

SHEELA FOAM LIMITED

Regd. office: C-55 Preet Vihar, Vikas Marg, New Delhi-110092
Corporate Office :37/2 Site IV Sahibabad Industrial Area Ghaziabad-201010
Tel: 0120-4162200, Fax:0120-41622825
CIN U74899DL1971PLC005679

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2017

(Rs. in Crores)

Sr. No.	Particulars	Quarter Ended	
		June 30, 2017	June 30, 2016
		(Unaudited)	(Unaudited)
1	Income		
	a) Revenue from operations	386.43	331.35
	b) Other Income	6.36	6.46
	Total Income (a) + (b)	392.79	337.81
2	Expenses		
	a) Cost of materials consumed	192.08	141.04
	b) Purchases of stock-in-trade	10.04	4.70
	c) Other manufacturing expenses	19.43	15.35
	d) Excise duty on sales of products	39.13	34.89
	e) Change in inventories of finished goods, stock-in-process and stock-in-trade	(2.84)	(1.24)
	f) Employee benefits expense	24.68	24.12
	g) Finance costs	1.32	1.75
	h) Depreciation and amortisation expense	5.78	5.26
	i) Other expenses	64.40	70.55
	Total Expenses (a+b+c+d+e+f+g+h+i)	354.02	296.42
3	Profit before tax (1-2)	38.77	41.39
4	Tax expense		
	- Current tax	11.65	13.47
	- Deferred tax	0.09	(1.34)
5	Profit for the period (3-4)	27.03	29.26
6	Other Comprehensive Income/(loss)		
a.	Items that will not be reclassified as profit or loss		
	- Re-measurements of the net defined benefit plans	(0.23)	(0.18)
b.	Income tax relating to items that will not be reclassified as profit or loss		
	- Items that will not be reclassified as profit or loss	0.07	0.06
	Other Comprehensive Income for the period (a+b)	(0.16)	(0.12)
7	Total Comprehensive Income for the period (5+6)	26.87	29.14
8	Paid up Equity Share Capital Rs. 5/- each	24.39	24.39
9	Earning per share (EPS) of face value Rs. 5/- each (not annualised)		
	- Basic and Diluted	5.54	6.00

Note

- The Company has adopted the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder with effect from April 1, 2017 (transition date being April 1, 2016), and these financial results have been prepared in accordance with the 'Ind AS' based on the preliminary selection of the exemptions and the accounting policies. The impact of the transition has been accounted for in the opening reserves and the comparative period has been restated accordingly. However, the opening balance sheet as at April 1, 2017 and the results for the subsequent periods would be finalised along with the annual financial statements for the year to end March 31, 2018. The 'Ind AS' financial results and financial information for the quarter ended June 30, 2016 have been compiled by the management after making necessary adjustments to give a true and fair view of the results in accordance with 'Ind AS' and the same has not been subject to any limited review or audit.
- The Reconciliation of the financial results under 'GAAP' and under 'Ind AS' for the corresponding previous quarter ended June 30, 2016 is as under:

Particulars	Quarter ended June 30, 2016 (Rs. in Crores)
Net Profit as reported previously under GAAP	28.97
Other Income - Fair value gain on financial instruments	0.22
Other Income - Interest impact on financial instruments	0.35
Finance Cost - Interest impact on financial instruments	(0.28)
Other adjustments	(0.04)
Current Tax Impact	(0.08)
Net Profit as reported under Ind AS	29.14

- The Company is engaged in the manufacturing of the products of same type/class and has no overseas operations/units and as such there are no reportable segments as per Indian Accounting Standard for Operating Segments (Ind AS 108), prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.
- Previous period/year's figure have been regrouped/reclassified wherever necessary to correspond with the current period's classification/disclosure.
- The Audit Committee has reviewed and recommended the above results, and subsequently the Board of Directors have approved the same, in their respective meetings held on August 4, 2017. The Statutory Auditors of the Company have conducted the limited review of the results for the quarter ended June 30, 2017.

For Sheela Foam Limited

(Rahul Gautam)
Managing Director

4.8.17

S.P. CHOPRA & CO.

Chartered Accountants

31-F, Connaught Place

New Delhi- 110 001

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INDEPENDENT AUDITORS' REVIEW REPORT ON
STANDALONE INTERIM FINANCIAL RESULTS

The Board of Directors,
Sheela Foam Limited,
New Delhi.

1. Introduction

We have reviewed the accompanying Statement of **Standalone Unaudited Financial Results** (the 'Statement') of **Sheela Foam Limited** (the 'Company') for the quarter ended June 30, 2017, being submitted by the Company pursuant to the requirements of the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with the SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

3. Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of Standalone Unaudited Financial Results prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 to the extent applicable, read with the relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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4. **Other Matter**

We have not audited or reviewed the accompanying Standalone Financial Results and other financial information for the quarter ended June 30, 2016, which have been prepared solely based on the information compiled by the management of the Company.

Place : New Delhi
Date : 04.08.2017

S.P. Chopra & Co.
Chartered Accountants
ICAI Firm Regn. No. 000346N



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

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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2017

Sr. No.	Particulars	(Rs. in Crores)	
		Quarter Ended	
		June 30, 2017 (Unaudited)	June 30, 2016 (Unaudited)
1	Income		
	a) Revenue from operations	458.60	415.43
	b) Other Income	5.43	6.47
	Total Income (a) + (b)	464.03	421.90
2	Expenses		
	a) Cost of materials consumed	228.34	179.47
	b) Purchases of stock-in-trade	10.04	4.70
	c) Other manufacturing expenses	21.79	18.08
	d) Excise duty on sales of products	39.13	34.89
	e) Change in inventories of finished goods, stock-in-process and stock-in-trade	(3.95)	(2.00)
	f) Employee benefits expense	39.41	38.97
	g) Finance costs	2.21	2.62
	h) Depreciation and amortisation expense	7.53	6.94
	i) Other expenses	79.08	87.71
	Total Expenses (a+b+c+d+e+f+g+h+i)	423.58	371.38
3	Profit before tax (1-2)	40.45	50.52
4	Tax expense		
	- Current tax	12.19	15.53
	- Deferred tax	0.09	(1.34)
5	Profit for the period (3-4)	28.17	36.33
6	Other Comprehensive Income/(loss)		
a.	Items that will not be reclassified as profit or loss		
	- Re-measurements of the net defined benefit plans	(0.23)	(0.18)
b.	Income tax relating to items that will not be reclassified as profit or loss		
	- Items that will not be reclassified as profit or loss	0.07	0.06
c.	Items that will be reclassified as profit or loss		
	- Exchange differences on translation of foreign operations	(0.02)	(0.05)
	Other Comprehensive Income for the period (a+b+c)	(0.18)	(0.17)
7	Total Comprehensive Income for the period (5+6)	27.99	36.16
8	Paid up Equity Share Capital Rs. 5/- each	24.39	24.39
9	Earning per share (EPS) of face value Rs. 5/- each (not annualised)		
	- Basic and Diluted	5.77	7.45

Notes:

- The Company has adopted the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder with effect from April 1, 2017 (transition date being April 1, 2016), and accordingly these consolidated financial results have been prepared in accordance with the Indian Accounting Standard for "Consolidated Financial Statements" (Ind AS 110). The 'Ind AS' financial results and financial information for the quarter ended June 30, 2016 have been compiled by the management after making necessary adjustments to give a true and fair view of the results in accordance with 'Ind AS' and the same has not been subject to any limited review or audit.
- The Reconciliation of the consolidated financial results under 'GAAP' and under 'Ind AS' for the corresponding previous quarter ended June 30, 2016 is as under:

Particulars	Quarter ended June 30, 2016 (Rs. in Crores)
Net Profit as reported previously under GAAP	36.04
Other Income - Fair value gain on financial instruments	0.22
Other Income - Interest impact on financial instruments	0.35
Finance Cost - Interest impact on financial instruments	(0.28)
Other adjustments	(0.04)
Current Tax Impact	(0.08)
Exchange differences on translation of foreign operations	(0.05)
Net Profit as reported under Ind AS	36.16

- Segment Reporting as per Indian Accounting Standard for Operating Segments (Ind AS 108), prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder:

The Group has a single reportable segment which is given as below:

a) Geographical-Segment

The analysis of the geographical segment is based on the sales made within India and outside India by the Group is as under:

	Qtr. ended 30.06.2017	Qtr. ended 30.06.2016
Income from operations - Within India	386.43	331.35
Income operations - Outside India	72.17	84.08
Profit after tax:		
Within India	26.86	29.04
Outside India	1.13	7.12

- Previous period/year's figure have been regrouped/reclassified wherever necessary to correspond with the current period's classification/disclosure.
- The Audit Committee has reviewed and recommended the above results, and subsequently the Board of Directors have approved the same, in their respective meetings held on August 4, 2017. The Statutory Auditors of the Company have conducted the limited review of the results for the quarter ended June 30, 2017

For Sheela Foam Limited


(Rahul Gautam)
Managing Director

4.8.17

S.P. CHOPRA & CO.

Chartered Accountants

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**INDEPENDENT AUDITORS' REVIEW REPORT ON
CONSOLIDATED INTERIM FINANCIAL RESULTS**

To
The Board of Directors,
Sheela Foam Limited,
New Delhi.

1. Introduction

We have reviewed the accompanying Statement of **Consolidated Unaudited Financial Results** (the 'Statement') of **Sheela Foam Limited** (the 'Company') for the quarter ended June 30, 2017, being submitted by the Company pursuant to the requirements of the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with the SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

The Consolidated Results include the financial results of the following entities.

Name of Entity	Nature of relationship
Sheela Foam Limited	Parent Company
Joyce Foam Pty. Ltd. and its Controlling entities	100 % Foreign Subsidiary
Divya Software Solutions Private Limited	100% Indian Subsidiary
Sleepwell Enterprises Limited	100% Indian Subsidiary

2. Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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3. Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of Consolidated Unaudited Financial Results prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 to the extent applicable, read with the relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

4 Other Matter

- a. We have not audited or reviewed the accompanying Standalone Financial Results and other financial information for the quarter ended June 30, 2016, which have been prepared solely based on the information compiled by the management of the Company.
- b. We did not review the financial results of the two wholly owned subsidiaries, whose financial results reflect total revenue and profit of Rs. 72.32 crores and Rs. 1.12 crores respectively for the quarter ended June, 30, 2017 as considered in the Consolidated Results. These financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and considered by us while giving our conclusion on the Consolidated Results.

Place : New Delhi
Date : 04.08.2017

S.P. Chopra & Co.
Chartered Accountants
ICAI Firm Regn. No. 000346N


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

SHEELAFOAM LIMITED Q1FY 18 RESULT**FINANCIAL HIGHLIGHTS-CONSOLIDATED**

PARTICULARS	Q1FY18		Q4FY17		Q1FY17	
	AMOUNT-RS. CRORES	%	AMOUNT-RS. CRORES	%	AMOUNT-RS. CRORES	%
NET SALES	419		468		380	
GROSS MARGIN	185	44.1	187	40	198	52.1
EBITDA	45	10.7	25	5.3	54	14.1
PAT	28	6.7	17	3.6	36	9.5

During this quarter primary sales in India were much lower as the dealers wanted to liquidate the stocks, before implementation of GST.

The Gross Margin and EBITDA for Q1FY18 improved over last quarter due to price increase and reduction in Selling Expenses. The EBITDA of Q1FY17 was high, as the Company had taken price increase and the full impact of increase in the prices of TDI spilled over the next quarter. The price of TDI ranged between Rs. 118 per Kg to Rs.131 per Kg in Q1FY17. In Q1 FY18, the prices of TDI ranged between Rs.260 per Kg to Rs.242.50 per kg.

During the qtr. the Revenue from operations on standalone basis increased from Rs.296 crores of Q1FY 17 to Rs.347crores i.e.by 17%. However the Net profit decreased from Rs.29 crores to Rs. 27crores, due higher TDI to selling price ratio.

The Revenue from operations from Australia in Q1FY18 were Rs.72crores as compared to Rs.84 crores of Q1FY17. The net profit in Q1FY18 was Rs1 crores, as against Rs. 7 crores of Q1FY17. The Company lost a Bed –in a box Customer to Competition. The volumes are expected to be filled up in a few months. Additionally the rise in TDI prices is in the process of being passed on.

Other Updates:

1. Raw Material Prices: During this quarter the price of TDI started declining slowly. From a level of Rs.260 per kg. in the beginning of qtr. the prices went down to Rs242.50per kg. (Ex Works-GNFC). Present price is Rs. 232 per Kg.

2. Market: The uncertainty about the availability of credit on stocks lying with dealers continued till beginning of June. Despite assurance from the company to compensate the dealers for loss on stocks, the primary sales were sluggish.

3. **GST:** One of the biggest business reforms GST has been implemented from 1st July, 2017. The rate of GST announced on Foam and Spring Mattress was 28%, whereas for Coir Mattress the rate is 18%. GST rate on Foam sheet is 18%. Government is yet to notify the policy on GST refund for Exempted area. One of our major plants of mattresses is located in Kala Amb, which was an excise exempted area. The Company continues its operations seamlessly awaiting decision for refund of GST.

4. **IND AS:** IND AS became applicable to the Company w.e.f 1.4.2017. Accordingly the figures of Q1FY 18 and Q1FY17 are adjusted to IND AS. As this is the first quarter after applicability of IND AS, the Figures for previous quarter as well as for previous financial year are not required to be reported.