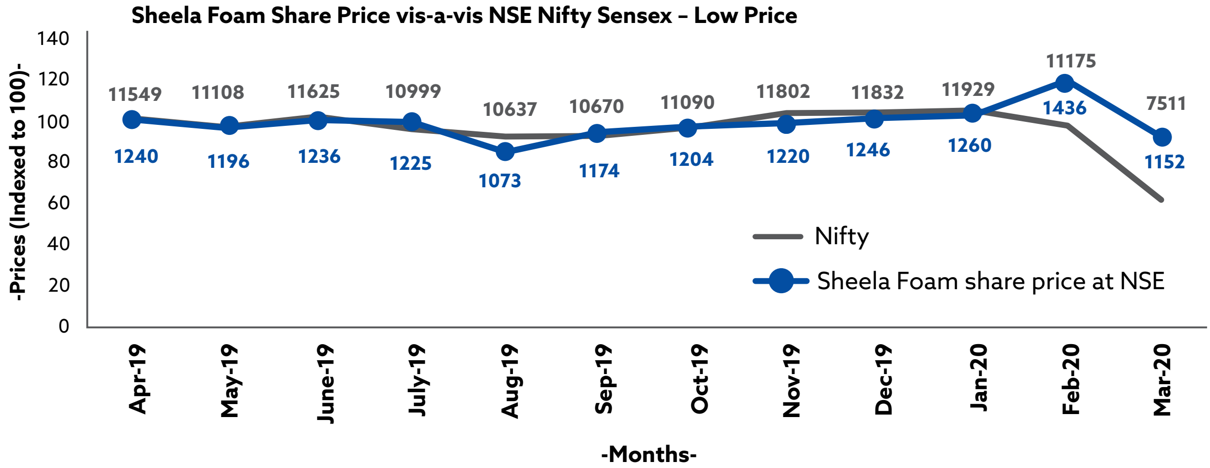
Name and Address of Stock Exchanges	Stock Code
BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 023.	540203
National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra(E) Mumbai – 400 051	SFL

Market Price Data/Stock Performance: FY 2019-20 ended on 31 March, 2020

The Company is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The high low price during this period on the BSE and NSE was as under:-

Month	Bombay Stock Exchange (BSE) (in ₹)		National Stock Exchange (NSE) (in ₹)	
	High	Low	High	Low
April 2019	1,438	1,241	1,443	1,240
May 2019	1,360	1,156	1,364	1,196
June 2019	1,353	1,233	1,350	1,236
July 2019	1,360	1,225	1,355	1,225
August 2019	1,254	1,084	1,270	1,073
September 2019	1,345	1,173	1,350	1,174
October 2019	1,340	1,210	1,333	1,204
November 2019	1,398	1,210	1,374	1,220
December 2019	1,336	1,255	1,375	1,246
January 2020	1,505	1,277	1,500	1,260
February 2020	1,770	1,431	1,780	1,436
March 2020	1,700	1,101	1,694	1,152

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

Distribution of Equity Shareholding as on 31 March, 2020

Group of Shares	Number of Shareholders	% to total Shareholders	Number of Shares held	% to Total Shares
1-500	9405	95.9596	526272	1.0789
501-1000	200	2.0406	135331	0.2774
1001-2000	83	0.8469	117215	0.2403
2001-3000	32	0.3265	81074	0.1662
3001-4000	13	0.1326	47531	0.0974
4001-5000	11	0.1122	48449	0.0993
5001- 10000	11	0.1122	78351	0.1606
10001 & above	46	0.04694	47748585	97.8799
Total	9801	100.0000	4,87,82,808	100.0000

Shareholding Pattern as on 31 March, 2020

Category	Number of Shares held	%-Issued Capital
Promoter and Prompter Group	36587087	75.0000
Mutual Funds	9534140	19.5441
Insurance Companies	55723	0.1142
Financial Institutions	2058	0.0042
Foreign Portfolio Investors(Corporate)	1413935	2.8985
Non Resident Indians	46312	0.0949
Non Resident (Non Repatriable)	42387	0.0869

Category	Number of Shares held	%-Issued Capital
Clearing Members	2970	0.0061
Other Bodies Corporate	123997	0.2542
Public	774909	1.5885
Hindu Undivided Family	31,223	0.0640
Alternate Investment Funds	167507	0.3434
Trusts	560	0.0011
Total	48,782,808	100

Dematerialisation of Shares & Liquidity

As on 31 March, 2020, all the equity share capital of the Company were held in dematerialised form except 6 shares. The ISIN allotted in respect of equity shares of ₹ 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 Gautam Budh Nagar - 201304	Survey No. - 852, Medchal Industrial Area R.R. Dist - 501401 (Telagana)
Village Mardanpur, Near Shamboo 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. Pin - 735134 (West Bengal)
Survey No: 261/1/2/3,Saily Umarkui Road, Silvassa - 396 230 (D.&N.H.)	37/2, Site IV, Sahibabad Industrial Area, Ghaziabad, Uttar Pradesh - 201010

Reconciliation of Share Capital Audit

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

Disclosures of Accounting Treatment

In the financial statements for the year ended 31 March, 2020, the Company has followed the treatment as prescribed in the applicable Accounting Standards.

Related Party Transactions

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

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

The Company has complied with all the requirements of the Stock Exchanges/the Regulations and guidelines of SEBI and other Statutory Authorities on all matters relating to capital markets. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authorities on matters relating to capital markets during the last three years.

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

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

Code for prevention of Insider Trading

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

Code of conduct for Directors and Senior Executives

The Company has laid down a Code of Conduct for all Board Members and the Senior Executives of the Company. The Code of conduct is available on the Company's website www.sheelafoam.com. The code of conduct was circulated to all the members of the Board and senior management personnel and they have affirmed their compliance with the said code of conduct for the financial year ended 31 March, 2020. A declaration to this effect signed by the Chairman & Managing Director is given below:

To

The Shareholders of Sheela Foam Limited.

Sub.: Compliance with Code of Conduct

I hereby declare that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors and applicable to them for the financial year ended 31 March, 2020.

Date: 26 June, 2020 **Rahul Gautam**

Place: Noida Chairman and Managing Director

MD/CFO CERTIFICATION

The Managing Director & CFO have certified to the Board of Directors inter-alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under Regulation 17 (8) of Listing Regulations for the year ended 31 March, 2020. The said certificate forms part of the Annual Report.

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

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

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

Modified opinion(s) in audit report

The opinion expressed by the Auditor in the audit report on the financial statements for the year ended 31 March, 2020 is unmodified.

Compliance Certificate on Corporate Governance from the Auditor

The certificate dated 26 June, 2020 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 26 June, 2020.

CEO/CFO CERTIFICATION

To
The Board of Directors
Sheela Foam Limited

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

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

(a) We have reviewed financial statements and the cash flow statement for the year ended 31 March, 2020 and that to the best of our knowledge and belief:

  (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

  (i) That there were no significant changes in internal control over financial reporting during the year;

  (ii) That there were no significant changes in accounting policies during the year and

  (iii) That there were no instances of significant fraud, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Rahul Gautam
Chairman and Managing Director

Dhruv Chandra Mathur
Chief Financial Officer

Place: Noida
Date: 26 June, 2020

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

Independent Auditor's Certificate on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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

1. The Corporate Governance Report prepared by **Sheela Foam Limited** (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended 31st March, 2020 as required by the Company for annual submission to the Stock exchange. 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 records 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 01st April, 2019 to 31st March, 2020:

        (a) Board of Directors;

        (b) Audit Committee;

        (c) Annual General;

        (d) Nomination and Remuneration Committee;

(e) Stakeholders Relationship Committee;

(f) Corporate Social Responsibility Committee; and

(g) Risk Management Committee.

iii. 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, 2020.

Restriction on Use

9. This certificate 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.

10. 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 Registration No. 000346N

(Sanjiv Gupta)
Partner
M. No. 083364
UDIN: 20083364AAAAAH1985

Place : Noida
Dated : 26 June, 2020

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 Boardof 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 31 MARCH, 2020

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 authorised representatives during the conduct of secretarial audit.

We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2020, 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 31 March, 2020 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 thatthere 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 Six Independent Directors(Including One Independent Woman Director) 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 – 3 times

    d) Stakeholders Relationship Committee – 1 time

    e) Risk Management Committee – 1 time

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**

S/d
Amitabh
Partner
ACS: 14190
CP: 5500

Place: Delhi
Date: 26 June, 2020

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: 26 June, 2020

Annexure-E

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES FOR THE YEAR 2019-20:

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The company is committed to society for improving quality of life of people living in under privileged area especially those from socially and economically backward areas. Company's CSR efforts shall focus on Education, Employability and Health for relevant target groups, ensuring diversity and giving preference to needy and deserving people inhabiting in rural India. The Company has adopted Corporate Social Responsibility (CSR) Policy. The policy has been uploaded on the website of the Company www.sheelafoam.com. The various programme includes Education, Swach Bharat, community, rural development and all the Government Notified Fund. The Company has a CSR arm, Sleepwell Foundation(Trust). It has been promoting education, skill development, wellness, cleanliness, since 2001. 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: 1. Mr. Anil Tandon- Chairman 2. Ms. Namita Gautam- Member 3. Mr. Ravindra Dhariwal-Member 4. Mr. Tushaar Gautam-Member
3.	Average net profit of the Company for last three financial years.	₹ 16944.29 Lakhs
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	₹ 338.89 Lakhs
6.	Details of CSR spent during the financial year 2019-20: 1. Total amount to be spent for the financial year 2019-20. 2. Amount unspent, if any	 ₹ 344.00 Lakhs NIL

2. Manner in which the amount spent during the financial year2019-20 is detailed below.

(₹ in Lakhs)

1	2	3	4	5	6	7	8
Sl. No	**CSR project or activity Identified**	**Sector in which the Project is Covered**	**Projects or programs**	**Amount outlay (budget) project or Program Wise**	**Amount spent on the projects or Programs Subheads:**	**Cumulative expenditure upto to the reporting period**	**Amount spent: Direct or through implementing Agency**
			(1) Local area or other (2) Specify the State and districts where projects or programs was undertaken		(1)Direct expenditure on projects or Programs. (2) Overheads:		
1.	Education/Skill Development	Promoting Education including employment enhancing vocational skills, conducting wellness awareness programme, contributing sanitation programme	Delhi and Uttar Pradesh	331.25	331.25	331.25	Through, Sleepwell Foundation (Trust)
2.	Education/Skill Development	Promoting Education including employment enhancing vocational skills	Aligarh, Uttar Pradesh	8.75	8.75	8.75	Through Pt. Mohan Lal Gautam Trust
3.	Others	Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation	Uttar Pradesh	4.00	4.00	4.00	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 2020, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2020.

ii)

Name and Designation	Remuneration for Financial Year 2020 (₹ in Lakhs)	% increase of remuneration in the Financial Year 2020	Ratio of remuneration to Median Remuneration
Executive Director			
Mr. Rahul Gautam Managing Director	355.52	20.95%	168
Ms. Namita Gautam Wholetime Director	190.68	19.94%	90
Mr. Rakesh Chahar Wholetime Director	188.30	20.16%	89
Mr. Tushaar Gautam Wholetime Director	197.73	19.34%	93
Non Executive Independent Director			
Mr. Vijay Kumar Chopra Non Executive Independent Director	18.5	NA	9
Mr. Som Mittal Non Executive Independent Director	24.5	NA	11
Mr. Ravindra Dhariwal Non Executive Independent Director	23.5	NA	11
Mr. Anil Tandon Non Executive Independent Director	20.5	NA	10
Lt Gen (Dr.) Vijay Kumar Ahluwalia Non Executive Independent Director	19.5	NA	9
Ms. Meena Jagtiani Non Executive Independent Director	6.5	NA	3
Key Managerial Personnel			
Mr. Dhruv Chandra Mathur Chief Financial Officer *	31.28	NA	38
Mr. Pankaj Garg** Chief Financial Officer	51.76	NA	40
Mr. Md Iquebal Ahmad Company Secretary	16.36	12.52	8

*Mr. Dhruv Chandra Mathur appointed as CFO w.e.f 11 November, 2019.

**Mr. Pankaj Garg ceased the office of CFO on 11 November, 2019.

Note:

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

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

(iii) The median remuneration of employees during the financial year was ₹ 2.12 Lakhs.

(iv) In the financial year, there was an increase of 8 % in the median remuneration of employees.

(v) Number of permanent employees on the role of the Company as on 31.03.2020 is 2189

(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 (₹ in Lakhs)	Experience (in years)	Educational Qualification	Previous employment and designation
Dr. Mahesh N Gopalasamudram (COO)	106.56	21	PhD	Manali Petrochemical

Annexure-G

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31 March, 2020

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

I. REGISTRATIONANDOTHERDETAILS:

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. PRINCIPALBUSINESSACTIVITIESOFTHECOMPANY

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	% total turn over of the company
1	PU Foam Sheets/ Mattresses/rolls/ bolster/pillows	31005	99.99

III. PARTICULARSOFHOLDING,SUBSIDIARYANDASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shares	Applicable Section
1	Joyce Foam Pty Ltd 5-9 Bridge Road, Moorebank, NSW 2170	NA	Subsidiary	100	2(87)
2	Joyce WC NSW Pty Ltd 5-9 Bridge Road, Moorebank, NSW 2170	NA	Stepdown Subsidiary	100	2(87)
3	Divya Software Solutions Private Limted C-55, Preet Vihar, Vikas Marg, Delhi-110092	U72200DL2010PTC201680	Subsidiary	100	2(87)
4	Sleepwell Enterprises Pvt Ltd C-55, Preet Vihar, Vikas Marg, Delhi-110092	U74899DL1994PTC062005	Subsidiary	100	2(87)
5	StaqoWorld Pvt Ltd 603,Ashadeep 9 Hailey Road New Delhi Delhi-110001	U72900DL2019PTC356597	Subsidiary	100	2(87)
6	International Foam Technologies Spain	NA	Subsidiary	100	2(87)
7	Interplasp S.L, Spain	NA	Stepdown Subsidiary	100	2(87)
8	SleepX US Inc	NA	Subsidiary	100	2(87)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY

(i) Category wise Shareholding

Sl. No	Category of Shareholders	Shareholding at the beginning of the year - 2019				Shareholding at the end of the year – 2020				% 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	30011678	0	30011678	61.5210	30011678	0	30011678	61.5210	0
(b)	Central Government / State Government(s)	0	0	0	0	0	0	0	0	0
(c)	Financial Institutions / Banks	0	0	0	0	0	0	0	0	0
(d)	Any Other (Specify)									
	Bodies Corporate	6575409	0	6575409	13.4789	6575409	0	6575409	13.4789	0
	Sub Total (A)(1)	**36587087**	**0**	**36587087**	**75.0000**	**36587087**	**0**	**36587087**	**75.0000**	**0**
[2]	**Foreign**									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0	0	0	0	0	0
(b)	Government	0	0	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0	0	0
(d)	Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0
(e)	Any Other (Specify)									
	Sub Total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**36587087**	**0**	**36587087**	**75.0000**	**36587087**	**0**	**36587087**	**75.0000**	**0**
(B)	**Public Shareholding**									
[1]	**Institutions**									
(a)	Mutual Funds / UTI	8279199	0	8279199	16.9716	9534140	0	9534140	19.5441	2.5725
(b)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(c)	Alternate Investment Funds	39081	0	39081	0.0801	167507	0	167507	0.3434	0.2633
(d)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
(e)	Foreign Portfolio Investor	1492604	0	1492604	3.0597	1413935	0	1413935	2.8984	-0.1613
(f)	Financial Institutions / Banks	2380	0	2380	0.0049	2058	0	2058	0.0042	-0.0007
(g)	Insurance Companies	0	0	0	0	55723	0	55723	0.1142	0.1142
(h)	Provident Funds/ Pension Funds	0	0	0	0	0	0	0	0	0
(i)	Any Other (Specify)									
	Sub Total (B)(1)	**9813264**	**0**	**9813264**	**20.1162**	**11173363**	**0**	**11173363**	**22.9043**	**2.7881**

Sl. No	Category of Shareholders	Shareholding at the beginning of the year - 2019				Shareholding at the end of the year – 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
[2]	**Central Government/ State Government(s)/ President of India**									
	Sub Total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
[3]	**Non-Institutions**									
(a)	**Individuals**									
(i)	Individual shareholders holding nominal share capital upto ₹ 2lakh.	545915	2	545917	1.1191	**774903**	**6**	**774909**	**1.5885**	0.4694
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 2lakh	0	0	0	0	**0**	**0**	**0**	**0**	0
(b)	NBFCs registered with RBI	100	0	100	0.0002	**0**	**0**	**0**	**0**	-0.0002
(d)	Overseas Depositories(holding D ₹) (balancing figure)	0	0	0	0	**0**	**0**	**0**	**0**	0
(e)	Any Other (Specify)									
	Trusts	470	0	470	0.0010	**560**	**0**	**560**	**0.0011**	0.0001
	Hindu Undivided Family	21537	0	21537	0.0441	**31223**	**0**	**31223**	**0.0640**	0.0199
	Non Resident Indians (Non Repat)	25239	0	25239	0.0517	**42387**	**0**	**42387**	**0.0869**	0.0352
	Non Resident Indians (Repat)	29241	0	29241	0.0599	**46312**	**0**	**46312**	**0.0949**	0.0350
	Clearing Member	663397	0	663397	1.3599	**2970**	**0**	**2970**	**0.0061**	-1.3538
	Bodies Corporate	1096556	0	1096556	2.2478	**123997**	**0**	**123997**	**0.2542**	-1.9936
	Sub Total (B)(3)	**2382455**	**2**	**2382457**	**4.8838**	**1022352**	**6**	**1022358**	**2.0957**	**-2.7881**
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	**12195719**	**2**	**12195721**	**25.0000**	**12195715**	**6**	**12195721**	**25.0000**	**0**
	Total (A)+(B)	**48782806**	**2**	**48782808**	**100.0000**	**48782802**	**6**	**48782808**	**100.0000**	**0**
(C)	**Non Promoter - Non Public**									
[1]	**Custodian/DR Holder**	0	0	0	0	**0**	**0**	**0**	**0**	0
[2]	**Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)**	0	0	0	0	**0**	**0**	**0**	**0**	0
	Total (A)+(B)+(C)	**48782806**	**2**	**48782808**	**100.0000**	**48782802**	**6**	**48782808**	**100.0000**	**0**

(ii) Shareholding of Promoter (Including Promoter Group)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year - 2019			Shareholding at the end of the year - 2020			% change in shareholding during the year
		NO. OF SHARES HELD	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	NO. OF SHARES HELD	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	SHEELA GAUTAM	17561880	36.0001	0			0	36.0001
2	RAHUL GAUTAM	6209485	12.7288	0	6209485	12.7288	0	0
3	RANGOLI RESORTS P LTD	6563391	13.4543	0	6563391	13.4543	0	0
4	NAMITA GAUTAM	5715879	11.7170	0	5715879	11.7170	0	0
5	TUSHAAR GAUTAM	524434	1.0750	0	18086314	37.0752	0	36.0001
6	CORE MOULDINGS PRIVATE LTD	12018	0.0246	0	12018	0.0246	0	0
	Total	**36587087**	**75.0000**	**0**	**36587087**	**75.0000**	**0**	**0**

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

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year – 2020	
		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			0	-36.0001
	Transfer			21 June, 2019	(17561880)	0	0
	At the end of the Year					0	0
2	RANGOLI RESORTS P LTD	6563391	13.4543			6563391	13.4543
	At the end of the Year					6563391	13.4543
3	RAHUL GAUTAM	6209485	12.7288			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	524434	1.0750			524434	1.0750
	Transfer			29 June, 2019	17561880	18086314	37.0752
						18086314	37.0752
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 ₹ 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

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019: No.of Shares Held	Shareholding at the beginning of the year - 2019: % of Total Shares of The Company	Transactions during the year: Date of Transaction	Transactions during the year: No. of Shares	Cumulative Shareholding at the end of the year – 2020: No of Shares Held	Cumulative Shareholding at the end of the year – 2020: % of Total Shares of The Company
1	SBI MAGNUM MIDCAP FUND	4726138	9.6881			4726138	9.6881
	Transfer			02 Aug 2019	6000	4732138	9.7004
	Transfer			16 Aug 2019	(30000)	4702138	9.6389
	Transfer			14 Feb 2020	(14500)	4687638	9.6092
	Transfer			20 Mar 2020	(3900)	4683738	9.6012
	Transfer			27 Mar 2020	(1987)	4681751	9.5971
	Transfer			31 Mar 2020	(4)	4681747	9.5971
	At the end of the year					4681747	9.5971
2	DSP MIDCAP Fund	1355000	2.7776			1355000	2.7776
	Transfer			17 May 2019	200000	1555000	3.1876
	At the end of the year					1555000	3.1876
3	Kotak Emerging Equity Scheme	354006	0.7257			354006	0.7257
	Transfer			05 Apr 2019	164932	518938	1.0638
	Transfer			12 Apr 2019	10723	529661	1.0858
	Transfer			19 Apr 2019	4251	533912	1.0945
	Transfer			26 Apr 2019	2290	536202	1.0992
	Transfer			03 May 2019	32610	568812	1.1660
	Transfer			10 May 2019	66435	635247	1.3022
	Transfer			17 May 2019	99809	735056	1.5068
	Transfer			24 May 2019	38975	774031	1.5867
	Transfer			31 May 2019	39644	813675	1.6680
	Transfer			07 Jun 2019	2729	816404	1.6735
	Transfer			21 Jun 2019	827	817231	1.6752
	Transfer			05 Jul 2019	22501	839732	1.7214
	Transfer			12 Jul 2019	26	839758	1.7214
	Transfer			19 Jul 2019	25000	864758	1.7727
	Transfer			26 Jul 2019	4012	868770	1.7809
	Transfer			02 Aug 2019	20000	888770	1.8219
	Transfer			09 Aug 2019	424	889194	1.8228
	Transfer			23 Aug 2019	37005	926199	1.8986
	Transfer			30 Aug 2019	3746	929945	1.9063
	Transfer			20 Sep 2019	4467	934412	1.9155
	Transfer			27 Sep 2019	2021	936433	1.9196
	Transfer			30 Sep 2019	15000	951433	1.9503
	Transfer			04 Oct 2019	9258	960691	1.9693
	Transfer			11 Oct 2019	9103	969794	1.9880
	Transfer			18 Oct 2019	8000	977794	2.0044
	Transfer			08 Nov 2019	44206	1022000	2.0950
	Transfer			15 Nov 2019	43683	1065683	2.1845
	Transfer			22 Nov 2019	15608	1081291	2.2165
	Transfer			29 Nov 2019	28459	1109750	2.2749
	Transfer			06 Dec 2019	32554	1142304	2.3416
	Transfer			13 Dec 2019	102853	1245157	2.5525
	Transfer			20 Dec 2019	50000	1295157	2.6549
	Transfer			31 Dec 2019	15000	1310157	2.6857
	Transfer			03 Jan 2020	11664	1321821	2.7096
	Transfer			10 Jan 2020	14589	1336410	2.7395
	Transfer			17 Jan 2020	17517	1353927	2.7754
	Transfer			24 Jan 2020	4436	1358363	2.7845
	Transfer			31 Jan 2020	19192	1377555	2.8239

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019 No.of Shares Held	% of Total Shares of The Company	Transactions during the year Date of Transaction	No. of Shares	Cumulative Shareholding at the end of the year – 2020 No of Shares Held	% of Total Shares of The Company
	Transfer			07 Feb 2020	5859	1383414	2.8359
	Transfer			14 Feb 2020	17389	1400803	2.8715
	Transfer			28 Feb 2020	24796	1425599	2.9223
	Transfer			06 Mar 2020	13853	1439452	2.9507
	Transfer			13 Mar 2020	14540	1453992	2.9805
	Transfer			20 Mar 2020	25232	1479224	3.0323
	Transfer			27 Mar 2020	9466	1488690	3.0517
	At the end of the year					1488690	3.0517
4	UTI - Equity Fund	1278263	2.6203			1278263	2.6203
	Transfer			05 Apr 2019	10000	1288263	2.6408
	Transfer			26 Apr 2019	2428	1290691	2.6458
	Transfer			31 May 2019	2500	1293191	2.6509
	Transfer			29 Jun 2019	680	1293871	2.6523
	Transfer			05 Jul 2019	2500	1296371	2.6574
	Transfer			12 Jul 2019	6675	1303046	2.6711
	Transfer			19 Jul 2019	1412	1304458	2.6740
	Transfer			02 Aug 2019	5000	1309458	2.6843
	Transfer			23 Aug 2019	1000	1310458	2.6863
	Transfer			25 Oct 2019	(5000)	1305458	2.6761
	Transfer			08 Nov 2019	5000	1310458	2.6863
	Transfer			24 Jan 2020	1913	1312371	2.6902
	Transfer			31 Jan 2020	(13000)	1299371	2.6636
	Transfer			14 Feb 2020	(12207)	1287164	2.6386
	Transfer			21 Feb 2020	(3500)	1283664	2.6314
	Transfer			13 Mar 2020	2500	1286164	2.6365
	Transfer			20 Mar 2020	14850	1301014	2.6670
	Transfer			27 Mar 2020	9591	1310605	2.6866
	Transfer			31 Mar 2020	(302)	1310303	2.6860
	At the end of the year					1310303	2.6860
5	Reliance Capital Trustee Co Ltd-A/C Nippon India Small Cap Fund	403205	0.8265			403205	0.8265
	Transfer			05 Apr 2019	34644	437849	0.8975
	Transfer			10 May 2019	(7469)	430380	0.8822
	Transfer			22 Nov 2019	88006	518386	1.0626
	Transfer			10 Jan 2020	(19509)	498877	1.0226
	Transfer			31 Jan 2020	(15135)	483742	0.9916
	At the end of the year					483742	0.9916
6	Goldman SACHS India Limited	490850	1.0062			490850	1.0062
	Transfer			13 Dec 2019	(1270)	489580	1.0036
	Transfer			20 Dec 2019	(17459)	472121	0.9678
	Transfer			28 Feb 2020	(10279)	461842	0.9467
	Transfer			06 Mar 2020	(6671)	455171	0.9331
	Transfer			13 Mar 2020	(2866)	452305	0.9272
	Transfer			20 Mar 2020	(9904)	442401	0.9069
	Transfer			27 Mar 2020	(1556)	440845	0.9037
	At the end of the year					440845	0.9037
7	Kuwait Investment Authority Fund 225	190526	0.3906			190526	0.3906
	Transfer			05 Apr 2019	168329	358855	0.7356
	Transfer			13 Dec 2019	(72766)	286089	0.5865
	Transfer			20 Dec 2019	(25409)	260680	0.5344
	Transfer			14 Feb 2020	(383)	260297	0.5336
	At the end of the year					260297	0.5336

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019 No.of Shares Held	Shareholding at the beginning of the year - 2019 % of Total Shares of The Company	Transactions during the year Date of Transaction	Transactions during the year No. of Shares	Cumulative Shareholding at the end of the year – 2020 No of Shares Held	Cumulative Shareholding at the end of the year – 2020 % of Total Shares of The Company
8	UTI India Dynamic Equity Fund	100346	0.2057			100346	0.2057
	Transfer			26 Apr 2019	2420	102766	0.2107
	Transfer			03 May 2019	6000	108766	0.2230
	Transfer			21 Jun 2019	501	109267	0.2240
	Transfer			29 Jun 2019	5371	114638	0.2350
	Transfer			05 Jul 2019	5600	120238	0.2465
	Transfer			12 Jul 2019	2500	122738	0.2516
	Transfer			19 Jul 2019	3099	125837	0.2580
	Transfer			26 Jul 2019	1808	127645	0.2617
	Transfer			02 Aug 2019	5000	132645	0.2719
	Transfer			23 Aug 2019	626	133271	0.2732
	Transfer			30 Aug 2019	1000	134271	0.2752
	Transfer			06 Sep 2019	7500	141771	0.2906
	Transfer			13 Sep 2019	2233	144004	0.2952
	Transfer			27 Sep 2019	6000	150004	0.3075
	Transfer			04 Oct 2019	3000	153004	0.3136
	Transfer			25 Oct 2019	6500	159504	0.3270
	Transfer			15 Nov 2019	1000	160504	0.3290
	Transfer			22 Nov 2019	200	160704	0.3294
	Transfer			29 Nov 2019	2500	163204	0.3346
	Transfer			06 Dec 2019	2500	165704	0.3397
	Transfer			20 Dec 2019	2250	167954	0.3443
	Transfer			24 Jan 2020	1000	168954	0.3463
	Transfer			31 Jan 2020	13000	181954	0.3730
	Transfer			07 Feb 2020	2075	184029	0.3772
	Transfer			14 Feb 2020	6708	190737	0.3910
	Transfer			13 Mar 2020	2000	192737	0.3951
	Transfer			20 Mar 2020	(5000)	187737	0.3848
	Transfer			27 Mar 2020	1660	189397	0.3882
	At the end of the year					189397	0.3882
9	Coupland Cardiff Funds PLC-CC Asian Evolution Fund	152838	0.3133			152838	0.3133
	Transfer			07 Feb 2020	(9233)	143605	0.2944
	Transfer			14 Feb 2020	(826)	142779	0.2927
	Transfer			28 Feb 2020	(8141)	134638	0.2760
	Transfer			06 Mar 2020	(486)	134152	0.2750
	Transfer			13 Mar 2020	(4839)	129313	0.2651
	Transfer			20 Mar 2020	(1087)	128226	0.2629
	Transfer			31 Mar 2020	(919)	127307	0.2610
	At the end of the year					127307	0.2610
10	Shinsei UTI India Fund (Mauritius) Limited	127892	0.2622			127892	0.2622
	Transfer			31 May 2019	4000	131892	0.2704
	Transfer			14 Jun 2019	2518	134410	0.2755
	Transfer			26 Jul 2019	1310	135720	0.2782
	Transfer			02 Aug 2019	2000	137720	0.2823
	Transfer			13 Sep 2019	1216	138936	0.2848
	Transfer			29 Nov 2019	(2500)	136436	0.2797
	Transfer			14 Feb 2020	(8000)	128436	0.2633
	Transfer			21 Feb 2020	(2000)	126436	0.2592
	Transfer			28 Feb 2020	(6000)	120436	0.2469

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		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			06 Mar 2020	(613)	119823	0.2456
	Transfer			20 Mar 2020	(550)	119273	0.2445
	At the end of the year					119273	0.2445
11	Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd	436127	0.8940			436127	0.8940
	Transfer			12 Apr 2019	241	436368	0.8945
	Transfer			26 Apr 2019	(286)	436082	0.8939
	Transfer			03 May 2019	(143)	435939	0.8936
	Transfer			17 May 2019	942	436881	0.8956
	Transfer			24 May 2019	(40000)	396881	0.8136
	Transfer			07 Jun 2019	1310	398191	0.8163
	Transfer			14 Jun 2019	(316)	397875	0.8156
	Transfer			21 Jun 2019	(114)	397761	0.8154
	Transfer			29 Jun 2019	(50000)	347761	0.7129
	Transfer			05 Jul 2019	(27854)	319907	0.6558
	Transfer			12 Jul 2019	(1571)	318336	0.6526
	Transfer			19 Jul 2019	(38547)	279789	0.5735
	Transfer			26 Jul 2019	(1286)	278503	0.5709
	Transfer			09 Aug 2019	(159)	278344	0.5706
	Transfer			30 Aug 2019	(2253)	276091	0.5660
	Transfer			06 Sep 2019	(1888)	274203	0.5621
	Transfer			27 Sep 2019	(23745)	250458	0.5134
	Transfer			30 Sep 2019	(194)	250264	0.5130
	Transfer			04 Oct 2019	(16178)	234086	0.4799
	Transfer			11 Oct 2019	(7087)	226999	0.4653
	Transfer			18 Oct 2019	(3521)	223478	0.4581
	Transfer			25 Oct 2019	(5897)	217581	0.4460
	Transfer			01 Nov 2019	(9011)	208570	0.4275
	Transfer			08 Nov 2019	(8255)	200315	0.4106
	Transfer			15 Nov 2019	(158009)	42306	0.0867
	Transfer			29 Nov 2019	(37430)	4876	0.0100
	Transfer			06 Dec 2019	(4876)	0	0.0000
	At the end of the year					0	0.0000
12	NSE Clearing Limited	394980	0.8097			394980	0.8097
	Transfer			06 Dec 2019	(394980)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000
13	Max Life Insurance CO Ltd A/C Participating Fund	390313	0.8001			390313	0.8001
	Transfer			12 Apr 2019	(1082)	389231	0.7979
	Transfer			19 Apr 2019	(900)	388331	0.7960
	Transfer			26 Apr 2019	(1800)	386531	0.7924
	Transfer			03 May 2019	(7200)	379331	0.7776
	Transfer			10 May 2019	(273230)	106101	0.2175
	Transfer			17 May 2019	(49326)	56775	0.1164
	Transfer			24 May 2019	(56775)	0	0.0000
	At the end of the year					0	0.0000

Note:

1. Paid up Share Capital of the Company (Face Value ₹ 5.00) at the end of the year is 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

(₹ in Lakhs)

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning 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**
Change in Indebtedness during the financial year					
Addition		Nil	2.45	Nil	2.45
Reduction		1.74	29.57	Nil	31.31
Net Change		1.74	27.12	Nil	28.86
Indebtedness at the end of the financial year:					
i)	Principal Amount	Nil	2.45	Nil	2.45
ii)	Interest due but not paid	Nil	Nil	Nil	Nil
iii)	Interest accrued but not due	Nil	Nil	Nil	Nil
Total(i+ii+iii)		**Nil**	**2.45**	**Nil**	**2.45**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

(A) Remuneration of Directors

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			
		Mr. Rahul Gautam	Ms. Namita Gautam	Mr. Rakesh Chahar	Mr. Tushaar Gautam
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	31.37	28.41	26.03	35.46
	(b) Value of perquisites u/s 17(2)	0.40	0.40	0.40	0.40
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961				
2	Stock Option	-	-	-	-
2	Sweat Equity	-	-	-	-
3	Commission - as% of profit - others, specify...	323.75	161.87	161.87	161.87
	Others, please specify Special Allowance	-	-	-	-
	Total	**355.52**	**190.68**	**188.30**	**197.73**

(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			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	31.28	49.81	15.36
	(b) Value of perquisites u/s 17(2)	-	1.95	1.00
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961			
	Stock Option	-	-	-
	Sweat Equity	-	-	-
	Commission - as% of profit - others, specify...	-	-	-
	Others, please specify	-	-	-
	Total	**31.28**	**51.76**	**16.36**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

Annexure-H

BUSINESS RESPONSIBILITY REPORT/SUSTAINABILITY REPORT

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

INTRODUCTION:

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** 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:**2019-20
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 and the Company has acquired business in Spain during the year.

   (a) Number of International Locations

   Other than Australia the Company export its product to UAE, EU, Saudi Arabia, Sri Lanka, Bangladesh and Nepal.

(b) Number of National Locations

Company production units are at 10 locations

10. **Markets served by the Company – Local/State/ National/International**

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) 24,39,14,040
2. Total Turnover (INR)1754.77 Crores
3. Total profit after taxes (INR) 165.51 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax 2.08%
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 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 marginalised
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

Sl. 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

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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?

   Yes. 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 centralised customer care center and are resolved expeditiously. During the year there have been only 11 cases in consumer forum out of which 6 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. CNG truck used for transportation in the North Zone.

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

(a) Please indicate the Total number of employees.

Total number of employees as on 31 March, 2020 were 3688

(b) Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Out of the total Employees, 1499 were on contractual basis

(c) Please indicate the Number of permanent women employees.

The number of women employees as on 31 March, 2020 was 146

(d) Please indicate the Number of permanent employees with disabilities

Number of permanent employees with disabilities as on 31 March, 2020 were 07

(e) Do you have an employee association that is recognised by management.

NO

(f) What percentage of your permanent employees is members of this recognised employee association?

NOT APPLICABLE

(g) 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.

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

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

   (a) Permanent Employees 82%

   (b) Permanent Women Employees 82%

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

   (d) Employees with Disabilities 100%

Principle 4

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

   Yes

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

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

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

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

Principle 5

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

   The policy covers subsidiary and group companies

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

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

Principle 6

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

   It extends to the Subsidiary and group companies

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

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

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

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

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

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

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 50% 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. IndianPolyurethane Association

   b. Industrial associations located at respective units

   c. Indian Sleep Products Federation

   d. ASSOCHEM

   e. 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 Associationthe 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 organisation?

   The programs are mostly done by Sleepwell Foundation

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

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

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

   The Company and its CSR arm has incurred a sum of ₹ 3.44 crore on development of skills and education during the year.

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

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

Principle 9

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

   As on 31 March, 2020 company has around 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 .

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

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.

- **Utilisation of retained earnings:**

  The Company may declare dividend out of the profits of the Company for the year orout 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 asmay be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or suchother regulatory authority as may be authorised, 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 here under and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

FINANCIALS

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 31 March, 2020, and 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 31 March, 2020 and total 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 (Refer to Notes 3 and 5 to the standalone financial statements) The property, plant and equipment are depreciated on a pro-rata basis on written down value, over the useful lives 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. ₹ 29,285 lakhs, which is 25.04% 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 :** We obtained and evaluated the management's estimations and specifically performed the work as under: Compared the key assumptions, used within the impairments models to the historic performance of the respective group of assets and approved estimates. Benchmarking the key assumptions, used with in the impairment models and past history of the replacement age etc. and repairs requirements / cost etc. **Our Results:** As a result of performance of above procedures, we have not identified any circumstances that would lead to material adjustments to the carrying value of these assets, or change in their useful lives.

Key Audit Matters	Auditor's Response
Fair Value measurement of Financial Instruments (Refer to Note 40.11 to the standalone financial statements) Fair value of financial assets and financial liabilities have 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 :** 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 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. **Our Results:** The results of our testing were satisfactory and we considered the fair value of the financial instruments assets and liabilities recognised to be acceptable.
Interest in Foreign Subsidiaries (Refer to Notes 6 and 40.16.a to the standalone financial statements) Global pandemic COVID-19 continues to wreak havoc to the global economy, disrupting business throughout the World, and many companies are grappling with the economic slowdown, thus the prevalent financial, economic and health crisis caused due to COVID-19 may impact the Company's assumptions used for the business operations of its foreign subsidiaries located in Spain and Australia, which could further have the impact on the assessment of impairment of investment and exposure of ₹ 37277 lakhs in these foreign subsidiaries (equity investment of ₹ 13660 lakhs, unsecured loans of ₹ 4638 lakhs given to the foreign subsidiaries and SBLCs / financial guarantees of ₹ 18979 given to the bank towards guarantee of the loans taken by the subsidiaries). As the said investment / exposure is equivalent to 31.87% of the total assets of the Company, therefore any change in the business projections / estimates and actual results could have a substantial impact on the profit / assets in future year/s and the completeness and accuracy of the financial statements.	**Our Audit Procedure :** Understanding of the assessment of the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used to estimate the future business volume and receipts of these Subsidiaries. Evaluation of the inputs and assumptions used in the impairment of the assets and management's assessment for the future operations considering the impact of COVID-19, by using current indicators of future economic conditions. Review of the considerations and conclusion of the independent auditors of Subsidiaries, regarding its ability to continue as going concerns, and obtaining of the further information and explanations from them in this regard. **Our Results:** The results of our testing were satisfactory and we considered the carrying amount of the investment and loans to foreign subsidiaries, and also the assumption that there will be no liability against the SBLCs / financial guarantees issued in their favour, 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 31 March, 2020 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 40.1 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

(Sanjiv Gupta)
Partner
M. No. 083364
UDIN: 20083364AAAAA2830

Place: Noida
Date : 26 June, 2020

Annexure-'A' to the Independent Auditors' Report

(Referred to in paragraph 1 under `Report on Other Legal and Regulatory Requirements' section of the independent auditors' report of even date on the standalone financial statements of Sheela Foam Limited for the year ended 31 March, 2020)

(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 5 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) According to the information and explainations given to us, the Company has granted unsecured loan to a Subsidiary Company, covered in the Register maintained under Section 189 of the Companies Act, 2013, in respect of which we report that:

a. The terms and conditions of grant of the said unsecured loan, in our opinion, prima facie, are not prejudicial to the interest of the Company.

b. The schedule of repayment of principal and payment of interest has been stipulated, as per which the repayment of principal and interest has not yet fallen due.

c. As the repayment of principal and interest has not yet started, the said clause regarding the overdue outstanding 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 31 March, 2020 for a period of more than six months from the date they became payable.

b. The disputed statutory dues aggregating to ₹ 1,301.65 lakhs, that have not been deposited on account of matters pending in appeals before appropriate authorities are as under:

Name of the Statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	217.14	2011-16	Central Excise and Service Tax Appellate Tribunal
		14.79	2012-13	The Commissioner (Appeal), Central Excise and Service Tax
Central Sales Tax and Sales Tax Act of various states	Sales Tax	319.00	1999-2000	The Hon'ble High Court
		128.98	2012-13	Sales Tax Appellate Tribunal, West Bengal
	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	2.29	2018-19	UP Goods & Service Tax Department
Income Tax Act, 1961	Income Tax	8.45	2004-05	The Commissioner of Income Tax (Appeals)
		553.27	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

(Sanjiv Gupta)
Partner
M. No. 083364

Place: Noida
Date : 26 June, 2020

Annexure-'B' To The Independent Auditors' Report

(Referred to in paragraph 2(f) under `Report on Other Legal and Regulatory Requirements' section of the independent auditors' report of even date on the Standalone Financial Statements of Sheela Foam Limited for the year ended 31 March, 2020)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **Sheela Foam Limited** ("the Company") as of 31 March, 2020 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 31 March, 2020, 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

(Sanjiv Gupta)
Partner
M. No. 083364

Place: Noida
Date : 26 June, 2020

Balance Sheet

as at 31 March, 2020

(₹ In Lakhs)

Particulars	Note	As at 31 March, 2020		As at 31 March, 2019	
ASSETS					
Non-current assets					
Property, Plant and Equipment	3	27,267.17		26,537.97	
Capital work in progress	3	1,652.58		73.94	
Right-of-use Assets	4	260.76		-	
Investment Property	5	365.10		384.86	
Investments in Subsidiaries	6	21,372.47		9,938.09	
Financial Assets					
- Investments	7	1,183.32		4,917.69	
- Loans	8	4,844.81		234.55	
- Other non-current financial assets	9	31.61		11.00	
Non-current tax assets (net)	10	964.40		1,061.33	
Other non-current assets	11	134.21	58,076.43	178.48	43,337.91
Current assets					
Inventories	12	16,517.51		15,295.80	
Financial Assets					
- Investments	13	21,791.76		26,767.39	
- Trade receivables	14	12,640.27		10,265.85	
- Cash and cash equivalents	15	2,889.45		1,066.90	
- Bank balances other than cash and cash equivalents	16	25.65		157.19	
- Loans	17	561.25		18.78	
- Other current financial assets	18	1,001.07		2,567.68	
Other current assets	19	3,449.07	58,876.03	2,807.74	58,947.33
TOTAL ASSETS			**1,16,952.46**		**1,02,285.24**
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	20	2,439.14		2,439.14	
Other Equity	21	80,573.31	83,012.45	64,468.47	66,907.61
Liabilities					
Non-current liabilities					
Financial liabilities					
- Borrowings	22	-		29.57	
- Lease liabilities	40.7	254.40		-	
- Other non-current financial liabilities	23	7,372.61		6,965.39	
Provisions	24	731.94		675.98	
Deferred tax liabilities (Net)	25 D	678.66	9,037.61	1,142.09	8,813.03
Current liabilities					
Financial liabilities					
- Borrowings	26	2.45		-	
- Lease liabilities	40.7	27.59		-	
- Trade payables	27				
a) Total outstanding dues of micro enterprises and small enterprises		330.31		1,087.02	
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		11,075.14		10,567.96	
- Other current financial liabilities	28	7,391.54		7,429.42	
Provisions	29	547.34		486.30	
Other current liabilities	30	5,528.03	24,902.40	6,993.90	26,564.60
TOTAL EQUITY AND LIABILITIES			**1,16,952.46**		**1,02,285.24**

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

As per our Report of even date attached

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

(Sanjiv Gupta)
Partner
Membership No. 083364

For and on behalf of the Board of Directors

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

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

Place : Noida
Date : 26 June, 2020

Statement of Profit and loss

for the year ended 31 March, 2020

(₹ In Lakhs)

Particulars	Note No.	Year ended 31 March, 2020		Year ended 31 March, 2019	
INCOME:					
Revenue From Operations	31		**1,75,476.98**		1,81,375.90
Other Income	32		**4,398.07**		3,048.50
Total Income			**1,79,875.05**		1,84,424.39
EXPENSES:					
Cost of materials consumed	33		**88,486.24**		1,01,077.44
Purchases of Stock-in-Trade	34		**1,798.33**		4,662.53
Other manufacturing expenses	35		**5,251.79**		4,210.92
Changes in inventories of finished goods, stock-in-process and stock-in-trade	36		**386.14**		(741.82)
Employee benefits expense	37		**14,107.18**		11,073.05
Finance costs	38		**813.60**		733.83
Depreciation and amortisation expense	3 to 5		**3,309.16**		3,108.68
Other expenses	39		**43,008.53**		42,739.84
Total Expenses			**1,57,160.97**		1,66,864.46
Profit before exceptional items & tax			**22,714.08**		17,559.93
Exceptional items					
Insurance claim receivable written off	40.15		**1,199.49**		-
Profit before tax			**21,514.59**		17,559.93
Tax expense:	25				
Current tax - Current year's	25A	**5,422.52**		4,717.79	
- Earlier year's		**-**		(111.02)	
Deferred tax	25D	**(459.05)**	**4,963.47**	586.14	5,192.91
Profit for the year			**16,551.12**		12,367.02
Other Comprehensive Income/(loss) :					
Items that will not be reclassified to profit or loss					
- Re-measurements losses on defined benefit plans	40.4		**(578.99)**		(141.64)
- Income tax effects	25B		**145.72**		49.49
Other Comprehensive loss for the year			**(433.27)**		**(92.15)**
Total Comprehensive Income for the year			**16,117.85**		**12,274.87**
Earnings per share- Basic/ Diluted in ₹	40.8		**33.93**		25.35

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

As per our Report of even date attached

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

Chartered Accountants

Firm Registration No. 000346N

(Sanjiv Gupta)
Partner
Membership No. 083364

For and on behalf of the Board of Directors

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

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

Place : Noida
Date : 26 June, 2020

Statement of Changes in Equity

for the year ended 31 March, 2020

(A) EQUITY SHARE CAPITAL

For the year ended 31 March, 2020

(₹ In Lakhs)

Balance as at 1 April, 2019	Changes in equity share capital during the year	Balance as at 31 March, 2020
2,439.14	-	**2,439.14**

For the year ended 31 March, 2019

(₹ In Lakhs)

Balance as at 1 April, 2018	Changes in equity share capital during the year	Balance as at 31 March, 2019
2,439.14	-	2,439.14

(B) OTHER EQUITY

For the year ended 31 March, 2020

Particulars	Retained Earnings	Capital Reserve	General Reserve	Other comprehensive income - other items	Total
Balance as at 31 March, 2019	**62,662.52**	**328.57**	**1,716.27**	**(238.89)**	**64,468.47**
Less: Adjustment on adoption of Ind AS 116 (net of tax) (refer note 2.1.b)	(13.01)	-	-	-	(13.01)
Balance as at 1 April, 2019	**62,649.51**	**328.57**	**1,716.27**	**(238.89)**	**64,455.46**
Profit for the year	16,551.12	-	-	-	16,551.12
Other Comprehensive Loss for the year (net of tax)	-	-	-	(433.27)	(433.27)
Balance as at 31 March, 2020	**79,200.63**	**328.57**	**1,716.27**	**(672.16)**	**80,573.31**

For the year ended 31 March, 2019

Particulars	Retained Earnings	Capital Reserve	General Reserve	Other comprehensive income - other items	Total
Balance as at 1 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 31 March, 2019	**62,662.52**	**328.57**	**1,716.27**	**(238.89)**	**64,468.47**

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

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

(Sanjiv Gupta)
Partner
Membership No. 083364

For and on behalf of the Board of Directors

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

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

Place : Noida
Date : 26 June, 2020

Statement of Cash Flows

for the year ended 31 March, 2020

(₹ In Lakhs)

Particulars	Year Ended 31 March, 2020		Year Ended 31 March, 2019	
	Amount	Total	Amount	Total
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax as per statement of profit and loss		**21,514.59**		**17,559.93**
Adjustments for:				
Depreciation and amortisation expense	**3,309.16**		3,108.68	
Insurance claim receivable written off	**1,199.49**		-	
Finance costs	**813.60**		733.83	
Advances/Balances written off	**211.31**		0.34	
Provision for doubtful receivables	**71.69**		38.47	
Fair value gain on investments (net)	**(657.38)**		(639.42)	
Dividend received from mutual funds	**-**		(28.29)	
Profit on sale of investments (net)	**(1,505.57)**		(418.01)	
Liabilities/provisions no longer required written back	**(10.73)**		(14.60)	
Unrealised foreign exchange (Gain) /loss (net)	**(17.01)**		48.44	
Interest income	**(564.30)**		(1,049.39)	
Assets written off	**26.65**		25.82	
(Profit)/Loss on sale of property, plant and equipment (net)	**(263.15)**		29.35	
		2,613.76		**1,835.22**
Operating profit before working capital changes		**24,128.35**		**19,395.16**
Adjustment for working capital changes:				
(Increase) in Inventories	**(1,221.71)**		(2,310.51)	
(Increase) in loans and trade receivables	**(2,762.05)**		(142.43)	
(Increase)/Decrease in other financial and non-financial assets	**(209.31)**		129.39	
(Decrease)/Increase in trade payables	**(232.52)**		291.17	
(Decrease)/Increase other financial liabilities, non-financial liabilities and provisions	**(1,546.14)**		198.86	
Cash used in Working Capital Changes		**(5,971.73)**		**(1,833.51)**
Cash generated from operations		**18,156.62**		**17,561.64**
Income Tax paid		**(5,179.87)**		**(5,606.88)**
Net Cash inflow from Operating Activities - A		**12,976.75**		**11,954.76**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of propery, plant and equipment including capital work in progress	**(5,635.97)**		(4,486.48)	
Sale/adjusment/write-off of property, plant and equipment	**306.16**		64.09	
Deposits matured/made during the year (net)	**111.54**		403.12	
Investment in equity shares of Subsidiary Company	**(11,434.38)**		(268.43)	
Investment in bonds, debentures and mutual funds (net)	**10,872.96**		(20,822.66)	
Loans & advances given to Subsidairy Company	**(4,946.54)**		-	
Dividend income	**-**		28.29	
Interest income	**441.49**		1,093.98	
Net Cash outflow from Investing Activities - B		**(10,284.74)**		**(23,988.09)**

Statement of Cash Flows

for the year ended 31 March, 2020

(₹ In Lakhs)

Particulars	Year Ended 31 March, 2020 Amount	Total	Year Ended 31 March, 2019 Amount	Total
C. CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of Secured long term borrowings	(1.74)		(16.85)	
Repayment of Unsecured long term borrowings	(29.57)		(53.61)	
Proceeds from Unsecured short term borrowings	2.45		-	
Repayments of Unsecured short term borrowings	-		(18.04)	
Payment of principal portion of lease liabilities	(56.20)		-	
Payment of interest portion of lease liabilities	(3.44)		-	
Finance costs	(780.96)		(733.83)	
Net Cash outflow from Financing Activities - C		**(869.46)**		**(822.33)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**1,822.55**		**(12,855.66)**
Cash and cash equivalents (Opening Balance)		**1,066.90**		**13,922.56**
Cash and cash equivalents (Closing Balance)		**2,889.45**		**1,066.90**
Note to Statement of cash flows :				
- **Components of Cash and cash equivalents as under :**				
- Balance with Banks - Current Accounts	879.93		1,057.19	
- Cash on hand	9.52		9.71	
- Deposits with Banks with original maturity of less than 3 months	2,000.00		-	
		2,889.45		**1,066.90**
- Figures in brackets indicate cash outflow.				
- The above Standalone Statement of cash flows has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flows				

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

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

(Sanjiv Gupta)
Partner
Membership No. 083364

For and on behalf of the Board of Directors

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

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

Place : Noida
Date : 26 June, 2020

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

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 is pioneered in the manufacturing of polyurethane foams in India, and has ten manufacturing facilities using the state of the art technology at strategic locations across the country.

The standalone financial statements for the year ended 31 March, 2020 were approved by the Board of Directors and authorised for issue on 26 June, 2020.

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 amended from time to time) and other relevant provisions of the Act. The standalone 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. *Ind AS 116 – Leases*

During the year, Ind AS 116 – Leases (the 'Standard'), has become effective from 1 April, 2019, replacing the existing Ind AS 17 - Leases.

As permitted by the transitional provisions of the Standard, the Company has not restated the comparative information, but has recognised the cumulative effect of its initial application as an adjustment to opening Retained Earnings at the date of initial application i.e. 1 April, 2019 by using modified retrospective method. The following table shows the adjusted opening Balance Sheet as at 1 April, 2019:

Particulars	As at 31 March, 2019	Adjustment on adoption of Ind AS 116	As at 1 April, 2020
Lease liabilities – Non-Current	-	237.73	**237.730**
Lease liabilities - Current	-	27.10	**27.10**
Right-of-use assets (Gross) (Refer Note 4)	-	247.44	**247.44**
Retained Earnings	62,662.52	(13.01)	**62,649.51**
Deferred tax liabilities (Refer Note 25D)	1,142.09	(4.38)	**1137.71**

The lease liabilities were discounted using the incremental borrowing rate as at 1 April, 2019. In the reporting period, the first-time application of Ind AS 116 meant that rental / lease expenses were replaced by depreciation charges on right-of-use assets and interest expenses. Refer to Note 2.13 for accounting policy followed by Company in respect of accounting of lease.

c. *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,

d. *Functional and presentation currency*

The standalone financial statements are prepared in Indian Rupees ('₹'), 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.

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

All other assets are classified as non-current.

A liability is classified as current when it is:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities:

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

Operating Cycle:

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

f. *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,

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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.

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

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made accordingly, wherever required. The property, plant and equipment costing upto ₹ 5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

Asset	Useful life as per Schedule II of the Companies Act, 2013 (No. of Years)	Useful life as assessed / estimated by the Company (No. of Years)
Buildings :		
- Factory	30	29
- Office	60	59
- Residential	60	59
Plant & Equipment	15	20
Furniture & Fixtures	10	15
Vehicles :		
- Motor Cars	8	10
Office Equipment	5	20
Date Processing Equipment :		
- Computer Equipment	3	6
Electrical Fittings	10	20

Based on usage pattern 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 recognised 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. 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 recognised 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 derecognised 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

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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 recognised in the Statement of Profit and Loss.

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 recognised 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 amortised 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 recognised entirely in the Statement of Profit and Loss (i.e. fair value through profit and loss), or recognised 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 amortised cost:

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

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

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

This category is most relevant to the Company. After initial measurement, such financial asset are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised 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 amortisation is included in interest income is the statement of profit and loss. The losses arising from impairment are recognised 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 securities 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

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- 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 recognised in Other Comprehensive Income (OCI) except for the recognition of interest income, impairment gains and losses and foreign exchange gain and losses which are recognised 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 categorisation as at amortised 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 amortised 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 amortised 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 recognised 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 recognising 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 derecognised (i.e.

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for the year ended 31 March, 2020

removed from the Company's Balance Sheet) when:

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

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

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

   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 derecognised 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 recognised to the extent of continuing involvement in the financial asset.

(ii) **Financial Liabilities**

Initial recognition and measurement

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

Subsequent measurement

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

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

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

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

Gains or losses on liabilities held for trading are recognised 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 recognised in Other Comprehensive Income. These gains/ losses 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 recognised 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 recognised in profit or loss over the period of the liability and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the EIR amortisation 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 amortisation 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 recognised 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 recognised less cumulative amortisation.

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 recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised 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 recognised 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.

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 recognised, 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

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accumulated amortisation or depreciation) had no impairment loss being recognised for the asset in prior year/s.

2.9 Provisions and Contingent Liabilities

a) Provisions

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

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

b) Contingent Liabilities

A disclosure for a contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

2.10 Revenue Recognition

a) Revenue from sale of goods is recognised when 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.

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

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

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

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

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

g) Other income/revenue is recognised 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 recognised 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 recognised in the period in which the employee renders the related services.

b. Long Term Benefit

The employees of the Company are entitled to long service award (LSA), as retention earned leave, after completion of service of five years, which can be en-cashed or accumulated till retirement. The liability towards LSA is provided for on accrual basis as estimated by the management.

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c. ***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 recognised 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 defined benefit plans of gratuity and leave encashment 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 recognised 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 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, for a period of time in exchange for consideration even if that right is not explicitly specified in an arrangement.

Company as a lessee

The Company has taken certain assets on Operating Lease. Operating Lease is a contract, which conveys the right to Lessee, to control the use of an identified asset for a period of time, the lease term, in exchange for consideration. The Company assesses whether a contract is, or contains, a lease on inception.

The lease term is either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Company will extend the term, or a lease period in which it is reasonably certain that the Company will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

At commencement, or on the modification, of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is amortised / depreciated using straight-line / written down value method from the commencement date to the end of the lease term. If the lessor transfers ownership of the underlying asset to the Company by the end of the lease term or if the Company expects to exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as the Company's other property, plant and equipment. Right-of-use assets are reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the total lease payments due on the commencement date, discounted using either the interest rate implicit in the lease, if readily determinable, or more usually, an estimate of the Company's incremental borrowing rate on the inception date for a loan with similar terms to the lease. The incremental borrowing rate is estimated by obtaining interest rates from various external financing sources.

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The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In accordance with Ind AS 116, the Company does not recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases i.e. leases with a lease term of 12 months or less and containing no purchase options. Payments associated with these leases are recognised as an expense on a straight-line basis over the lease term

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an assetare 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 are transferred from the Company to the lessee. Amounts due from lessees under Finance Leases are recorded as receivables at the Company's net investment in the leases. Finance Lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.14 Foreign Currency Transactions

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

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 fair 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 recognised 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 recognised 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 recognised 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 tax regime inserted by the Taxation Laws (Amendment) Act, 2019 in 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 realised 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 authorised and is no longer at the discretion of the Company and is declared by the shareholders. A corresponding amount is recognised directly in the Equity.

2.18 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

2.19 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.

2.20 Statement of Cash flows:

For the purpose of Standalone Statement of Cash Flows, cash and cash equivalents comprise cash on hand, cash at banks, demand deposits, short-term deposits with an original maturity of three months or less and other short term investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

3. PROPERTY, PLANT AND EQUIPMENT (As at 31 March, 2020)

(₹ in Lakhs)

Description	GROSS BLOCK As at 01.04.2019	Additions during the year	Sales/disposal/ transfers during the year	As at 31.03.2020	DEPRECIATION As at 01.04.2019	For the year	Sales/disposal/ transfers during the year	As at 31.03.2020	NET BLOCK As at 31.03.2020	As at 31.03.2019
(i) Tangible Assets										
Land										
- Freehold	1,258.66	-	9.74	**1,248.92**	-	-	-	**-**	**1,248.92**	1,258.66
- Leasehold (refer note 3.2)	1,460.32	467.48	-	**1,927.80**	58.70	18.06	-	**76.76**	**1,851.04**	1,401.62
Buildings	12,553.73	613.65	25.45	**13,141.93**	2,512.04	910.87	6.73	**3,416.18**	**9,725.75**	10,041.69
Plant & Equipment	15,779.21	1,986.20	83.58	**17,681.83**	4,334.90	1,728.90	49.36	**6,014.45**	**11,667.38**	11,444.31
Furniture & Fixtures	786.37	366.36	1.28	**1,151.45**	213.93	143.89	0.67	**357.15**	**794.30**	572.44
Vehicles	745.54	243.11	14.90	**973.75**	271.76	152.58	10.79	**413.55**	**560.20**	473.78
Office equipment	1,164.13	365.49	27.46	**1,502.16**	382.52	220.78	19.48	**583.82**	**918.34**	781.61
Electrical fittings	835.46	25.55	8.30	**852.71**	271.61	83.39	3.52	**351.48**	**501.23**	563.85
Total	**34,583.43**	**4,067.84**	**170.72**	**38,480.55**	**8,045.45**	**3,258.47**	**90.54**	**11,213.39**	**27,267.17**	**26,537.97**
(ii) Capital Work-in-progress (refer note 3.3)	73.94	2,190.19	611.55	**1,652.58**	-	-	-	**-**	**1,652.58**	73.94
Total (i+ii)	**34,657.37**	**6,258.03**	**782.27**	**40,133.13**	**8,045.45**	**3,258.47**	**90.54**	**11,213.39**	**28,919.75**	**26,611.91**

PROPERTY, PLANT AND EQUIPMENT (As at 31 March, 2019)

(₹ in Lakhs)

Description	GROSS BLOCK As at 01.04.2018	Additions during the year	Sales/disposal/ transfers during the year	As at 31.03.2019	DEPRECIATION As at 01.04.2018	For the year	Sales/disposal/ transfers during the year	As at 31.03.2018	NET BLOCK 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	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**

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 ₹ 18.06 lakhs (Previous Year : ₹ 14.62 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 01.04.2019 (₹ in Lakhs)	Additions during 2019-20 (₹ in lakhs)	Capitalisation/ adjustment during 2019-20 (₹ in Lakhs)	Closing as on 31.03.2020 (₹ in Lakhs)	Opening as on 01.04.2018 (₹ in Lakhs)	Additions during 2018-19 (₹ in lakhs)	Capitalisation/ adjustment during 2018-19 (₹ in Lakhs)	Closing as on 31.03.2019 (₹ in Lakhs)
Travelling Expenses	-	9.86	0.08	9.78	0.91	6.65	7.56	-
Soil Testing & Land Measurement Expenses	0.89	-	0.89	-	-	1.09	0.20	0.89
Total	**0.89**	**9.86**	**0.97**	**9.78**	**0.91**	**7.74**	**7.76**	**0.89**

4. RIGHT OF USE ASSETS (As at 31 March, 2020)

(₹ in Lakhs)

Description	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at 01.04.2019	Adjustment on adoption of Ind AS 116 (Refer Note 2.1.b)	Additions during the year	Sales/disposal/ adjustments during the year	As at 31.03.2020	As at 01.04.2019	For the year	Sales/disposal/ adjustments during the year	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Land	-	132.67	44.25	-	176.92	-	28.86	-	28.86	148.06	-
Buildings	-	114.77	-	-	114.77	-	2.07	-	2.07	112.70	-
Total	**-**	**247.44**	**44.25**	-	**291.69**	**-**	**30.93**	**-**	**30.93**	**260.76**	**-**

4.1 Refer 'Para- 2.13' of Significant Accounting Policies' for policy of recognition and amortisation / depreciation of the right-of-use assets.

5. INVESTMENT PROPERTY (At cost) (As at 31 March, 2020)

(₹ in Lakhs)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2019	Transfer during the year	Sales/disposal/ adjustments during the year	As at 31.03.2020	As at 01.04.2019	Transfer during the year	For the year	Sales/disposal/ adjustments during the year	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Tangible Assets											
Land -Leasehold (refer note 5.2)	68.47	-	-	68.47	2.73	-	0.91	-	3.64	64.83	65.74
Buildings	385.48	-	-	385.48	66.36	-	18.85	-	85.21	300.27	319.12
Total (refer note 5.4)	**453.95**	**-**	**-**	**453.95**	**69.09**	**-**	**19.76**	**-**	**88.85**	**365.10**	**384.86**

INVESTMENT PROPERTY (At Cost) (As at 31 March, 2019)

(₹ 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
Tangible Assets											
Land - Leasehold (refer note 5.2)	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 (refer note 5.4)	**144.83**	**309.12**	**-**	**453.95**	**16.93**	**35.95**	**16.21**	**-**	**69.09**	**384.86**	**127.90**

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

Notes to the Standalone Financial Statements
for the year ended 31 March, 2020

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

5.3

Particulars	As at 31.03.2020	As at 31.03.2019
Rental Income derived from investment property	**152.71**	**147.92**
Profit arising from investment property before depreciation	**152.71**	**147.92**
Less: Depreciation for the year	**19.76**	16.21
Net Profit arising from investment property	**132.95**	**131.71**

5.4 The Company has obtained independent valuation for its investment property at ₹ 1209.96 lakhs as at 31 March, 2020 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.

5.5 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.

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

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

6. INVESTMENTS IN SUBSIDIARIES

(Valued at cost, unless stated otherwise)

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
	Nos.	Amount	Nos.	Amount
In Equity Instruments - Unquoted, fully paid up				
Joyce Foam Pty. Limited of Aud $ 10/- each	**6,58,500**	**2,306.59**	6,58,500	2,306.59
Divya Software Solutions (P) Ltd. of ₹ 10/- each	**94,633**	**7,602.00**	93,633	7,522.30
Sleepwell Enterprises (P) Ltd. of ₹ 10/- each	**10,500**	**109.20**	10,500	109.20
International Foam Technologies SL, Spain of Euro 1/-each(refer note 40.16.a)	**1,20,03,000**	**11,352.93**	-	-
SleepX US Inc. of US$ 1/- each	**-**	**1.02**	-	-
Staqo World Pvt. Ltd of ₹ 10/- each	**10,000**	**0.73**	-	-
Total Investments in Subsidiaries		**21,372.47**		**9,938.09**
Aggregate amount of Unquoted Investments		**21,372.47**		9,938.09
Aggregate amount of impairment in value of investments		**Nil**		Nil

6.1 INFORMATION ABOUT SUBSIDIARIES

Name of the Company and Country of Incorporation	Principal Activities	Proportion (%) of Shareholding	
		As at 31 March, 2020	As at 31 March, 2019
Joyce Foam Pty. Limited, Australia	Manufacturer of technical foam supplied to Business to Business customers (mattress and furniture manufacturers)	**100**	100
Divya Software Solutions (P) Ltd., India (refer note 6.2.a)	Software development and related ancillary activities	**100**	100
Sleepwell Enterprises (P) Ltd., India	Providing of its Trademarks, Patents, Logos etc. and earning royalty thereon	**100**	100
International Foam Technologies SL, Spain (refer notes 6.2.b and 40.16.a)	To invest in a Wholly Owned Subsidiary Company in Spain, engaged in manufacturing of Polyurethane Foam	**100**	Nil
SleepX US Inc., USA (refer notes 6.2.c and 40.16.b)	General trading and product distribution	**-**	Nil
Staqo World Pvt. Ltd., India (refer note 6.2.d)	Information technology and related ancillary activities	**100**	Nil

6.2 DURING THE CURRENT YEAR, THE COMPANY HAS ACQUIRED / FORMED:

a. 1000 number of equity shares during the year for a consideration of ₹ 79.70 lakhs (Previous Year: 3300 number of equity shares for ₹ 268.43 lakhs)

b. Wholly Owned Subsidiary Company (WOS) in Spain, through which acquired 93.66% of equity share capital of a running company in Spain, engaged in manufacturing of Polyurethane Foam, for Euro 40 Million, which has been funded by the Company by Investment of Euro 12 Million in the equity of the WOS, loan of Euro 8 Million to the WOS, and for the balance Euro 20 Million loan has been taken by WOS from Citi Bank, Spain, based on Stand by Letter of Credit from Citi Bank, India, secured by exclusive charge on certain fixed assets of the Company.

c. Wholly Owned Subsidiary Company (WOS) in Delaware, USA, for the purpose of marketing of the products of the Company in USA, however, as no share capital has been subscribed or investment has been made therein, there is no impact of the same on these financial statements except that the expenditure incurred for acquisition are capitalised as investment in WOS.

d. 10000 equity shares in Staqo World (P) Ltd. for a consideration of ₹ 0.73 lakhs.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

7. NON CURRENT FINANCIAL INVESTMENTS

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
	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				
- Ecap Equities Limited - Index Linked Non-convertible Debentures of ₹ 1,00,000/- each	1,000	1,182.97	1,000	1,116.11
- Edelweiss Finvest Pvt. Ltd. - Index Linked Non-convertible Debentures of ₹ 1,00,000/- each	-	-	1,500	1,788.30
- Tata Capital Financial Services Ltd - Non-convertible Debentures of ₹ 10,00,000/- each	-	-	200	2,012.93
Total Investments (a) + (b)		**1,183.32**		**4,917.69**
Aggregate amount of Quoted Investments		1,182.97		4,917.34
Market value of Quoted Investments		1,182.97		4,917.34
Aggregate amount of Unquoted investment		0.35		0.35
Aggregate amount of impairment in value of investments		Nil		Nil

8. LOANS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Loans to employees	14.04	54.06
Security deposits	192.60	180.49
Loan to Subsidiary Company (refer note 40.16.a)	4,638.17	-
Total	**4,844.81**	**234.55**

9. OTHER NON-CURRENT FINANCIAL ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Deposits with Banks:		
- held as margin money	1.34	1.34
- others	28.83	8.83
Interest accrued but not due on deposits with Banks	1.44	0.83
Total	**31.61**	**11.00**

10. NON-CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Advance income tax (Net of provisions)	964.40	1,061.33
Total	**964.40**	**1,061.33**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

11. OTHER NON-CURRENT ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Capital advances	**94.94**	138.76
Prepaid rent	**39.27**	39.72
Total	**134.21**	**178.48**

12. INVENTORIES

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

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
Raw Materials	**6,823.05**		6,764.59	
- in Transit	**2,741.11**	**9,564.16**	1,350.06	8,114.65
Stock-in-process		**3,600.01**		3,542.59
Finished Goods		**1,175.41**		586.73
Stock-in-trade		**710.34**		1,742.58
Packing Material	**572.55**		478.44	
- in Transit	**0.97**	**573.52**	3.85	482.29
Stores and Spares	**820.27**		731.66	
- in Transit	**73.80**	**894.07**	95.30	826.96
Total		**16,517.51**		**15,295.80**

13. CURRENT INVESTMENTS

(₹ in Lakhs)

		As at 31 March, 2020		As at 31 March, 2019	
		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 ₹ 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 ₹ 1,00,000/- each	-	-	1,000	1,088.40
-	Edelweises Finance Pvt Ltd - Index Linked Non-convertible Debentures of ₹ 1,00,000/- each	**1,500**	**1,937.24**	1,300	1,410.34
-	Ecap Equities Limited- Index Linked Non-convertible Debentures of ₹ 1,00,000/- each	-	-	1,461	1,573.38
-	Mahindra & Mahindra Financial Services Ltd- Principal Protected Non-convertible Market Linked Debentures of ₹ 10,00,000/- each	-	-	200	2,030.60
-	Reliance Financial Ltd- Principal Protected Non-convertible Market Linked Debentures of ₹ 1,00,000/- each	-	-	1,000	1,063.10
	Tata Capital Financial Services Ltd - Non-convertible Debentures of ₹ 10,00,000/- each	**200**	**2,201.40**	-	-
	Total (b)		**4,138.64**		**7,165.82**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

(₹ in Lakhs)

		As at 31 March, 2020		As at 31 March, 2019	
		Nos.	Amount	Nos.	Amount
	In Mutual Funds - fully paid up - Quoted				
(c)	Carried at fair value through profit and loss				
-	UTI Corporate Bond Fund-Direct Growth	2,51,79,567	2,976.00	-	-
-	L&T Triple Ace Bond Fund-Direct Growth	65,22,882	3,604.98	-	-
-	HDFC Liquid Fund-Direct Growth	25,677	1,003.09	-	-
-	HDFC Corporate Bond Fund-Direct Growth	1,30,80,873	3,019.54	-	-
-	IDFC Arbitrage Fund-Direct Growth	29,62,635	762.31	-	-
-	DSP Corporate Bond Fund-Direct Growth	1,70,03,331	2,012.12	-	-
-	ICICI Prudential Corporate Bond Fund-Direct Growth	1,98,74,764	4,275.08	1,14,91,608	2,260.02
-	ICICI Prudential Ultra Short Term Fund- Direct Growth	-	-	92,89,751	2,867.68
-	Aditya Birla Sun Life Saving Fund- Direct Growth	-	-	12,57,809	4,676.01
-	SBI Magnum Ultra Short Duration Fund- Direct Growth	-	-	1,26,026	5,252.52
-	HDFC Ultra Short Term Fund- Direct Growth	-	-	3,38,44,820	3,545.04
	Total (c)		17,653.12		**18,601.27**
	Total Investments (a) + (b) + (c)		21,791.76		**26,767.39**
	Aggregate amount of Quoted Investments		21,791.76		25,767.09
	Aggregate market value of Quoted Investments		21,791.76		25,767.09
	Aggregate amount of Unquoted investment		-		1,000.30
	Aggregate amount of impairment in value of investment		Nil		Nil

14. TRADE RECEIVABLES

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
(Unsecured, considered good)		12,640.27		10,265.85
(Unsecured, considered doubtful)	110.16		38.47	
Less: Allowance for doubtful receivables	(110.16)	-	(38.47)	-
Total		12,640.27		**10,265.85**

14.1 Trade receivables include amount of ₹ 177.71 lakhs (₹ 186.65 lakhs as at 31 March, 2019) due from a Subsidiary Company (Refer note 40.6).

14.2 Refer note 40.13 for information about credit and market risk of trade receivables.

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

15. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
Balances with Banks - Current Accounts	879.93		1,057.19	
Cash on hand	9.52		9.71	
Deposits with Banks with original maturity of less than 3 months	2,000.00	2,889.45	-	1,066.90
		2,889.45		**1,066.90**

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

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

16. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Deposits with Banks held as margin money (refer note 16.1)	25.65	157.19
Total	**25.65**	**157.19**

16.1 Under lien with banks as security for guarantee facility.

17. LOANS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Loans to employees	61.25	18.78
Inter-corporate deposits	500.00	-
Total	**561.25**	**18.78**

18. OTHER CURRENT FINANCIAL ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Interest accrued but not due on deposits with Banks, bonds and debentures	5.36	24.69
Interest accrued on loan given to Subsidiary Company	39.96	-
Subsidy receivable	-	139.08
Insurance claim receivable (refer note 40.15)	13.74	1,213.24
Advance to Subsidiary Company	409.94	-
Discounts receivable	531.54	1,190.67
Derivative financial asset	0.53	-
Total	**1,001.07**	**2,567.68**

19. OTHER CURRENT ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
Advance to contractors/suppliers		1,027.04		671.68
Balances with Statutory/Government authorities:				
- Excise & Custom	14.61		30.30	
- GST	87.46		97.27	
- VAT/Sales Tax	492.21	594.28	493.98	621.55
Prepaid expenses		297.93		226.72
GST refund receivable (refer note 19.1)		1,388.23		1,043.78
Lease equalisation asset		53.36		35.81
Income tax refund		15.33		46.99
Employee benefit assets (refer note 40.4)		-		22.59
Other loans & advances (refer note 19.2)		72.90		138.62
Total		**3,449.07**		**2,807.74**

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

19.2 Other loans & advances comprise of advances to staff for expenses and advances to other parties etc.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

20. EQUITY SHARE CAPITAL

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
	No.	**Amount**	**No.**	**Amount**
Authorised:				
Equity Shares of ₹ 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 ₹ 5/- each	**4,87,82,808**	**2,439.14**	**4,87,82,808**	**2,439.14**

20.1 Right, Preferences and Restrictions attached to Shares:

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

20.2 Reconciliation of the number of shares outstanding:

(₹ in Lakhs)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Nos.	**₹ in Lakhs**	**Nos.**	**₹ 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

20.3 Details of Shares allotted as fully paid up without payment being received in cash during 5 years immediately preceeding 31 March, 2020 / 31 March, 2019.

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

20.3.2 During 2011-12 and 2012-13, 2,100 and 63,296 equity shares of ₹ 10/- each fully paid up respectively (1,96,188 equity shares of ₹ 5/- each fully paid up as at 31 March, 2020 after splitting up and issue of Bonus shares) were allotted without payment being received in cash.

20.4 Details of Shareholders holding more than 5% shares:

(₹ in Lakhs)

Name of the Shareholder	As at 31 March, 2020		As at 31 March, 2019	
	No. of Shares	**% held**	**No. of Shares**	**% held**
Sh. Rahul Gautam	**62,09,485**	**12.73**	62,09,485	12.73
Smt. Namita Gautam	**57,15,879**	**11.72**	57,15,879	11.72
Sh. Tushaar Gautam	**1,80,86,314**	**37.08**	-	-
Smt. Sheela Gautam and Sh. Tushaar Gautam	**-**	**-**	1,75,61,880	36.00
Rangoli Resorts Private Limited	**65,63,391**	**13.45**	65,63,391	13.45
SBI Mutual Funds	**46,81,747**	**9.60**	47,26,138	9.69

20.5 Equity shares held (under Authorised Capital) as per Sheela Foam Employees Stock Option Scheme, 2016 (ESOS 2016) (refer note 40.3)

Name of the Shareholder	**As at 31 March, 2020**	**As at 31 March, 2019**
	No. of Shares	No. of Shares
Equity Shares of ₹5/- each	**24,00,000**	24,00,000

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

21. OTHER EQUITY

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
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	62,662.52		50,295.50	
Less: Adjustment on adoption of Ind AS 116 (net of tax) (refer note 2.1.b)	(13.01)		-	
Add : Profit for the year	16,551.12	79,200.63	12,367.02	62,662.52
Other comprehensive loss				
As per last account	(238.89)		(146.74)	
Add: Remeasurement losses on defined benefit plans (net of tax)	(433.27)	(672.16)	(92.15)	(238.89)
Total		80,573.31		64,468.47

21.1 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.

22. BORROWINGS

(₹ in Lakhs)

	Note No.	As at 31 March, 2020		As at 31 March, 2019	
		Non Current	Current	Non Current	Current
(i) Secured					
Term loans from:					
- Others	22.1	-	-	-	1.74
		-	-	-	1.74
(ii) Unsecured					
Loans and advances from related party:					
- Directors' relative	22.2	-	-	29.57	-
		-	-	29.57	-
Total		-	-	29.57	1.74
Less: Amount disclosed under the head "Other current financial liabilities" (Refer Note-28)		-	-	-	1.74
Net amount		-	-	**29.57**	-

22.1 Term Loans of ₹ 1.74 lakhs from other parties was secured against specific vehicles, repayable in monthly installments comprising not more than 48 installments in the case of each loan and was carrying rate of interest ranging from 9.50 % to 10.00 %.

22.2 Loans and advances from related party was on long term basis, carrying interest rate of 9% p.a.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Deposits from dealers and others	**6,738.95**	5,959.27
Capital Investment Subsidy	**28.37**	31.20
Unearned Interest Income on Deposits	**548.97**	904.74
Unearned Rent Income	**56.32**	70.18
Total	**7,372.61**	**6,965.39**

24. PROVISIONS

(₹ in Lakhs)

	Note No.	As at 31 March, 2020	As at 31 March, 2019
Provision for employee benefits - Leave encashment	40.4	**631.17**	376.03
Warranty Claims	29.1	**100.77**	299.95
Total		**731.94**	**675.98**

25. INCOME TAXES

(₹ in Lakhs)

	Note No.	As at 31 March, 2020	As at 31 March, 2019
A. Tax expense in the statement of profit and loss comprises:			
Income tax			
- Current income tax charge	40.18	**5,422.52**	4,717.79
- Earlier year's tax reversal		**-**	(111.02)
Deferred tax			
- Relating to origination and reversal of temporary differences	40.18	**(459.05)**	586.14
Total tax expense reported in the statement of profit or loss		**4,963.47**	**5,192.91**
B. Statement of other comprehensive income (OCI)			
Remeasurement losses on defined benefit plans		**(145.72)**	(49.49)
Income tax related to items recognised in OCI during the year		**(145.72)**	**(49.49)**
C. Reconciliation of tax liability on book profit vis-à-vis actual tax liability			
Acounting Profit before income tax		**21,514.59**	17,559.93
Applicable Tax Rate		**25.17%**	34.94%
Computed Tax Expense		**5,414.79**	**6,136.14**
Tax related adjustments			
Difference in Tax Rate		**(1.72)**	(37.98)
Income not considered for tax purpose		**(280.21)**	415.59
Expenses not considered for tax purpose		**(138.46)**	(246.03)
Tax adjustment for earlier year's		**-**	111.02
Additional allowances for tax purpose		**(30.93)**	(1,185.83)
Income tax expense charged to the statement of profit or loss		**4,963.47**	**5,192.91**
Effective tax rate		**23.07%**	29.57%

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

D. Deferred Tax Liability comprises:

	As at 31 March, 2020	For the year 2019-20 (Refer Note 40.17)	Adjustment on adoption of Ind AS 116 (net of tax) (Refer Note 2.1.b)	As at 31 March, 2019
Deferred Tax Liability:				
- Depreciation	**852.92**	(375.19)	-	1,228.11
- Fair value gain/(loss) on investments	**75.20**	11.26	-	63.94
- Right of Use assets	**65.63**	3.35	62.28	-
Deferred Tax Assets:				
- Disallowance under Section 43B	**(9.26)**	3.60	-	(12.86)
- Provision for employee benefits	**(234.87)**	(97.77)	-	(137.10)
- Lease liabilities	**(70.97)**	(4.31)	(66.66)	-
Net Deferred Tax Liability	**678.66**	**(459.05)**	**(4.38)**	**1,142.09**

26. BORROWINGS

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Unsecured		
Book overdraft	**2.45**	-
Total	**2.45**	**-**

27. TRADE PAYABLES

(₹ in Lakhs)

	Note No.	As at 31 March, 2020	As at 31 March, 2019
Total outstanding dues of micro enterprises and small enterprises	40.2	**330.31**	1,087.02
Total outstanding dues of creditors other than micro enterprises and small enterprises		**11,075.14**	10,567.96
		11,405.45	**11,654.98**

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

27.2 Trade Payables include amount of ₹ 59.97 lakhs (Nil as at 31 March, 2019) due to a Subsidiary Company. (Refer note 40.6)

28. OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

	Note No.	As at 31 March, 2020	As at 31 March, 2019
Current maturities of Borrowings	22	**-**	1.74
Accrued expenses		**4,634.03**	4,197.64
Creditors for assets		**203.30**	321.02
Creditors for expense		**1,813.93**	2,548.68
Capital Investment Subsidy		**2.83**	2.83
Unearned Interest Income		**320.83**	327.07
Unearned Rent Income		**9.52**	8.62
Payable to employees		**4.15**	21.82
Employee benefit liabilities - Gratuity	40.4	**402.95**	-
Total		**7,391.54**	**7,429.42**

28.1 There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as on 31 March, 2020 / 31 March, 2019.

Sheela Group

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

29. PROVISIONS

(₹ in Lakhs)

	Note No.	As at 31 March, 2020	As at 31 March, 2019
Provision for employee benefits - Leave encashment	40.4	16.80	16.30
Warranty Claims	29.1	530.54	470.00
Total		547.34	**486.30**

29.1 Warranty Claims:

Provision is recognised for expected warranty claims on mattresses sold and based on past experience of the level of returns in accordance with the Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Assets". Assumptions used for the said provision are based on sales and current information available about returns based on warranty period. The table below gives information about movement in warranty provision:

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Opening Balance	769.95	1,100.00
Less: Amount utilised during the year	661.38	604.80
	108.57	495.20
Add: Provision made during the year	522.74	274.75
Closing Balance	631.31	**769.95**

30. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Advance from customers	4,423.87	5,867.07
Statutory liabilities	1,104.16	1,126.83
Total	5,528.03	**6,993.90**

30.1 Include amount of ₹ 21.86 lakhs (Nil as at 31 March, 2019) due from a Step-down Subsidiary Company. (Refer note 40.6)

31. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2020		Year ended 31 March, 2019	
Sale of products					
- Finished Goods	31.1.a	1,69,056.57		1,76,026.95	
- Traded Goods	31.1.b	5,468.79	1,74,525.36	4,270.51	1,80,297.46
Other operating revenue					
- Duty drawback		0.08		0.13	
- GST Refund	19.1	731.32		857.30	
- Sale of process scrap		220.22	951.62	221.01	1,078.44
Total			1,75,476.98		**1,81,375.90**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

31.1 DETAIL OF SALE OF PRODUCTS:

(₹ in Lakhs)

	Year ended 31 March, 2020	Year ended 31 March, 2019
(a) Finished Goods:		
- PU Foam sheets/mattresses/rolls/bolster/pillows etc.	1,69,056.57	1,76,026.95
	1,69,056.57	1,76,026.95
(b) Traded Goods:		
- PU Bed Sheets/Comforters/Foam/Spring/Coir mattresses etc.	5,468.79	4,270.51
	5,468.79	4,270.51
Total	1,74,525.36	1,80,297.46

32. OTHER INCOME

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2020		Year ended 31 March, 2019	
Interest income on:					
- Bank deposits		18.89		480.86	
- Bonds		11.19		230.58	
- Income tax refund		36.81		61.25	
- Loan to Subsidiary (including Ind AS adjustment)		141.52		-	
- Inter corporate deposit		5.78		-	
- Others		350.11	564.30	276.70	1,049.39
Export of IT support services			380.40		390.06
Rent	32.1'		194.10		260.85
Profit/(loss) on sale of property, plant & equipment (net)			263.15		(29.35)
Liabilities/provisions no longer required written back			10.73		14.60
Dividend received from mutual funds			-		28.29
Fair value gain on Investments (net)			657.38		639.42
Profit on sale of investments (net)			1,505.57		418.01
Exchange fluctuation profit/(loss) (net)			368.59		(106.52)
Investment Subsidy received			2.84		22.69
Sale of non-process scrap			422.16		357.96
Other miscellaneous income			28.85		3.10
Total			4,398.07		3,048.50

32.1 Includes ₹ 152.71 lakhs (Previous Year : ₹ 147.92 lakhs) on Investment property (refer note 5.3).

Notes to the Standalone Financial Statements
for the year ended 31 March, 2020

33. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

	Year ended 31 March, 2020		Year ended 31 March, 2019	
Raw material				
Opening Stock	6,764.59		5,342.44	
Add: Purchases (less returns)	83,352.20		98,972.28	
	90,116.79		1,04,314.72	
Less: Sales	2,792.28		2,778.63	
Less: Closing Stock	6,823.05	80,501.46	6,764.59	94,771.50
Packing Material				
Opening Stock	478.44		444.59	
Add: Purchases (less returns)	8,768.77		6,745.62	
	9,247.21		7,190.21	
Less: Sales	689.88		405.83	
Less: Closing Stock	572.55	7,984.78	478.44	6,305.94
Total		88,486.24		**1,01,077.44**

34. PURCHASES OF STOCK-IN-TRADE

(₹ in Lakhs)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Traded goods - Bed Sheets/Comforters/PU Foam/ Spring/Coir mattresses etc.	1,798.33	4,662.53
Total	1,798.33	**4,662.53**

35. OTHER MANUFACTURING EXPENSES

(₹ in Lakhs)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Stores consumed	843.26	573.40
Power & fuel	810.55	834.84
Repair and maintenance:		
- Buildings	260.01	174.93
- Plant & equipment	976.84	866.06
Processing & other charges	2,361.13	1,761.69
Total	5,251.79	**4,210.92**

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

(₹ in Lakhs)

	Year ended 31 March, 2020		Year ended 31 March, 2019	
Inventories at the end of the year				
Finished goods	1,175.41		586.73	
Stock-in-trade	710.34		1,742.58	
Stock-in-process	3,600.01	5,485.76	3,542.59	5,871.90
Inventories at the beginning 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
Total		386.14		**(741.82)**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

37. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Salaries, wages, bonus, gratuity, leave encashment, allowances etc.	12,122.26	9,366.62
Contribution to provident, ESI and other funds etc.	667.71	600.75
Workmen & staff welfare expenses	1,317.21	1,105.68
Total	**14,107.18**	**11,073.05**

38. FINANCE COSTS

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2020		Year ended 31 March, 2019	
Interest expense on:					
- Term loans - Vehicles		-		0.99	
- Working capital loans		26.21		16.50	
- Loans from others		1.60		2.70	
- Security deposits		692.51		554.58	
- Lease liabilities	40.7'	28.00		-	
- Others		44.69	793.01	61.19	635.96
Bank Charges			20.59		97.87
Total			**813.60**		**733.83**

39. OTHER EXPENSES

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2020		Year ended 31 March, 2019	
Rent			140.38		218.36
Insurance			343.43		278.85
Rates & taxes			39.78		49.54
Repair & maintenance others			946.34		778.81
Advertisement expenses			6,320.46		8,163.07
Travelling and conveyance			1,373.72		1,162.99
Legal and professional			1,157.35		1,894.66
Payment to Auditors:					
- Audit Fees		29.04		26.40	
- Certification work		3.50		2.48	
- Reimbursement of expenses		2.78	35.32	1.43	30.31
Contributions towards CSR	40.9		344.00		320.09
Advances/Balances written off			211.31		0.34
Provision for doubtful receivables			71.69		38.47
Selling & promotional expenses (net)			3,413.69		3,604.35
Sales promotion schemes (net)			13,503.31		9,902.93
Freight & cartage (net)			8,093.49		7,272.86
Incentives & Rebates			5,215.35		7,530.99
Assets written off (net)			26.65		25.82
Miscellaneous expenses			1,772.26		1,467.40
Total			**43,008.53**		**42,739.84**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

40. OTHER NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

40.1 Contingent Liabilities and Commitments:-

(₹ in Lakhs)

Sr. No.	Particulars		As at 31 March, 2020		As at 31 March, 2019
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: (Refer 'Note – a' below)				
	- Sales tax	**888.54**		2,641.26	
	- Entry tax	**57.72**		57.72	
	- GST	**2.29**		2.69	
	- Income tax	**679.19**		679.22	
	- Excise Duty	**236.31**	**1,864.05**	666.20	4,047.09
ii.	Guarantees given by the Bankers on behalf of the Company to third parties		**24.86**		48.13
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)		**3,582.96**		51.02
	Total		**5,546.87**		**4,221.24**

(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.

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

(₹ in Lakhs)

		As at 31 March, 2020	As at 31 March, 2019
i.	Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act.	-	-
	- Principal	**330.31**	1,087.02
	- 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.	-	-
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		**330.31**	**1,087.02**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

The above information regarding dues to Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information collected with the Company. Further, the amount payable to these parties is not overdue hence no interest is required to provide/accrue as at 31.03.2020/31.03.2019.

40.3 Employee Stock Option Scheme

In an earlier year the shareholders of the Company through special resolution approved issue of 24,00,000 options exercisable into 24,00,000 equity shares under the scheme titled "Sheela Foam Employees Stock Options Scheme 2016 ("ESOS 2016")" which provides for granting options to employees of the Company and its subsidiaries who meet the eligibility criteria under the scheme. The vesting period shall commence after a period of not less than one year from the date of grant of options under the scheme and the maximum vesting period may extend up to five years from the date of grant, unless otherwise decided by the management. As on date, no options have been granted under ESOS 2016.

40.4 Employee Benefits:-

(a) Defined Benefit plans:

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

Leave Encashment : Employees of the Company are entitled to accumulate their earned/privilege leave up to a maximum of 120 days which is payable/ encashable as per the policy on their separation.

(b) Long Term Benefit:

Long Service Award : Payable to the eligible employees as retention earned leave, after completion of service of five years, which can be en-cashed or accumulated till retirement. During the year amount of ₹ 723.81 lakhs (Previous Year: ₹ 22.62 lakhs) has been charged to the Statement of Profit and Loss towards the said benefit.

(c) Defined Contribution plans:

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 ₹ 667.71 lakhs (Previous Year: ₹ 600.75 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

(₹ in Lakhs)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Employer's contribution towards Provident Fund (PF)	**604.19**	506.98
Employer's contribution towards Employees State Insurance (ESI)	**63.52**	93.77

(d) Other disclosures, as required under Ind AS-19 in respect of Defined Benefit plans which are determined based on actuarial valuation, are as under:

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

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Present Value of **Defined Benefit Obligation** at the beginning of year	**1,417.99**	1,212.63	**392.33**	322.54

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Interest cost	111.03	94.58	30.72	25.15
Current Service Cost	141.99	124.32	49.97	43.70
Benefit Paid	(58.55)	(74.25)	(118.82)	(80.58)
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	223.19	(5.09)	76.90	(1.42)
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	(0.93)	-	(0.31)	-
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	56.89	65.79	217.18	82.94
Present value of the Defined Benefit Obligation at the end of year	**1,891.61**	**1,417.99**	**647.97**	392.33

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

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Current Service Cost	141.99	124.32	49.97	43.70
Interest cost	111.03	94.58	30.72	25.15
Net Defined Benefit recognised in Statement of Profit and Loss	**253.02**	**218.90**	**80.69**	**68.85**

iii) Recognised in Other Comprehensive Income.

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	223.19	(5.09)	76.90	(1.42)
Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	(0.93)	-	(0.31)	-
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	56.89	65.79	217.18	82.94
Return on Plan Asset (Excluding Interest)	6.07	(0.58)	-	-
Net actuarial Loss	**285.22**	**60.12**	**293.77**	**81.52**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

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

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Fair value of Plan Assets at the beginning of year	**1440.58**	-	-	-
Expected return on plan Assets	**112.80**	-	-	-
Employer's Contribution	-	1,440.00	-	-
Admin Charges	**(0.09)**	-	-	-
Remeasurement of the (Gain) /Loss in Other Comprehensive Income	**(6.07)**	0.58	-	-
Return on Plan Assets excluding interest income	-	-	-	-
Benefits paid	**(58.55)**	-	-	-
Fair value of Plan Assets at the end of year	**1,488.67**	1,440.58	-	-

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

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Present value of the **Defined Benefit Obligation** at the end of year	**(1891.61)**	(1,417.99)	**(647.97)**	(392.33)
Fair value of Plan Assets at the end of year	**1488.66**	1,440.58	-	-
Net Defined Benefit Assets / (Liability) recognised in the Balance Sheet	**(402.95)**	22.59	**(647.97)**	(392.33)

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

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Insurer Managed Funds	**100%**	100%.	N. A.	N. A.

vii) Sensitivity Analysis*

a) Impact of the change in the discount rate

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Present value of the **Defined Benefit Obligation** at the end of year	**1,891.61**	1,417.99	**647.97**	392.33
a) Impact due to increase of 1.00% (Previous year: 1.00%)	**(213.81)**	(156.08)	**(73.68)**	(43.49)
b) Impact due to decrease of 1.00% (Previous Year: 1.00%)	**253.80**	184.58	**87.59**	51.58

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for the year ended 31 March, 2020

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

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Present value of the **Defined Benefit Obligation** at the end of year	**1891.61**	1,417.99	**647.97**	392.33
a) Impact due to increase of 1.00% (Previous year: 1.00%)	**255.83**	188.05	**88.29**	52.55
b) Impact due to decrease of 1.00% (Previous year: 1.00%)	**(219.05)**	(161.35)	**(75.48)**	(44.96)

* 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

(₹ in Lakhs)

Year	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
0 to 1 year	**56.70**	47.53	N. A.	
1 to 2 Year	**67.10**	53.21		
2 to 3 Year	**56.31**	65.48		
3 to 4 Year	**72.37**	62.74		
4 to 5 Year	**141.09**	68.57		
5 Year onwards	**1,498.04**	1,120.45		

ix. Expected contribution for the next Annual reporting period

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Service Cost	**185.05**	141.99	**84.21**	49.97
Net Interest Cost	**27.32**	111.03	**43.93**	30.72
Expected Expense for the next annual reporting period	**212.37**	253.02	**128.14**	80.69

x. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Method used	Projected unit credit method			
Discount rate	**6.78%**	7.83%	**6.78%**	7.83%
Salary Escalation	**5.00%**	5.00%	**5.00%**	5.00%
Mortality Rate	IALM (2012-14) (P. Year IALM (2006-08)			
Withdrawal rate up to 30/44 and above 44 years	3%/2%/1%			
Rate of return on plan assets	**6.78 P. A.**	7.83 P.A.	N.A, as there are no plan assets	

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

40.5 Operating Segments

The Company is engaged in the manufacturing of the products of same type/class and has no overseas operations/units and as such there is no reportable segment as per Indian Accounting Standard (Ind AS-108) dealing with the operating segments.

40.6 Related Party Disclosures (Ind AS-24):

A. List of Related Parties and relationships

(a) Subsidiaries:
- Joyce Foam Pty Ltd., Australia
- Divya Software Solutions (P) Ltd., India
- Sleepwell Enterprises Pvt. Ltd., India
- International Foam Technologies SL, Spain (w.e.f. 12.06.2019)
- SleepX US Inc., USA (w.e.f. 04.10.2019)
- Staqo World Pvt. Ltd., India (w.e.f. 10.02.2020)

(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:
- Late Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) (demise on 08.06.2019) *
- Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)

* Also having significant influence through major shareholding.

(e) Step-down Subsidiary:
- Interplasp, SL, Spain (w.e.f. 01.10.2019), Subsidiary of International Foam Technologies SL, Spain,(refer note 4.16.a)

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

B. Transactions with related parties:

(₹ in Lakhs)

	Transactions	Subsidiaries/ Step-down Subsidiary	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
(i)	**Transactions during the year:**				
a.	Purchase of Material / Capital Goods	266.05	3.59	-	-
		(10.67)	(-)	(-)	(-)
b.	Sale of Material/ Capital Goods	12.91	0.77	-	-
		(25.18)	(2.25)	(-)	(-)
c.	Sale of IT Support Services	380.40	-	-	-
		(390.06)	(-)	(-)	(-)
d.	Purchase of IT Support Services	60.00	-	-	-
		(-)	(-)	(-)	(-)
e.	Rent received	0.36	0.24	-	-
		(0.36)	(0.24)	(-)	(-)
f.	Royalty paid	10.00	-	-	-
		(10.00)	(-)	(-)	(-)
g.	Investment made	11,434.38	-	-	-
		(268.43)	(-)	(-)	(-)
h.	Bank Charges Recovered	-	-	-	-
		(2.76)	(-)	(-)	(-)

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

(₹ in Lakhs)

	Transactions	Subsidiaries/ Step-down Subsidiary	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
i.	Remuneration including Performance Incentives	- (-)	- (-)	932.24 (787.77)	- (-)
j.	Interest paid/payable	- (-)	- (-)	- (-)	0.67 (3.14)
k.	Rent paid	12.00 (9.59)	- (-)	- (-)	- (-)
l.	Reimbursement of expenses	175.05 (296.46)	- (10.58)	- (-)	- (-)
m.	Contributions under CSR	- (-)	331.25 (286.62)	- (-)	- (-)
n.	Loan to subsidiary company	4753.03 (-)	- (-)	- (-)	- (-)
o.	Short term advances to subsidiary company	295.08 (-)	- (-)	- (-)	- (-)
p.	Interest on loan given to subsidiary company	141.52 (-)	- (-)	- (-)	- (-)
q.	Repayment of long-term loan and advances	- (-)	- (-)	- (-)	30.61 (-)
r.	Financial guarantee given (refer note 40.16.a)	16,998.00 (-)	- (-)	- (-)	- (-)

		Subsidiaries/ Step-down Subsidiary	Related Entities	Key Management Personal	Relatives of Key Management Personal
(ii)	**Closing balance as at 31 March, 2020 / 31 March, 2019:**				
a.	Trade Receivables	177.71 (186.65)	- (-)	- (-)	- (-)
b.	Trade Payable	59.97 (-)	- (-)	- (-)	- (-)
c.	Long Term Loans and Advances Payable	- (-)	- (-)	- (-)	- (29.57)
d.	Investments	21,372.47 (9,938.09)	- (-)	- (-)	- (-)
e.	Loan to subsidiary company	4,638.17 (-)	- (-)	- (-)	- (-)
f.	Short term advances to subsidiary company	409.94 (-)	- (-)	- (-)	- (-)
g.	Interest accrued on loan give to subsidiary company	39.96 (-)	- (-)	- (-)	- (-)
h.	Financial guarantees	18,979.44 (3,025.15)	- (-)	- (-)	- (-)
i.	Advance from customers	21.86 (-)	- (-)	- (-)	- (-)

Note: (Figures in bracket are for the year ended 31 March, 2019)

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

40.7 Leases

a. Company as Lessee

The Company has taken various properties on Operating Leases in its normal course of business which contain extension option after the initial contract period. The amounts recognised on account of leases are as under:

i. Amount recognised in Statement of Profit and Loss.

(₹ in Lakhs)

Particulars	Year ended 31 March, 2020
Interest expense on lease liability	28.00
Amortisation of Right-of-use assets	30.93

ii. Amount recognised in Balance Sheet.

(₹ in Lakhs)

Particulars	As at 31 March, 2019 (Note iii below)	Adjustment on adoption of Ind AS 116 (Note iii below)	Addition / (Deletion) during the year	As at 31 March, 2020
Lease liabilities – Non-Current	-	237.73	16.67	254.40
Lease liabilities - Current	-	27.10	0.49	27.59
Right-of-use assets (Gross) (Refer Note 4)	-	247.44	44.25	291.69
Retained Earnings	62,662.52	(13.01)	16,551.12	79,200.63
Deferred tax liabilities	1,142.09	(4.38)	(459.05)	678.66

iii. The Company has adopted Ind AS 116 – Leases from 1 April, 2019, and as permitted by its transitional provisions, the cumulative effect of its initial application has been applied as an adjustment to opening Retained Earnings at the date of initial application i.e. on 1 April, 2019, instead of restating the comparative information.

(₹ in Lakhs)

iv

Particulars	Amount
Maturity analysis – contractual undiscounted cash flows	
Within 1 year	57.27
Within 2 years	54.66
Within 3 years	49.35
Within 4 years	35.73
Within 5 years	20.44
Within 6 years and upto 99 years	1,544.19
Total undiscounted lease liabilities	**1,761.64**
Impact of discounting and other adjustments	1,479.65
Lease liabilities included in the Balance Sheet	**281.99**

b. Company as Lessor

The 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 1 December, 2016. The said lease is for a term of 10 years with a clause to enable upward revision of the rental charge after every 3 years. The total rent recognised as income during the year is ₹ 145.99 lakhs (Previous year: ₹ 144.00 lakhs).
Residential Flat situated at Greater Noida	The lease agreement was executed w.e.f. 15 September, 2018. The said lease was initially for a term of 11 months with a clause of subsequent renewal by mutual consent and the same being further renewed for 11 months. The total rent recognised as income during the year is ₹ 6.72 lakhs (Previous year: ₹ 3.92 lakhs).

Notes to the Standalone Financial Statements

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40.8 Earnings per Share:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Net Profit as per Statement of Profit and Loss – (₹ in lakhs)	**16,551.12**	12,367.02
Basic/Diluted weighted average number of equity shares outstanding during the year	**4,87,82,808**	4,87,82,808
Nominal value of Equity Share (₹)	**5.00**	5.00
Basic/Diluted Earnings per Share (₹)	**33.93**	25.35

40.9 Corporate Social Responsibility:

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) Committee has been formed by the Company. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects. The contributions towards CSR was on the activities which are specified in Schedule VII of the Companies Act, 2013. The detail of the amount spent during the period is as under:

(₹ in Lakhs)

	Amount spent during the current year ended 31 March, 2020	Amount pending for spending as at 31 March, 2020	Total Amount
- Gross Amount lying pending for the earlier year as at 01.04.2019			-
- Gross Amount required to be spent during the year			338.89
- Amount spent during the year:			
a. Construction/acquisition of any asset	-	-	
b. Contribution to Trusts / NGOs / Societies	**344.00**	-	344.00

40.10 Financial and Derivative Instruments:

a. During the year, there are Derivative contracts amounting to ₹ 28.51 lakhs entered by the Company for Hedging Currency (Previous year: Nil).

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

(₹ in Lakhs)

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2020		As at 31 March, 2019	
		FC	INR	FC	INR
Liabilities					
Trade Payables					
United States Dollar	$	**(7.71)**	**(594.36)**	(14.86)	(1,048.50)
Great Britain Pound	£	-	-	(0.01)	(0.25)
Euro	€	**(0.51)**	**(43.39)**	(0.62)	(49.65)
Chinese Yuan	¥	**(16.04)**	**(182.75)**	(8.89)	(97.76)
Advance from Customers					
United States Dollar	$	**(0.02)**	**(1.64)**	(0.14)	(10.20)
Euro	€	**(0.23)**	**(21.86)**	-	-
Assets					
Trade Receivables					
United Stated Dollar	$	**0.76**	**55.96**	1.15	77.29
Australian Dollar	AUD	**3.94**	**177.71**	3.94	186.65
Advance to Vendor					
United Stated Dollar	$	-	-	9.42	634.54

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for the year ended 31 March, 2020

(₹ in Lakhs)

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2020		As at 31 March, 2019	
		FC	INR	FC	INR
Euro	€	1.78	143.58	1.15	86.43
Great Britain Pound	£	3.64	329.46	0.13	11.07
UAE Dirham	AED	-	-	6.98	122.20
Loan to Subsidiary Company - Non current	$	80.00	4,638.17	-	-
Advance to Subsidiary Company	$	5.36	409.94	-	-
Net Asset / (Liability) (in INR)			**4,910.82**		**(88.18)**

Note: Figures in the brackets represents payables.

40.11 Fair Value Measurements

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

(₹ in Lakhs)

Particulars	Carrying amount/Fair value	
	As at 31 March, 2020	As at 31 March, 2019
Financial assets		
Carrying amounts/fair value:		
a) Measured at fair value through profit and loss		
Non-current assets		
– Investments	1,182.97	4,917.34
Current assets		
– Investments	21,791.76	25,767.09
b) Measured at fair value through other comprehensive income	-	-
c) Measured at amortised cost		
Non-current assets		
– Investments	0.35	0.35
– Loans	4,844.81	234.55
– Other non-current financial assets	31.61	11.00
Current assets		
– Investments	-	1,000.30
– Trade receivables	12,640.27	10,265.85
– Cash and cash equivalents	2,889.45	1,066.90
– Bank balances other than cash and cash equivalents	25.65	157.19
– Loans	561.25	18.78
– Other current financial assets	1,001.07	2,567.68
Total	**44,969.19**	**46,007.03**
Financial liabilities		
Carrying amounts/fair value:		
a) Measured at fair value through profit and loss Financial Guarantee Contracts	-	-
b) Measured at fair value through other comprehensive income	-	-
c) Measured at amortised cost		
Non-current liabilities		
– Borrowings	-	29.57
– Lease liabilities	254.40	-
– Other non-current financial liabilities	7,372.61	6,965.39
Current liabilities		
– Borrowings	2.45	-
– Lease liabilities	27.59	-
– Trade payables	11,405.45	11,654.98
– Other current financial liabilities	7,391.54	7,429.42
Total	**26,454.04**	**26,079.36**

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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:

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:

Particulars	Carrying amount/Fair value					
	As at 31 March, 2020			As at 31 March, 2019		
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	1,182.97	-	-	4,917.34	-	-
b) Measured at fair value though other comprehensive income	-	-	-	-	-	-
c) Measured at amortised cost						
Non-current assets						
- Investments	-	-	0.35	-	-	0.35
- Loans	-	-	4,844.81	-	-	234.55
- Other non-current financial assets	-	-	31.61	-	-	11.00
Current assets						
- Investments	21,791.76	-	-	25,767.09	-	1000.30
- Trade receivables	-	-	12,640.27	-	-	10,265.85
- Cash and cash equivalents	-	-	2,889.45	-	-	1,066.90
- Bank balances other than cash and cash equivalents	-	-	25.65	-	-	157.19
- Loans	-	-	561.25	-	-	18.78
- Other current financial assets	-	-	1,001.07	-	-	2,567.68
Total	**22,974.73**	**-**	**21,994.46**	**30,684.43**	**-**	**15,322.60**

Notes to the Standalone Financial Statements

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Particulars	Carrying amount/Fair value					
	As at 31 March, 2020			As at 31 March, 2019		
Financial liabilities						
Carrying amounts/fair value:						
Measured at fair value though profit and loss						
Financial Guarantee Contracts	-	-	-	-	-	-
Measured at fair value though other comprehensive income	-	-	-	-	-	-
Measured at amortised cost						
Non-current liabilities						
- Borrowings	-	-	-	-	-	29.57
- Lease liabilities	-	-	254.40	-	-	-
- Other non-current financial liabilities	-	-	7,372.61	-	-	6,965.39
Current liabilities						
- Borrowings	-	-	2.45	-	-	-
- Lease liabilities	-	-	27.59	-	-	-
- Trade payables	-	-	11,405.45	-	-	11,654.98
- Other current financial liabilities	-	-	7,391.54	-	-	7,429.42
Total	-	-	**26,454.04**	-	-	**26,079.36**

40.12 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.

40.13 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. Further, the Company has financial risk / exposer of financial guarantees given to the banks towards security against the loans taken by its foreign subsidiaries, however, considering that there is no expected credit losses, there is no financial liability as at the yearend on this account. 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.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

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

(a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at 31 March, 2020. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March, 2020.

(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:

(₹ in Lakhs)

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2020		As at 31 March, 2019	
		FC	INR	FC	INR
Liabilities					
Trade Payables					
United States Dollar	$	**(7.71)**	**(594.36)**	(14.86)	(1,048.50)
Great Britain Pound	£	**-**	**-**	(0.01)	(0.25)
Euro	€	**(0.51)**	**(43.39)**	(0.62)	(49.65)
Chinese Yuan	¥	**(16.04)**	**(182.75)**	(8.89)	(97.76)
Advance from Customers					
United States Dollar	$	**(0.02)**	**(1.64)**	(0.14)	(10.20)
Euro	€	**(0.23)**	**(21.86)**	-	-
Assets					
Trade Receivables					
United Stated Dollar	$	**0.76**	**55.96**	1.15	77.29
Australian Dollar	AUD	**3.94**	**177.71**	3.94	186.65
Advance to Vendor					
United Stated Dollar	$	**-**	**-**	9.42	634.54
Euro	€	**1.78**	**143.58**	1.15	86.43
Great Britain Pound	£	**3.64**	**329.46**	0.13	11.07
UAE Dirham	AED	**-**	**-**	6.98	122.20
Loan to Subsidiary Company – Non current	$	**80.00**	**4,638.17**	-	-
Advance to Subsidiary Company	$	**5.36**	**409.94**	-	-
Net Asset / (Liability) (in INR)			**4,910.82**		**(88.18)**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

Impact on profit before tax and equity	As at 31 March, 2020	As at 31 March, 2019
5% Increase	(+) 244.11	(-) 4.41
5% Decrease	(-) 244.11	(+) 4.41

Note: Figures in bracket represents payables

(ii) Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises mainly of interest-bearing vehicle loans, loans and advances from related parties 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 specialised 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.

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March, 2020 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 31 March, 2020	As at 31 March, 2019
Non-current assets		
- Investments	**1,183.32**	4,917.69
- Loans	**4,844.81**	234.55
- Other non-current financial assets	**31.61**	11.00
Current assets		
- Investments	**21,791.76**	26,767.39
- Trade receivables	**12,640.27**	10,265.85
- Cash and cash equivalents	**2,889.45**	1,066.90
- Bank balances other than cash and cash equivalents		
- Loans	**25.65**	157.19
- Other current financial assets	**561.25**	18.78
	1,001.07	2,567.68
Total	**44,969.19**	**46,007.03**

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 31 March, 2020	As at 31 March, 2019
Not Due	**8,531.74**	8,171.99
Due from 0 to 180 days	**3,285.31**	1,902.03
Due from more than 180 days	**933.38**	230.30
Less: Loss Allowance	**(110.16)**	(38.47)
Total	**12,640.27**	**10,265.85**

(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 31 March, 2020			
Lease liabilities	**281.99**	**27.59**	**254.40**
Trade payables	**11,405.45**	**11,405.45**	**-**
Other non-current financial liabilities	**7,372.61**	**-**	**7,372.61**
Other current financial liabilities	**7,391.54**	**7,391.54**	**-**
Total	**26,451.59**	**18,824.58**	**7,627.01**

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

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

40.14 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:

(₹ in Lakhs)

Sr. No.	Name of the Investee	Nature of Transaction	Purpose for which it is utilised	2019-20		2018-19	
				During the Year	Outstanding Balance	During the Year	Outstanding Balance
1.	Joyce Foam Pty. Ltd., Australia, Wholly Owned Subsidiary	Investment	Manufacturing of technical foam supplied to Business to Business customers (mattress and furniture manufacturers) in Australia	-	2,306.59	-	2,306.59
		Financial Guarantee given	Corporate guarantee given to bank for security towards long term working capital facility availed by the said Subsidiary.	-	1,981.44	-	3,025.15
2.	Divya Software Solutions Pvt. Ltd., India Wholly Owned Subsidiary	Investment	To engage in Software development and related ancillary activities	79.70	7,602.00	268.43	7,522.30
3.	Sleepwell Enterprises Pvt. Ltd., India Wholly Owned Subsidiary	Investment	To acquire the said Company, which is holding ownership of Sleepwell and other brands related to foam, mattress & other products.	-	109.20	-	109.20
4.	International Foam Technologies SL, Spain Wholly Owned Subsidiary (w.e.f. 12.06.2019 also refer note 40.16.a)	Investment	To invest in a running Company in Spain, engaged in manufacturing of Polyurethane Foam, through this WOS.	11,352.93	11,352.93	-	-
		Financial Guarantee		16,998.00	16,998.00	-	-
		Loans		4,638.17	4,638.17	-	-
		Advance	Upfront fees paid on behalf of Subsidiary on account of Loan taken from Citi Bank Spain and other advance.	409.34	409.34	-	-
5.	SleepX US Inc. USA Wholly Owned Subsidiary (w.e.f. 04.10.2019, also refer note 40.16.b)	Investment	Marketing of the products of the Company in USA.	1.02	1.02	-	-
6.	Staqo World Pvt. Ltd., India Wholly Owned Subsidiary, (w.e.f. 10.02.2020)	Investment	To carry on business of Information technology and related ancillary services.	0.73	0.73	-	-

40.15 The Company in the year 2016-17, had lodged an insurance claim towards the fire in its unit at Greater Noida, and as the management was confident of recovery of the said claim, the loss of ₹ 1,199.49 lakhs incurred in the fire was accounted for as "Insurance Claim Receivable". However, as in-spite of continuous follow up, there is no concrete

Notes to the Standalone Financial Statements

for the year ended 31 March, 2020

evidence / reasonable positive indication of its recovery, the said claim which is lying under receivable has been written off during the current year and debited to the Statement of Profit and Loss, as Exceptional Item.

40.16 Investment in Foreign Subsidiaries

a. The Company during the year, through its Wholly Owned Subsidiary Company (WOS) namely, International Foam Technologies SL, Spain, acquired 93.66% of share capital of a running Company in Spain, namely, Interplasp, SL, Spain, mainly engaged in manufacturing of Polyurethane Foam, for Euro 40 million, which has been funded by the Company by Investment of Euro 12 Million in the equity capital of WOS (₹ 11,352.93 lakhs as at 31 March, 2020 including impact of ₹ 1714.07 lakhs on fair valuation of the loan given to the WOS, and ₹ 260.46 lakhs incurred on incorporation of WOS) and loan of Euro 8 Million to WOS (₹ 4638.17 lakhs as at 31 March, 2020, net of impact of ₹ 1714.07 lakhs on fair valuation) and for the balance Euro 20 Million loan has been taken by WOS from Citi Bank, Spain, based on Standby Letter of Credit / financial guarantee (of ₹ 16,998 lakhs as at 31 March, 2020) from Citi Bank, India, secured by exclusive charge on certain fixed assets of the Company.

b. The Company has incorporated a Wholly Owned Subsidiary Company (WOS) namely SleepX US Inc., in Delaware, USA during the year w.e.f. 4 October, 2019, for marketing of its products in the market of USA. Though the said WOS has been incorporated, however, as no share capital has been subscribed or investment has been made therein, except the expenditure of ₹ 1.02 lakhs incurred for acquisition, there is no impact of the same on these financial statements.

40.17 The SARS-CoV-2 virus responsible for COVID-19, which has been declared a Global pandemic by the World Health Organisation, continues to spread across the globe, and has contributed to a significant decrease in global and local economic activities, and most of the governments including the Indian Government, had announced the strict lockdowns across their respective countries as one of the strongest measures to contain the spread of the virus. The Company keeping in view the said situation, has assessed its future cash flow projections, recoverability of its assets including trade receivables, investments and inventories etc., and also held impairment testing of its non-monetary assets including the property, plant and equipment, using the various internal and external information. Based on this evaluation, the Company expects to recover the carrying amount of these assets and does not anticipate any impairment to these financial and non-financial assets as at the date of approval of these financial statements. However, the extent to which the COVID-19 pandemic will impact the Company's future activities and financial statements will depend on future developments which are highly uncertain, therefore the impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements.

40.18 The Government of India on 12 December, 2019 vide the Taxation Laws (Amendment) Act, 2019 inserted a new section 115BAA in the Income Tax Act, 1961 which provides an option to the Company for paying Income Tax at reduced rates as per the provisions / conditions defined in the said section. The Company has recognised the tax provision in its books as per the said new tax regime under Section 115BAA, during the current year. Further, the deferred tax assets / liabilities have also been re-measured at the tax rates in accordance with the said tax regime.

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

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

(Sanjiv Gupta)
Partner
Membership No. 083364

For and on behalf of the Board of Directors

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

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

Place : Noida
Date : 26 June, 2020

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 31 March, 2020, 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 31 March, 2020 and its consolidated total 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	How the matter was addressed in the audit
Useful lives of Property, Plant & Equipment (Refer to Notes 3 and 5 to the consolidated financial statements) The property, plant and equipment are depreciated on a pro-rata basis on written down value / straight line, over the useful lives 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. ₹ 54,349.94 lakhs, which is 32.91% 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 financial statements.	**Our Audit Procedure :** We obtained and evaluated the management's estimations and specifically performed the work as under: - Compared the key assumptions, used within the impairments models to the historic performance of the respective group of assets and approved estimates. - Benchmarking the key assumptions, used with in the impairment models and past history of the replacement age etc. and repairs requirements / cost etc. **Our Results:** As a result of performance of above procedures, we have not identified any circumstances that would lead to material adjustments to the carrying value of these assets, or change in their useful lives.

Key Audit Matters	How the matter was addressed in the audit
Fair Value measurement of Financial Instruments (Refer to Note 39.11 to the consolidated financial statements) Fair value of financial assets and financial liabilities have 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 :** The Group 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 Group with respect to its correctness and completeness vis-à-vis the financial accounts / records of the Group, and 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. **Our Results:** 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

a. We did not audit the financial statements of two foreign Subsidiary Companies, namely Joyce Foam Pty. Limited and Controlled Entity, incorporated in Australia and International Foam Technologies SL, Spain and Subsidiaries, incorporated in Spain, whose financial statements reflect total assets of ₹ 681.79 crores as at 31 March, 2020, and total revenues of ₹ 419.91 crores, total comprehensive income of ₹ 31.81 crores and net cash inflow of ₹ 9.60 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by their respective auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far it relates to the amounts and disclosures included in respect of these Subsidiaries, is based solely on the reports of these auditors.

   The financial statements of these foreign subsidiaries have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in the respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of these subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

b. One foreign subsidiary company, namely SleepX US Inc., though has been incorporated in USA, however, as no share capital has been subscribed therein, and there are no operations in the said Company so far, therefore no financial statements have been prepared for the said Company. Further, as there is no investment of Holding Company in the said subsidiary, except the expenditure incurred for its incorporation, there is no impact of the same on these consolidated financial statements.

c. We did not audit the financial results of two Subsidiary Companies incorporated in India, namely Divya Software Solutions Pvt. Ltd. and Staqo World Pvt. Ltd., whose financial statements reflect total assets of ₹ 66.90 crores as at 31 March, 2020, and total revenues of ₹ 0.90 crores, total comprehensive loss of ₹ 0.80 crores, and net cash outflows of ₹ 0.51 crores for the year ended on that date, as considered in the consolidated financial statments. These financial statements have been audited by their respective auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far it relates to the amounts and disclosures included in respect of these Subsidiaries, is based solely on the reports of these auditors.

Our opinion on the consolidated financial statements, and our Report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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 company 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 31 March, 2020 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 39.1 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
UDIN: 20083364AAAAAG1120

Place: Noida
Date : 26 June, 2020

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 31 March, 2020)

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 31 March, 2020, 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 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 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 31 March, 2020, 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 MATTER

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 in so far as it relates to two Subsidiary companies incorporated in India, namely Divya Software Solutions Pvt. Ltd. and Staqo World Pvt. Ltd, is based on the corresponding reports of the auditors of these Companies.

Our opinion is not modified in respect of the above matter.

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

(Sanjiv Gupta)
Partner
M. No. 083364

Place: Noida
Date : 26 June, 2020

Consolidated Balance Sheet

as at 31 March, 2020

(₹ In Lakhs)

Particulars	Note No.	As at 31 March, 2020		As at 31 March, 2019	
ASSETS					
Non-current assets					
Property, Plant and Equipment	3	46,648.14		33,961.18	
Capital work in progress		1,797.32		73.94	
Right-of-use Assets	4	9,554.11		-	
Investment Property	5	5,904.48		6,388.18	
Goodwill	3	23,708.21		818.56	
Other Intangible Assets	3	1.44		-	
Financial Assets					
- Investments	6	1,183.32		4,917.69	
- Loans	7	258.29		285.69	
- Other non-current financial assets	8	212.91		111.47	
Non-current tax assets (net)	9	40.83		874.72	
Other non-current assets	10	134.21	89,443.26	178.48	47,609.91
Current assets					
Inventories	11	22,685.84		18,713.67	
Financial Assets					
- Investments	12	21,960.09		26,838.11	
- Trade receivables	13	21,577.35		15,215.77	
- Cash and cash equivalents	14	4,410.71		1,684.13	
- Bank balances other than cash and cash equivalents	15	50.93		345.69	
- Loans	16	561.25		18.78	
- Other current financial assets	17	554.17		2,573.75	
Other current assets	18	3,886.43	75,686.77	3,180.16	68,570.06
TOTAL ASSETS			1,65,130.03		1,16,179.97
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	19	2,439.14		2,439.14	
Other Equity	20	89,535.12		70,571.16	
Equity attributable to shareholders of the Holding Company		91,974.26		73,010.30	
Non-controlling Interest		785.89	92,760.15	-	73,010.30
Liabilities					
Non-current liabilities					
Financial Liabilities					
- Borrowings	21	15,713.15		555.36	
- Lease liabilities	39.7	8,238.51		-	
- Other non-current financial liabilities	22	7,372.61		6,965.39	
Provisions	23	859.38		796.76	
Deferred tax liabilities (Net)	24D	1,715.03	33,898.68	650.43	8,967.94
Current liabilities					
Financial liabilities					
- Borrowings	25	3,601.77		2,266.38	
- Lease liabilities	39.7	1,594.19		-	
- Trade payables	26				
a) Total outstanding dues of micro enterprises and small enterprises		330.31		1,087.02	
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		15,014.24		13,233.15	
- Other current financial liabilities	27	10,744.56		9,126.26	
Provisions	28	1,288.25		1,282.33	
Other current liabilities	29	5,897.88	38,471.20	7,206.59	34,201.73
TOTAL EQUITY AND LIABILITIES			1,65,130.03		1,16,179.97

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

As per our Report of even date attached

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

For and on behalf of the Board of Directors

(Sanjiv Gupta)
Partner
Membership No. 083364

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

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

Place : Noida
Date : 26 June, 2020

Sheela Group

Consolidated Statement of Profit and loss

for the year ended 31 March, 2020

(₹ In Lakhs)

Particulars	Note No.	Year ended 31 March, 2020		Year ended 31 March, 2019	
INCOME:					
Revenue From Operations	30		**2,17,363.40**		2,14,144.94
Other Income	31		**3,998.83**		2,755.67
Total Income			**2,21,362.23**		**2,16,900.61**
EXPENSES:					
Cost of materials consumed	32		**1,08,809.66**		1,17,032.44
Purchases of Stock- in-Trade	33		**1,798.33**		4,662.53
Other manufacturing expenses	34		**7,062.58**		5,725.01
Changes in inventories of finished goods, stock-in-process and stock-in-trade	35		**(144.08)**		(1,167.24)
Employee benefits expense	36		**22,035.40**		17,731.52
Finance costs	37		**1,299.61**		962.35
Depreciation and amortisation expense	3 to 5		**5,904.43**		3,952.72
Other expenses	38		**47,760.01**		49,058.58
Total Expenses			**1,94,525.94**		**1,97,957.91**
Profit before exceptional items & tax			**26,836.29**		**18,942.70**
Exceptional items					
Insurance claim receivable written off	39.16		**1,199.49**		-
Profit before tax			**25,636.80**		**18,942.70**
Tax expense:	24				
Current tax - Current year's	24A	**6,676.99**		5,233.25	
- Earlier year's		**0.38**		(111.02)	
Deferred tax	24D	**(469.19)**	**6,208.18**	446.43	**5,568.66**
Profit for the year			**19,428.62**		**13,374.04**
Other Comprehensive Income :					
a. Items that will not be reclassified to profit or loss					
- Re-measurements losses on defined benefit plans	39.4		**(578.99)**		(141.64)
- Income tax effects	24B		**145.72**		49.49
b. Items that will be reclassified to profit or loss					
- Exchange differences on translation of foreign operations			**126.51**		1.25
Other Comprehensive Loss for the year			**(306.76)**		**(90.90)**
Total Comprehensive Income for the year			**19,121.86**		**13,283.14**
Profit for the year attributable to:					
Shareholders of the Holding Company			**19,342.75**		13,374.04
Non-controlling Interest			**85.87**		-
			19,428.62		**13,374.04**
Other Comprehensive Loss for the year attributable to:					
Shareholders of the Holding Company			**(306.76)**		(90.90)
Non-controlling Interest			**-**		-
			(306.76)		**(90.90)**
Total Comprehensive Income for the year attributable to:					
Shareholders of the Holding Company			**19,035.99**		13,283.14
Non-controlling Interest			**85.87**		-
			19,121.86		**13,283.14**
Earnings per share- Basic/Diluted in ₹	39.8		**39.83**		27.41

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

As per our Report of even date attached

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

Chartered Accountants

Firm Registration No. 000346N

(Sanjiv Gupta)
Partner
Membership No. 083364

For and on behalf of the Board of Directors

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

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

Place : Noida
Date : 26 June, 2020

Consolidated Statement of Changes in Equity

for the year ended 31 March, 2020

(A) EQUITY SHARE CAPITAL

For the year ended 31 March, 2020

(₹ In Lakhs)

Balance as at 1 April, 2019	Changes in equity share capital during the year	Balance as at 31 March, 2020
2,439.14	-	**2,439.14**

For the year ended 31 March, 2019

(₹ In Lakhs)

Balance as at 1 April, 2018	Changes in equity share capital during the year	Balance as at 31 March, 2019
2,439.14	-	2,439.14

(B) OTHER EQUITY

For the year ended 31 March, 2020

Particulars	Retained Earnings	Capital Reserve	General Reserve	Foreign Currency Translation Reserve	Other comprehensive income-Other items	Non-controlling Interest	Total
Balance as at 31 March, 2019	**67,993.05**	**1,268.19**	**1,716.27**	**(167.46)**	**(238.89)**	**-**	**70,571.16**
Less: Adjustment on adoption of Ind AS 116 (net of tax) (Refer Note 2.1.b)	(206.81)	-	-	-	-	-	(206.81)
Balance as at 1 April, 2019	**67,786.24**	**1,268.19**	**1,716.27**	**(167.46)**	**(238.89)**	**-**	**70,364.35**
Addition on Investment in Subsidiary (Refer note 39.18.a)	-	0.27	-	-	-	700.02	700.29
Profit for the year	19,342.75	-	-	-	-	85.87	19,428.62
Other Comprehensive Loss for the year:							
- Re-measurements losses on defined benefit plans (net)	-	-	-	-	(433.27)	-	(433.27)
- Exchange gain on translation (net)	-	134.51	-	126.51	-	-	261.02
Balance as at 31 March, 2020	**87,128.99**	**1,402.97**	**1,716.27**	**(40.95)**	**(672.16)**	**785.89**	**90,321.01**

For the year ended 31 March, 2019

Particulars	Retained Earnings	Capital Reserve	General Reserve	Foreign Currency Translation Reserve	Other comprehensive income-Other items	Non-controlling Interest	Total
Balance as at 1 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 31 March, 2019	**67,993.05**	**1,268.19**	**1,716.27**	**(167.46)**	**(238.89)**	**-**	**70,571.16**

Refer Note No. 20.1 for nature and purpose of reserves

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

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

(Sanjiv Gupta)
Partner
Membership No. 083364

Place : Noida
Date : 26 June, 2020

For and on behalf of the Board of Directors

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

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

Consolidated Statement of Cash Flows

for the year ended 31 March, 2020

(₹ In Lakhs)

Particulars	Year Ended 31 March, 2020 Amount	Year Ended 31 March, 2020 Total	Year Ended 31 March, 2019 Amount	Year Ended 31 March, 2019 Total
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax as per statement of profit and loss		**25,636.80**		**18,942.70**
Adjustments for:				
Depreciation and amortisation expense	**5,904.43**		3,952.72	
Insurance claim receivable written off	**1,199.49**		-	
Finance costs	**1,299.61**		962.35	
Advances/Balances written off	**212.30**		5.15	
Provision for doubtful receivables	**123.07**		38.47	
Fair value gain on investments (net)	**(659.37)**		(640.06)	
Dividend received from mutual funds	**-**		(28.29)	
Profit on sale of investments (net)	**(1,516.19)**		(480.64)	
Liabilities/provisions no longer required written back	**(10.73)**		(16.45)	
Unrealised foreign exchange (gain)/loss (net)	**(17.01)**		48.44	
Interest income	**(469.99)**		(1,084.34)	
Assets written off	**26.65**		25.82	
(Profit)/Loss on sale of property, plant and equipment (net)	**(266.97)**		46.71	
		5,825.29		**2,829.87**
Operating profit before working capital changes		**31,462.09**		**21,772.57**
Adjustment for working capital changes:				
(Increase) in Inventories	**(3,972.17)**		(1,455.31)	
(Increase) in loans and trade receivables	**(7,212.00)**		(521.61)	
Decrease/(Increase) in other financial and non-financial assets	**135.71**		(130.65)	
Increase/(Decrease) in trade payables	**1,041.39**		(357.75)	
(Decrease)/Increase in other financial liabilities, non-financial liabilities and provisions	**(937.45)**		274.76	
Cash Used in Working Capital Changes		**(10,944.52)**		**(2,190.56)**
Cash generated from operations		**20,517.57**		**19,582.01**
Income Tax paid		**(4,163.97)**		**(5,794.97)**
Net Cash inflow from Operating Activities - A		**16,353.60**		**13,787.04**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of propery, plant and equipment including capital work in progress	**(18,344.19)**		(5,277.60)	
Sale/adjusment/write-off of property, plant and equipment	**306.16**		71.02	
Recognition of Goodwill due to business combination	**(22,889.65)**		-	
Recognition of Intangible assets due to business combination	**(1.44)**		-	
Deposits matured/made during the year	**193.92**		312.27	
Investment in bonds, debentures and mutual funds (net)	**10,787.96**		(20,830.11)	
Dividend income	**-**		28.29	
Interest income	**491.78**		1,127.70	
Net Cash outflow from Investing Activities - B		**(29,455.46)**		**(24,568.43)**

Consolidated Statement of Cash Flows

for the year ended 31 March, 2020

(₹ In Lakhs)

Particulars	Year Ended 31 March, 2020 Amount	Total	Year Ended 31 March, 2019 Amount	Total
C. CASH FLOW FROM FINANCING ACTIVITIES				
Non controlling interest in a subsidiary company due to business combination	700.02			
Proceeds from Secured long term borrowings	16,316.17		-	
Proceeds from Unsecured long term borrowings	737.31		-	
Repayment of Secured long term borrowings	(232.79)		(1,210.65)	
Repayment of Unsecured long term borrowings	(29.57)		(53.61)	
Repayment of Secured short term borrowings	(1,696.63)		(485.28)	
Proceeds from Unsecured short term borrowings	3,032.02		11.52	
Payment of principal portion of lease liabilities	(1,726.90)		-	
Payment of interest portion of lease liabilities	(204.10)		-	
Finance costs	(1,067.09)		(962.35)	
Net Cash inflow/(outflow) from Financing Activities - C		**15,828.44**		**(2,700.37)**
Net increase in cash and cash equivalents (A+B+C)		**2,726.58**		**(13,481.75)**
Cash and cash equivalents (Opening Balance)		**1,684.13**		**15,165.88**
Cash and cash equivalents (Closing Balance)		**4,410.71**		**1,684.13**
Note to Statement of cash flows :				
- **Components of Cash and cash equivalents as under :**				
- Balance with Banks - Current Accounts	2,396.74		1,619.11	
- Cash on Hand	13.97		15.02	
- Deposit with orginal maturity less than 3 months	2,000.00		50.00	
		4,410.71		**1,684.13**
- Figures in brackets indicate cash outflow.				
- The above Statement of cash flows has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flows				

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

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

(Sanjiv Gupta)
Partner
Membership No. 083364

For and on behalf of the Board of Directors

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

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

Place : Noida
Date : 26 June, 2020

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

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 six Subsidiary companies (three Foreign Subsidiaries Joyce Foam Pty. Limited (and its Controlled Entity Joyce W C NSW Pty Limited) Australia, International Foam Technologies Spain and SleepX US Inc. USA and three Indian Subsidiaries 'Divya Software Solutions Private Limited', 'Sleepwell Enterprises Private Limited and Staqo World Pvt. Ltd'). The accompanying Consolidated Financial Statements relate to Sheela Foam Limited ('the Holding Company') and its six Subsidiary companies (together referred as "the Group").

The consolidated financial statements for the year ended 31 March, 2020 were approved by the Board of Directors and authorised for issue on 26 June, 2020.

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. Ind AS 116 – Leases

During the year, Ind AS 116 – Leases (the 'Standard'), has become effective from 1 April, 2019, replacing the existing Ind AS 17 - Leases.

As permitted by the transitional provisions of the Standard, the Group has not restated the comparative information, but has recognised the cumulative effect of its initial application as an adjustment to opening Retained Earnings at the date of initial application i.e. 1 April, 2019 by using modified retrospective method. The following table shows the adjusted opening Balance Sheet as at 1 April, 2020:

Particulars	As at 31 March, 2019	Adjustment on adoption of Ind AS 116	As at 1 April, 2019
Lease liabilities – Non-Current	-	2,969.26	2,969.26
Lease liabilities - Current	-	1,131.75	1,131.75
Right-of-use assets (Gross) (Refer Note 4)	-	3,889.63	3,889.63
Retained Earnings	67,993.05	(206.81)	67,786.24
Deferred tax liabilities	650.43	(4.38)	646.05

The lease liabilities were discounted using the incremental borrowing rate as at 1 April, 2019. In the reporting period, the first-time application of Ind AS 116 meant that rental / lease expenses were replaced by depreciation charges on right-of-use assets and interest expenses. Refer to Note 2.13 for accounting policy followed by Company in respect of accounting of lease.

c. 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.

d. Functional and presentation currency

The consolidated financial statements are prepared in Indian Rupees ('₹'), 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

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

All other assets are classified as non-current.

A liability is classified as current when it is:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities:

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

Operating Cycle:

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

f. 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 and on a straight line basis, in the case of foreign Subsidiaries, 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. 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.

3. Fair value measurement of financial instrument

When the fair value of financial assets and financial liabilities recorded in the balance sheet

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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.

4. 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.

5. 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.

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 i.e. for the financial year ended 31 March, except in case of Foreign Subsidiary in Spain, which has been incorporated during the year on 12 June, 2019, as the financial statements are prepared on calendar year basis, therefore two audited financial statements have been provided i.e. for the period ended 31 December, 2019 and for the quarter ended 31 March, 2020, to ensure that the financial statement are available for the full reporting period of the Holding Company. The financial statements of foreign Subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles of their Country of incorporation.

ii) The foreign Subsidiary Company in Delaware, USA namely SleepX US Inc, has been incorporated w.e.f. 4 October, 2019, however, as no share capital has been subscribed therein, and there are no operations in the said Company so far, therefore no financial statements have been prepared of the said Company. Further, as there is no investment in the said Company except the expenditure incurred for incorporation, there is no impact of the same on the consolidated financial statements.

iii) In case of foreign Subsidiaries, 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 recognised in the Foreign Currency Translation Reserve.

iv) 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

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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 unrealised 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 recognised 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 March 2020	Proportion (%) of Shareholding as on 31 March 2019
Subsidiary Companies			
Joyce Foam Pty. Limited and Controlled Entity (Joyce W C NSW Pty Limited)	Australia	100%	100%
International Foam Technologies SL, Spain and Subsidiaries	Spain	100%	NA
SleepX US Inc.	USA	-	NA
Divya Software Solutions Private Limited	India	100%	100%
Sleepwell Enterprises Private Limited	India	100%	100%
Staqo World Pvt. Ltd.	India	100%	NA

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

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

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

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

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

Depreciation on property, plant & equipment is provided on a pro-rate basis on written down value basis, over the useful life of the assets estimated by the management, in the manner prescribed in Schedule II of the Companies Act, 2013. The asset's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The property, plant and equipment costing upto ₹ 5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

Sheela Group

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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 Subsidiaries (Joyce Foam Pty. Ltd. and its Controlled Entities, and International Foam Technologies SL, Spain and Subsidiaries)

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.

2.4 Investment Property

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

A financial asset is measured at amortised 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 realise 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 amortised cost using the effective interest rate (EIR) method. Amortised 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 amortisation is included in interest income is the statement of profit and loss. The losses arising from impairment are recognised 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 recognised in Other

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Comprehensive Income (OCI) except for the recognition of interest income, impairment gains and losses and foreign exchange gain and losses which are recognised 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 categorisation as at amortised 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.

(c) Impairment of financial assets

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

- Financial Assets measured at amortised 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 amortised 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 recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The trade receivables are initially recognised 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 recognising 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 derecognised (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 derecognised. When the Group has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognised.

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 derecognised 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 recognised to the extent of continuing involvement in the financial asset.

(ii) Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognised 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 recognised 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 recognised in Other Comprehensive Income. These gains/ losses 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 recognised in the statement of Profit and Loss. 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 recognised in profit or loss over the period of the liability and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the EIR amortisation 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 amortisation 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 recognised 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 recognised less cumulative amortisation.

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 recognised initially at their fair value and

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subsequently measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised 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 recognised 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, if 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 recognised, the carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss being recognised for the asset in prior year/s.

2.9 Provisions and Contingent Liabilities

a) Provisions

Provisions are recognised 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

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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.

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

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

d) Interest income is recognised 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 recognised when the right to receive dividend is established.

g) Other income/revenue is recognised 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 recognised 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 recognised in the period in which the employee renders the related services.

b. Long Term Benefit

The employees of the Company are entitled to long service award (LSA), as retention earned leave, after completion of service of five years, which can be en-cashed or accumulated till retirement. The liability towards LSA is provided for on accrual basis as estimated by the management.

c. 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 recognised 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 defined benefit plans of gratuity and leave encashment 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 recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the

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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, and International Foam Technologies SL, Spain and Subsidiaries)

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, for a period of time in exchange for consideration even if that right is not explicitly specified in an arrangement.

Group as a lessee

The Group has taken certain assets on Operating Lease. Operating Lease is a contract, which conveys the right to Lessee, to control the use of an identified asset for a period of time, the lease term, in exchange for consideration. The Group assesses whether a contract is, or contains, a lease on inception.

The lease term is either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Group will extend the term, or a lease period in which it is reasonably certain that the Group will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

At commencement, or on the modification, of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is amortised / depreciated using straight-line / written down value method from the commencement date to the end of the lease term. If the lessor transfers ownership of the underlying asset to the Group by the end of the lease term or if the Group expects to exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as the Group's other property, plant and equipment. Right-of-use assets are reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the total lease payments due on the commencement date, discounted using either the interest rate implicit in the lease, if readily determinable, or more usually, an estimate of the Group's incremental borrowing rate on the inception date for a loan with similar terms to the lease. The incremental borrowing rate is estimated by obtaining interest rates from various external financing sources.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In accordance with Ind AS 116, the Group does not recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases i.e. leases with a lease term of 12 months or less and containing no purchase options. Payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

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 are transferred 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 recognised as income or expenses in the year in which they arise. The long term foreign currency monetary items are carried at the exchange rate prevailing on the date of initial transaction.

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 recognised 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 recognised 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 recognised 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 tax regime inserted by the Taxation Laws (Amendment) Act, 2019 in 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

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for the year ended 31 March, 2020

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 realised 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 recognises a liability to make payment of dividend to owners of equity when the distribution is authorised and is no longer at the discretion of the Holding Company and is declared by the shareholders. A corresponding amount is recognised directly in the Equity.

2.18 Earnings per Share:

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

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

2.19 Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of business combination over Holding Company's interest in the net fair value of identifiable assets acquired.

2.20 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

2.21 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.

2.22 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.

3. PROPERTY, PLANT AND EQUIPMENT (As at 31 March, 2020)

(₹ in Lakhs)

Description	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01.04.2019	Additions due to Business Combination during the year	Additions during the year	Sales/disposal/ transfers during the year	As at 31.03.2020	As at 01.04.2019	Additions due to Business Combination during the year	For the year	Sales/disposal/ transfers during the year	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
(i) **Tangible Assets**												
Land												
- Freehold	1,258.66	2,470.03	-	(159.24)	**3,887.93**	-	-	-	-	-	**3,887.93**	1,258.66
- Leasehold (refer note 3.2)	1,734.60	-	467.48	-	**2,202.08**	68.96	-	21.48	-	**90.44**	**2,111.64**	1,665.64
Buildings	14,630.92	6,636.95	613.65	(307.37)	**22,188.88**	2,667.50	943.93	1,022.33	(49.36)	**4,683.13**	**17,505.75**	11,963.41
Plant & Equipment												
- Freehold	22,459.84	8,685.71	2,257.04	(128.74)	**33,531.34**	5,951.01	5,212.95	2,603.65	(204.34)	**13,971.96**	**19,559.37**	16,508.83
- Leasehold	-	-	96.37	-	**96.37**	-	-	2.65	-	**2.65**	**93.72**	-
Furniture & Fixtures	803.79	36.51	366.66	(1.22)	**1,208.18**	219.92	11.64	146.74	(0.15)	**378.45**	**829.73**	583.87
Vehicles	750.47	-	243.11	14.90	**978.68**	273.50	-	153.53	10.79	**416.24**	**562.44**	476.98
Office equipment	1,341.73	109.89	531.46	19.95	**1,963.13**	435.73	88.40	254.98	13.39	**765.71**	**1,197.42**	906.00
Electrical fittings	876.29	-	395.61	8.30	**1,263.60**	278.50	-	88.49	3.52	**363.47**	**900.13**	597.79
Total	**43,856.31**	**17,939.08**	**4,971.38**	**(553.42)**	**67,320.20**	**9,895.13**	**6,256.93**	**4,293.87**	**(226.14)**	**20,672.06**	**46,648.14**	**33,961.18**
(ii) **Capital Work-in-progress** (refer note 3.3)	73.94	95.31	2,233.10	605.03	**1,797.32**	-	-	-	-	-	**1,797.32**	73.94
(iii) **Goodwill**	818.56	21,424.90	306.36	(1,158.39)	**23,708.21**	-	-	-	-	-	**23,708.21**	818.56
(iv) **Other Intangible Assets**	-	265.16	-	(18.14)	**283.30**	-	261.84	2.05	(17.98)	**281.86**	**1.44**	-
Total (i+ii+iii+iv)	**44,748.81**	**39,724.45**	**7,510.84**	**(1,124.93)**	**93,109.03**	**9,895.13**	**6,518.77**	**4,295.92**	**(244.12)**	**20,953.93**	**72,155.11**	**34,853.68**

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PROPERTY, PLANT AND EQUIPMENT (As at 31 March, 2019)

(₹ in Lakhs)

Description	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01.04.2018	Additions due to Business Combination during the year	Additions during the year	Sales/disposal/ transfers during the year	As at 31.03.2019	As at 01.04.2018	Additions due to Business Combination during the year	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	14,455.64	-	1,271.42	1,096.14	14,630.92	1,734.97	-	978.19	45.65	2,667.50	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	476.98	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	876.29	181.45	-	97.23	0.18	278.50	597.79	579.70
Total	**40,435.60**	**-**	**5,129.84**	**1,709.13**	**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)	**46,476.41**		**7,719.28**	**9,446.88**	**44,748.81**	**6,543.78**		**3,900.40**	**549.05**	**9,895.13**	**34,853.68**	**34,710.05**

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 ₹ 21.48 lakhs (Previous Year : ₹ 18.04 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.

Nature of Expense	Opening as on 01.04.2019	Additions during the year	Capitalisation/ adjustment during 2019-20	Closing as on 31.03.2020	Opening as on 01.04.2018	Additions during the year	Capitalisation/ adjustment during 2018-19	Closing as on 31.03.2019
Travelling expenses	4.26	9.86	4.34	9.78	5.17	6.65	7.56	4.26
Testing charges	1.79	-	1.79	-	0.90	1.09	0.20	1.79
Electricity & Power expenses	-	-	-	-	60.80	-	60.80	-
Other finance cost	-	-	-	-	49.90	-	49.90	-
Security service charges	-	-	-	-	14.85	-	14.85	-
Legal & Professional charges	22.49	-	22.49	-	100.20	22.49	100.20	22.49
Total	**28.56**	**9.86**	**28.63**	**9.78**	**231.82**	**30.23**	**233.50**	**28.56**

4. RIGHT OF USE ASSETS (As at 31 March, 2020)

(₹ in Lakhs)

Description	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at 01.04.2019	Adjustment on adoption of Ind AS 116 (Refer Note 2.1.b)	Additions during the year	Sales/disposal/ adjustments during the year	As at 31.03.2020	As at 01.04.2019	For the year	Sales/disposal/ adjustments during the year	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Land	-	132.67	44.25	-	176.92	-	28.86	-	28.86	148.06	-
Buildings	-	3,680.51	7,267.68	208.94	10,739.26	-	1,496.91	45.12	1,451.79	9,287.46	-
Plant & Equipment	-	76.44	72.76	4.48	144.72	-	26.95	0.81	26.13	118.59	-
Total	**-**	**3,889.63**	**7,384.69**	213.42	**11,060.90**	**-**	**1,552.72**	**45.93**	**1,506.79**	**9,554.11**	**-**

5. INVESTMENT PROPERTY (As at 31 March, 2020)

(₹ in Lakhs)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2019	Addition / Transfer during the year	Sales/disposal/ adjustments during the year	As at 31.03.2020	As at 01.04.2019	Transfer during the year	For the year	Sales/disposal/ adjustments during the year	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
(i) Tangible Assets											
Land -Leasehold (refer note 5.2)	68.47	-	-	68.47	2.73	-	0.91	-	3.64	64.83	65.74
Buildings	1,137.78	4,868.15	-	6,005.93	111.40	-	54.88	-	166.28	5,839.65	1,026.38
CWIP- Building	5,296.06	1,238.43	6,534.49	-	-	-	-	-	-	-	5,296.06
Total	**6,502.31**	**6,106.58**	**6,534.49**	**6,074.40**	**114.13**	**-**	**55.79**	**-**	**169.93**	**5,904.48**	**6,388.18**

INVESTMENT PROPERTY (As at 31 March, 2019)

(₹ in Lakhs)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2018	Addition / 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 5.2)	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**

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

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

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5.3

Particulars	As at 31.03.2020	As at 31.03.2019
Rental Income derived from investment property	**152.71**	**147.92**
Profit arising from investment property before depreciation	**152.71**	**147.92**
Less: Depreciation for the year	**55.79**	52.32
Net Profit arising from investment property	**96.92**	**95.60**

5.4 The Group has obtained independent valuation for its investment property for ₹ 7,848 lakhs as at 31 March, 2020 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.

5.5 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.

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

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

6. NON CURRENT FINANCIAL INVESTMENTS

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
	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				
- Ecap Equities Limited - Index Linked Non-convertible Debentures of ₹ 1,00,000/- each	1,000	1,182.97	1,000	1,116.11
- Edelweiss Finvest Pvt. Ltd. - Index Linked Non-convertible Debentures of ₹ 1,00,000/- each	-	-	1,500	1,788.30
- Tata Capital Financial Services Ltd - Non-convertible Debentures of ₹ 10,00,000/- each	-	-	200	2,012.93
Total Investments (a) + (b)		**1,183.32**		**4,917.69**
Aggregate amount of Quoted Investments		1,182.97		4,917.34
Aggregate Market value of Quoted Investments		1,182.97		4,917.34
Aggregate amount of Unquoted investment		0.35		0.35
Aggregate amount of impairment in value of investment		Nil		Nil

7. LOANS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Loans to employees	14.04	54.06
Security deposits	244.25	231.63
Total	**258.29**	**285.69**

8. OTHER NON-CURRENT FINANCIAL ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Deposits with Banks:		
- held as margin money	1.34	1.34
- others	210.13	109.30
Interest accrued but not due on deposits with Banks	1.44	0.83
Total	**212.91**	**111.47**

9. NON-CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Advance income tax (Net of provisions)	40.83	874.72
	40.83	**874.72**

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

10. OTHER NON-CURRENT ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Capital advances	**94.94**	138.76
Prepaid rent	**39.27**	39.72
Total	**134.21**	**178.48**

11. INVENTORIES

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

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
Raw Materials	**9,520.31**		8,194.79	
- in Transit	**2,741.12**	**12,261.43**	1,436.61	9,631.40
Stock-in-process		**4,612.86**		4,810.13
Finished Goods		**3,453.05**		1,081.94
Stock-in-trade		**710.34**		1,742.58
Packing Material	**572.55**		478.44	
- in Transit	**0.97**	**573.52**	3.85	482.29
Stores and Spares	**906.06**		870.03	
- in Transit	**168.58**	**1,074.64**	95.30	965.33
Total		**22,685.84**		**18,713.67**

12. CURRENT INVESTMENTS

(₹ in Lakhs)

		As at 31 March, 2020		As at 31 March, 2019	
		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 ₹ 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 ₹ 1,00,000/- each	-	-	1,000	1,088.40
-	Edelweises Finance Pvt Ltd - Index Linked Non-convertible Debentures of ₹ 1,00,000/- each	**1,500**	**1,937.24**	1,300	1,410.34
-	Ecap Equities Limited- Index Linked Non-convertible Debentures of ₹ 1,00,000/- each	-	-	1,461	1,573.38
-	Mahindra & Mahindra Financial Services Ltd- Principal Protected Non-convertible Market Linked Debentures of ₹ 10,00,000/- each	-	-	200	2,030.60
-	Reliance Financial Ltd- Principal Protected Non-convertible Market Linked Debentures of ₹ 1,00,000/- each	-	-	1,000	1,063.10
	Tata Capital Financial Services Ltd - Non-convertible Debentures of ₹ 10,00,000/- each	**200**	**2,201.40**	-	-
	Total (b)		**4,138.64**		**7,165.82**

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

(₹ in Lakhs)

		As at 31 March, 2020		As at 31 March, 2019	
		Nos.	Amount	Nos.	Amount
	In Mutual Funds - fully paid up - Quoted				
(c)	Carried at fair value through profit and loss				
-	UTI Corporate Bond Fund-Direct Growth	2,51,79,567	2,976.00	-	-
-	L&T Triple Ace Bond Fund-Direct Growth	65,22,882	3,604.98	-	-
-	HDFC Liquid Fund-Direct Growth	25,677	1,003.09	-	-
-	HDFC Corporate Bond Fund-Direct Growth	1,30,80,873	3,019.54	-	-
-	IDFC Arbitrage Fund-Direct Growth	29,62,635	762.31	-	-
-	DSP Corporate Bond Fund-Direct Growth	1,70,03,331	2,012.12	-	-
-	ICICI Prudential Corporate Bond Fund-Direct Growth	1,98,74,764	4,275.08	1,14,91,608	2,260.02
-	Aditya Birla Sun Life Income Fund- Direct Growth	1,77,276	168.33	-	-
-	ICICI Prudential Ultra Short Term Fund- Direct Growth	-	-	92,89,751	2,867.68
-	Aditya Birla Sun Life Saving Fund- Direct Growth	-	-	12,76,831	4,746.73
-	SBI Magnum Ultra Short Duration Fund- Direct Growth	-	-	1,26,026	5,252.52
-	HDFC Ultra Short Term Fund- Direct Growth	-	-	3,38,44,820	3,545.04
	Total (c)		17,821.45		**18,671.99**
	Total Investments (a) + (b) + (c)		21,960.09		**26,838.11**
	Aggregate amount of Quoted Investments		21,960.09		25,837.81
	Aggregate market value of Quoted Investments		21,960.09		25,837.81
	Aggregate amount of Unquoted investment		-		1,000.30
	Aggregate amount of impairment in value of investment		Nil		Nil

13. TRADE RECEIVABLES

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
(Unsecured, considered good)				
		21,577.35		15,215.77
(Unsecured, considered doubtful)	1,289.20		38.47	
Less: Allowance for doubtful receivables	(1,289.20)	-	(38.47)	-
Total		21,577.35		**15,215.77**

13.1 Refer Note 39.13 For information about credit and market risk of trade receivables.

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

14. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
Balances with Banks - Current Accounts	2,396.74		1,619.11	
Cash on hand	13.97		15.02	
Deposits with Banks with original maturity of less than 3 months	2,000.00	4,410.71	50.00	1,684.13
		4,410.71		**1,684.13**

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

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

15. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
Deposits with Banks:				
- held as margin money (refer note 15.1)	25.65		157.19	
- having original maturity of more than 3 months but less than 12 months	25.28	50.93	188.50	345.69
Total		**50.93**		**345.69**

15.1 Under lien with banks as security for guarantee facility.

16. LOANS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Loans to employees	61.25	18.78
Inter-corporate deposits	500.00	-
Total	**561.25**	**18.78**

17. OTHER CURRENT FINANCIAL ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Interest accrued but not due on deposits with banks, bonds and debentures	8.36	30.75
Subsidy receivable	-	139.08
Insurance claim receivable (refer note 39.16)	13.74	1,213.24
Discounts receivable	531.54	1,190.67
Derivative financial asset	0.53	-
Other receivables	-	0.01
	554.17	2,573.75

18. OTHER CURRENT ASSETS

(Unsecured, considered good)

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
Advance to contractors/suppliers		1,261.10		1100.04
Balances with Statutory/Government authorities:				
- Excise & Custom	14.61		30.30	
- GST	87.51		106.71	
- VAT/Sales Tax	492.21	594.33	493.98	630.99
Prepaid expenses		403.19		236.74
GST refund receivable (refer note 18.1)		1,388.23		1,043.78
Lease equalisation asset		53.36		35.81
Income tax refund		18.71		46.99
Employee benefit assets (refer note 39.4)		-		22.59
Other loans & advances (refer note 18.2)		167.51		63.22
Total		**3,886.43**		**3,180.16**

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

18.2 Others loans & advances comprise of advances to staff for expenses and advances to other other parties etc.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

19. EQUITY SHARE CAPITAL

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
	No.	Amount	No.	Amount
Authorised:				
Equity Shares of ₹ 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 ₹ 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 Holding Company has one class of equity shares having a par value of ₹ 5 per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity Shareholders are eligible to receive the remaining assets of the group in proportion of their shareholding.

19.2 Reconciliation of the number of shares outstanding:

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Nos.	₹ in Lakhs	Nos.	₹ 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 31 March, 2020 / 31 March, 2019.

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

19.3.2 During 2011-12 and 2012-13, 2,100 and 63,296 equity shares of ₹ 10/- each fully paid up respectively (1,96,188 equity shares of ₹ 5/- each fully paid up as at 31 March, 2020 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 31 March, 2020		As at 31 March, 2019	
	No. of Shares	% held	No. of Shares	% held
Sh. Rahul Gautam	**62,09,485**	**12.73**	62,09,485	12.73
Smt. Namita Gautam	**57,15,879**	**11.72**	57,15,879	11.72
Sh. Tushaar Gautam	**1,80,86,314**	**37.08**	-	-
Smt. Sheela Gautam and Sh. Tushaar Gautam	**-**	**-**	1,75,61,880	36.00
Rangoli Resorts Private Limited	**65,63,391**	**13.45**	65,63,391	13.45
SBI Mutual Funds	**46,81,747**	**9.60**	47,26,138	9.69

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

Name of the Shareholder	As at 31 March, 2020	As at 31 March, 2019
	No. of Shares	No. of Shares
Equity Shares of ₹5/- each	**24,00,000**	24,00,000

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

20. OTHER EQUITY

(₹ in Lakhs)

	As at 31 March, 2020		As at 31 March, 2019	
Capital Reserve				
As per last account	1,268.19		1,266.70	
Addition on Investment in Subsidiary (Refer note 39.18.a)	0.27		-	
Add: Foreign Exchange gain on Reserve	134.51	1,402.97	1.49	1,268.19
General Reserve				
As per last account		1,716.27		1,716.27
Foreign Currency Translation reserve				
As per last account	(167.46)		(168.71)	
Add: Exchange gain on property, plant and equipment and goodwill (net)	1,405.04		2.85	
	1,237.58		(165.86)	
Less : Exchange (loss) on others	(1,278.53)	(40.95)	(1.60)	(167.46)
Retained Earnings				
As per last account	67,993.05		54,619.01	
Less: Adjustment on adoption of Ind AS 116 (net of tax) (Refer Note 2.1.b)	(206.81)		-	
Add : Profit for the year	19,342.75	87,128.99	13,374.04	67,993.05
Other comprehensive loss				
As per last account	(238.89)		(146.74)	
Add: Re-measurements losses on defined benefit plans (net of tax)	(433.27)	(672.16)	(92.15)	(238.89)
Total		89,535.12		70,571.16

20.1 Nature and purpose of reserves

a. **Capital Reserve:** During amalgamation of the subsidiaries, 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.

b. **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.

21. BORROWINGS

(₹ in Lakhs)

	Note No.	As at 31 March, 2020		As at 31 March, 2019	
		Non Current	Current	Non Current	Current
(i) Secured					
Term loans from:					
- Bank	21.1	15,453.90	1,388.06	525.79	231.05
- Others	21.2	-	-	-	1.74
		15,453.90	1,388.06	525.79	232.79
(ii) Unsecured					
Loan from financial credit institutions	21.3	259.25	478.06	-	-
Loans and advances from related party:					
- Directors' relative	21.4	-	-	29.57	-
		259.25	478.06	29.57	-
Total		15,713.15	1,866.12	555.36	232.79
Less: Amount disclosed under the head "Other current financial liabilities" (Refer Note-27)		-	1,866.12	-	232.79
Net amount		15,713.15	-	555.36	-

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

21.1 Nature of Security and Terms of Repayment:

i Foreign Subsidiary (Joyce Foam Pty. Ltd.) - ₹ 494.98 lakhs

a. ₹ 64.58 lakhs as term loan for purchase of equipments/trucks from Bank of Baroda, Sydney is secured by way of first charge on all present and future current assets of Joyce Foam Pty. 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 13 equal monthly installments of ₹ 4.63 lakhs each and last instalment of ₹ 4.39 lakhs due in May, 2021.

b. ₹ 323.96 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 12 equal quarterly installments of ₹ 26.62 lakhs each and last instalment of ₹ 4.52 lakhs due in June, 2023.

c. ₹ 106.44 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.

ii Foreign Subsidiary (International Foam Technologies Spain S.L.) - ₹ 16,346.98 lakhs

₹ 16,346.98 lakhs in respect of Term Loan from CITI Bank, Spain based on Stand by Letter of Credit from Citi Bank, India secured by exclusive charge on certain fixed assets of the Holding Company. The term loan carry the arithmetic sum of the reference Interest rate viz. 3 month EURIBOR communicated by the bank for the period & accepted by the borrower. The principal amount of Loan will be repaid by the Company in 20 quarterly equated installements as per predefined schedule and first installement due from October, 2020 and last installement due in October, 2025.

21.2 Term Loans of ₹ 1.74 lakhs from other parties was secured against specific vehicles, repayable in monthly installments comprising not more than 48 installments in the case of each loan and was carrying rate of interest ranging from 9.50 % to 10.00 %.

21.3 ₹ 737.31 lakhs obtained from various financials credit institutions. There unsecured loans carries interest rates ranging from 0.70 % to 3.52%.

21.4 Loans and advances from related party was on long term basis, carrying interest rate of 9% p.a.

22. OTHER NON-CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Deposits from dealers and others	6,738.95	5,959.27
Capital Investment Subsidy	28.37	31.20
Unearned Interest Income on Deposits	548.97	904.74
Unearned Rent Income	56.32	70.18
Total	**7,372.61**	**6,965.39**

23. PROVISIONS

(₹ in Lakhs)

	Note No.	As at 31 March, 2020	As at 31 March, 2019
Provision for employee benefits - Leave encashment	39.4	758.61	496.81
Warranty Claims	28.1	100.77	299.95
		859.38	**796.76**

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

24. INCOME TAXES

(₹ in Lakhs)

	Note No.	As at 31 March, 2020	As at 31 March, 2019
A. Tax expense in the statement of profit and loss comprises:			
Income tax			
- Current income tax charge	39.19	**6,676.99**	5,233.25
- Earlier year's tax reversal		**0.38**	(111.02)
Deferred tax			
- Relating to origination and reversal of temporary differences	39.19	**(469.19)**	446.43
Total tax expense reported in the statement of profit or loss		**6,208.18**	**5,568.66**
B. Statement of other comprehensive income (OCI)			
Remeasurement losses on defined benefit plans		**(145.72)**	(49.49)
Income tax related to items recognised in OCI during the year		**(145.72)**	**(49.49)**
C. Reconciliation of tax liability on book profit vis-à-vis actual tax liability			
Acounting Profit before income tax		**26,836.29**	18,942.70
Applicable Tax Rate		**25.17%**	34.94%
Computed Tax Expense		**6,754.16**	**6,619.34**
Tax related adjustments			
Difference in Tax Rate		**(1.72)**	(37.98)
Income not considered for tax purpose		**(280.21)**	415.59
Expenses not considered for tax purpose		**(233.50)**	(353.48)
Tax adjusted for earlier years		**0.38**	111.02
Additional allowances for tax purpose		**(30.93)**	(1,185.83)
Income tax expense charged to the statement of profit or loss		**6,208.18**	**5,568.66**
Effective tax rate		**23.13%**	29.40%

D. Deferred Tax Liability comprises:*

	As at 31 March, 2020	As at 31 March, 2019
Deferred Tax Liability:		
- Depreciation	**436.75**	736.45
- Fair value gain/(loss) on investments	**75.70**	63.94
- Right of Use assets	**65.63**	-
- Registered Grants Pending imputation	**116.52**	-
- Addition on Investment in Subsidiary (Refer note 39.18.a)	**1,385.86**	-
Deferred Tax Assets:		
- Disallowance under Section 43B	**(9.26)**	(12.86)
- Provision for employee benefits	**(234.87)**	(137.10)
- Lease liabilities	**(70.97)**	-
- Other adjustments	**(50.20)**	-
- Disallowances u/s 35DD	**(0.13)**	-
Net Deferred Tax Liability	**1,715.03**	650.43

*includes opening adjustment due to Ind AS 116 and addition on investment in Subsidiary.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

25. BORROWINGS

(₹ in Lakhs)

	Note No.	As at 31 March, 2020	As at 31 March, 2019
(i) Secured			
Working Capital Loans from Banks	25.1	**477.19**	2,089.40
(ii) Unsecured			
Loan from various credit institutions	25.2	**3,029.57**	-
Book overdraft		**2.45**	-
Loan and advances from a related party:	25.3		
- CEO & Director of a Subsidiary		**92.56**	176.98
Total		**3,601.77**	**2,266.38**

25.1 Working Capital Loans from Banks are secured by way of:
Foreign Subsidiary (Joyce Foam Pty. Ltd.) - ₹ 477.19 lakhs

Loan of ₹ 477.19 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.

25.2 Foreign Subsidiary (International Foam Technologies Spain S.L.) - ₹ 3,029.57 lakhs

The Company has taken discounting & foreign trade facilities to meet day to day working capital requirement with interest rate for these facilities ranges from 0.75& to 1.35%.

25.3 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.

26. TRADE PAYABLES

(₹ in Lakhs)

	Note No.	As at 31 March, 2020	As at 31 March, 2019
Total outstanding dues of micro enterprises and small enterprises	39.2	**330.31**	1,087.02
Total outstanding dues of creditors other than micro enterprises and small enterprises		**15,014.24**	13,233.15
		15,344.55	**14,320.17**

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

27. OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

	Note No.	As at 31 March, 2020	As at 31 March, 2019
Current maturities of Borrowings	21	**1,866.12**	232.79
Accrued expenses		**5,199.92**	4,750.50
Creditors for assets		**210.96**	419.33
Creditors for expense		**2,600.82**	3,307.45
Unearned Interest Income		**320.83**	327.07
Unearned Rent Income		**9.52**	8.62
Payable to employees		**130.71**	77.67
Capital Investment subsidy		**2.73**	2.83
Employee benefit liabilities - Gratuity	39.4	**402.95**	-
Total		**10,744.56**	**9,126.26**

27.1 There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as on 31 March, 2020 / 31 March, 2019.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

28. PROVISIONS

(₹ in Lakhs)

	Note No.	As at 31 March, 2020	As at 31 March, 2019
Provision for employee benefits - Leave encashment	39.4	**757.71**	812.33
Warranty Claims	28.1	**530.54**	470.00
Total		**1,288.25**	**1,282.33**

28.1 Warranty Claims:

Provision is recognised for expected warranty claims on mattresses sold and based on past experience of the level of returns in accordance with the Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Assets". Assumptions used for the said provision are based on sales and current information available about returns based on warranty period. The table below gives information about movement in warranty provision:

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Opening Balance	**769.95**	1,100.00
Less : Amount utilised during the year	**661.38**	604.80
	108.57	495.20
Add: Provision made during the year	**522.74**	274.75
Closing Balance	**631.31**	**769.95**

29. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Advance from Customers	**4,443.72**	5,867.07
Statutory liabilities	**1,454.16**	1,339.52
Total	**5,897.88**	**7,206.59**

30. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2020		Year ended 31 March, 2019	
Sale of products (including excise duty):					
- Finished Goods	30.1.a	**2,10,942.99**		2,08,795.99	
- Traded Goods	30.1.b	**5,468.79**	**2,16,411.78**	4,270.51	2,13,066.50
Other operating revenue:					
- Duty drawback		**0.08**		0.13	
- GST Refund	18.1	**731.32**		857.30	
- Sale of process scrap		**220.22**	**951.62**	221.01	1,078.44
Total			**2,17,363.40**		**2,14,144.94**

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

30.1 DETAIL OF SALE OF PRODUCTS:

(₹ in Lakhs)

	Year ended 31 March, 2020	Year ended 31 March, 2019
(a) Finished Goods:		
- PU Foam sheets/mattresses/rolls/bolster/pillows etc.	2,10,942.99	2,08,795.99
	2,10,942.99	2,08,795.99
(b) Traded Goods:		
- PU Foam/Bed Sheets/Comforters/Foam/Spring/Coir mattresses etc.	5,468.79	4,270.51
	5,468.79	4,270.51
Total	2,16,411.78	2,13,066.50

31. OTHER INCOME

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2020		Year ended 31 March, 2019	
Interest income :					
- Bank deposits		59.74		512.81	
- Bonds		11.19		230.58	
- Income tax refund		37.17		61.25	
- Inter corporate deposit		5.78		-	
- Others		356.12	470.00	279.70	1,084.34
Rent	31.1		194.16		260.49
Profit/(loss) on sale of property, plant & equipment (net)			266.97		(46.71)
Insurance claim realised			-		0.12
Liabilities/provisions no longer required written back			10.73		16.45
Fair value gain on Investments (net)			659.37		640.06
Dividend received from mutual funds			-		28.29
Profit on sales of investments (net)			1,516.19		480.64
Exchange fluctuation profit/(loss) (net)			369.01		(103.73)
Investment subsidy received			2.84		22.69
Sale of non-process scrap			422.16		357.96
Other miscellaneous income			87.40		15.07
Total			3,998.83		2,755.67

31.1 Includes ₹ 152.71 lakhs (Previous Year : ₹ 147.92 lakhs) on Investment property (refer note 5.3).

32. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

	Year ended 31 March, 2020		Year ended 31 March, 2019	
Raw material				
Opening Stock	8,194.79		8,027.75	
Addition on Investment in Subsidiary (Refer note 39.18.a)	646.92		-	
Purchases (less returns)	1,04,332.88		1,13,666.10	
	1,13,174.59		1,21,693.85	
Less : Sales	2,829.40		2,772.56	
Less : Closing Stock	9,520.31	1,00,824.88	8,194.79	1,10,726.50
Packing Material				
Opening Stock	478.44		444.59	
Purchases (less returns)	8,768.77		6,745.62	
	9,247.21		7,190.21	
Less : Sales	689.88		405.83	
Less : Closing Stock	572.55	7,984.78	478.44	6,305.94
Total		1,08,809.66		1,17,032.44

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

33. PURCHASES OF STOCK-IN-TRADE

(₹ in Lakhs)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Traded goods - PU Foam/Bed Sheets/Comforters/Spring/Coir mattresses etc.	1,798.33	4,662.53
Total	**1,798.33**	**4,662.53**

34. OTHER MANUFACTURING EXPENSES

(₹ in Lakhs)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Stores consumed	1,073.99	578.83
Power & fuel	1,301.40	1,279.19
Repair and maintenance:		
- Buildings	305.89	174.93
- Plant & machinery	1,460.59	1,247.65
Processing & other charges	2,920.71	2,444.41
Total	**7,062.58**	**5,725.01**

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

(₹ in Lakhs)

	Year ended 31 March, 2020		Year ended 31 March, 2019	
Inventories at the end of the year				
Finished goods	3,453.05		1,081.94	
Stock-in-trade	710.34		1,742.58	
Stock-in-process	4,612.86	8,776.25	4,810.13	7,634.65
Inventories at the beginning of the year				
Finished goods	1,081.94		1,001.33	
Finished Goods on Investment in Subsidiary(refer note 39.18.a)	997.52		-	
Stock-in-trade	1,742.58		0.55	
Stock-in-process	4,810.13	8,632.17	5,465.53	6,467.41
Total		**(144.08)**		**(1,167.24)**

36. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Salaries, wages, bonus, gratuity, leave encashement, allowances etc.	19,502.49	15,757.80
Contribution to provident, ESI and other funds etc.	913.51	600.75
Workmen & staff welfare expenses	1,619.40	1,372.97
Total	**22,035.40**	**17,731.52**

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

37. FINANCE COSTS

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2020		Year ended 31 March, 2019	
Interest Expense on :					
- Term loans		159.28		185.95	
- Working capital loans		26.21		16.50	
- Loans from finance credit institutions		28.89		-	
- Loans from others		1.60		3.69	
- Income tax		1.37		-	
- Security deposits		692.51		554.58	
- Lease liabilities	39.7	232.52		-	
- Others		48.73	1,191.11	61.19	821.91
Bank Charges			108.50		140.44
Total			**1,299.61**		**962.35**

38. OTHER EXPENSES

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2020		Year ended 31 March, 2019	
Rent			306.37		1,900.92
Insurance			682.09		681.79
Rates & taxes			183.66		207.24
Repair & maintenance others			922.72		824.74
Advertisement expenses			6,940.53		8,850.67
Travelling and conveyance			1,485.30		1,254.77
Legal and professional			1,326.57		1,933.31
Payment to Auditors:					
- Audit Fees		83.11		56.57	
- Certification work		3.50		2.48	
- Reimbursement of expenses		2.91	89.52	1.43	60.48
Contributions towards CSR	39.9		344.00		320.09
Advances/Balances written off			212.30		5.15
Provision for doubtful receivables			123.07		38.47
Selling & promotional expenses (net)			3,724.31		4,098.42
Sales promotion schemes (net)			13,503.31		9,902.93
Freight & cartage (net)			10,148.21		9,163.45
Incentives & Rebates			5,217.31		7,532.09
Assets written off (net)			26.65		25.82
Miscellaneous expenses			2,524.09		2,258.24
Total			**47,760.01**		**49,058.58**

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for the year ended 31 March, 2020

39. OTHER NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

39.1 Contingent Liabilities and Commitments:

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 March, 2020		As at 31 March, 2019	
A.	**Contingent Liabilities**				
i.	**Claims against the Group not acknowledged as debts** - Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards : (refer 'Note - a' below)				
	- Sales tax	888.54		2,641.26	
	- Entry tax	57.72		57.72	
	- GST	2.29		2.69	
	- Income tax	679.19		679.22	
	- Excise Duty	236.31	1,864.05	666.20	4,047.09
ii.	Guarantees given by the Bankers on behalf of the Company to third parties		24.86		48.13
iii.	Others – for which the Holding 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)		3,582.96		51.02
	Total		**5,546.87**		**4,221.24**

(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.

39.2 Disclosure required under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006 (in respect of the Companies incorporated in India):-

(₹ in Lakhs)

		As at 31 March, 2020	As at 31 March, 2019
i.	Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act.	-	-
	- Principal	330.31	1,087.02
	- 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.	-	-
iv.	The amount of interest accrued and remaining unpaid	-	-
v.	The amount of further interest remaining due and payable even in the 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		**330.31**	**1,087.02**

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

The above information regarding dues to Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information collected with the Holding Company and its Indian Subsidiaries. Further, the amount payable to these parties is not overdue hence no interest is required to provide/accrue as at 31.03.2020/31.03.2019.

39.3 Employee Stock Option Scheme

In an earlier year, the shareholders of the Holding Company through special resolution approved issue of 24,00,000 options exercisable into 24,00,000 equity shares under the scheme titled "Sheela Foam Employees Stock Options Scheme 2016 ("ESOS 2016")" which provides for granting options to employees of the Holding Company and its subsidiaries who meet the eligibility criteria under the scheme. The vesting period shall commence after a period of not less than one year from the date of grant of options under the scheme and the maximum vesting period may extend up to five years from the date of grant, unless otherwise decided by the management. As on date, no options have been granted under ESOS 2016.

39.4 Employee Benefits:-

(a) Defined Benefit plans:

Gratuity: : Payable on separation as per the Payment of Gratuity Act, 1972 as amended @ 15 days pay, for each completed year of service to 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) Long Term Benefit:

Long Service Award : Payable as retention earned leave to eligible employees of the Holding Company, after completion of service of five years, which can be en-cashed or accumulated till retirement. During the year amount of ₹ 723.81 lakhs (Previous Year: ₹ 22.62 lakhs) has been charged to the Statement of Profit and Loss towards the said benefit.

(c) Defined Contribution plans:

Holding Company's employees are covered by Provident Fund and Employees State Insurance Scheme/Fund, to which the Holding Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of ₹ 667.71 lakhs (Previous Year: ₹ 600.75 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/ funds as under:

(₹ in Lakhs)

	Year ended 31 March, 2020	Year ended 31 March, 2019
Employer's contribution towards Provident Fund (PF)	**604.19**	506.98
Employer's contribution towards Employees State Insurance (ESI)	**63.52**	93.77

(d) *Other disclosures, as required under Ind AS-19 in respect of Defined Benefit plans which are determined based on actuarial valuation, are as under: -*

i) Reconciliation of the opening and closing balances of Defined Benefit Obligation (of the Holding Company):

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Present Value of **Defined Benefit Obligation** at the beginning of year	1,417.99	1,212.63	392.33	322.54
Interest cost	111.03	94.58	30.72	25.15
Current Service Cost	141.99	124.32	49.97	43.70
Benefit Paid	(58.55)	(74.25)	(118.82)	(80.58)
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	223.19	(5.09)	76.90	(1.42)
Actuarial (Gain) / Loss arising from Change in Demographic Assumptions	(0.93)	-	(0.31)	-
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	56.89	65.79	217.18	82.94
Present value of the Defined Benefit Obligation at the end of year	**1,891.61**	**1,417.99**	**647.97**	392.33

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

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Current Service Cost	141.99	124.32	49.97	43.70
Interest cost	111.03	94.58	30.72	25.15
Net Defined Benefit recognised in Statement of Profit and Loss	**253.02**	**218.90**	**80.69**	**68.85**

iii) Recognised in Other Comprehensive Income.

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	223.19	(5.09)	76.90	(1.42)
Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	(0.93)	-	(0.31)	-
Actuarial (Gain)/Loss on arising from Changes in Experience Adjustments	56.89	65.79	217.18	82.94
Return on Plan Asset (Excluding Interest)	6.07	(0.58)	-	-
Net actuarial Loss	**285.22**	**60.12**	**293.77**	**81.52**

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

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

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Fair value of Plan Assets at the beginning of year	1,440.58	-	-	-
Expected return on plan Assets	112.80	-	-	-
Employer's Contribution	-	1,440.00	-	-
Admin Charges	(0.09)	-	-	-
Remeasurement of the (Gain) /Loss in Other Comprehensive Income	(6.07)	0.58	-	-
Return on Plan Assets excluding interest income	-	-	-	-
Benefits paid	(58.55)	-	-	-
Fair value of Plan Assets at the end of year	1,488.67	1,440.58	-	-

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

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Present value of the **Defined Benefit Obligation** at the end of year	(1,891.61)	(1,417.99)	(647.97)	(392.33)
Fair value of Plan Assets at the end of year	1,488.66	1,440.58	-	-
Net Defined Benefit Assets / (Liability) recognised in the Balance Sheet	(402.95)	22.59	(647.97)	(392.33)

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

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Insurer Managed Funds	100%	100%.	N. A.	N. A.

vii) Sensitivity Analysis*

a) Impact of the change in the discount rate

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Present value of the **Defined Benefit Obligation** at the end of year	1,891.61	1,417.99	647.97	392.33
a) Impact due to increase of 1.00% (Previous year: 1.00%)	(213.81)	(156.08)	(73.68)	(43.49)
b) Impact due to decrease of 1.00% (Previous Year: 1.00%)	253.80	184.58	87.59	51.58

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b) Impact of the change in the salary increase

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Present value of the **Defined Benefit Obligation** at the end of year	**1,891.61**	1,417.99	**647.97**	392.33
a) Impact due to increase of 1.00% (Previous year: 1.00%)	**255.83**	188.05	**88.29**	52.55
b) Impact due to decrease of 1.00% (Previous year: 1.00%)	**(219.05)**	(161.35)	**(75.48)**	(44.96)

* 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

(₹ in Lakhs)

Year	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
0 to 1 year	**56.70**	47.53	N. A.	
1 to 2 Year	**67.10**	53.21		
2 to 3 Year	**56.31**	65.48		
3 to 4 Year	**72.37**	62.74		
4 to 5 Year	**141.09**	68.57		
5 Year onwards	**1,498.04**	1,120.45		

ix. Expected contribution for the next Annual reporting period

(₹ in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Service Cost	**185.05**	141.99	**84.21**	49.97
Net Interest Cost	**27.32**	111.03	**43.93**	30.72
Expected Expense for the next annual reporting period	**212.37**	253.02	**128.14**	80.69

x. Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

Particulars	Gratuity		Leave Encashment	
	Year ended 31 March, 2020	Year ended 31 March, 2019	Year ended 31 March, 2020	Year ended 31 March, 2019
Method used	Projected unit credit method			
Discount rate	**6.78%**	7.83%	**6.78%**	7.83%
Salary Escalation	**5.00%**	5.00%	**5.00%**	5.00%
Mortality Rate	IALM (2012-14) (P. Year IALM (2006-08)			
Withdrawal rate up to 30/44 and above 44 years	3%/2%/1%			
Rate of return on plan assets	**6.78 P.A.**	7.83 P.A.	N.A. as there are no plan assets	

Notes to the Consolidated Financial Statements

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39.5 Operating Segments

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.

Particulars	For the Year Ended 31 March, 2020		
	Within India	Outside India	Total
Net Sales/Income from Operations	1,75,476.98	41,886.42	2,17,363.40
Total Assets	96,950.77	68,179.26	1,65,130.03
Cost incurred during the period to acquire property, plant & equipment	5744.39	410.53	6,154.92

Particulars	For the Year Ended 31 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

39.6 Related Party Disclosures (Ind AS-24):

A. List of Related Parties and relationships

(a) Entities in which Key Management Personnel or their Relatives have significance influence	(b) Key Management Personnel (KMP) :
- Rangoli Resorts Pvt. Ltd.	- Mr. Rahul Gautam (Managing Director) *
- Core Moulding Pvt. Ltd.	- Mr. Rakesh Chahar (Whole-time Director)
- Sleepwell Foundation (Trust)	- Mrs. Namita Gautam (Whole-time Director) *
	- Mr. Tushaar Gautam (Whole-time Director) *
	- Mr. Frank Van Gogh (CEO & Director) **
	- Mr. Edward John Dodds (Finance Manager) **
	- Mr. Alejandro Juan Palao Serrano (Director & Administrator) **
	* Also having significant influence through major shareholding.
	** Of Foreign Subsidiary/Step-down Subsidiary

(c) Relatives of Key management Personnel:

- Late Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) (demise on 08.06.2019)*
- 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.

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B. Transactions with related parties:

(₹ in Lakhs)

	Transactions	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
(i)	**Transactions during the year:**			
a.	Purchase of Material / Capital Goods	3.59 (-)	- (-)	- (-)
b.	Sale of Material/ Capital Goods	0.77 (2.25)	- (-)	- (-)
c.	Rent received	0.24 (0.24)	- (-)	- (-)
d.	Interest paid/payable	- (-)	0.29 (7.62)	0.67 (3.44)
e.	Remuneration including Performance Incentives	(-) -	932.24 (787.77)	- (-)
f.	Reimbursement of expenses	- (10.58)	- (-)	- (-)
g.	Contributions under CSR	331.25 (286.62)	- (-)	- (-)
h.	Repayment of long-term loan and advances	- (-)	54.92 (-)	60.11 (-)

		Related Entities	Key Management Personal	Relatives of Key Management Personal
(ii)	**Closing balance as at 31 March, 2020 / 31 March, 2019:**			
a.	Loans and Advances payable	- (-)	92.56 (176.98)	- (59.07)

Note: (Figures in bracket are for the year ended 31 March, 2019)

39.7 Leases

a. Company as Lessee

Group has taken various properties on Operating Leases in its normal course of business which contain extension option after the initial contract period. The amounts recognised on account of leases are as under:

i. Amount recognised in Statement of Profit and Loss.

(₹ in Lakhs)

Particulars	Year ended 31 March, 2020
Interest expense on lease liability	232.52
Amortisation of Right-of-use assets	1,552.72

Notes to the Consolidated Financial Statements

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ii. Amount recognised in Balance Sheet.

(₹ in Lakhs)

Particulars	As at 31 March, 2019 (Note iii below)	Adjustment on adoption of Ind AS 116 (Note iii below)	Addition / (Deletion) during the year	As at 31 March, 2020
Lease liabilities – Non-Current	-	2,969.26	5,269.25	**8,238.51**
Lease liabilities - Current	-	1,131.75	462.44	**1,594.19**
Right-of-use assets (Gross) (Refer Note 4)	-	3,889.63	7,171.27	**11,060.90**
Retained Earnings	67,993.05	(206.81)	19,342.75	**87,128.99**
Deferred tax liabilities	650.43	(4.38)	1,068.98	**1,715.03**

iii. The Holding Company has adopted Ind AS 116 – Leases from 1 April, 2019, and as permitted by its transitional provisions, the cumulative effect of its initial application has been applied as an adjustment to opening Retained Earnings at the date of initial application i.e. on 1 April, 2019, instead of restating the comparative information.

iv Maturity Profile

(₹ in Lakhs)

Particulars	Amount
Maturity analysis – contractual undiscounted cash flows	
Within 1 year	1,943.54
Within 2 years	1,269.11
Within 3 years	1,205.70
Within 4 years	812.37
Within 5 years	660.70
Within 6 years and upto 99 years	7,651.83
Total undiscounted lease liabilities	**13,543.26**
Impact of discounting and other adjustments	3,710.56
Lease liabilities included in the Balance Sheet	**9,832.70**

b. Company as Lessor

Group 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 1 December, 2016. The said lease is for a term of 10 years with a clause to enable upward revision of the rental charge after every 3 years. The total rent recognised as income during the year is ₹ 145.99 lakhs (Previous year: ₹ 144.00 lakhs)
Residential Flat situated at Greater Noida	The lease agreement was executed w.e.f. 15 September, 2018. The said lease is for a term of 11 months with a clause of subsequent renewal by mutual consent. The total rent recognised as income during the year is ₹ 6.72 lakhs (Previous year: ₹ 3.92 lakhs).

39.8 Earnings per Share:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Net Profit as per Statement of Profit and Loss-(₹ in Lakhs)	**19,428.62**	13,374.04
Basic/Diluted weighted average number of equity shares outstanding during the year	**4,87,82,808**	4,87,82,808
Nominal value of Equity Share (₹)	**5.00**	5.00
Basic/Diluted Earnings per Share (₹)	**39.83**	27.41

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39.9 Corporate Social Responsibility:

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Holding Company. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects. The contributions towards CSR was on the activities which are specified in Schedule VII of the Companies Act, 2013. The detail of the amount spent during the period is as under:

(₹ in Lakhs)

	Amount spent during the current year ended 31 March, 2020	Amount pending for spending as at 31 March, 2020	Total Amount
- Gross Amount lying pending for the earlier year as at 01.04.2019			-
- Gross Amount required to be spent during the year			338.89
- Amount spent during the year:			
a. Construction/acquisition of any asset		-	-
b. Contribution to Trusts / NGOs / Societies	344.00	-	344.00

39.10 Financial and Derivative Instruments:

a. During the year, there are Derivative contracts amounting to ₹ 28.51 lakhs entered by the group for Hedging Currency (Previous year: Nil).

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

(₹ in Lakhs)

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2020		As at 31 March, 2019	
		FC	INR	FC	INR
Liabilities					
Trade Payables					
United States Dollar	$	(7.71)	(594.36)	(14.86)	(1048.50)
Great Britain Pound	£	-	-	(0.01)	(0.25)
Euro	€	(0.51)	(43.39)	(0.62)	(49.65)
Chinese Yuan	¥	(16.04)	(182.75)	(8.89)	(97.76)
Advance from Customers					
United States Dollar	$	(0.02)	(1.64)	(0.14)	(10.20)
Assets					
Trade Receivables					
United Stated Dollar	$	0.76	55.96	1.15	77.29
Advance to Vendor					
United Stated Dollar	$	-	-	9.42	634.54
Euro	€	1.78	143.58	1.15	86.43
Great Britain Pound	£	3.64	329.46	0.13	11.07
UAE Dirham	AED	-	-	6.98	122.20
Net Asset / (Liability) (in INR)			(293.14)		(274.83)

Note: Figures in the brackets represents payables.

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39.11 Fair Value Measurements

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

(₹ in Lakhs)

Particulars	Carrying amount/Fair value	
	As at 31 March, 2020	As at 31 March, 2019
Financial assets		
Carrying amounts/fair value:		
a) Measured at fair value through profit and loss		
Non-current assets		
– Investments	1,182.97	4,917.34
Current assets		
– Investments	21,960.09	25,837.81
b) Measured at fair value through other comprehensive income	-	-
c) Measured at amortised cost		
Non-current assets		
– Investments	0.35	0.35
– Loans	258.29	285.69
– Other non-current financial assets	212.91	111.47
Current assets		
– Investments	-	1,000.30
– Trade receivables	21,577.35	15,215.77
– Cash and cash equivalents	4,410.71	1,684.13
– Bank balances other than cash and cash equivalents	50.93	345.69
– Loans	561.25	18.78
– Other current financial assets	554.17	2,573.75
Total	**50,769.02**	**51,991.08**
Financial liabilities		
Carrying amounts/fair value:		
a) Measured at fair value through profit and loss Financial Guarantee Contracts	-	-
b) Measured at fair value through other comprehensive income	-	-
c) Measured at amortised cost		
Non-current liabilities		
– Borrowings	15,713.15	555.36
– Lease liabilities	8,238.51	--
– Other non-current financial liabilities	7,372.61	6965.39
Current liabilities		
– Borrowings	3,601.77	2,266.38
– Lease liabilities	1,594.19	--
– Trade payables	15,344.55	14,320.17
– Other current financial liabilities	10,744.55	9,126.26
Total	**62,609.33**	**33,233.56**

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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:

(₹ in Lakhs)

Particulars	Carrying amount/Fair value					
	As at 31 March, 2020			As at 31 March, 2019		
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	1,182.97	-	-	4,917.34	-	-
Current assets						
- Investments	21,960.09	-	-	25,837.81	-	-
b) Measured at fair value though other comprehensive income	-	-	-	-	-	-
c) Measured at amortised cost						
Non-current assets						
- Investments	-	-	0.35	-	-	0.35
- Loans	-	-	258.29	-	-	285.69
- Other non-current financial assets	-	-	212.91	-	-	111.47
Current assets						
- Investments	-	-	-	-	-	1000.30
- Trade receivables	-	-	21,577.35	-	-	15,215.77
- Cash and cash equivalents	-	-	4,410.71	-	-	1,684.13
- Bank balances other than cash and cash equivalents	-	-	50.93	-	-	345.69
- Loans	-	-	561.25	-	-	18.78
- Other current financial assets	-	-	554.17	-	-	2,573.75
Total	**23,143.06**	**-**	**27,625.96**	**30,755.15**	**-**	**21,235.93**

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

Particulars	Carrying amount/Fair value					
	As at 31 March, 2020			As at 31 March, 2019		
Financial liabilities						
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	-	-	15,713.15	-	-	555.36
- Lease liabilities	-	-	8,238.51	-	-	-
- Other non-current financial liabilities	-	-	7,372.61	-	-	6,965.39
Current liabilities						
- Borrowings	-	-	3,601.77	-	-	2,266.38
- Lease liabilities	-	-	1,594.19	-	-	-
- Trade payables	-	-	15,344.55	-	-	14,320.17
- Other current financial liabilities	-	-	10,744.55	-	-	9,126.26
Total	-	-	**62,609.33**	**-**	**-**	**33,233.56**

39.12 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.

39.13 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 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

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

(a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include borrowings, security deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at 31 March, 2020. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March, 2020.

(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:

(₹ in Lakhs)

Foreign Currency (FC)	Currency Symbol	As at 31 March, 2020		As at 31 March, 2019	
		FC	INR	FC	INR
Liabilities					
Trade Payables					
United States Dollar	$	(7.71)	(594.36)	(14.86)	(1048.50)
Great Britain Pound	£	-	-	(0.01)	(0.25)
Euro	€	(0.51)	(43.39)	(0.62)	(49.65)
Chinese Yuan	¥	(16.04)	(182.75)	(8.89)	(97.76)
Advance from Customers					
United States Dollar	$	(0.02)	(1.64)	(0.14)	(10.20)
Assets					
Trade Receivables					
United Stated Dollar	$	0.76	55.96	1.15	77.29
Advance to Vendor					
United Stated Dollar	$	-	-	9.42	634.54
Euro	€	1.78	143.58	1.15	86.43
Great Britain Pound	£	3.64	329.46	0.13	11.07
UAE Dirham	AED	-	-	6.98	122.20
Net Asset / (Liability) (in INR)			(293.14)		(274.83)

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Impact on profit before tax and equity	As at 31 March, 2020	As at 31 March, 2019
5% Increase	**(-) 14.66**	**(-) 13.74**
5% Decrease	**(+) 14.66**	**(+) 13.74**

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. The group policy is to minimize interest rate cash flow risk exposure on long term financing. The group is exposed to changes in market interest rates through bank borrowings at fixed & variable interest rates.

Particulars	As at 31 March, 2020	As at 31 March, 2019
Fixed Rate borrowing	-	-
Variable Rate borrowing	17,529.27	758.58
Total borrowings	17,529.27	**758.58**

Impact on profit before tax and equity	As at 31 March, 2020	As at 31 March, 2019
Interest sensitivity		
Interest Rate -Increase by 100 basis points	**(+)175.29**	**(+)7.59**
Interest Rate -decrease by 100 basis points	**(-)175.29**	**(-)7.59**

(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 specialised 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 31 March, 2020

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 31 March, 2020 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 31 March, 2020**	**As at 31 March, 2019**
Non-current assets		
- Investments	**1,183.32**	4,917.69
- Loans	**258.29**	285.69
- Other non-current financial assets	**212.91**	111.47
Current assets		
- Investments	**21,960.09**	26,838.11
- Trade receivables	**21,577.35**	15,215.77
- Cash and cash equivalents	**4,410.71**	1,684.13
- Bank balances other than cash and cash equivalents		
- Loans	**50.93**	345.69
- Other current financial assets	**561.25**	18.78
	554.17	2,573.75
Total	**50,769.02**	**51,991.08**

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.

Notes to the Consolidated Financial Statements
for the year ended 31 March, 2020

Maturity profile of financial liabilities

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

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 March, 2020			
Borrowings	21,181.05	5467.89	15,713.16
Lease Liabilities	9832.70	1594.19	8238.51
Trade payables	15,344.55	15,344.55	-
Other non-current financial liabilities	7,372.61	-	7,372.61
Other current financial liabilities	8878.43	8878.43	-
Total	62,609.34	31,285.06	31,324.28

Particulars	Carrying Value	Less than 1 year	1 to 5 years
As at 31 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

39.14 Salient Features of financials of Subsidiaries as per the Companies

(₹ in Lakhs)

Particulars	Subsidiaries					
	Joyce Foam Pty. Ltd. And Controlled Entities (Foreign Subsidiary) (Note – c below)	International Foam Technologies SL, Spain and subsidiaries (Foreign Subsidiary) (Note – b and c below)	Sleep X US INC (Foreign Subsidiary) (Note – a below)	Divya Software Solutions Private Limited (Indian Subsidiary) (Note – a below)	Sleepwell Enterprises Private Limited (Indian Subsidiary)	Staqo World Private Limited (Indian Subsidiary) (Note – a below)
Reporting period of the subsidiary concerned, if different from the Holding Company's reporting period	N.A.	Yes (Year / Period ended 31 December, 2019)	N.A. (refer note 2.2.ii)	N.A.	N.A.	N.A.
Reporting currency in case of foreign subsidiaries	AUD	EURO	USD	N.A	N.A.	N.A.
Exchange rate as on the last date of the relevant Financial year in case of foreign subsidiaries	46.28	83.08	N.A. (refer note 2.2.ii)	N.A.	N.A.	N.A,

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

(₹ in Lakhs)

Particulars	Subsidiaries					
	Joyce Foam Pty. Ltd. And Controlled Entities (Foreign Subsidiary) (Note – c below)	International Foam Technologies SL, Spain and subsidiaries (Foreign Subsidiary) (Note – b and c below)	Sleep X US INC (Foreign Subsidiary) (Note – a below)	Divya Software Solutions Private Limited (Indian Subsidiary) (Note – a below)	Sleepwell Enterprises Private Limited (Indian Subsidiary)	Staqo World Private Limited (Indian Subsidiary) (Note – a below)
Share Capital	3,047.50	9,972.09		9.46	1.05	1.00
Reserves & Surplus	6,586.71	1,113.62		6,593.83	170.46	24.56
Total Assets	23,998.24	44,181.03		6,628.71	175.23	60.92
Total Liabilities	14,364.03	32,309.43		25.42	3.72	35.35
Investments	NIL	NIL		NIL	168.33	NIL
Turnover /Total Income	31,612.62	10,378.86	(refer note 2.2.ii)	30.22	23.69	60.00
Profit / (Loss) before tax	2732.12	1564.19		(112.25)	6.71	32.99
Provision for tax	876.97	364.70		(7.24)	1.84	8.43
Profit / (Loss) after tax	1855.15	1199.49		(105.01)	4.87	24.56
Proposed Dividend	-	-		-	-	-
% of shareholding	100%	100%		100%	100%	100%

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

b. The International Foam Technologies SL, Spain, (the 'IFTS') during the year signed with the former owners of a running company namely Interplasp, SL Spain for the sale of 93.66% of its share capital. Once the closing actions for transfer of shares were completed, the said contract was released to the public, and IFTS as agreed in the said act, signed an escrow contract and created a deposit charged to the purchase price amounting to 6,874 thousands euros, which would be released in favor of the sellers after the purchase conditions were fulfilled, a situation that was pending resolution as on the date of preparation of the consolidated accounts of IFTS and its subsidiary Interplasp, SL, Spain. In this context, the obtaining of an urban identification document and the appraisal of part of the land where Interplasp, S.L. carries out its activities is pending, and the said land has been valued at 3,000 thousand euro in the consolidated accounts of IFTS, despite not having supporting documentation for quantification of its value, and therefore the value of "Land and buildings" (presently of 3.000 thousand euros) could under go change with correspondence impact on its "Goodwill on consolidation" (presently 27,553 thousand euros), however, overall there will be no change in the aggregate value of the same. The said treatment has no impact on the consolidated financial statements of the Group i.e. Sheela Foam Limited and its Subsidiaries.

c. The Holding Company has also given financial guarantees of ₹ 18,979 lakhs to the banks towards guarantees for the loans taken by the foreign Subsidiaries in Spain and Australia.

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for the year ended 31 March, 2020

39.15 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 (₹ in lakhs)	As % of consolidated profit	Amount (₹ in lakhs)
Parent / Holding :				
Sheela Foam Limited	91.44	84,103.09	85.03	16,449.57
Subsidiaries:				
Indian				
Divya Software Solutions Private Limited	(0.35)	(318.68)	(0.54)	(105.02)
Sleepwell Enterprises Private Limited	0.19	170.46	0.03	4.87
Staqo World Private Limited	0.03	24.56	0.13	24.56
Foreign				
Joyce Foam Pty. Ltd. and Controlled Entities	7.48	6,881.21	9.59	1,855.15
International Foam Technologies SL, Spain and Subsidiaries	1.21	1,113.62	5.76	1,113.62
Sleep X US INC	-	-	-	-

39.16 The Holding Company in the year 2016-17, had lodged an insurance claim towards the fire in its unit at Greater Noida, and as the management was confident of recovery of the said claim, the loss of ₹ 1,199.49 lakhs incurred in the fire was accounted for as "Insurance Claim Receivable". However, as in-spite of continuous follow up, there is no concrete evidence / reasonable positive indication of its recovery, the said claim which is lying under receivable has been written off during the current year and debited to the Statement of Profit and Loss, as Exceptional Item.

39.17 The SARS-CoV-2 virus responsible for COVID-19, which has been declared a Global pandemic by the World Health Organisation, continues to spread across the globe, and has contributed to a significant decrease in global and local economic activities, and most of the governments including the Indian Government, had announced the strict lockdowns across their respective countries as one of the strongest measures to contain the spread of the virus. The Group keeping in view the said situation, has assessed its future cash flow projections, recoverability of its assets including trade receivables, investments and inventories etc., and also held impairment testing of its non-monetary assets including the property, plant and equipment and goodwill, using the various internal and external information. Based on this evaluation, the Group expects to recover the carrying amount of these assets and does not anticipate any impairment to these financial and non-financial assets as at the date of approval of these financial statements. However, the extent to which the COVID-19 pandemic will impact the Group's future activities and financial statements will depend on future developments which are highly uncertain, therefore the impact of COVID-19 on the consolidated financial statements may differ from that estimated as at the date of approval of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 March, 2020

39.18 Investment in Subsidiaries during the year

a. The Holding Company during the year, through its Wholly Owned Subsidiary Company (WOS) namely, International Foam Technologies SL, Spain, acquired 93.66% of share capital of a running Company in Spain, namely, Interplasp, SL, Spain, mainly engaged in manufacturing of Polyurethane Foam, for Euro 40 million, which has been funded by the Holding Company by Investment of Euro 12 Million in the equity capital of WOS (₹ 11,352.93 lakhs as at 31 March, 2020 including impact of ₹ 1714.07 lakhs on fair valuation of the loan given to the WOS, and ₹ 260.46 lakhs incurred on incorporation of WOS) and loan of Euro 8 Million to WOS (₹ 4638.17 lakhs as at 31 March, 2020, net of impact of ₹ 1714.07 lakhs on fair valuation) and for the balance Euro 20 Million loan has been taken by WOS from Citi Bank, Spain, based on Standby Letter of Credit / financial guarantee (of ₹ 16,998 lakhs as at 31 March, 2020) from Citi Bank, India, secured by exclusive charge on certain fixed assets of the Company.

b. The Holding Company has incorporated a Wholly Owned Subsidiary Company (WOS) in Delaware, USA during the year, for the purpose of marketing its products in the market of USA. Though the said WOS has been incorporated, however, as no share capital has been subscribed or any investment has been made therein, except incurring of incorporation expenses, there is no impact of the same on these financial results. Further, the Parent Company during the year has also incorporated a Wholly Owned Subsidiary Company (WOS) in India, with the investment of ₹ 0.01 crore, for the purpose to carry on the business of Information technology and related ancillary services.

39.19 The Government of India on 12 December, 2019 vide the Taxation Laws (Amendment) Act, 2019 inserted a new section 115BAA in the Income Tax Act, 1961 which provides an option to the Holding Company and Indian Subsidiaries for paying Income Tax at reduced rates as per the provisions / conditions defined in the said section. The Holding Company and Indian Subsidiaries have recognised the tax provision in its books as per Section 115BAA during the current year. Further, the deferred tax assets / liabilities have also been re-measured at the tax rates in accordance with the said tax regime.

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

39.21 The previous year's figures have been re-grouped/re-classified wherever considered necessary, and as the accounts for the current year include the accounts of one foreign subsidiary and one Indian Subsidiary, which have been acquired during the year, therefore, the figures for the previous year are not comparable.

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

For and on behalf of the Board of Directors

(Sanjiv Gupta)
Partner
Membership No. 083364

(Rahul Gautam)
Managing Director
DIN : 00192999

(Tushaar Gautam)
Whole-time Director
DIN : 01646487

(Dhruv Mathur)
Chief Financial Officer

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

Place : Noida
Date : 26 June, 2020

NOTES

www.sheelafoam.com

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