DRAFT RED HERRING PROSPECTUS
Dated July 29, 2016
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
(Please read Section 32 of the Companies Act, 2013)
Book Building Offer

Sheela Group
ISO 9001 Certified
Sleepwell

SHEELA FOAM LIMITED

Our Company was incorporated as 'Sheela Foam Private Limited', a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana ("**RoC**") on June 18, 1971 at Delhi. Our Company became a deemed public limited company under Section 43A (1A) of the Companies Act, 1956 on July 1, 1989 and was restored to its status of private limited company with effect from November 30, 1990 as per Section 43A (4) of the Companies Act, 1956. Our Company was converted to a public limited company pursuant to a special resolution of our shareholders dated April 30, 2016 and the name of our Company was changed to 'Sheela Foam Limited', to reflect the legal status of our Company pursuant to a fresh certificate of incorporation granted by the RoC on June 6, 2016. For details of changes in the registered office of our Company, see the section titled "*History and Certain Corporate Matters*" on page 143.

Registered Office: C-55, Preet Vihar, New Delhi 110 092, India; **Telephone**: +91 11 2202 6875; **Facsimile**: +91 11 2202 6876
Corporate Office: 37/2, Site-IV, Sahibabad Industrial Area, Ghaziabad 201 010, Uttar Pradesh, India; **Telephone**: +91 120 4162 200; **Facsimile:** +91 120 4162 282
Contact Person: Mr. Md. Iquebal Ahmad, Company Secretary and Compliance Officer; **Telephone**:+91 120 4162 200; **Facsimile**: +91 120 4162 282
Company/ Contact Person E-mail: iquebal.ahmad@sheelafoam.com; **Website**: www.sheelafoam.com; **Corporate Identity Number:** U74899DL1971PLC005679

PROMOTERS OF OUR COMPANY: MS. SHEELA GAUTAM, MR. RAHUL GAUTAM AND POLYFLEX MARKETING PRIVATE LIMITED

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF SHEELA FOAM LIMITED ("OUR COMPANY") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (THE "OFFER PRICE"), AGGREGATING UP TO ₹ 5,100 MILLION (THE "OFFER") THROUGH AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 5,100 MILLION BY POLYFLEX MARKETING PRIVATE LIMITED (THE "SELLING SHAREHOLDER" AND SUCH EQUITY SHARES BEING THE "OFFERED SHARES"). THE OFFER SHALL CONSTITUTE UP TO [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARE IS ₹5 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES.

THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED IN [●] EDITION OF [●] AND [●] EDITION OF [●], BEING AN ENGLISH AND A HINDI NATIONAL DAILY NEWSPAPER (HINDI BEING THE REGIONAL LANGUAGE IN THE STATE WHERE THE REGISTERED OFFICE OF THE COMPANY IS LOCATED), EACH WITH WIDE CIRCULATION, RESPECTIVELY,AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.

In case of any revision in the Price Band, the Bid/Offer Period shall be extended for at least three Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate Members, as required under the SEBI Regulations.

The Offer is being made in terms of Rule 19(2)(b)(ii) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 41 of the SEBI Regulations, wherein a minimum Offer size of at least such percentage of Equity Shares equivalent to a value of ₹ 4,000 million (calculated at the Offer Price) will be offered to the public. The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI Regulations**"), wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIB Portion**"). Our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors ("**Anchor Investor Portion**'') at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received from them at or above the Offer Price such that, subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis. All Bidders, other than Anchor Investors, shall participate in the Offer mandatorily through the Applications Supported by Blocked Amount ("**ASBA**") process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see the section titled "*Offer Procedure*" on page 395.

RISKS IN RELATION TO FIRST OFFER

This being the first public issue of the Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 5 each and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value of our Equity Shares. The Offer Price, as determined and justified by our Company in consultation with the Book Running Lead Managers in accordance with the SEBI Regulations and as stated in the section titled "*Basis for Offer Price*" on page 98 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Company and this Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "*Risk Factors*" on page 17.

COMPANY'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Offer, which is material in the context of this Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. The Selling Shareholder accepts responsibility for and confirms only the statements specifically made by the Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertaining to it and the Offered Shares.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Offer, [●] shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
Edelweiss Ideas create, values protect	ICICI Securities	LINKIntime
Edelweiss Financial Services Limited 14th Floor, Edelweiss House Off. C.S.T Road, Kalina Mumbai 400 098, Maharashtra, India **Telephone:** +91 22 4009 4400 **Facsimile:** +91 22 4086 3610 **E-mail:** sfl.ipo@edelweissfin.com **Investor Grievance E-mail:** customerservice.mb@edelweissfin.com **Website:** www.edelweissfin.com **Contact Person:** Siddharth Shah / Vivek Kumar **SEBI Registration No.:** INM0000010650	**ICICI Securities Limited** ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020, Maharashtra, India **Telephone**:+91 22 2288 2460 **Facsimile**: +91 22 2282 6580 **E-mail**: sfl.ipo@icicisecurities.com **Investor Grievance E-mail**: customercare@icicisecurities.com **Website**: www.icicisecurities.com **Contact Person**: RupeshKhant/ Ujjaval Kumar **SEBI Registration No.**:INM000011179	**Link Intime India Private Limited** C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400 078, Maharashtra, India **Telephone**: +91 22 6171 5400 **Facsimile**: +91 22 2596 0329 **Email**: sfl.ipo@linkintime.co.in **Investor Grievance E-mail**: sfl.ipo@linkintime.co.in **Website**: www.linkintime.co.in **Contact Person**:Shanti Gopalkrishnan **SEBI Registration No.**:INR000004058

BID/OFFER PROGRAMME*

FOR ALL BIDDERS:*	**BID / OFFER OPENS ON [●]**
FOR QIBs:**	**BID / OFFER CLOSES ON [●]**
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS:	**BID / OFFER CLOSES ON [●]**

* *Our Company may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors. The Anchor Investors shall Bid during the Anchor Investor Bidding Date, i.e., one Working Day prior to the Bid/Offer Opening Date.*
***Our Company may, in consultation with the Book Running Lead Managers, decide to close Bidding by QIBs one day prior to the Bid/Offer Closing Date, in accordance with the SEBI Regulations.*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act or regulation, as amended from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

General Terms

Term	Description
“Our Company” or “the Company”	Sheela Foam Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at C-55, Preet Vihar, New Delhi 110 092, India.
“we”, “us” or “our”	Unless the context otherwise indicates or implies, refers collectively to our Company and our Subsidiaries.

Company Related Terms

Term	Description
“Articles”, “Articles of Association” or “AoA”	The articles of association of our Company, as amended.
Auditors/ Statutory Auditors	Statutory auditors of our Company, namely, S.P. Chopra & Co., Chartered Accountants.
Audit Committee	The audit committee of our Board.
Board/ Board of Directors	Board of Directors of our Company including a duly constituted committee thereof.
Corporate Office	The corporate office of our Company, located at 37/2, Site-IV, Sahibabad Industrial Area, Ghaziabad 201 010, Uttar Pradesh, India.
Corporate Promoter	Polyflex Marketing Private Limited.
CSR Committee	The corporate social responsibility committee of our Board.
Director(s)	Director(s) on our Board.
Equity Shares	Equity shares of our Company of face value of ₹ 5 each.
ESOS 2016	The Sheela Foam Employees Stock Options Scheme 2016.
Group Companies	Companies which are covered under the applicable accounting standards and other companies as considered material by our Board, listed out in the section titled “*Our Group Companies*” on page 180.
IPO Committee	The committee constituted by our Board for the Offer, comprising Mr. Rahul Gautam, Mr. Rakesh Chahar and Mr. Tushaar Gautam as members.
Joyce	Joyce Foam Pty Ltd, our wholly owned Subsidiary in Australia.
Joyce NSW	Joyce W C NSW Pty Ltd, our indirect Subsidiary in Australia.
Key Management Personnel	Key management personnel of our Company in terms of regulation 2(1)(s) of the SEBI Regulations and section 2(51) of the Companies Act, 2013 and as disclosed in the section titled “*Our Management*” on page 156.
“Memorandum”, “Memorandum of Association” or “MoA”	The memorandum of association of our Company, as amended.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board.
Promoters	The promoters of our Company, being Ms. Sheela Gautam, Mr. Rahul Gautam and Polyflex Marketing Private Limited.
Promoter Group	The persons and entities constituting our promoter group pursuant to Regulation 2(1)(zb) of the SEBI Regulations and as disclosed in the section titled “*Our Promoters and Promoter Group*” on page 175.
Registered Office	Registered office of our Company located at C-55, Preet Vihar, New Delhi 110 092, India.
Registrar of Companies or RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana, India.
Restated Consolidated Financial Statements	The audited consolidated financial statements of our Company, its subsidiaries and erstwhile associate as of and for the years ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 and the related notes, schedules and annexures thereto, prepared in accordance with applicable provisions of the Companies

Term	Description
	Act and Indian GAAP, and restated in accordance with the SEBI Regulations.
Restated Financial Statements	Collectively, the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements.
Restated Standalone Financial Statements	The audited standalone financial statements of our Company as of and for the years ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016, and the related notes, schedules and annexures thereto, prepared in accordance with applicable provisions of the Companies Act, 1956, the Companies Act, 2013 and Indian GAAP, and restated in accordance with the SEBI Regulations.
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board.
Subsidiaries	Subsidiaries of our Company as set out in the section titled "*History and Certain Corporate Matters – Subsidiaries of our Company*" on page 152.

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary to the Bidder as proof of registration of the Bid.
"Allot" or "Allotment" or "Allotted"	Transfer of the Offered Shares by the Selling Shareholder pursuant to the Offer for Sale to the successful Bidders.
Allotment Advice	Advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange in accordance with the Book Building Process.
Allottee	A successful Bidder to whom an Allotment is made.
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with SEBI Regulations and who has Bid for an amount of at least ₹ 100 million.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors according to the terms of the Red Herring Prospectus and Prospectus, which will be decided by our Company in consultation with the BRLMs.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Anchor Investor Bidding Date	The day, one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed.
Anchor Investor Offer Price	The price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company in consultation with the BRLMs.
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/Offer Closing Date.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price.
"ASBA" or "Application Supported by Blocked Amount"	The application (whether physical or electronic) used by an ASBA Bidder to make a Bid authorizing the SCSB to block the Bid Amount in the relevant ASBA Account.
ASBA Account	An account maintained with an SCSB and specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the ASBA Form.
ASBA Bidder(s)	Any Bidder (other than an Anchor Investor) in the Offer who intends to submit a Bid.
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.

Term	Description
"Banker(s) to the Offer" or "Escrow Collection Bank(s)"	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Account will be opened, in this case being [●].
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in the section titled "*Offer Procedure*" on page 395.
Bid(s)	An indication by a Bidder (other than an Anchor Investor) to make an offer during the Bid/Offer Period, pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of the Anchor Investor Application Form, to purchase Equity Shares at a price within the Price Band, including all revisions and modifications thereto, in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut-Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder, and payable by an Anchor Investor or blocked in the ASBA Account upon submission of the Bid in the Offer.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated SCSB Branches for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Bid Lot	[●] Equity Shares.
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in the [●] edition of the English national newspaper [●] and [●] edition of the Hindi national newspaper [●] (Hindi being the regional language in the state where our Company's Registered Office is located), each with wide circulation and in case of any revision, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Syndicate Members, as required under the SEBI Regulations. Our Company, in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date which shall also be notified in an advertisement in same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI Regulations.
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in the [●] edition of the English national newspaper [●] and [●] edition of the Hindi national newspaper [●] (Hindi being the regional language in the state where our Company's Registered Office is located) each with wide circulation, and in case of any revision, the extended Bid/ Offer Opening Date also to be notified on the website and terminals of the Syndicate Members, as required under the SEBI Regulations.
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof.
Book Building Process	Book building process, as provided in Schedule XI of the SEBI Regulations, in terms of which the Offer is being made.
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to the Offer namely, Edelweiss Financial Services Limited and ICICI Securities Limited.
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com).
"CAN" or "Confirmation of Allocation Note"	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date.

Term	Description
Cap Price	The higher end of the Price Band, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted.
Client ID	Client identification number maintained with one of the Depositories in relation to demat account.
“Collecting Depository Participant” or “CDP”	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Cut-Off Price	Offer Price, which shall be any price within the Price Band finalised by our Company, in consultation with the BRLMs. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms used by the ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (at www.bseindia.com and www.nseindia.com, respectively), as updated from time to time.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Offer Account or the Refund Account, as appropriate, and instructions for transfer of the amount blocked by the SCSB from the bank accounts of the ASBA Bidders to the Public Offer Account are provided, after the Prospectus is filed with the RoC, following which the Equity Shares shall be Allotted to successful Bidders pursuant to the Offer for Sale.
Designated Intermediaries	Collectively, the Syndicate, Sub-Syndicate Members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Offer.
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com, respectively.
Designated Stock Exchange	[●].
Draft Red Herring Prospectus or DRHP	This Draft Red Herring Prospectus dated July 29, 2016, issued in accordance with the SEBI Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer.
Edelweiss	Edelweiss Financial Services Limited.
Escrow Account	An account opened with the Escrow Collection Bank and in whose favour Anchor Investors will transfer the money through direct credit/NEFT/RTGS in respect of the Bid Amount while submitting a Bid.
Escrow Agreement	Agreement dated [●] amongst our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, refunds of the amounts collected , on the terms and conditions thereof.
First/sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
“General Information Document” or “GID”	The General Information Document for investing in public issues, prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI, suitably modified and updated pursuant to, inter alia, the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 notified by SEBI and included in the section titled “*Offer Procedure*” on page 395.
I-Sec	ICICI Securities Limited.

Term	Description
Mutual Fund Portion	5% of the Net QIB Portion or [•] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Proceeds	Proceeds of the Offer for Sale less the Selling Shareholder's share of the Offer expenses and listing fees.
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
Non-Institutional Bidders	Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000.
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.
"Non-Resident" or "NR"	A person resident outside India, as defined under FEMA and includes FIIs, FPIs, VCFs, FVCIs and NRIs.
Offer	The initial public offer of up to [●] Equity Shares of face value of ₹ 5 each for cash at a price of ₹ [●] each, through the Offer for Sale of up to [•] Equity Shares aggregating up to ₹ 5,100 million.
Offer Agreement	The agreement dated July 28, 2016 between our Company, the Selling Shareholder and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer.
Offer for Sale	The offer for sale of up to [●] Equity Shares aggregating up to ₹ 5,100 million by the Selling Shareholder, in terms of the Red Herring Prospectus.
Offer Price	The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company in consultation with the BRLMs on the Pricing Date in accordance with the Book-Building Process and the Red Herring Prospectus.
Offered Shares	Equity Shares being offered for sale by the Selling Shareholder in the Offer.
Offer Proceeds	The proceeds of this Offer based on the total number of Equity Shares Allotted under this Offer and the Offer Price.
Price Band	The price band ranging from the Floor Price of ₹ [●] per Equity Share to the Cap Price of ₹ [●] per Equity Share, including any revisions thereof. The Price Band and minimum Bid Lot decided by our Company in consultation with the BRLMs, and advertised in the [●] edition of [●] and [●] edition of [●], being an English and a Hindi national daily newspaper (Hindi being the regional language in the state where our Company's Registered Office is located), each with wide circulation, at least five Working Days prior to the Bid/Offer Opening Date with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their website.
Pricing Date	The date on which our Company in consultation with the BRLMs, will finalise the Offer Price.
Prospectus	The Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI Regulations containing, inter alia, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account	The bank account opened with the Bankers to the Offer under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date.
"QIBs" or "Qualified Institutional Buyers"	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations.
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer or [●] Equity Shares, available for allocation to QIBs (including Anchor Investors) on a proportionate basis, (in which allocation shall be on a discretionary basis, as determined by our Company, in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price.
QIB Bid/Offer Closing Date	In the event our Company, in consultation with the BRLMs, decide to close Bidding by QIBs one day prior to the Bid/Offer Closing Date, the date one day prior to the Bid/Offer Closing Date; otherwise it shall be the same as the Bid/Offer Closing Date.
"Red Herring Prospectus" or	The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies

Term	Description
"RHP"	Act, 2013, and the provisions of the SEBI Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto.
Refund Account(s)	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made.
Refund Bank(s)	The Bankers to the Offer with whom the Refund Account(s) will be opened, in this case being [●].
Registrar Agreement	The agreement dated July 25, 2016, entered into between our Company, the Selling Shareholder and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate having terminals at any of the Broker Centres and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI.
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
"Registrar to the Offer" or "Registrar"	Link Intime India Private Limited.
Regulation S	Regulation S under the Securities Act.
Resident Indian	A person resident in India, as defined under FEMA.
"Retail Individual Bidder(s)", "Retail Individual Investor(s)" or "RIB(s)"	Individual Bidders submitting Bids, who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs).
Retail Portion	The portion of the Offer being not less than 35% of the Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders) in accordance with the SEBI Regulations.
Revision Form	Form used by the Bidders (other than QIBs and Non-Institutional Investors) to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Forms or any previous Revision Form(s). QIB Bidders and Non-Institutional Bidders are not allowed to modify their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.
"Self Certified Syndicate Bank(s)" or "SCSB(s)"	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and updated from time to time.
Selling Shareholder	Polyflex Marketing Private Limited.
Share Escrow Agent	The escrow agent appointed pursuant to the Share Escrow Agreement namely [●].
Share Escrow Agreement	Agreement to be entered into between the Selling Shareholder, our Company and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholder and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment.
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms from Bidders.
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms.
Syndicate Agreement	Agreement to be entered into amongst the BRLMs, the Syndicate Members, our Company and the Selling Shareholder in relation to the procurement of Bid cum Application Forms by Syndicate.
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●].
"Syndicate" or "Members of the Syndicate"	The BRLMs and the Syndicate Members.
Underwriters	[●].
Underwriting Agreement	The agreement among the Underwriters, our Company and the Selling Shareholder to be entered into on or after the Pricing Date but prior to filing of Prospectus.
Working Day	"Working Day" means all days, other than second and fourth Saturday of the month,

Term	Description
	Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to the time period between (a) announcement of Price Band; and (b) Bid/Offer Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

Technical/Industry Related Terms/Abbreviations

Term	Description
Air Act	Air (Prevention and Control of Pollution) Act, 1981.
Factories Act	Factories Act, 1948.
Contract Labour Act	Contract Labour (Regulation and Abolition) Act, 1970.
Employees State Insurance Act	Employees State Insurance Act, 1948.
Employees Provident Fund Act	Employees Provident Funds and Miscellaneous Provisions Act, 1952.
Hazardous Wastes Management Rules	Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
HK	Hennecke, in the context of foaming machines and technology developed by Hennecke GmbH.
PFCE	Private final consumption expenditure.
PU Foam	Polyurethane foam.
ISO	Industrial Standards Organisation.
TPA	Tons per annum.
RFID	Radio frequency identification.
TDI	Toluene Diisocyanate.
Water Act	Water (Prevention and Control of Pollution) Act, 1974.

Conventional and General Terms or Abbreviations

Term	Description
“₹”, “Rs.” or “Rupees”	Indian Rupees, the official currency of the Republic of India.
AGM	Annual general meeting.
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012.
“AS” or “Accounting Standards”	Accounting standards issued by the Institute of Chartered Accountants of India.
BSE	BSE Limited.
CAGR	Compounded Annual Growth Rate.
Category II FPI	FPIs who are registered as “Category II foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Category III FPI	FPIs who are registered as “Category III foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
CDSL	Central Depository Services (India) Limited.
CENVAT	Central Value Added Tax.
CESTAT	Customs, Excise and Service Tax Appellate Tribunal.
CHRO	Chief Human Resources Officer.
CII	Confederation of Indian Industry.
CIO	Chief Information Officer.
CIN	Corporate Identity Number.
CIT	Commissioner of Income Tax.
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable.
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder.
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, along with the relevant rules made thereunder.
COO	Chief Operating Officer.

Term	Description
CSR	Corporate social responsibility.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996.
DIN	Director Identification Number.
DP ID	Depository Participant's Identification.
"DP" or "Depository Participant"	A depository participant as defined under the Depositories Act.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
EBIT	Earnings before interest and taxes.
EGM	Extraordinary general meeting.
EPS	Earnings Per Share.
EZ	East zone.
FDI	Foreign Direct Investment.
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FCNR	Foreign currency non resident account.
FDI Circular	Consolidated Foreign Direct Investment policy circular of 2016, dated June 7, 2016, issued by the DIPP.
FII(s)	Foreign Institutional Investors as defined under the SEBI FPI Regulations.
"Financial Year", "Fiscal", "Fiscal Year" or "FY"	Unless stated otherwise, the period of 12 months ending March 31 of that particular year.
FIPB	Foreign Investment Promotion Board.
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations.
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations.
GDP	Gross Domestic Product.
"GoI" or "Government"	Government of India.
GST	Goods and Services Tax.
HOS	Head of sales.
HUF	Hindu Undivided Family.
ICAI	The Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.
Income Tax Act	The Income Tax Act, 1961.
Ind AS	Indian Accounting Standards.
India	Republic of India.
Indian Accounting Standard Rules	The Companies (Indian Accounting Standards) Rules of 2015.
Indian GAAP	Generally Accepted Accounting Principles in India.
IPO	Initial public offering.
IRDA	Insurance Regulatory and Development Authority of India.
IST	Indian Standard Time.
IT	Information Technology.
MCA	Ministry of Corporate Affairs, Government of India.
MICR	Magnetic ink character recognition.
MoU	Memorandum of Understanding.
"Mn" or "mn"	Million.
N.A./NA	Not Applicable.
NAV	Net Asset Value.
NECS	National Electronic Clearing Services.
NEFT	National Electronic Fund Transfer.
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the Ministry of Corporate Affairs, Government of India as of the date of this DRHP.
NRE Account	Non-Resident External account.
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
NZ	North zone.
"OCB" or "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in

Term	Description
	existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer.
p.a.	Per annum.
P/E Ratio	Price/earnings ratio.
PAN	Permanent account number.
PAT	Profit after tax.
Return on Equity	The ratio of our profit after tax to average net-worth (both on a consolidated basis) for a financial period.
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana.
RONW	Return on net worth.
RTGS	Real Time Gross Settlement.
SCM	Supply chain management.
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012.
SEBI Depository Regulations	Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.
SEBI Mutual Fund Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
SEBI Portfolio Manager Regulations	Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993.
SEBI Stock Broker Regulations	Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.
Securities Act	U.S. Securities Act, 1933.
Stamp Act	The Indian Stamp Act, 1899.
State Government	The government of a state in India.
Stock Exchanges	The BSE and the NSE.
STT	Securities Transaction Tax.
SZ	South zone.
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
TAN	Tax deduction account number.
U.S./USA/United States	United States of America.
USD/US$	United States Dollar, the official currency of the United States.
VAT	Value Added Tax.
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations.
WZ	West zone.
Year/ Calendar Year	Unless context otherwise requires, shall refer to the twelve month period ending December 31.

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the SEBI Regulations, the Companies Act, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "*Statement of Tax Benefits*", "*Objects of the Offer*", "*Financial Statements*", "*Industry Overview*", "*Basis for Offer Price*", "*Regulations and Policies*", "*History and Certain Corporate*

Matters", "*Financial Indebtedness*" "*Outstanding Litigation and Material Developments*", "*Offer Procedure*" and "*Main Provisions of Articles of Association*" on pages 101, 96, 187, 103, 98, 138, 143, 354, 356, 395 and 444 respectively, shall have the meaning given to such terms in such sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India. All references in this Draft Red Herring Prospectus to the "U.S.", "USA" or "United States" are to the United States of America. All references in this Draft Red Herring Prospectus to "Australia" are to the Commonwealth of Australia.

Currency and Units of Presentation

All references to *"Rupee(s)"*, *"Rs."* or *"₹"* are to Indian Rupees, the official currency of the Republic of India. All references to *"US$"* or *"U.S. Dollars"* or *"USD"* are to United States Dollars, the official currency of the United States. All references to *"A $"* or *"Australian Dollars"* or *"AUD"* are to Australian Dollars, the official currency of the Commonwealth of Australia.

This Draft Red Herring Prospectus contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of SEBI Regulations. Unless otherwise stated, the exchange rates referred to for the purpose of conversion of foreign currency amounts into Rupee amounts, are as follows:

Currency	Exchange rate as on					
	June 30, 2016	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
USD	67.62	65.74	62.59	60.10(3)	54.39(2)	51.16(1)
AUD	50.37	50.95	47.52	55.25	56.52(4)	52.92(1)

Source: RBI reference rate sourced from www.rbi.org.in; Bloomberg

(1) *Exchange rate as on March 30, 2012, as March 31, 2012 was a non-trading day.*
(2) *Exchange rate as on March 28, 2013, as March 31, 2013, March 30, 2013 and March 29, 2013 were non-trading days.*
(3) *Exchange rate as on March 28, 2014, as March 31, 2014, March 30, 2014 and March 29, 2014 were non-trading days.*
(4) *Exchange rate as on March 29, 2013, as March 31, 2013 and March 30, 2013 were non-trading days.*

Such conversions should not be considered as a representation that such currency amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above or at all.

Financial and Other Data

Unless stated or the context requires otherwise, our financial information in this Draft Red Herring Prospectus is derived from our Restated Financial Statements, and the related notes, schedules and annexures thereto included elsewhere in this Draft Red Herring Prospectus.

Our Company's Fiscal Year commences on April 1 of each year and ends on March 31 of the next year. Accordingly, all references to a particular Fiscal Year are to the 12 months period ended March 31 of that year, unless otherwise specified.

We prepare our financial statements in accordance with Indian GAAP, which differs in some material respects from IFRS and U.S. GAAP. Accordingly, the degree to which our Restated Financial Statements, as included in this Draft Red Herring Prospectus, will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, 2013, Indian GAAP and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. Furthermore, no attempt has been made to identify disclosures, presentation or classification of differences that would affect the manner in which transactions and events are reflected in our financial statements or the respective notes thereunder. We urge you to consult your own advisors regarding such differences and their impact on our financial data. For details, see "*Risk Factors – Significant differences exist between Indian GAAP and other accounting principles, such as IFRS, which may be material to investors' assessments of our financial condition.*" on page 40.

Additionally, India has decided to adopt the "Convergence of its existing standards with IFRS", referred to in India as the Indian Accounting Standards ("**Ind AS**"). In terms of a notification released by the Ministry of Corporate Affairs, Government of India, our Company is required to prepare its financial statements in accordance with Ind AS for periods beginning on or after April 1, 2017. Accordingly, our financial statements for the period commencing from April 1, 2017 may not be comparable to our historical financial statements. We have not attempted to quantify the impact of Ind AS on the financial information included in this Draft Red Herring Prospectus, nor have we provided a reconciliation of our financial statements to those under Ind AS. We have conducted a preliminary review of the impact of Ind AS on our accounting policies, details of which are disclosed in the section titled "*Significant differences between Indian GAAP and Ind AS*" on page 327. See also the section titled "*Risk Factors – Public companies in India, including our Company, shall be required to prepare financial statements under Indian Accounting Standards. In addition, all income-tax assessees in India, including our Company, will be required to follow the Income Computation and Disclosure Standards*" on page 37.

All the figures in this Draft Red Herring Prospectus have been presented in millions or in whole numbers where the numbers have been too small to present in million, unless stated otherwise. One million represents 1,000,000 and one billion represents 1,000,000,000. Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points. However, certain figures in percentage and certain figures not derived from our Restated Financial Statements (including in the sections titled "*Summary of Industry*" and "*Industry Overview*") have been rounded off to one decimal point. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Market and Industry Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus have been obtained or derived from publicly available information as well as industry publications and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified and neither we, nor the Selling Shareholder or the BRLMs, jointly or severally, make any representation as to its accuracy or completeness. The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section *"Risk Factors"* on page 17.

Further, in accordance with Regulation 51A of the SEBI ICDR Regulations, and SEBI Listing Regulations, as applicable, our Company may be required to undertake an annual updation of the disclosures made in this Draft Red Herring Prospectus and make it publicly available in the manner specified by SEBI.

Additionally, certain industry related information in the sections titled "*Summary of Industry*", "*Summary of Business*", "*Industry Overview*", "*Our Business*", "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operation*" on pages 46, 55, 103, 118, 17 and 331, respectively, has been derived from an industry report dated July 8, 2016, titled "***Overview of the PU Foam and Mattress Industry in India***", prepared by CRISIL Research, an independent research house, pursuant to an engagement with our Company, which contains the following disclaimer:

CRISIL Research, a division of CRISIL Limited (CRISIL), has taken due care and caution in preparing this Report based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL *does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval.*

For further details, see *"Risk Factors – This Draft Red Herring Prospectus contains information from an industry report which was prepared by CRISIL pursuant to an engagement with our Company."* on page 38.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "goal", "expect", "estimate", "intend", "objective", "plan", "project", "should", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our Company's strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company has businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

- Our ability to prevent any impairment, dilution or damage to our "Sleepwell" brand;
- Slowdown or shutdown in our manufacturing operations, or the under-utilization of our manufacturing facilities;
- Our ability to expand or effectively manage our growing distribution and sales network;
- Our ability to anticipate or respond to changing consumer preferences and trends;
- Our ability to effectively manage our growth or to successfully implement our business plan and growth strategy;
- Our ability to compete effectively in the home comfort products and PU Foam manufacturing industry;
- Our ability to implement new technologies for our business operations in a timely and cost-effective manner;
- Vulnerability of home comfort and foam products manufactured by us to counterfeiting or imitation;
- Our ability to attract or retain key personnel, including our senior management; and
- Our ability to handle, process or store our raw materials or products, or to prevent damage thereto.

For further discussion of factors that could cause the actual results to differ from the expectations, see the sections titled "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 17, 118 and 331, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Selling Shareholder, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with regulatory requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges. The Selling Shareholder will ensure that investors are informed of material developments in relation to statements and undertakings made by it in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment decision in the Equity Shares. If any of the following risks or any of the other risks and uncertainties actually occur, our business, prospects, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. These risks and uncertainties are not the only issues that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. To obtain a more detailed understanding of our business and operations, please read this section in conjunction with the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 118 and 331, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors below. However, there are risk factors the potential effects of which are not quantifiable and therefore no quantification has been provided with respect to such risk factors. In making an investment decision, prospective investors must rely on their own examination of us and the terms of this Offer, including the merits and risks involved.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. *See "Forward-Looking Statements" on page 16.*

Unless otherwise stated, the financial information of our Company used in this section is derived from our Restated Consolidated Financial Statements.

INTERNAL RISK FACTORS

1. Our business and results of operations are significantly dependent on the continued recall of our "Sleepwell" brand, under which we manufacture an extensive range of home comfort products, and any impairment, dilution or damage to our brands in any manner may adversely affect our business reputation, growth, financial condition and cash flows.

We manufacture and sell a wide range of home comfort products, including mattresses, furniture-cushioning material, pillows, cushions, sofa-cum-beds and comfort accessory products under our *Sleepwell* brand. We have developed our *Sleepwell* brand over the last two decades and believe that *Sleepwell* is associated with comprehensive and quality home comfort solutions. Our brands and reputation are among our most important assets and we believe that our brands serve in attracting consumers to our products in preference over those of our competitors. We also believe that continuing to develop awareness of our brands, through product innovation, quality enhancement, adoption of advanced manufacturing technologies and focused branding and marketing initiatives among retail consumers and institutional customers is important for our ability to increase our sales volumes and revenues, grow our existing market share and expand into new markets. In Fiscal Years 2014, 2015 and 2016, we spent ₹ 365.10 million, ₹ 493.21 million and ₹ 681.02 million, respectively, on advertisement and brand building activities. Any adverse publicity involving us or any of our products may impair our reputation, dilute the impact of our branding and marketing initiatives and adversely affect our business and our prospects.

Our brands could be damaged by negative publicity on various media platforms or by claims or perceptions about the quality of our products, regardless of whether such claims or perceptions are true. Any untoward incidents such as litigation or negative publicity, whether isolated or recurring and whether originating from us or otherwise, affecting our business, distributors, dealers and suppliers may adversely impact our brand image and consumer trust. Additionally, in the event that our future print and electronic media campaigns are unsuccessful, we may only incur expenses without the benefit of higher revenues or our competitors may increase their advertising spend, launch promotional activities, concepts, branding and advertising activities which we may not be able to match.

Further, our *Sleepwell* products are sold by our dealers through exclusive *Sleepwell* branded outlets, which include *Sleepwell Worlds*, *Sleepwell Galleries*, *Sleepwell Shoppes* and smaller exclusive branded stores. For further information, see the section titled "*Our Business – Sales, Marketing and Distribution*" on page 134. These outlets are operated by our dealers on a franchisee basis, whereby, we provide our dealers branding and promotional materials to effectively market our products at the exclusive *Sleepwell* outlets. While our agreements with dealers operating exclusive *Sleepwell* outlets contains certain safeguards, such as the provision of a security deposit by our dealers (repayable at the end of the term of the agreement) and penalties for non-adherence by our dealers of our policies on operations of *Sleepwell* outlets, we do not, and will not have direct control over the operations of our dealers and their management of exclusive *Sleepwell* outlets and our branding material. Further, while our agreements with our distributors stipulate a maximum retail price for our products and our agreements with our dealers stipulate a minimum operating price below which our dealers may not re-sell our products, we cannot assure you that products will not be underpriced, which may further dilute our brand name and reputation, and impair our relationships with other dealers located in the same area. Any such misuse or mismanagement by our dealers in their operation of *Sleepwell* outlets and dilution of our brand can adversely affect our reputation, and also impact our results of operation and financial condition.

2. We manufacture our products in eleven facilities in India and five facilities in Australia, and any slowdown or shutdown in our manufacturing operations, or the under-utilization of our manufacturing facilities could have an adverse effect on our business, results of operations and financial condition.

We manufacture our home comfort products, commercial PU Foam cores and technical PU Foam in 16 manufacturing facilities, of which eleven are located in India and five are located in Australia. Our business is dependent upon our ability to manage these manufacturing facilities, which are subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment or industrial accidents, severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery may entail repair and maintenance costs and cause delays in our operations. For instance, TDI, one of our key raw materials is required to be stored in insulated tanks at a temperature of 22 degrees Celsius at all points of time, and consequently, malfunction or break-down of our storage equipment may adversely affect the quality of foam manufactured by us. If we are unable to repair malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace the same.

Additionally, the manufacturing of PU Foam involves exothermic chemical reactions between our key raw materials that result in the generation of a significant amount of heat, which, if not contained efficiently, may give rise to fires and industrial accidents. We have experienced instances of disruptions at our manufacturing facilities in the past on account of fires associated with the foam manufacturing process and we cannot assure you that there will not be any disruptions in our operations in the future. For instance, on account of an outbreak of fire in the curing and storage area of our manufacturing facility in Greater Noida on May 20, 2016, we experienced disruptions at this facility for one day. We are currently in the process of restoration of the curing and storage areas of this facility and certain equipment that destroyed by the outbreak. We have filed an insurance claim of ₹ 430.90 million in respect of losses to stocks, building, plant and machinery, office equipment and furniture and fixtures occasioned from this fire, which is currently outstanding. There can be no assurances that this claim will be successful, or that we would be able to recover these losses. Inability to effectively respond to such events and rectify any disruption, in a timely manner and at an acceptable cost, could lead to slowdown or shut-down of our operations or the under-utilization of our manufacturing facilities, which in turn may have an adverse effect on our business, results of operations and financial condition.

Furthermore, the land, building, plant and machinery associated with some of our Indian manufacturing facilities have been charged with our lenders as security for loan facilities granted by them. For further details, see the sections titled "*Financial Statements – Annexure I.3 – Restated Standalone Statement of Long Term Borrowings*" and ""*Financial Statements – Annexure I.3 – Restated Consolidated Statement of Long Term Borrowings*" on pages 197 and 267, respectively. Any default on our part in the terms and conditions of such credit facilities could result in our lenders taking over these facilities, or appropriating the charged assets associated with these facilities in a manner they deem fit, which could materially affect our business and results of operations.

Additionally, while we own the land and building pertaining to our manufacturing facilities in India, our title to such key business properties may be challenged, which may disrupt our operations. For instance, we are currently involved in legal proceedings initiated by certain parties challenging the title of the vendor of the land pertaining to our manufacturing facility in Hyderabad. For further information, see the section titled "*Outstanding Litigation and Material Developments*" on page 356. Any such litigation can increase our expenses and disrupt our operations, and if decided against us, compel us to shift our manufacturing facilities to alternate locations, which could adversely affect our production volumes, revenues, profits and results of operation.

3. We sell our home comfort products through an extensive network of distributors and dealers, and technical PU Foam directly to other manufacturers, and any inability to expand or effectively manage our growing distribution and sales network may have an adverse effect on our business, results of operations and financial condition.

We have an extensive sales and distribution network that consisted, as on March 31, 2016 of over 100 exclusive distributors, over 2,000 exclusive retail dealers and over 2,500 multi-branded outlets. Our home comfort products are sold to retail end-consumers through exclusive distributors, who resell our products at pre-determined margins to retail dealers who either operate exclusive *Sleepwell* branded outlets on a franchisee basis, or sell our products at multi-branded outlets. For further details, see the section titled "*Our Business – Sales, Marketing and Distribution*" on page 134. We continuously seek to increase the penetration of our products by appointing new distributors and dealers targeted at different markets and geographies. We cannot assure you that we will be able to successfully identify and appoint new distributors or effectively manage our existing distribution network. If the terms offered to such distributors by our competitors are more favourable than those offered by us, distributors may decline to distribute our products and terminate their arrangements with us. Further, our agreements with our distributors and dealers are typically valid for a period of three to five years, and renewable for subsequent terms of the same length. Accordingly, upon expiry of their terms, we may be unable to appoint replacement distributors and dealers in a timely manner, or at all, which may reduce our sales volumes and adversely affect our business, results of operations and financial condition.

Further, our competitors may have exclusive arrangements with other distributors which may restrict us from stocking and selling our products through them, thereby limiting our ability to expand our network. While we offer sales incentives to our dealers and distributors, we may not be able to effectively implement them across our distribution network. We may also face disruptions in the delivery of our products for various reasons beyond our control, including poor handling by distributors of our products, transportation bottlenecks, natural disasters and labour issues, which could lead to delayed or lost deliveries. If our distributors fail to distribute our products in a timely manner, or adhere to the terms of the distribution agreement, or if our distribution agreements are terminated, our business and results of operations may be adversely affected.

Additionally, we sell technical PU Foam directly to manufacturers who produce a diverse range of products, including mattress and furniture-cushioning, automobiles seating systems, garments and sound absorption systems. We also export technical foams to manufacturers in countries in the Middle East, South Asia and Europe as well as Australia, United States, Brazil and Argentina. Accordingly, our ability to maintain and increase our revenue from sale of technical PU Foams is significantly dependent on our relationships with our institutional customers. If our competitors in our technical PU Foam business adopt better marketing strategies, offer more competitive rates and more favourable terms of sale to our existing customers, our business and revenues from sale of technical PU foam could be adversely affected.

4. If we are unable to anticipate or respond to changing consumer preferences and trends pertaining to the home comfort products and technical PU Foam industry in a timely and effective manner, the demand for our products may decline, which may have an adverse effect on our business, results of operations and financial condition.

The success of our business depends upon our ability to anticipate and identify changes in consumer preferences and offer products that appeal to consumers. We commenced our business with production of PU Foam grades in 1972, and currently sell a diverse range of home comfort products, commercial PU Foam cores and technical PU Foam. Any significant shift in consumer preferences of home comfort products, as well as changing trends in the industries to which we supply technical PU Foam could necessitate changes in our business model and product portfolio. For instance, the emergence of newer varieties and grades of raw materials that are more suited, in terms of their structural and chemical attributes for manufacture of home comfort and accessory products such as mattresses and upholstery, than PU Foam could lead to a shift in consumer preference from foam based home comfort products. Changing consumer preferences on account of varying factors, including market analysis and research, competitor advertising, adverse publicity and health and safety issues could also lead to an increase in demand for pure spring and coir based products as opposed to foam based products, as well as hybrid products. Additionally, newer technologies, manufacturing methods and materials pertaining to the industries that our technical foam lines cater to, such as the automotive, garments, innerwear, footwear, sound absorption and filtration industries, as well as any sustained downturn in these industries in India and abroad could lead to a reduction in the demand for our technical PU Foam lines. We cannot assure you that we will be able to shift our business, strategic and manufacturing focus from our existing product portfolios to address such consumer and industry shifts in an optimal manner, or at all. Any such change in our business model could result in diversion of time and attention of our senior management and increased operating expenses.

In respect of our current operations, we constantly seek to develop our research and development capabilities to enable us to introduce new products and different variants of our existing products, based on consumer preferences and demand. Although we seek to identify such trends in the industry and introduce new products, we cannot assure you that our products would gain consumer acceptance or that we will be able to successfully compete in these new product segments. If we are unable to respond to changes in consumer preferences in a timely manner, or at all, or if our competitors respond to such changes more effectively, our business, results of operations and financial condition may be adversely affected.

5. Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could have an adverse effect on our business, results of operations and financial condition.

We have experienced significant growth over the past five years and we have significantly expanded our operations and product portfolio. As per our Restated Consolidated Financial Statements, our total revenues increased at a CAGR of 11.00% from Fiscal Year 2014 to Fiscal Year 2016, while our net profit after tax increased at a CAGR of 93.90% for the same period. We cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to expand further, or at the same rate.

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategy involves focusing on production of personalised home comfort products, expansion of our current product portfolio, growing our distribution network, adopting new technologies in the manufacturing process, expanding our distributed manufacturing initiative and brand building. For further details, see the section titled "*Our Business – Strategies*" on page 122. Our success in implementing our growth strategies may be affected by:

- Our ability to identify trends and demands in the home comfort industry, and develop new and more personalised products;
- our ability to identify new markets to expand to and distributors to partner with in such markets;

- acceptance by our target consumer base of our new products;
- our ability to maintain the quality of our products;
- our ability to increase our existing consumer base;
- the general condition of the Indian and global economy; and
- changes in the Indian or international regulatory environment applicable to us.

Many of these factors are beyond our control and there is no assurance that we will succeed in implementing our strategy. Some of our strategic initiatives in the past have not resulted in the achievement of optimal growth and scale in our business and operations. For instance, in May 2006, we entered into a joint venture with Woodbridge Foam International Limited ("**WFUL**") and formed a company titled Sheela Woodbridge Urethanes Private Limited ("**SWUPL**") to commence and conduct the business of manufacture of flexible moulded PU Foam, foam-in-place parts (such as automotive headrests, armsets and bolsters) and rigid and semi-rigid PU Foam. However, in Fiscal Year 2014, we exited this joint venture by selling 50% of our equity shareholding in SWUPL (corresponding to an initial investment of ₹ 76.35 million) to WFUL for a consideration of ₹ 1, in light of the fact that SWUPL had consistently incurred losses since its incorporation, and had negative net-worth prior to our divestment. Accordingly, we incurred a long term capital loss of ₹ 76.35 million in Fiscal Year 2014, and wrote off accumulated interest amounting to ₹ 14.61 million on a loan provided by us to SWUPL and ₹ 6.39 million in terms of lease rentals owed by SWUPL to us. We cannot assure you that we will not sustain similar losses in future.

Separately, our growth strategy involves adoption of advanced technologies to firm up our production processes, and expand our distributed manufacturing initiative. We may be unable to identify, or implement new technologies associated with manufacture of PU Foam and home comfort products in an optimal manner. In respect of our distributed manufacturing initiatives, we may be unable to identify and enter into arrangements with independent manufacturers to outsource the production of PU Foam cores. Additionally, PU Foams manufactured by our distributed manufacturers may be of inferior quality and may not match our internal quality standards, which could lead to an increase in our operating expenses, hinder our ability to produce optimal quantities of our foam and lower our brand image and reputation.

Further, we intend to enhance and develop our existing *Sleepwell* brand, and associated sub-brands in India. By focusing further resources, including management time and effort, distribution and sales network, partnering with more dealers to open exclusive *Sleepwell* branded stores and other retail outlets and brand management on developing the *Sleepwell* brand, we may be diverting our resources from our established business of manufacturing of home comfort products and commercial and technical PU Foam lines.

There can be no assurance that we will be able to execute our strategy on time and within our estimated budget, or that our expansion and development plans will increase our profitability. Any of these factors could adversely impact our results of operations. In the past, we have faced an instance of time-overruns, whereby we were delayed by 12 months from commencement of operations at our manufacturing facility in Erode, primarily on account of delay in receipt of the approvals from the Pollution Control Board of Tamil Nadu. We cannot assure you that we will not face any such time or cost overruns in respect of implementation of our strategies in the future. Further, we expect our growth strategy to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and implement our growth strategy could have a material adverse effect on our business, financial condition and profitability.

6. The home comfort products and foam manufacturing industry is competitive and our inability to compete effectively may adversely affect our business, results of operations, financial condition and cash flows.

The home comforts products and PU Foam industries in India are competitive and fragmented. We face competition in our home comforts business from other organised brands. Additionally, given the inherently low barriers to entry in these markets, a significant proportion of the home comfort products industry in India, and in particular, the mattresses and upholstery industries is unorganised, with competitors running unbranded and smaller scale operations. Our unorganised competitors may incur lesser operating expenses, given the size and scale of their operations and have a deeper retail reach in the territories that they operate in, than us. While our *Sleepwell* mattresses enjoy a dominant market share of between 20-23% in the organised Indian mattress market in terms of revenues (*Source: CRISIL Report*), we cannot assure you that we can effectively compete with entities in the unorganised markets.

We also compete with various organised foam players as well as regional manufacturers in our business of production of commercial comfort foams and technical PU Foam. Our wholly owned Australian subsidiary, Joyce Foam Pty Ltd, competes with other Australian and international foam brands. Some of our competitors may be larger than us or develop alliances to compete against us, have more financial and other resources and have products with greater brand recognition than ours. Our competitors in certain regions may also have better access to raw materials required in our operations and may procure them at lower costs than us, and consequently be able to sell their products at lower prices. As a result, we cannot assure you that we will be able to compete successfully in the future against our existing or potential competitors or that our business and results of operations will not be adversely affected by increased competition.

Additionally, we cannot assure you that we will be able to retain our existing distributors and dealer network or maintain our market share with our retail consumer base. In addition, our competitors may significantly increase their advertising and brand building activities to promote their brands and products, which may require us to similarly increase our advertising and marketing expenses and engage in effective pricing strategies, which may have an adverse effect on our business, results of operations and financial condition.

7. We may be unable to implement new technologies for our business operations in a timely and cost-effective manner, or at all, which could adversely affect our business, results of operations, cash flows and financial condition.

The home comfort products and PU Foam industry is subject to significant technological changes, with the constant introduction of new and enhanced products and manufacturing technologies. Our success will depend in part on our ability to respond to technological advances and emerging standards and practices on a cost effective and timely basis. One of the key elements of our growth strategy is to invest in emerging technology protocols and processes that render our manufacturing cycles more efficient and cost-effective. For instance, we are in the process of introducing vertical variable foaming machines in our domestic manufacturing facilities that will be utilised to produce super soft foams to replace polyester fiber in the quilting of *Sleepwell* mattresses. For further details, see the section titled "*Our Business – Strategies*" on page 122. We cannot assure you that we will be able to successfully make such enhancements and additions to our technological infrastructure in a timely and cost-effective manner, keep up with technological improvements in order to meet our customers' needs or that the technology developed by others will not render our products less competitive or attractive. Our failure to successfully adopt such technologies could increase our costs and lead to us being less competitive in terms of our prices or quality of products we sell. Further, implementation of new or upgraded technology may involve higher capital costs, which may adversely affect our business, results of operations, cash flows and financial condition.

8. Home comfort and foam products manufactured by us are vulnerable to counterfeiting or imitation by third parties that may adversely affect the reputation of our Company.

Our product portfolio, and in particular, our home comfort products such as mattresses and furniture cushioning material are vulnerable to counterfeiting and imitation by third party vendors, as well as players in unorganised markets, who may manufacture and sell products in the mass market at relatively cheaper prices. While we make constant checks in mass markets in an effort to prevent the sale of any counterfeit products of our *Sleepwell* and *Feather Foam* brands and have implemented technologies (such as the introduction of RFID micro-chips in mattresses) to track sales of genuine products, there can be no assurance that we will be able to prevent sale of counterfeit products at all time. Any sale of counterfeit or imitation products which does not match the quality standards of our products could adversely impact the reputation of our brands, sales of our products and materially affect our business, prospects, results of operations and financial condition.

9. Our inability to protect or use our intellectual property rights, and in particular, rights in relation to our Sleepwell brand, may adversely affect our business.

We have applied for, but not yet obtained registration with respect to certain trademarks. As on the date of this Draft Red Herring Prospectus, Sleepwell Enterprises Private Limited ("**Sleepwell Enterprises**"), one of our Group Companies, which owns rights over certain *Sleepwell* trademarks (including "Sleepwell for years" and "Sleepwell Flexi PUF"), has made applications for registration of 115 trademarks (in various classes), including "Sleepwell" (word and logo), "Sleepwell MEDCARE" (logo), "Perfect Match", "Sleepwell Gallery", "Sleepwell Shoppe", "Sleepwell World" and "Sleepwell Perfect Match". Additionally, we have, in our name, made applications for the registration of certain trademarks, including "Cool Gel- S" (logo), "Sleepwell Spring Fresh" (label), "Anmol Bandhan", "Feather Foam" (in colour), "Amaze" and "Joyce" (logo). The applications for registration of certain of these trademarks have been objected to. There can be no assurance that our applications for registration of these trademarks will be approved by the Trade Marks Registry in a timely manner, or at all. For instance, in 2015, our application for trademark registration over "Sleepwell" in Saudi Arabia was rejected. For further details see the section titled "*Government and Other Approvals – Intellectual property related approvals*" on page 369.We may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that our registrations are granted.

We are also exposed to the risk that other entities may pass off their products as ours by imitating our brand name, packaging material and attempting to create counterfeit products. We believe that there may be other companies or vendors which operate in the unorganized segment using our trade name or brand names. There have been numerous instances in the past whereby certain entities, including some of our dealers, have indulged in unauthorised use of our *Sleepwell* marks, or utilised business names similar to our existing trademarks. While we have commenced action against them to desist from such use, any such activities could harm the reputation of our brand and sales of our products, which could in turn adversely affect our financial performance and the market price of the Equity Shares. The measures we take to protect our intellectual property include relying on Indian laws and initiating legal proceedings, which may not be adequate to prevent unauthorised use of our intellectual property by third parties. Furthermore, the application of laws governing intellectual property rights in India is uncertain and evolving, and could involve substantial risks to us. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition.

Whilst we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights which may force us to alter our offerings. We may also be susceptible to claims from third parties asserting infringement and other related claims. If similar claims are raised in the future, these claims could result in costly litigation, divert management's attention and resources, subject us to significant liabilities and require us to enter into potentially expensive royalty or licensing agreements or to cease certain offerings. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. Any of the foregoing could have an adverse effect on our business, results of operations, cash flows and financial condition.

10. We are dependent on a number of key personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.

Our performance is highly dependent on our senior management and other key personnel to maintain our strategic direction and manage our current operations and meet future business challenges that may also arise in relation to our business. The loss of, or inability to attract or retain, such persons could materially and adversely affect our business and financial results. In particular, the expertise, experience and services of Mr. Rahul Gautam, our Promoter and Managing Director and other members of our senior management team, including our key management personnel help us to execute our growth strategy, have been integral to our business. For details in relation to the experience of our key management personnel, see the section titled "*Our Management*" on page 156. If one or more of these key management personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skill and expertise promptly or at all, which could have a material adverse effect on our business, financial results and prospects. We may take a long period of time to hire and train replacement personnel when skilled personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting skilled employees that our business requires. If we are unable to hire and train replacement personnel in a timely manner or increase our levels of employee compensation to remain competitive, our business, financial results and prospects may be materially and adversely affected.

11. Improper handling, processing or storage of our raw materials or products, or spoilage of and damage to such raw materials and products, could damage our reputation and have an adverse effect on our business, results of operations and financial condition.

Our key raw materials, such as TDI and polyols, as well as the products that we manufacture and are subject to risks such as contamination and tampering during their manufacture, transport or storage. Although raw materials procured by us are extensively tested at our facilities, we cannot assure you that quality tests conducted by us will be accurate at all times. Also, certain of our other raw materials such as TDI are required to be stored, handled and transported at specific temperatures and under certain safety conditions. Any shortcoming in the production or storage of our products due to negligence, human error or otherwise, may damage our products and result in non-compliance with applicable quality standards. Any allegation that our products do not match requisite quality standards could damage our reputation, adversely affect our sales and result in legal proceedings being initiated against us, irrespective of whether such allegations have any factual basis.

We also sell certain of our products, such as commercial PU Foam cores and technical PU Foam directly to institutional customers and if the end products manufactured by those customers are found to be contaminated on account of our foams, our customers may return our goods, terminate their relationships with us and initiate legal proceedings against us. We cannot assure you that we will not be subject to such product liability claims in the future. Should any of our products be perceived or found to be contaminated, we may be subject to regulatory action, product recalls and our reputation, business, results of operations and financial condition may be adversely affected.

We may also be exposed to liability from end consumers for defects in the quality of our products, which may be occasioned by manufacturing defects or contamination, spoilage or damage to our raw materials. We have, in the past experienced, and are currently contesting complaints in various courts in India from our consumers alleging deficiency in characteristics and comfort levels of our products. In addition, our consumers may also return our products and invoke product guarantees and warranties. While we maintain short term provisions for warranty claims based on the past experience on the level of product returns, there can be no assurances that the value of products returned, or warranties invoked will not exceed the corresponding amounts provided for in our financial statements. Significant product liabilities could adversely affect our reputation, sales revenues and results of operations.

12. We rely on third parties to transport raw materials to our facilities and our products to our distributors and customers, and any disruption in our transportation arrangements or increases in transportation costs may adversely affect our business, results of operations and financial condition.

Polyols and diisocyanates, our key raw materials are required to be transported in temperature controlled vehicles to ensure their preservation. A delay in the delivery of our raw materials to our production facilities may result in the slowdown or shutdown of our operations. Further polyol has a limited shelf-life and improper storage or delay in transportation of polyol may result in spoilage. We rely on third party logistic providers, with whom we have no formal arrangements, to transport raw materials to our production facilities and our finished products to distributors and *Sleepwell* branded retail outlets. There are a limited number of such logistic providers and in the absence of formal arrangements, we are exposed to fluctuations in transportation costs. Also, if the terms offered to such logistic providers by our competitors are more favourable than those offered by us, they may decline to provide their services to us and terminate their arrangements with us. We may also be affected by transport strikes, which may affect our delivery schedules. If we are unable to secure alternate transport arrangements in a timely manner and at an acceptable cost, or at all, our business, results of operations and financial condition may be adversely affected.

13. Non compliance with and changes in, safety, health and environmental laws and other applicable regulations in our manufacturing operations may adversely affect our business, results of operations and financial condition.

We are subject to laws and government regulations, including in relation to safety, health and environmental protection. These safety, health and environmental protection laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances, diversion of forest land for production operations and other aspects of our manufacturing operations. For further details, see the section titled "*Regulations and Policies*" on page 138. We have made, and will continue to make capital and other expenditure to comply with environmental, health and safety standards. Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings being commenced against us, third party claims or the levy of regulatory fines. For instance, we are currently contesting legal proceedings initiated by an individual who has alleged that our Silvassa unit has encroached upon forest land in violation of the Indian Forest Act, 1927, Wildlife Protection Act, 1972 and Forest Conservation Act, 1980. For details of this litigation, see the section titled "*Outstanding Litigation and Material Developments*" on page 356. While we believe that we have taken corrective steps to redress the complainant's allegations, the matter continues to be pending as on the date of this Draft Red Herring Prospectus. A negative outcome in any such proceedings may adversely affect our business, results of operations and financial condition.

Additionally, we cannot assure you that we will not be involved in future litigation or other proceedings, or be held liable in any litigation or proceedings including in relation to safety, health and environmental matters, the costs of which may be significant. Any accidents at our facilities may result in personal injury or loss of life, substantial damage to or destruction of property and equipment resulting in the suspension of operations. The loss or shutdown of our operations over an extended period of time could have an adverse effect on our business and operations.

14. We may be unable to obtain, renew or maintain statutory and regulatory permits, licenses and approvals required to operate our business and operate our manufacturing facilities, which could result in an adverse effect on our results of operations.

We require certain statutory and regulatory permits, licenses and approvals to operate our business such as consents to establish and operate from the state pollution control boards (where our manufacturing facilities are located), importer-exporter code, registration and licenses issued under the Factories Act for our various manufacturing facilities, fire safety licenses from municipal fire safety authorities, registration certificates issued under various labour laws, including contract labour registration certificates and licenses as well as various taxation related registrations, such as registrations for payment of excise duties, sales and value added taxes, professional taxes and service taxes. Our licenses, permits and approvals impose certain terms and conditions that require us to incur significant costs and *inter alia*, restrict certain activities. There can be no assurances that the approvals, licenses, permits and registrations may not be revoked in the event of any non-compliance with any terms or conditions imposed thereof.

Some of our manufacturing facilities have applied for but not yet obtained the required approvals, or renewals of existing approvals in relation to their operations from relevant authorities. For further details of such business approvals that are pending grant or renewal, see the section titled "*Government and Other Approvals*" on page 367.

In the future, we will be required to regularly renew permits, licenses and approvals for our business, and to obtain new permits, licenses and approvals for any proposed expansion. While we will endeavor to renew or obtain such approvals as required, there can be no assurance that the relevant authorities will issue any such approvals within our anticipated timeframe or at all. An inability to renew, maintain or obtain any required permits, licenses or approvals may result in the interruption of our operations and have a material adverse effect on our business, financial condition and results of operations. For further information regarding licenses and approvals, see the section titled "*Government and Other Approvals*" on page 367.

15. ***We do not hold any patents or other form of intellectual property protection in relation to our manufacturing processes, and our inability to maintain the integrity and secrecy of our manufacturing processes may adversely affect our business.***

Our research and development efforts are primarily directed towards developing new and more innovative product lines as well as new and more efficient production processes that are typically applicable to the current range of products we manufacture. Like many of our competitors, we possess extensive technical knowledge about our products. Our know-how may not be adequately protected by intellectual property rights such as patent registration. We employ a high level of automation in our production processes, which result in high productivity and quality.

We also rely in part on mutual trust for protection of our trade secrets and confidential information relating to our manufacturing processes. It is our policy to take precautions to protect our trade secrets and confidential information against breach of trust by our employees, consultants, customers and suppliers and our agreements with employees incorporate confidentiality provisions. However, it is possible that unauthorized disclosure of our trade secrets or confidential information may occur. We cannot assure you that we will be successful in the protection of our trade secrets and confidential information.

Our manufacturing processes may not be eligible for intellectual property protection and others may be able to use the same or similar automation in production processes, thereby undermining any competitive advantage we may have derived from such processes and adversely affecting our financial condition and results of operations.

16. ***A shortage or non-availability of electricity or water may affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition.***

Our manufacturing operations require continuous supply of electricity and water and any shortage or non-availability may adversely affect our operations. Further, we are required to store TDI, one of our key raw materials in temperature controlled environments. We currently source our water requirements from bore wells and water tankers and depend on state electricity supply for our energy requirements, as well as backup generators at our facilities. We cannot assure you that our facilities will be operational during power failures. Any failure on our part to obtain alternate sources of electricity or water, in a timely fashion, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition.

17. ***Any delay or default in payment from our distributors, dealers and institutional customers could result in the reduction of our profits and affect our cash flows.***

Our operations involve extending credit for extended periods of time, ranging typically from 30 to 60 days, to our distributors and dealers in respect of our home comfort products, and institutional customers in respect of our technical PU Foam lines, and consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. Accordingly, we have and may continue to have high levels of outstanding receivables. For the Fiscal Years 2014, 2015 and 2016, our trade receivables were ₹ 1,200.83 million, ₹ 1,144.99 million and ₹ 1,170.69 million, respectively, which constituted 9.44%, 8.02% and 7.47% of our total revenues for the same periods, respectively. If our distributors and customers delay or default in making these payments, our profits margins and cash flows could be adversely affected.

18. ***Increase in the cost of, or a shortfall in the availability of our raw materials, and in particular, polyols and diisocyanates, could have an adverse effect on our business, results of operations and financial condition.***

The principal raw materials used by us for manufacturing PU Form are diisocyanates such as TDI, polyols and chemical additives. The cost of materials consumed by us constituted 60.49%, 59.87% and 51.63% of our total revenues for the Fiscal Years 2014, 2015 and 2016, respectively. The price and availability of these raw materials depend on several factors beyond our control, including overall economic conditions, production levels, market demand and competition for such materials, production and transportation cost, duties and taxes and trade restrictions. We source polyols and diisocyanates from local as well as overseas suppliers at prices that typically fixed on a monthly basis. We usually do not enter into long term supply contracts with any of our raw material suppliers and typically place orders with them in advance of our anticipated requirements. The absence of long term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require. If we are unable to compensate for or pass on our increased costs to end-consumers, such price increases could have an adverse impact on our result of operations, financial condition and cash flows. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us. Any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on terms acceptable us, may adversely affect our operations.

Additionally, given that we import certain grade of polyols from overseas suppliers, we are exposed to foreign currency risks, foreign exchange fluctuation and trade restrictions on polyol imports. For instance, in 1998, the Director General of Foreign Trade, GoI, recommended the imposition of ad-valorem safeguards duty on import of flexible slabstock polyols of molecular weight between 3,000 and 4,000 (used in PU Foam mattresses) for a period of eighteen months. The imposition of such measures can increase our raw material costs and impact our ability to source quality raw materials from international markets.

19. We are subject to stringent labour laws or other industry standards and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition and results of operations.

Our manufacturing activities are labour-intensive. As of March 31, 2016, we had 1,924 permanent employees engaged across various operational and business divisions in India and 137 production and operational employees in Australia. We are subject to a number of stringent labour laws that protect the interests of our workers, including legislation that stipulates rigorous procedures for dispute resolution and retrenchment of workers and imposes financial obligations on employers. While we have not experienced significant labour unrest in the past, strikes, lock-outs and other labour action, may have an adverse impact on our operations, and if not resolved in a timely manner, could lead to disruptions in our operations. We cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future and any such event could adversely affect our business, results of operation and financial condition. Further, our third-party raw material suppliers may experience strikes or other labour disruptions and shortages that could affect our operations, possibly for a significant period of time, result in increased wages, shortage in manpower and other costs and otherwise have a material adverse effect on our business, results of operations or financial condition. Additionally, our inability to recruit employees, in particular skilled employees and retain our current workforce could have a material adverse effect on our business, financial condition and profitability.

Furthermore, certain recent changes, and proposed changes to Indian labour laws could adversely affect our business. For instance, a recent amendment to the Payment of Bonus Act, 1965, has, *inter alia*, increased the ceiling for bonus payments to employees of factories and certain other establishments from ₹ 10,000 per month to ₹ 21,000 per month. The GoI also proposes to enact the Code on Industrial Relations Bill, 2015 and the Labour Code on Wages Bill, 2015, which seeks to consolidate all existing labour legislation in the country (including the Minimum Wages Act, 1948) into distinct codes dealing with industrial relations, wages, social security, industrial safety and welfare. Furthermore, the Ministry of Labour and Employment, GoI has recently proposed an amendment to Indian contract labour legislation that will increase the minimum wage of contract labourers to ₹ 10,000 per month. Any such changes, if implemented, could adversely affect our operating margins, manufacturing operations, cash flows and results of operations.

20. We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are

hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.

In order to retain flexibility and control costs, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations. As on March 31, 2016, more than 1,700 contract labourers were engaged at our manufacturing facilities. Although we do not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractor. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour Act, we may be required to absorb a number of such contract labourers as permanent employees. Accordingly, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

21. We face foreign exchange risks, primarily in our export and procurement operations that could adversely affect our results of operations.

We source a certain proportion of our raw materials such as polyol and diisocyanates from international suppliers that is generally priced in U.S. Dollars. Accordingly any decline in the value of the Rupee against the U.S. Dollar would increase the Rupee cost of such raw materials. Although we closely follow our exposure to foreign currencies and selectively enter into hedging transactions in an attempt to reduce the risks of currency fluctuations, these activities are not always sufficient to protect us against incurring potential losses if currencies fluctuate significantly. Any such losses on account of foreign exchange fluctuations may adversely affect our results of operations.

22. Any withdrawal, or termination of, or unavailability of tax benefits and exemptions being currently availed by us may have an adverse effect on our business, results of operations, financial condition and cash flows.

We are currently entitled to certain tax benefits and incentives. For instance, one of our facilities in Silvassa is exempt from the payment of central sales taxes till December 31, 2017. Further, our manufacturing facility at Kala Amb is exempt from the payment of any excise duties for a period of 10 years commencing from March 2010. Additionally, we are also entitled to certain income tax incentives pursuant to Section 80(IB) of the Income Tax Act in respect of our manufacturing facility in Kala Amb. Further, In particular, with effect from March 2010, we are entitled to claim deductions of 100% for the first five years and 30% for the next five years. We have been claiming deductions of only 30% from the Financial Year 2015 in respect of our Kala Amb facility. See the section titled "*Statement of Tax Benefits*" on page 101. We cannot assure you that our ability to claim reduced deduction in the future will not affect our financial condition and results of operations. Further, we may be unable to avail these tax benefits in the future, which could result in increased tax liabilities and reduced liquidity and have an adverse effect on our results of operations.

23. We do not hold any trademarks or other forms of intellectual property protection in relation to our "Sleepwell" brand in our own name, and inability to use and market our products under the Sleepwell brand could adversely affect our business, results of operations and financial condition.

We do not hold any intellectual property in relation to the *Sleepwell* brand in our own name. *Sleepwell* trademarks, including for "Sleepwell Flexi PUF", "Sleepwell Flexi PUF Sofa'n'Bed", "Sleepwell Flexi PUF Pillow" (label) and "Sleepwell for years" are registered in the name of Sleepwell Enterprises, one of our Group Companies, and licensed to us as a permitted user, pursuant to a long-term license agreement dated May 6, 2016 until March 31, 2026, in lieu of payment of annual license fees of ₹ 0.50 million. Further, by a similar agreement, Sleepwell Enterprises has licensed the use of various trademarks, brands and label marks that are currently pending registration (including "Sleepwell" (word and logo)) to us until March 31, 2026, in lieu of annual license fees of ₹ 0.50 million. For further details of this licensing arrangement, see the section titled "*History and Certain Corporate Matters – Material Agreements*" on page 152. There can be no assurance that this license agreement will be renewed on similar or favourable terms or at all. Additionally, any impact on Sleepwell Enterprises' rights in relation to the *Sleepwell* trademarks could also affect the use of the *Sleepwell* brand by us, which could materially and adversely affect our business, financial condition and the results of our operations.

24. If we are unable to raise additional capital, our business prospects could be adversely affected.

We intend to fund our development plans through our internal accruals, cash flow from operations and working capital from banks. We will continue to incur significant expenditure in maintaining and growing our existing manufacturing infrastructure. We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. While we expect our internal accruals and cash flow from operations to be adequate to fund our existing commitments, our ability to incur any future borrowings is dependent upon the success of our operations. Additionally, the inability to obtain sufficient financing could adversely affect our ability to complete expansion plans. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to raise adequate capital in a timely manner and on favourable terms, or at all, our business, results of operations, cash flows and financial condition could be adversely affected.

25. Our auditors have provided certain observations in relation to our financial statements for fiscal years 2012, 2013, 2014, 2015 and 2016

For fiscal years 2012, 2013, 2014, 2015 and 2016, our statutory auditors have made certain observations in terms of the Companies (Audit Report Order) 2003, the Companies (Audit Report Order) 2015 and the Companies (Audit Report Order) 2016 (as relevant). These observations pertain to certain disputed statutory dues, delays in payment of undisputed statutory dues and internal accounting controls of our Company. For details of these observations, and the corrective action taken by our Company, please see the section titled "*Summary Financial Information – Observations made by our Auditors*" on page 64. There can be no assurance that our auditors will not make similar observations in future.

26. Inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business and results of operations.

Our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial condition. We are required to obtain prior approval from our lenders for, among other things:

- alteration of our capital structure in any manner;
- effecting any amalgamation, merger, reconstruction, takeover or consolidation;
- amending our MoA and AoA;
- concluding any fresh borrowing arrangements, either secured or unsecured, with any other lender;
- effecting any change in our actual and beneficial ownership or control;
- creation of further charge, lien or encumbrance on assets hypothecated with our lenders;
- effecting any material change in the management of our business or our operating structure;
- undertaking new projects or implementing any scheme of expansion or acquire fixed assets;
- investment by way of share capital in or lend or advance to or place deposits with any other entity;

- undertaking guarantee obligations on behalf of any other lender or any third party;

- provision of personal guarantees by our Promoters;

- declaring dividends; and

- effecting any repayment of loans and deposits and discharging other liabilities except those shown in the fund flow statements submitted to our lenders from time to time.

In addition, certain of our borrowings require us to maintain certain financial ratios which are tested at times on a quarterly or annual basis, such as total debt to net worth, total debt to EBITDA and debt service coverage ratios. For further details, see the section titled "*Financial Indebtedness*" on page 354.

In the event we breach any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may also be forced to sell some or all of the assets charged with our lenders if we do not have sufficient cash or credit facilities to make repayments. Furthermore, our financing arrangements contain cross-default provisions which could automatically trigger defaults under other financing arrangements.

While we have not materially breached the terms and conditions of our financing agreements in the past, one of our lenders, namely, Central Bank of India has rescheduled the repayment schedule for a term loan of ₹ 630.00 million granted to us in 2011. For further details, see the section titled "*History and Certain Corporate Matters - Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by the Company*" on page 149. Any failure to meet our obligations under the debt financing agreements could have an adverse effect on our business, results of operations and financial condition.

27. Our financing agreements entail interest at variable rates and any increases in interest rates may adversely affect our results of operations.

We are susceptible to changes in interest rates and the risks arising therefrom. Most of our financing agreements provide for interest on loans at variable rates with a provision for the periodic resetting of interest rates. Further, under certain of our financing agreements, the lenders are entitled to change the applicable rate of interest, which is a combination of a base rate and a contractually agreed spread. Certain loans are also extended at interest rates that are subject to periodic change from time to time based on the lender's internal policies. See the section titled "*Financial Indebtedness*" on page 354 for a description of interest payable under our financing agreements. Further, in recent years, the Government of India has taken measures to control inflation, which have included tightening the monetary policy by raising interest rates. As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows and financial condition.

28. Some of our Promoters and Directors have provided personal guarantees for loan facilities obtained by our Company and Joyce, and any failure or default by our Company or Joyce to repay such loans in accordance with the terms and conditions of the financing documents could trigger repayment obligations on them, which may impact their ability to effectively service their obligations as our Promoters and Directors and thereby, adversely impact our business and operations.

Ms. Sheela Gautam, our Promoter, Mr. Rahul Gautam, our Promoter and Managing Director, Mr. Tushaar Gautam, our Whole-time Director and Ms. Namita Gautam, our Whole-time Director, have personally guaranteed the repayment of certain loan facilities taken by us. As at June 30, 2016, outstanding amounts from credit facilities personally guaranteed by Ms. Sheela Gautam, Mr. Rahul Gautam and Ms. Namita Gautam amounted to ₹ 646.52 million, which constituted 95.08% of our Company's outstanding indebtedness as on such date. Additionally, Mr. Rahul Gautam and Mr. Tushaar Gautam, our whole time director have also personally guaranteed a loan taken by Joyce, our wholly owned subsidiary, the outstanding amount on which facility amounted to AUD 2.94 million as on June 30, 2016.

Any default or failure by us to repay its loans in a timely manner, or at all could trigger repayment obligations on the part of Ms. Sheela Gautam, Mr. Rahul Gautam, Mr. Tushaar Gautam and Ms. Namita Gautam in respect of such loans, which in turn, could have an impact on their ability to effectively service their obligations as Promoters and Directors of our Company, thereby having an adverse effect on our business, results of operation and financial condition. Furthermore, in the event that these individual withdraw or terminate their guarantees, our lenders for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows.

29. ***Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. See the section titled "*Dividend Policy*" on page 186.

30. ***There are outstanding litigation against our Company, our Promoters, our Directors and one of our Group Companies and any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have an adverse effect on our results of operations and financial condition.***

There are certain outstanding legal proceedings involving our Company, our Promoters, our Directors and one of our Group Companies. These proceedings are pending at different levels of adjudication before various courts, tribunals, authorities, enquiry officers and appellate tribunals. The brief details of such outstanding litigation are as follows.

Proceedings against our Company

Nature of cases	No. of cases outstanding	Amount involved* (in ₹ million)
Civil proceedings	5	22.44
Taxation matters	30	184.49
Labour proceedings	2	-
Other proceedings	2	-

* *To the extent ascertainable*

Proceedings against our Promoters

Ms. Sheela Gautam

Nature of cases	No. of cases outstanding	Amount involved* (in ₹ million)
Civil proceedings	1	22

* *To the extent ascertainable*

Mr. Rahul Gautam

Nature of cases	No. of cases outstanding	Amount involved* (in ₹ million)
Taxation matters	1	0.5
Civil proceedings	1	22

* *To the extent ascertainable*

Proceedings against our Directors

Tushaar Gautam

Nature of cases	No. of cases outstanding	Amount involved* (in ₹ million)
Taxation matters	1	0.5

* *To the extent ascertainable*

Namita Gautam

Nature of cases	No. of cases outstanding	Amount involved* (in ₹ million)
Other proceedings	1	-

* *To the extent ascertainable*

For proceedings involving Mr. Rahul Gautam, see *"– Litigation involving our Promoters"* on page 364.

Proceedings against our Group Companies

Rangoli Resorts Private Limited

Nature of cases	No. of cases outstanding	Amount involved* (in ₹ million)
Civil proceedings	1	-

* *To the extent ascertainable*

For further details of certain material legal proceedings against our Company, our Promoters, our Directors and Group Companies, see the section titled "*Outstanding Litigation and Material Developments*" on page 356.

We cannot assure you that these legal proceedings will be decided in favour of our Company, our Promoters, our Directors or our Group Companies, as the case may be, or that no further liability will arise out of these proceedings. Further, such legal proceedings could divert management time and attention and consume financial resources. Any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have an adverse effect on our results of operations and financial condition.

31. Any failure of our information technology systems could adversely affect our business and our operations.

We have information technology systems that support our business processes, including RFID chips introduced in our mattresses, product formulas, product development, sales, order processing, production, distribution and finance. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, break-ins and similar events. Effective response to such disruptions will require effort and diligence on the part of our employees to avoid any adverse effect to our information technology systems. For instance, any breakdown of our information technology systems in relation to RFID chips introduced in our mattresses could impair our ability to effectively track our orders and assess any underpricing of our products by our distributors and dealers. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

32. Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.

We could be held liable for accidents that occur at our manufacturing facilities or otherwise arise out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Our principal types of insurance coverage includes fires and perils insurance in respect of the buildings, plant and machinery, stocks of goods and office equipment in our manufacturing and storage facilities, and fit-outs provided by us in exclusive *Sleepwell* branded outlets, transit insurance for transport of critical raw materials and finished products and cash insurance. We also maintain employees deposit linked insurance, personal accident policies and public liability insurance policies covering personal injury and property damage to third parties. While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. For instance, in respect of losses to stocks, building, plant and machinery, office equipment and furniture and fixtures from the recent fire outbreak at our Greater Noida manufacturing facility, we have filed an insurance claim of ₹ 430.90 million, which is currently outstanding. There can be no assurances that this claim will be successful, or that we would be able to recover these losses.

In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected. For further details on insurance arrangements, see the section titled "*Our Business – Insurance*" on page 137.

33. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have in the course of our business entered into, and will continue to enter into, several transactions with our related parties. For details, see the section titled "*Related Party Transactions*" on page 185. We cannot assure you that we will receive similar terms in our related party transactions in the future. We cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. The transactions we have entered into and any further transactions with our related parties have involved or could potentially involve conflicts of interest which may be detrimental to our Company. Further, the Companies Act, 2013 has brought into effect significant changes to the Indian company law framework including specific compliance requirements such as obtaining prior approval from the audit committee, board of directors and shareholders for certain related party transactions. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on business and financial results, including because of potential conflicts of interest or otherwise.

34. In the event our contingent liabilities materialize, our financial condition may be adversely affected.

As of March 31, 2015 and March 31, 2016, our aggregate contingent liabilities amount to ₹ 1,367.84 million and ₹ 1,203.74 million, respectively. In the event that any of these contingent liabilities materialize, our results of operation and financial condition may be adversely affected.

The details of our standalone contingent liabilities as of March 31, 2015 and March 31, 2016 are as follows.

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2016
(i) Contingent liabilities (to the extent not provided for)		
Guarantees to banks and financial institutions against credit facilities extended	956.13	855.59
Guarantees given by the bankers on behalf of our Company and the Subsidiaries to third parties	8.61	7.85
Disputed liabilities not adjusted as expenses in the accounts for various years being in appeals towards:		
(a) Sales tax	63.05	52.19
(b) Entry tax	10.45	10.45
(c) Income tax	94.69	50.13
(d) Excise duty	47.65	83.97
(e) Others	-	7.50
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	187.26	136.06
Total	**1,367.84**	**1,203.74**

For further details, see the sections titled "*Financial Statements – Annexure VII - Restated Standalone Statement of Contingent Liabilities and Commitments*" and "*Financial Statements – Annexure VII - Restated Consolidated Statement of Contingent Liabilities and Commitments*" on pages 240 and 314, respectively.

In the event that any of the above contingent liabilities fructify, the same could adversely affect the financial condition of our Company.

35. We have experienced negative cash flows in relation to our investing activities and financing activities for Fiscal Years 2014, 2015 and 2016. Any negative cash flows in the future would adversely affect our results of operations and financial condition.

We had a negative cash flow from investing activities of ₹ 269.32 million, ₹ 486.29 million and ₹ 336.63 million for Fiscal Years 2014, 2015 and 2016, respectively. Further, we had a negative cash flow from financing activities of ₹ 528.62 million, ₹ 585.39 million and ₹ 425.20 million, respectively. If we experience any negative cash flows in the future, this could adversely affect our results of operations and financial condition. For further details, see the sections titled "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 187 and 331, respectively.

36. ***Our Corporate Promoter, one of our Subsidiaries and certain of our Group Companies, have incurred losses or have had negative net worth during recent Fiscal Years.***

Our Corporate Promoter, one of our Subsidiaries and certain of our Group Companies have incurred losses in the recent Fiscal Years. Provided below are details of these losses suffered in Fiscal Years 2013, 2014 and 2015.

(₹ in million)

Name of Promoter/ Subsidiary/ Group Company	Profit/ (Loss)		
	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Polyflex Marketing Private Limited (Corporate Promoter)	0.35	0.41	(0.58)
Divya Software Solutions Private Limited (Subsidiary)	(1.74)	(0.35)	(0.32)
Sleepwell Enterprises Private Limited (Group Company)	0.38	(0.39)	(0.57)
Rangoli Resorts Private Limited (Group Company)	(2.61)	(0.33)	(3.66)

Furthermore, the following entities had negative net-worth in Fiscal Years 2013, 2014 and 2015.

(₹ in million)

Name of Promoter/ Subsidiary/ Group Company	Profit/ (Loss)		
	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Divya Software Solutions Private Limited (Subsidiary)	(2.66)	(0.92)	(0.57)
Rangoli Resorts Private Limited (Group Company)	(18.61)	(15.99)	(15.67)

37. ***We have issued Equity Shares during the last one year at a price that may be below the Offer Price.***

During the last one year we have issued Equity Shares at a price that may be lower than the Offer Price as detailed in the following table.

Name of allottee	Date of issue	No. of Equity Shares allotted	Issue price per Equity Share	Reasons for allotment
Sheela Gautam and Tushaar Gautam (joint holders), Rahul Gautam, Namita Gautam, Tushaar Gautam, Polyflex Marketing Private Limited, Core Mouldings Private Limited and Rangoli Resorts Private Limited	June 7, 2016	16,260,936	-	Bonus issue of one Equity Share of ₹ 5 each for every two Equity Shares of ₹ 5 each held, pursuant to the capitalization of ₹ 81,304,680 out of free reserves.

For further details, see the section titled "*Capital Structure*" on page 76.

38. ***The Promoter Group of our Company does not include certain relatives of Mr. Rahul Gautam, one of our individual Promoters, or any entity in which they may have an interest.***

The Promoter Group of our Company does not include Mr. Ravindra Sharma ("**RS**"), brother of Ms. Namita Gautam (wife of Mr. Rahul Gautam, our Promoter), Mr. Satyendra Sharma, Mr. Jagdish Sharma (both brothers of Ms. Ravindra Sharma) and Ms. Neena Sharma (sister of Mr. Ravindra Sharma) (collectively, the "**RS Relatives**"), or any entities in which they may have an interest. While RS was an executive director on our Board from November 14, 2003 till April 30, 2014, certain disputes arose between him and our Company in 2013. Our Company issued a letter to RS terminating his employment in the Company, and subsequently, RS also resigned from the Board with effect from April 30, 2014. Thereafter, our Company and our Promoters have been disassociated with RS, and there exists no personal and professional association with them. Further, as a result of these disputes, the RS Relatives also remain estranged from our Company and our Promoters.

In light of this estrangement, RS, the RS Relatives and any entities in which they may have an interest in are not included in the Promoter Group of our Company.

39. Our individual Promoters and certain of our Directors hold Equity Shares in our Company and are therefore interested in our performance in addition to their remuneration and reimbursement of expenses.

Certain of our Directors (including our individual Promoters) are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. We cannot assure you that our Promoters will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Promoters may take or block actions with respect to our business which may conflict with the best interests of our Company or that of minority shareholders. For details on the interest of our Promoters and Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see the sections titled "*Our Management – Interest of Directors*" and "*Our Promoters and Promoter Group– Interest of Promoters*" on pages 156 and 176, respectively.

40. Our Promoters and members of our Promoter Group will continue to retain control over our Company after completion of the Offer, which will allow them to influence the outcome of matters submitted for approval of our shareholders.

Following the completion of the Offer, our Promoters and members of our Promoter Group will continue to hold approximately [●]% of our post-Offer Equity Share capital. As a result, they will have the ability to significantly influence matters requiring share-holders approval, including the ability to appoint Directors to our Board of Directors and the right to approve significant actions at Board and at shareholders' meetings, including the issue of Equity Shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements, any amendment to our MOA and AOA , and any assignment or transfer of our interest in any of our licenses. We cannot assure you that our Promoters will not have conflicts of interest with other shareholders or with our Company. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

41. We have provided a corporate guarantee in relation to a loans obtained by one of our Subsidiaries and any default by such Subsidiary may result in invocation of the parent guarantee.

We have a provided a corporate guarantee as security in relation to a loan obtained by Joyce, one of our foreign subsidiaries, from Bank of Baroda, Sydney. As on June 30, 2016, an amount of AUD 8.46 million was outstanding in respect of this facility. Any default by Joyce in meeting its obligations under this loan may result in the invocation of the corporate guarantee against us. We may accordingly be obligated to undertake the obligations of Joyce in relation to the relevant loan or financial facility. Such an event may adversely affect our financial condition and cash flows.

42. ***Public companies in India, including our Company, shall be required to prepare financial statements under Indian Accounting Standards. In addition, all income-tax assessees in India, including our Company, will be required to follow the Income Computation and Disclosure Standards.***

India has decided to adopt the "Convergence of its existing standards with IFRS" and not the "International Financial Reporting Standards" ("**IFRS**"). These "IFRS based / synchronised Accounting Standards" are referred to in India as the Indian Accounting Standards ("**Ind AS**"). The Ministry of Corporate Affairs, Government of India, has through a notification dated February 16, 2015, set out the Ind AS and the timelines for their implementation. Accordingly our Company is required to prepare their financial statements in accordance with Ind AS for periods beginning on or after April 1, 2017. Given that Ind AS is different in many respects from Indian GAAP under which our financial statements are currently prepared, our financial statements for the period commencing from April 1, 2017 may not be comparable to our historical financial statements. Further, our Restated Financial Statements have been prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with the SEBI Regulations. These statements have not been drawn up in accordance with Ind AS and they may be impacted if Ind AS were applied to them.

There can be no assurance that the adoption of Ind AS will not affect our reported results of operations or cash flows. Further, we may be required to retroactively apply Ind AS to our historical financial statements, subject to certain exemptions, which may require us to restate financial statements after March 31, 2016, once included. In addition, our management may also have to divert its time and other resources for the successful and timely implementation of Ind AS. Any failure to successfully adopt Ind AS may have an adverse effect on the trading price of our Equity Shares and/or may lead to regulatory action and other legal consequences. Moreover, our transition to Ind AS reporting may be hampered by increasing competition and increased costs for the relatively small number of Ind AS-experienced accounting personnel available as more Indian companies begin to prepare Ind AS financial statements. Any of these factors relating to the use of Ind AS may adversely affect our financial condition, results of operations and cash flows.

We have not attempted to quantify the impact of Ind AS on the financial information included in this Draft Red Herring Prospectus, nor have we provided a reconciliation of our financial statements to those under Ind AS. While we have conducted a preliminary review of the impact of Ind AS on our accounting policies, details of which are disclosed in the section titled "*Significant differences between Indian GAAP and Ind AS*" on page 327, the full impact of the adoption of Ind AS cannot be ascertained.

Further, the Ministry of Finance has issued a notification dated March 31, 2015 notifying Income Computation and Disclosure Standards ("**ICDS**"), thereby creating a new framework for the computation of taxable income. The ICDS came into force with effect from April 1, 2015 and shall apply to the assessment year 2017-18 and subsequent years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. For example, where ICDS-based calculations of taxable income differ from Indian GAAP or Ind AS-based concepts, the ICDS-based calculations will have the effect of requiring taxable income to be recognised earlier, higher overall levels of taxation to apply or both. In addition, ICDS shall be applicable for the computation of income for tax purposes but shall not be applicable for the computation of income for Minimum Alternate Tax.

The application and interpretation of the ICDS by assessing authorities may differ substantially from our interpretation, and such variations could lead to additional tax demands. It is also possible that the resultant computation of taxable income based on the ICDS and net income based on our Company's financial statements may be significantly different, and, if they differ, we may be required to recognise taxable income for tax purposes earlier and/or pay higher overall taxes, thus either negatively impacting our effective tax rates, or the amount of taxes paid out relative to the income reported by the relevant accounting standards. This may lead to tax outflows happening in accounting periods earlier relative to the period when these incomes would get reported under the relevant accounting standards.

43. Information relating to our production capacities and the historical capacity utilization of our production facilities included in this Draft Red Herring Prospectus is based on certain assumptions and has been subjected to rounding off, and future production and capacity utilization may vary.

Information relating to our production capacities and the historical capacity utilization of our production facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates of our management, including proposed operations, assumptions relating to availability and quality of raw materials, assumptions relating to operational efficiencies, as well as assumptions in relation to the average density of PU Foam blocs manufactured by us. Actual production levels and utilization rates may differ significantly from the estimated production capacities or historical estimated capacity utilization information of our facilities. Undue reliance should therefore not be placed on our production capacity or historical estimated capacity utilization information for our existing facilities included in this Draft Red Herring Prospectus. For further information, see the section titled "*Our Business*" on page 118.

44. This Draft Red Herring Prospectus contains information from an industry report which was prepared by CRISIL pursuant to an engagement with our Company.

This Draft Red Herring Prospectus includes information that is derived from the industry report dated July 8, 2016, titled "***Overview of the PU Foam and Mattress Industry in India***" ("**CRISIL Report**") prepared by CRISIL, an independent consultant, pursuant to an engagement with our Company. The CRISIL Report was prepared by CRISIL for the purpose of confirming our understanding of the home comfort products and PU Foam industry in India. Neither we, nor any of the BRLMs, nor any other person connected with the Offer has verified the information in the CRISIL Report. The CRISIL Report highlights certain industry and market data. Such data is subject to many assumptions. There are no standard data gathering methodologies in the industries in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that CRISIL's assumptions are correct or will not change and accordingly our position in the market may differ from that presented in this Draft Red Herring Prospectus. Prospective investors are advised not to unduly rely on the CRISIL Report when making their investment decisions.

45. Certain of our old corporate records required to be submitted with the Registrar of Companies in connection with the allotment of our Equity Shares are not traceable. In addition, we have incorrectly reported our authorised share capital in the annual returns filed by us for Fiscal Year 2015.

We are unable to trace certain corporate records in relation to our Company. These corporate records include prescribed forms filed with the RoC by our Company relating to certain allotments of our equity shares and board and shareholder resolutions approving increase in our authorised share capital and changes to our MoA. These documents pertain to the period commencing from our incorporation till 1996. We have also been unable to trace copies of certain transfer deeds for transfer of equity shares made by and to our Promoters. Despite having conducted an extensive search in the records of the RoC, we have not been able to retrieve the aforementioned documents, and accordingly, have relied on other documents, such as our statutory register of members, board resolutions and minutes, annual returns as well as ours and our Corporate Promoter's audited balance sheets to verify details of our equity shares allotted during this period, and details of transfers of equity shares made by and to our Promoters. Further, we incorrectly reported (in our annual returns through Form MGT-7 filed with the RoC for Fiscal Year 2015) our authorised share capital as ₹ 162,609,360 divided into 16,260,936 equity shares of ₹ 10 each (when such authorised share capital was ₹ 440,105,000 divided into 440,105,00 equity shares of ₹ 10 each), on account of an inadvertent error. We cannot assure you that the abovementioned form filings and resolutions will be available in the future or that we will be able to file a rectified form in respect of the annual returns filed by us in respect of Fiscal Year 2015, or that we will not be subject to any penalty imposed by the competent regulatory authorities in this respect.

46. The proceeds of the Offer will not be available to us.

As of the date of this Draft Red Herring Prospectus, Polyflex Marketing Private Limited holds 27.75% of the equity share capital of our Company and has obtained approval for sale of up Equity Shares aggregating to ₹ 5,100 million in the Offer for Sale pursuant to its board resolution dated May 16, 2016 and consent letter dated July 25, 2016. Given that the Offer comprises of the Offer for Sale by Polyflex, the proceeds from the Offer will be remitted to the Selling Shareholder, and our Company will not benefit from such proceeds.

47. We have availed certain unsecured borrowings which may be recalled by our lenders at any time.

We have availed certain unsecured borrowings (such as inter-corporate deposits, loans from some of our Promoters and Promoter Group, Key Managerial Personnel and unsecured working capital facilities), which may be recalled at any time, with or without the existence of an event of default. For further details, see the Notes I-3.6 and I.3.7 of our Restated Standalone Financial Statements on page 198, Notes I-3.6, I-3.7 and I.7.3 of our Restated Consolidated Financial Statements on pages 269 and 274 and the section titled "*Financial Indebtedness*" on page 354. Any such recall may adversely affect our financial condition.

EXTERNAL RISK FACTORS

48. The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.

The Offer Price of the Equity Shares will be determined by our Company in consultation with the BRLMs and in accordance with the Book Building Process and will be based on numerous factors. For further information, see the section titled *"Basis for Offer Price"* on page 98. The Offer Price may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. There can be no assurances that Bidders who are Allotted Equity Shares through the Offer will be able to resell their Equity Shares at or above the Offer Price.

49. The market price of our Equity Shares may be adversely affected by additional issues of equity or equity linked securities or by sale of a large number of our Equity Shares by our Promoters and significant shareholders and additional issues of equity may dilute your equity position.

There is a risk that we may be required to finance our growth or strengthen our balance sheet through additional equity offerings. Any future issuance of equity or equity-linked securities by us may dilute the positions of investors in our Equity Shares and could adversely affect the market price of our Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. Although our Promoters will be subject to a lock-in after the Offer, sales of a large number of our Equity Shares by our Promoters and significant shareholders after the expiry of the lock-in periods could adversely affect the market price of our Equity Shares. For further details on the lock-in of Equity Shares, see the section titled "*Capital Structure*" on page 76.

50. There is no existing market for our Equity Shares, and we do not know if one will develop. The price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Offer Price, or at all.

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Offer. The Offer Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Offer. The market price of the Equity Shares after the Offer may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions and environment towards developments relating to India and volatility in the BSE and the NSE and securities markets elsewhere in the world. Additionally, once listed, we will be subject to a daily "circuit breaker" imposed by stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

51. Any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the United States. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares.

52. Any downgrading of India's debt rating by an international rating agency could have an adverse impact on our business.

Any adverse revision to the rating of India's domestic or international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such funding is available. This could have an adverse effect on our business and future financial performance, its ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

53. Significant differences exist between Indian GAAP and other accounting principles, such as IFRS, which may be material to investors' assessments of our financial condition.

Our restated financial statements provided in this Draft Red Herring Prospectus, are prepared in accordance with Indian GAAP. US GAAP and IFRS differ in significant respects from Indian GAAP.

As a result, our financial statements and reported earnings could be different from those which would be reported under IFRS or US GAAP. Such differences may be material. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Had the financial statements and other financial information been prepared in accordance with IFRS or US GAAP, the results of operations and financial position may have been materially different. Because differences exist between Indian GAAP and IFRS or US GAAP, the financial information in respect of our Company contained in this Draft Red Herring Prospectus may not be an effective means to compare us with other companies that prepare their financial information in accordance with IFRS or US GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of this Offer and the financial information relating to our Company. Potential investors should consult their own professional advisers for an understanding of these differences between Indian GAAP and IFRS or US GAAP, and how such differences might affect the financial information contained herein.

54. Volatility in political, economic and social developments in India could adversely affect our business.

The central and state governments serve multiple roles in the Indian economy, including producers, consumers and regulators, which may have a significant influence on us. Economic liberalization policies have encouraged private investment in our industry and changes in these governmental policies could have a significant impact on the business and economic conditions in India, which in turn could adversely affect our business, future financial condition and results of operations. In addition, the leadership of India has undergone multiple changes since 1996. Any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of our Equity Shares.

55. Our business is dependent on the Indian economy.

The performance and growth of our business are necessarily dependent on economic conditions prevalent in India, which may be materially and adversely affected by center or state political instability or regional conflicts, a general rise in interest rates, inflation, and economic slowdown elsewhere in the world or otherwise.

There have been periods of slowdown in the economic growth of India. India's economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports (oil and oil products), global economic uncertainty and liquidity crisis, volatility in exchange currency rates and annual rainfall which affects agricultural production. Any continued or future slowdown in the Indian economy or a further increase in inflation could have a material adverse effect on the price of our raw materials and demand for our products and, as a result, on our business and financial results.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the U.S. and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability, including the financial crisis and fluctuations in the stock markets in China and further deterioration of credit conditions in the U.S. or European markets, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business and financial results.

56. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI or in the alternate, the pricing is in compliance with the extant provisions of the SEBI Regulations. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

57. Financial instability in Indian financial markets could adversely affect our results of operations and financial condition.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in Asian emerging market countries. Financial turmoil in global economy in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

58. Civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Indian economy.

Certain events that are beyond the control of our Company, such as violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our business, future financial performance and price of the Equity Shares. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Indian economy and consequently Company's operations might be significantly affected. India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have an adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected.

59. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key management personnel from engaging in forward dealing. We are also required to spend 2.00% of our average net profits during three immediately preceding financial years towards corporate social responsibility activities. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Company and Directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations). We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

60. Investors may be adversely affected due to retrospective tax law changes made by the GoI affecting us.

Certain recent changes to the Income Tax Act provide that income arising directly or indirectly through the sale of a capital asset of an offshore company, including shares, will be subject to tax in India, if such shares derive indirectly or directly their value substantially from assets located in India. The term "substantially" has not been defined under the Income Tax Act and therefore, the applicability and implications of these changes are largely unclear. Due to these recent changes, investors may be subject to Indian income taxes on the income arising directly or indirectly through the sale of the Equity Shares. In the past, there have been instances where changes in the Income Tax Act have been made retrospectively and to that extent, there cannot be an assurance that such retrospective changes will not happen again.

61. Companies operating in India are subject to a variety of central and state government taxes and surcharges. Any increase in tax rates could adversely affect our business and results of operations.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. We are involved in various disputes with tax authorities. For details of these disputes, see the section titled *"Outstanding Litigation and Material Developments"* on page 356.

Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For instance, the Government of India has proposed a comprehensive national goods and services tax ("**GST"**) regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. Further, the General Anti Avoidance Rules ("**GAAR**") is proposed to be effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences.

We have not determined the impact of such proposed legislations on our business. Uncertainty in the applicability, interpretation or implementation of any such amendments may impact the viability of our current business or restrict our ability to grow our business in the future.

62. Economic developments and volatility in securities markets in other countries may cause the price of our Equity Shares to decline.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Negative economic developments, such as rising fiscal or trade deficits, or a default on sovereign debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

63. You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the STT has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realised on the sale of our Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to a long-term capital gains tax in India. Further, any gain realised on the sale of our Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. For further details, see the section titled "*Statement of Tax Benefits*" on page 101.

64. Investors may not be able to enforce a judgment of a foreign court against us or our management.

The enforcement of civil liabilities by overseas investors in our Equity Shares, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be adversely affected by the fact that we are incorporated under the laws of the Republic of India and all of our executive officers and directors reside in India As a result, it may be difficult to enforce the service of process upon us and any of these persons outside of India or to enforce outside of India, judgments obtained against us and these persons in courts outside of India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code ("**Civil Code**") on a statutory basis. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be in reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Procedure Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. The suit must be brought in India within 3 years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

Further, there are considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment.

Prominent Notes

- Initial public offering of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ 5,100 million through an Offer for Sale by the Selling Shareholder, of up to [●] Equity Shares aggregating up to ₹ 5,100 million. The Offer would constitute up to [●]% of the post-Offer paid-up capital of our Company.

- As of March 31, 2016, the net worth of our Company was ₹ 3,105.34 million and ₹ 3,384.35 million, on a standalone and consolidated basis, respectively, as per our Restated Financial Statements.

- As of March 31, 2016, the net asset value per Equity Share of our Company was ₹ 63.66 and ₹ 69.38, on a standalone and consolidated basis, respectively, as per our Restated Financial Statements.

- The average cost of acquisition per Equity Share by our Promoters, calculated by taking the average of the amounts paid by our Promoters to acquire Equity Shares, is as given below:

Name of Promoter	Average cost of acquisition per Equity Share (₹)
Ms. Sheela Gautam	0.03*

Name of Promoter	Average cost of acquisition per Equity Share (₹)
Mr. Rahul Gautam	0.12*
Polyflex Marketing Private Limited	0.33**

* *Due to unavailability of certain transfer deeds for transfer of shares to and from our individual Promoters, the average cost of acquisition for our individual Promoters has been calculated without taking transfers into account. See the section titled "Risk Factors – Certain of our old corporate records required to be submitted with the Registrar of Companies in connection with the allotment of our Equity Shares are not traceable. In addition, we have incorrectly reported our authorised share capital in the annual returns filed by us for Fiscal Year 2015." on page 38."*

** *The average cost of acquisition of shares of our Corporate Promoter has been calculated by taking transfers into account. The prices for transfers made by and to our Corporate Promoter have been ascertained on the basis of audited balance sheets of our Corporate Promoter for the relevant fiscal years.*

For further details in relation to the shareholding of our Promoters, see "*Capital Structure*" on page 76.

- There are no financing arrangements pursuant to which our Promoter Group, Directors, directors of our Corporate Promoter and/ or their immediate relatives have financed the purchase of Equity Shares by any other person other than in the ordinary course of business during the six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

- The name of our Company was changed to 'Sheela Foam Limited' upon conversion of our Company into a public limited company pursuant to a special resolution of the shareholders of our Company dated April 30, 2016 and a fresh certificate of incorporation issued by the RoC on June 6, 2016.

- For details of changes in our registered office, see the section titled "*History and Certain Corporate Matters*" on page 143.

- For details of transactions entered into by our Company with our Subsidiaries and Group Companies in Fiscal Years 2015 and 2016, including nature and cumulative value of such transactions, see the section titled *"Related Party Transactions"* on page 185.

- Except as disclosed in the section titled "*Our Group Companies*" on page 180 none of our Group Companies have any business or other interests in our Company.

- Investors may contact any of the Book Running Lead Managers for any complaint pertaining to this Offer.

- All grievances in relation to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources, including the report titled "**Overview of PU Foam and Mattress Industry in India**" prepared by CRISIL ("**CRISIL Report**"). The information has not been independently verified by us, the Book Running Lead Managers, or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information. The information in this section should be read in conjunction with the sections titled "Industry Overview", "Risk Factors" and "Our Business" on page 103, 17 and 118, respectively.*

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References to the term "mattress(es)" in this section will, unless specifically indicated to the contrary, mean mattresses made of coir, foam and spring, and shall not be construed to mean and include mattresses with cotton as the principal raw material.

Overview of the Indian economy

India adopted a new base year (2011-2012) for calculating GDP in early 2015, based on which, GDP increased at a significant pace from ₹ 88 trillion in fiscal year 2012 to ₹ 113.50 trillion in fiscal year 2016 at a CAGR of 7%. Further, India's GDP is estimated to have grown by 7.6% in fiscal year 2016, well above the world average of 3.3%. In the first half of fiscal year 2016, recovery in India's economic growth was driven by manufacturing, modest recoveries in consumption, and support from government spending. GDP growth for the second quarter of fiscal 2016 (7.7% on a year-on-year basis) was marginally higher than the first quarter of fiscal 2016 (7.6% on a year-on-year basis).

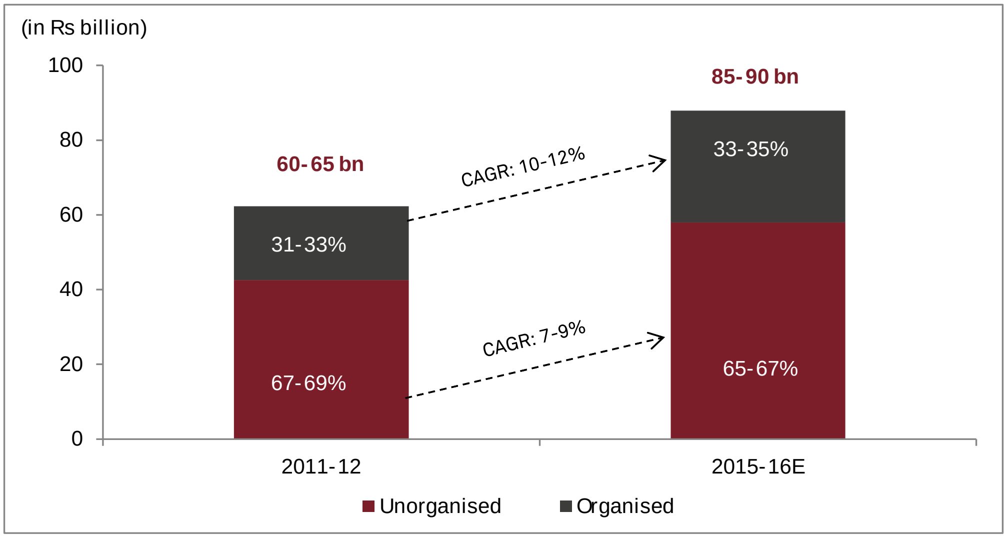
CRISIL estimates that the Indian economy will grow at 7.9% in fiscal year 2017 (assuming normal monsoons), with the agricultural sector to grow at 4% (above usual trends) and non-agricultural growth to increase by 0.4% over fiscal year 2016. The services sector is expected to grow at 9.2%, the agricultural sector by 1.1% and the industrial sector is expected to grow at 7.3% (driven primarily by manufacturing and construction) in fiscal year 2016. *(Source: CRISIL Report)*

Overview of the Indian mattress industry

The Indian mattress industry has transitioned over the last few decades from a largely unorganised one dominated by local outfits specialising in hand-made mattresses (where raw materials such as cotton, foam, coir and combinations thereof were quilted in terms of individual customer specifications) to one in which the organised market has developed significantly. The mattress industry in India comprising rubberised coir, polyurethane foam and spring mattresses is estimated at ₹ 85 – ₹ 90 billion as of fiscal year 2016. The industry has grown at a CAGR of 8-10% over the past five years, primarily on account of rising urbanisation, increase in disposable income, increase in health related issues of the Indian population and increasing awareness about sleep products. The organised market (comprising large, mid-sized and smaller branded manufacturers) is estimated to constitute around 33-35% of the total market, the rest being unorganised. *(Source: CRISIL Report)*

In the organised segment, there are around 20-25 players spread across geographies with Sleepwell (Sheela Foam Limited) and Kurlon occupying a dominant share of the industry's revenue. Based on revenues, Sleepwell (Sheela Foam Limited) is estimated to account for around 20-23% of the organised segment as of 2015-16. *(Source: CRISIL Report)*

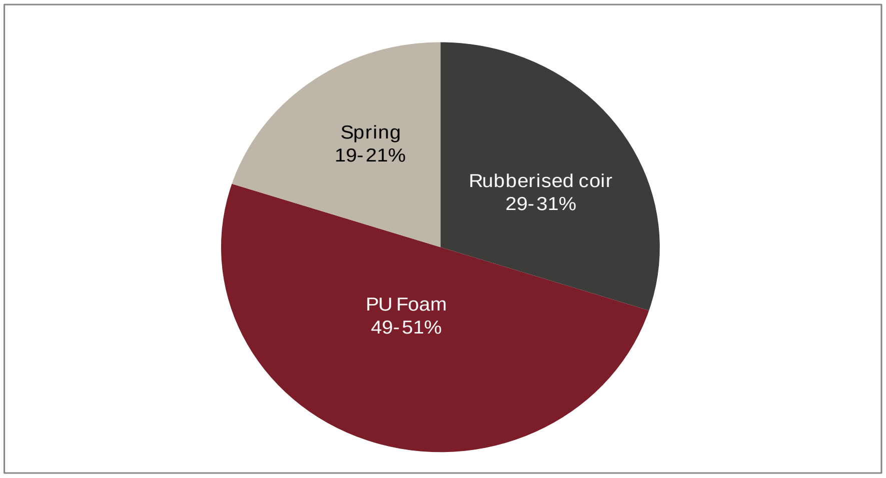
Provided below is a snapshot of the overall Indian mattress market.



E: estimated
Source: CRISIL Research

Types of mattresses

The Indian mattress industry is primarily comprised of rubberised coir, PU Foam and spring mattresses. PU Foam mattresses account for the highest (49 – 51%) of the organised Indian mattress market. Provided below is a snapshot of the break-up of the Indian mattress industry by product type.



Source: CRISIL Research

The dominant market share of PU Foam mattresses can be attributed to their inherent quality, durability and comparable pricing of PU Foam mattresses, and reduction in demand for rubberised coir mattresses in the last five to six years. While the demand for spring mattresses have increased significantly over the last few years, they are more popular in urban India, given their high pricing. (*Source: CRISIL Report*)

Market classification in terms of usage

The organised Indian mattress market caters to the residential and institutional segments.

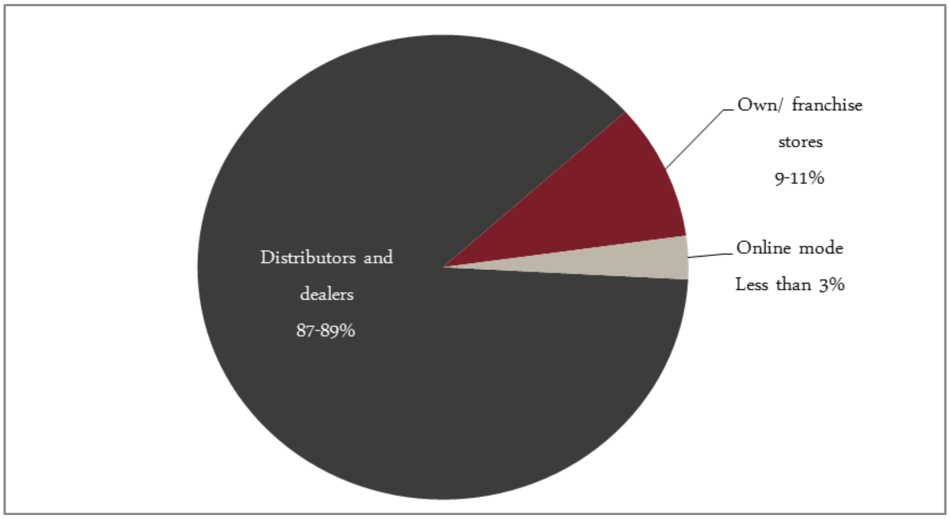
- *Residential.* The residential segments accounts for around 80 – 85% of the organised Indian mattress market as of fiscal year 2016. Given that the demand for a mattress is largely a function of price and availability, urban households account for a higher share of total mattress sales as compared with rural households on account of low penetration of mattresses in the rural India in general, and in particular, lower penetration of coir, foam or spring mattresses.

- *Institutional.* The institutional segment (comprising of hotels, hospitals and educational institutions, including hostels) accounts for around 15 – 20% of the organised Indian mattress market as of fiscal year 2016. Luxury hotel chains (international or domestic branded) typically prefer spring mattresses and internationally acclaimed brands, while budget – three star hotels prefer PU Foam mattresses. Rexine covered rubberised coir or PU Foam mattresses are preferred by hospitals.

(*Source: CRISIL Report*)

Market classification based on distribution channels

Provided below is a snapshot of the organised Indian mattress market classified on sales and delivery mechanism.

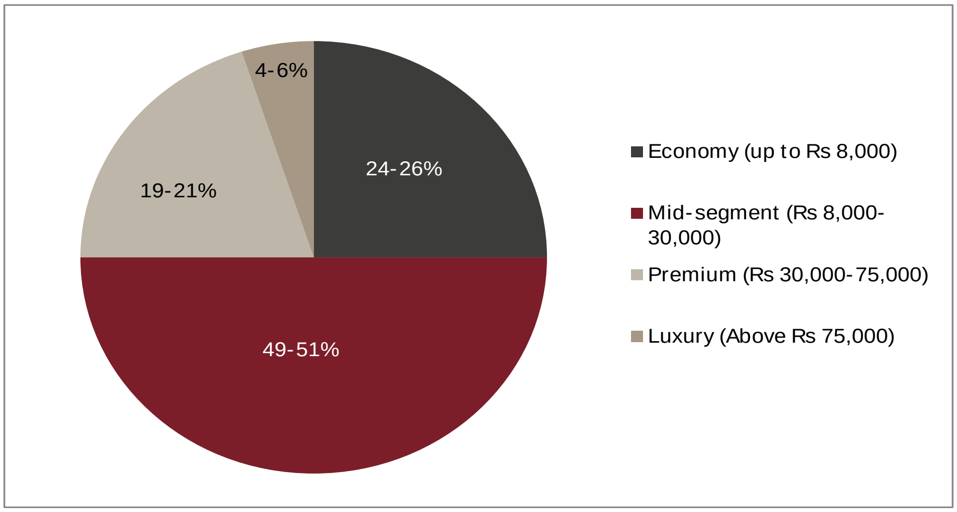


Source: CRISIL Research

Distributor/ dealer networks of organised manufacturers carry out a significant majority (around 87-89%) of sales in the organised Indian mattresses market, with direct sales from owned and franchised outlets accounting for around 9-11%, and online retail accounts for below 3% of sales as of fiscal year 2016. While there has been significant growth of online retail commerce over the last few years, the same pace has not translated in case of the mattress industry. (*Source: CRISIL Report*)

Market classification based on price segments

The organised Indian mattress market can be classified into the economy segment (priced up to ₹ 8,000), mid-segment (priced between ₹ 8,000 to ₹ 30,000), premium segment (priced between ₹ 30,000 to ₹ 75,000) and luxury (priced above ₹ 75,000) segments. Provided below is a snapshot of the organised Indian mattress market classified on the basis of product price-range.



Note: Prices above refer to the maximum retail prices of the product
Source: CRISIL Research

While economy and mid-segment mattresses currently comprise nearly 75% of mattress sales, premium and luxury mattresses have also gained market share in the last five years. (*Source: CRISIL Report*)

Market classification based on regional presence

CRISIL estimates that that region-specific revenues of mattress manufactures is largely a function of their geographic locations. Entities based out a particular region tend to report a significant amount of their sales from such region given that the bulky nature of mattresses lead to high transportation costs. The northern and southern regions of the country contribute a higher share to the industry's revenues than the eastern and western regions. Given that PU Foam mattresses have the tendency to absorb heat, and remain relatively warmer in winters, they are preferred in northern India. Further, given that coir and rubber are available in abundance in southern India, rubberised coir mattresses dominate the southern regions. However, PU Foam and spring mattresses are estimated to be growing their market share in the southern regions as well. Spring mattresses, given relatively higher pricing as compared with other mattresses, are not region-specific with respect to sales. (*Source: CRISIL Report)*

Factors affecting the growth of the Indian mattress industry

Demand drivers. The demand for mattresses too is expected to grow in line with population and increase in the demand for housing. Increased mobility of labour in search of better employment opportunities and changing social/ cultural attitudes is leading to increased nuclearisation, which is also estimated to lead to higher demand for mattresses.

Penetration drivers. Increased urbanisation, income levels, disposable incomes, product awareness and health-related issues in the Indian population is envisaged to drive penetration of mattresses in the Indian market.

- Nearly 36% of the country's population is expected to live in urban locations by 2020, which will drive the demand for housing in these areas. Further, urbanisation results both in reduction in area per household as well as the rise in number of nuclear families, leading to formation of more households. Typically, households living in urban areas have a greater propensity to use rubberised coir, PU Foam or spring mattresses as compared with rural households.

- Growth of income levels and disposable incomes is also envisaged to increase the affordability of coir, PU Foam and spring mattresses.

- the younger population has been observed to take an active role and is consciously seeking out products ensuring higher quality of sleep. Additionally, growing exposure to global trends has also resulted in increasing awareness about different types of mattresses available, and such awareness is envisaged to actively drive growth of the market.

- Increase in health problems, such as back pain, spine related problems, orthopedic ailments are also envisaged to result in increase in growth in the market.

End-user industry growth. The growth in the housing, hospitality and healthcare segments is envisaged to significantly drive growth in the mattress industry.

- *Housing.* CRISIL Research estimates that nearly 1.8 million new houses have been planned across the top 10 Indian cities, of which, approximately 1.1 million units are expected to be ready for possession by calendar year 2018. This represents a significant potential demand for the mattress industry in India.

- *Hospitality.* CRISIL Research estimates the inventory of premium hotel rooms in business destinations to significantly increase by 28% to reach 66,400 rooms in fiscal year 2020. Supply additions at leisure destinations are envisaged to increase from 14,200 rooms in fiscal year 2016 to 17,300 rooms in fiscal year 2020. Such increase in hotel inventory and general growth in the Indian hospitability sector is expected to affect mattress sales.

- *Healthcare.* India’s overall hospital bed density (bed-count per 10,000) stands at seven. Bed-density is lower for rural areas than urban areas (with a bed density of 2 as compared to 25 for urban areas). Not only does this entail a significant gap vis-à-vis the global median of 27 beds, bed density in India is lower that even some of the other developing nations like Brazil (22 beds), Malaysia (19 beds), Vietnam (20 beds) and Indonesia (9 beds). This shortfall in bed density, if rectified over the medium term by private and public hospitals, coupled with other growth drivers for the healthcare industry, represents a significant growth driver for the demand for mattresses in hospital and other healthcare facilities.

Outlook of the Indian mattress market

- *Growth in the organised mattress market*. CRISIL Research estimates organised mattress industry to drive an 8-10% growth in overall mattress industry in the next five years to reach a total market size of ₹ 130-140 billion by fiscal year 2021. The organised market, by itself, is expected to grow at a CAGR of 11-13% to reach a market size of ₹ 50-55 billion by the fiscal year 2021, while the unorganised market is expected to grow at a CAGR of 6-8% annually to reach a market size of ₹ 80-85 billion by the fiscal year 2021.

- *Market share by type.* CRISIL Research estimates that while PU Foam mattresses will maintain its share in the organised market in the next five years, the share of rubberised coir mattresses will decline from the current 29-31% to 20-22% by the fiscal year 2021, driven primarily by declining demand and popularity. The share of spring mattresses is expected to increase from the current 19-21% to around 28-30% by the fiscal year 2021.

- *Market share by segment.* The residential segment will continue to garner a dominant share of 80-85% in the organised Indian mattress market, primarily on account of population growth, nuclearisation of families and growth in the housing segment in India.

- *Rise in online retail sales.* While the distributor-dealer network is expected to retain its share of 85-87% in the organized mattress market in the medium term, online sales of mattresses is expected to pick momentum and grow at a faster rate in the next five years, taking its share to nearly 5-7%. Owned/ franchised stores are expected to retain their share of 8-10%.

- *Premium and luxury segments to grow at a faster pace.* The premium and luxury segments are expected to grow at a faster pace as compared with the economy and mid-range segments. This is expected to be particularly evident in urban markets, driven by increasing disposable income and the change in perception of a mattress being a health investment rather than in any regular commodity.

  (Source: CRISIL Report)

Key challenges in the Indian mattress market

Transportation and warehousing: Due to the inherently voluminous nature of mattresses, transportation and warehousing poses a challenge for mattress manufacturers. Transportation and warehouse costs are estimated to range around 6-10% of the mattress revenues at an industry level, which is slightly higher as compared to most other manufacturing sectors.

GST: The GST, as proposed, will subsume most indirect taxes, including excise duty and service tax at the central level and VAT and local levies at the state level. The primary benefits to companies after the implementation of GST will accrue in the form of tax savings and/or a commensurate drop in logistics costs in the following manner:

- Companies across industries who are currently paying the central sales tax of 2% will benefit from phasing out of this tax; and
- Those companies who opted to set up multiple warehouses to avoid paying the CST will see logistics costs fall by around 1-1.5% of net sales (including a significant reduction in inventory costs as well).

Non-standardisation of bed sizes: The lack of standards for bed sizes also poses challenges for this industry. Globally, mattresses are manufactured as per standard sizes. In India, where furniture is typically customized to consumer requirements, fitting a standard-size mattress on a customized bed base becomes a challenge. This has led to a trend of customization of mattresses, especially with regards to dimensions.

Overview of the Indian PU Foam industry

Flexible PU Foam

Polyurethane was initially developed in the 1930s and initially used as a replacement for rubber and as a coating to protect wood and metal. Flexible PU Foam is manufactured as flexible slabstock foam, flexible moulded foam, or integral skin foam. Flexible PU Foam produced for captive use is then sent to end-use production units such as automotive component manufacturers and furnishing (mattresses and cushions) makers.

Flexible PU Foam for industrial use is sold to their end-user industry players directly or through distributors. Flexible moulded foam is typically sold to auto component manufacturers who then pass it on to original equipment manufacturers as a part of a product (car seats) while flexible slabstock foam can be sold to furniture and mattress manufacturers and other end-user industries like garment and footwear manufacturers.

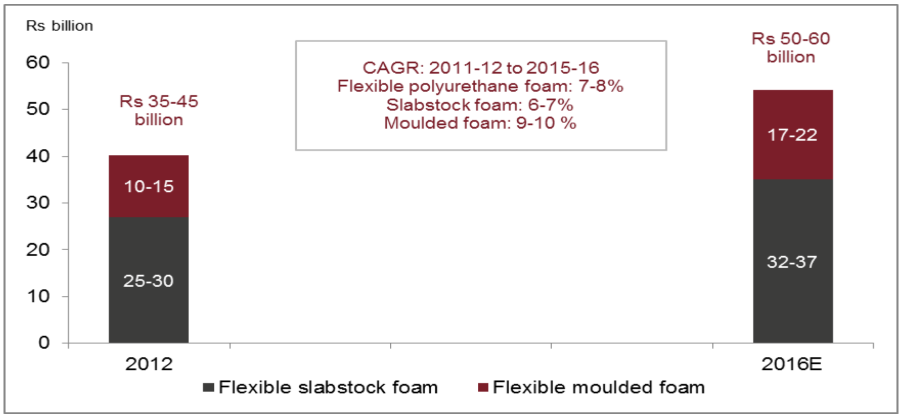
(Source: CRISIL Report)

Market size and assessment

The Indian flexible PU Foam industry is significantly unorganised, with around 70% of the market dominated by small and medium scale manufacturers in every region as of fiscal year 2016, mainly owing to transporting issues. Given that PU Foam is inherent flammable in nature, it is required to be stored in temperature controlled warehouses with appropriate fire-safety equipment. Further, PU Foam is also voluminous in nature, thereby costing around ₹ 10 to ₹ 15 per kilogram for local transport, and ₹ 35 to ₹ 45 per kilogram for distances in excess of 400 kilometres. The difficulties and costs involved in transporting flexible polyurethane foam limit the number of national-level manufacturers. Within the PU Foam industry, flexible PU Foam comprised around 63-68% of production in fiscal year 2016. (*Source: CRISIL Report*)

The overall market for flexible PU Foam is estimated to have grown at a CAGR of 7-8% from ₹ 35-45 billion in the fiscal year 2012 to ₹ 50-60 billion in fiscal year 2016. Of this, flexible slabstock PU Foam constituted around 65-70% of flexible PU Foam production in such period and moulded PU Foam constituted for the remaining 30-35%. According to CRISIL, while the market size for flexible slabstock PU Foam has grown at a CAGR of 6-7% from fiscal year 2012 to fiscal year 2016, moulded foam has grown at a CAGR of 9-10%, although at a lower base. *(Source: CRISIL Report)*

Provided below is a snap-shot of the market size and growth in the flexible PU Foam industry.



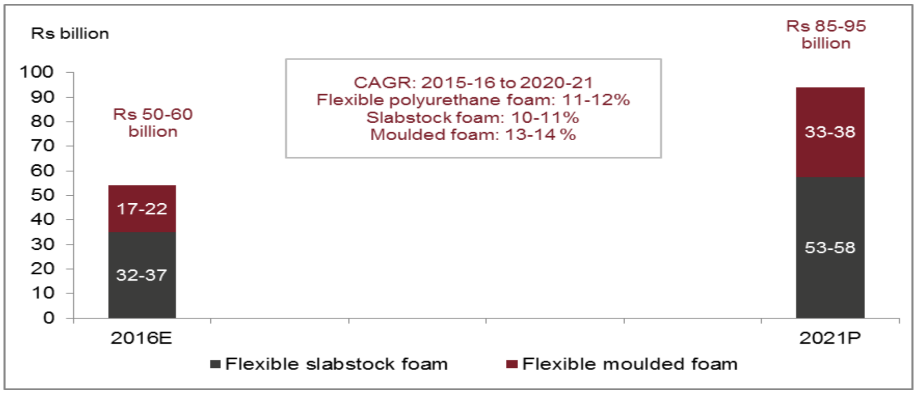
Source: CRISIL Research

Principal end-user industries for flexible PU Foam

The mattress and furnishing industries accounted for more than two thirds of the flexible slabstock PU Foam market in fiscal year 2016 and more than 45% of the entire flexible PU Foam market. Going forward, it is estimated that the improving penetration of mattresses (foam, coir and spring) will drive demand for flexible slabstock PU Foam. Moulded PU Foam is predominantly consumed by the automobile industry, commanding nearly 85% of the moulded PU Foam market, and more than 30% of the entire flexible PU Foam market. CRISIL Research believes that increasing automobile production will drive demand for moulded PU Foam.

Industry estimates and drivers

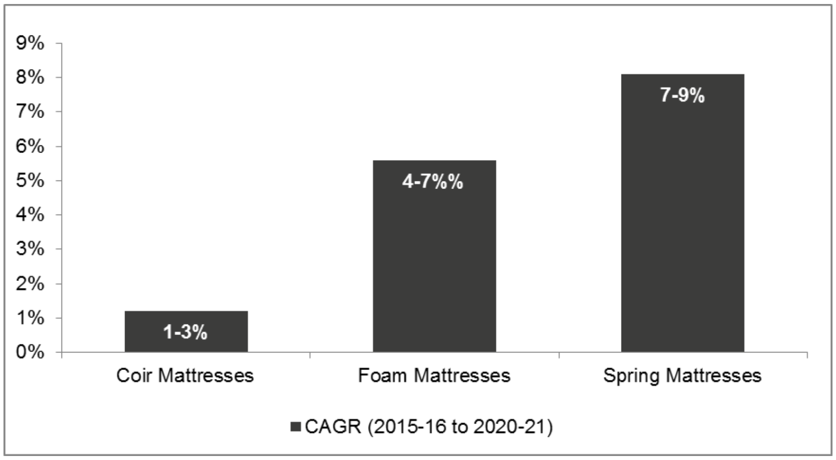
CRISIL Research estimates that the Indian flexible PU Foam market will grow at a CAGR of 11-12% between fiscal year 2016 and fiscal year 2021, primarily based on increasing demand from end-user industries. Provided below is a snapshot of the projected growth projections in the flexible PU Foam market.



Source: CRISIL Research

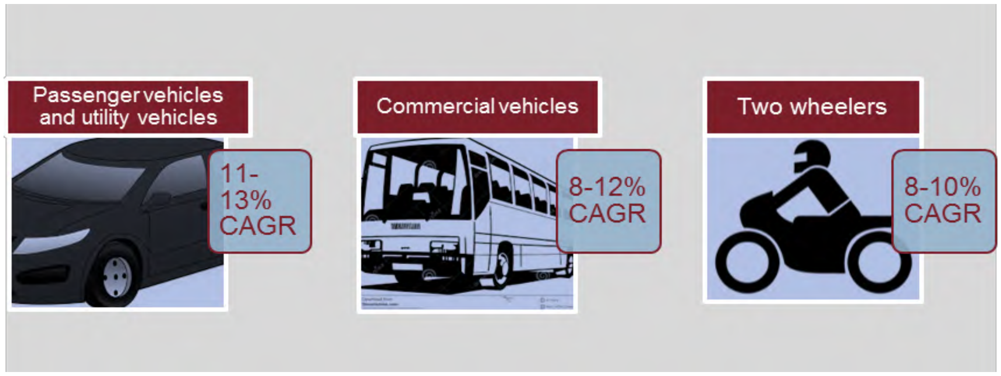
As mattress penetration increases, demand for slabstock PU Foam is expected to increase as well. CRISIL Research expects the market for slabstock polyurethane PU Foam to grow at a CAGR of 10-11% during the next five years. Additionally, CRISIL Research expects 1.1 million housing units to be set up in ten major Indian cities by the end of calendar year 2018, and the increase in the number of houses is expected to drive demand for mattresses. *(Source: CRISIL Report)*

Provided below is a snap-shot of the expected growth in the mattress market over the next five years.



Source: CRISIL Research

Further, CRISIL Research expects the demand for passenger cars, utility vehicles and two wheelers to grow at a healthy pace in next five years on account of various factors, including lower cost of ownership due to low fuel prices and lower interest rates coupled with increase in farm incomes (on the assumption of a normal monsoon). Provided below is a snapshot of the growth trends in the automotive industry sales over the next five years.



Source: CRISIL Research

Sales of commercial vehicles, including trucks and three wheelers in the next five years in India are expected to be driven by factors such as the projected improvement in industrial activity, steady agricultural output, significant focus on infrastructure project-execution along with continued capacity constraints in the railways. Sales of commercial vehicles such as buses is expected to be driven by the growing urban population, demand from schools and corporate houses, improved road infrastructure and an increase in inter-city travel. As sales and production of automobiles increase, demand for moulded PU Foam is expected to increase as well. In light of these factors, CRISIL Research expects the moulded PU Foam market to record a CAGR of 13-14% in the next five years. (*Source: CRISIL Report*)

Threat of substitute products

Certain alternatives to flexible PU Foam for their end-uses include cotton, coir, spring and natural latex (for mattresses) and polyester fibre, natural latex, feather and down, horse hair/ synthetic fibre and organic wool (for the furnishing industry). However, some of these alternative products may not match all the advantages offered by flexible PU Foam.

Replacement rates

Typically, PU Foam mattresses are replaced every 6-7 years, while PU Foam used in furniture cushioning can be replaced in 6-8 years. The density of foam and the thickness used also determine the life of the mattress or furnishing. Moulded PU Foam used in automotive seats is required to be replaced typically in case of accidents, or tears. For garments and shoes that utilise flexible PU Foam, replacements are usually driven by individual consumer preferences. (*Source: CRISIL Report*)

Emerging technologies

Memory foam mattresses are higher value products, as compared to traditional PU Foam mattresses, and have steadily begun to gain acceptance in India. Going forward, CRISIL Research expects demand for memory foam mattresses to witness significant improvement in the medium term as more people shift to the use of mattresses (coir, spring and foam mattresses) and income levels improve. Other variants of memory foam like gel-based foam and plant-based foam mattresses are yet to gain traction in India. (*Source: CRISIL Report*)

SUMMARY OF BUSINESS

The following information should be read together with the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in the sections titled "Our Business", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 118, 17, 331 and 187 of this Draft Red Herring Prospectus, respectively. In this section, unless the context requires otherwise, any reference to the terms "we", "us" and "our" refers to our Company and our Subsidiaries. Unless otherwise stated, all financial and other data regarding our Company's business and operations presented in this section is on a consolidated basis and are derived from the Restated Financial Statements.

*Certain information in this section is also derived from the report titled "**Overview of the PU Foam and Mattress Industry in India**" prepared by CRISIL, an independent consultant, pursuant to engagement with our Company ("**CRISIL Report**"). For the text of the disclaimer clause of CRISIL, see the section titled "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation" on page 13.*

OVERVIEW

We are a leading manufacturer of mattresses in India marketed under our flagship brand "*Sleepwell*". In addition, we manufacture other foam-based home comfort products targeted primarily at Indian retail consumers, as well as technical grades of polyurethane foam ("**PU Foam**") for end use in a wide range of industries. As part of our international footprint, we manufacture PU Foam in Australia through our wholly owned subsidiary, Joyce Foam Pty Ltd. According to CRISIL, based on revenues, *Sleepwell* branded mattresses constituted a share of around 20-23% of the organised Indian mattress market as of 2015-2016. Furthermore, we are among the leading manufacturers of flexible PU Foam in India (*Source: CRISIL Report*).

As part of our home comfort range, we offer a product portfolio that appeals to consumers of widely differing attributes and preferences. Our home comfort line comprises of products such as mattresses, furniture-cushioning, pillows, cushions, sofa-cum-beds as well as PU foam cores utilised for manufacturing finished home comfort products. Our mattress line, offered under our *Sleepwell* range, encompasses pure foam mattresses as well as hybrids of spring and coir with foam that are capable of bespoke customisation as per the requirements of consumers. Our furniture-cushioning line, offered under *Sleepwell* and *Feather Foam* brands, comprises PU Foam that constitutes upholstery material of varying densities to ensure greater comfort and durability. Our home comfort portfolio also includes pillows, bolsters and cushions that are intended to provide varying physiological and comfort solutions, sofa-cum-beds and comfort accessories like bed sheets, baby care sheets and mattress protectors. In Fiscal Years 2015 and 2016, our net revenues from the sale of home comfort products aggregated to ₹ 9,160.05 million and ₹ 10,164.96 million, constituting 64.61% and 65.58%, respectively, of our total audited consolidated operating revenues for such periods.

Under our technical grade foam range, we manufacture and supply PU Foam grades to a diverse range of industries, including automotive foam used to manufacture auto parts; reticulated foams utilised in filtration systems; ultra-violet stable foams used for the manufacture of garments, shoes and innerwear; and technical foams that are used in industrial sound absorption systems. Apart from technical foam, through our Australian business, we manufacture PU Foam that is supplied to manufacturers of comfort products and home furniture and industrial PU Foams supplied to manufacturers of auto components, sound absorption systems, medical equipment and food packaging material. In Fiscal Years 2015 and 2016, our net revenues from the sale of technical foam manufactured in India and PU Foams manufactured in Australia aggregated to ₹ 5,016.62 million and ₹ 5,334.93 million, constituting 35.39% and 34.42%, respectively, of our total audited consolidated operating revenues for such periods.

We were incorporated in 1971, and over the last two decades, have developed *Sleepwell* as an overarching brand associated with comprehensive and quality home-comfort solutions. We believe that the recall of our brand has been established by an extensive suite of products that range from baseline bedding and furniture cushioning material to ergonomically tailored offerings, an emphasis on quality control and focused brand building. In respect of our technical foam manufacture business, we believe that "*Sheela Foam*" is a recognised name associated with diverse and sophisticated grades of technical foam.

We commenced manufacture of PU Foam in 1972, and currently own and operate 11 manufacturing facilities in India. All of our facilities are utilized for manufacturing home comfort products, while five of these facilities also manufacture PU Foam. Three of our facilities located in Greater Noida, Talwada and Hyderabad are ISO:9001 certified. We consistently endeavour to adopt sophisticated technology at our facilities, and currently utilise top-of-the-line Hennecke foaming machines in most of our foam manufacture units. Our installed capacity for foam production in India is currently at 123,000 TPA. In addition to our domestic facilities, Joyce operates five manufacturing facilities in Australia that exclusively manufacture PU Foam primarily through variable pressure foaming technology and has a total installed production capacity of 10,500 TPA in Fiscal Year 2016.

We have developed a pan-India distribution network that consists of over 100 exclusive distributors, over 2,000 exclusive retail dealers and over 2,500 multi-brand outlets, as on March 31, 2016. Our home comfort products are sold to retail end-consumers through exclusive distributors, who resell our products at pre-determined margins to retail dealers who either operate exclusive *Sleepwell* brand outlets on a franchisee basis, or sell our products at multi-brand outlets. Exclusive *Sleepwell* branded outlets comprise retail stores and outlets categorised in accordance with their size. As at March 31, 2016, exclusive *Sleepwell* outlets comprised 218 *Sleepwell Worlds*, which average around 1,000 sq. feet per location, 402 *Sleepwell Galleries*, which average around 600 sq. feet per location and 819 *Sleepwell Shoppes* which average around 200 sq. feet per location. Our home-comfort products are also sold by 838 exclusive dealers who operate smaller format *Sleepwell* outlets, and over 2,500 multi-branded outlets. Additionally, we sell technical foams in India directly to manufacturers in the industries that our foam lines cater to and export technical foams to countries in the Middle East, South Asia and Europe and in Australia, the United States, Brazil and Argentina.

Our Company is led by Ms. Sheela Gautam and Mr. Rahul Gautam who have been instrumental in the growth of our business from a small foam producing unit to the position of a leading manufacturer of mattresses and technical PU Foam in India. We believe that our market position has been achieved by adherence to the vision of our Promoters and senior management team and their experience of over four decades in the home comfort and PU Foam industry. Mr. Rahul Gautam, our Promoter and Managing Director, is currently Chairman Emeritus of the Indian Polyurethane Association. We have, over the years, received numerous awards and accolades for our quality business practices, including the CNBC-NASSCOM IT User Award 2008 for 'Best IT adoption in manufacturing – SME Sector', the EDGE award usage of IT for maximising business impact in 2010, 2012 and 2014 and the Dataquest Business Technology Award 2015 for excellence in implementation and use of technology for business benefits in 2015.

From Fiscal Year 2014 to Fiscal Year 2016, as per our Restated Consolidated Financial Statements, (i) our total revenue grew from ₹ 12,716.53 million to ₹ 15,668.03 million, representing a CAGR of 11.00%; (ii) our EBITDA grew from ₹ 852.97 million to ₹ 1,929.59 million, representing a CAGR of 50.40%; (iii) our profit after tax grew from ₹ 278.40 million to ₹ 1,047.86 million, representing a CAGR of 93.90%; and (iv) our consolidated Return On Equity grew from 15.21% to 35.92%.

COMPETITIVE STRENGTHS

Our principal competitive strengths are:

- Well recognised and established brand built over consistent quality and innovation.
- Extensive and well developed pan-India sales and distribution network.
- Quality manufacturing capabilities and technological innovation.
- Integrated operations and economies of scale.
- Well qualified and professional management.

OUR STRATEGIES

The primary elements of our growth strategies are set forth below:

- Continue to develop our brand.
- Continue to focus on development of personalised products.
- Expand our product portfolio to cater to consumer preferences.
- Expand our distribution network and export sales.
- Adoption of advanced production technology.
- Expand our distributed manufacturing initiative.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Statements as of and for the years ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016. These financial statements have been prepared in accordance with Indian GAAP, applicable provisions of the Companies Act, 1956, Companies Act, 2013 and restated in accordance with the SEBI Regulations, and are presented in the section titled "*Financial Statements*" on page 187.

The consolidated summary financial information presented below should be read in conjunction with our Restated Financial Statements, the notes thereto and the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 331.

Restated Standalone Summary statement of Assets and Liabilities

(Rs. in Million)

	Particulars	**As at March 31**				
		2016	**2015**	**2014**	**2013**	**2012**
	Equity and Liabilities					
(1)	**Shareholder's funds**					
	(a) Share Capital	162.61	162.61	162.61	162.61	165.29
	(b) Reserves and surplus	2942.73	2040.53	1696.13	1446.07	1181.86
		3105.34	**2203.14**	**1858.74**	**1608.68**	**1347.15**
(2)	**Non-current liabilities**					
	(a) Long-term borrowings	39.02	175.84	386.17	616.20	760.32
	(b) Deferred tax liabilities (Net)	57.17	47.49	56.90	64.78	38.35
	(c) Other Long term liabilities	342.13	274.84	217.85	174.11	113.70
	(d) Long-term provisions	97.05	76.98	71.11	53.73	35.08
		535.37	**575.15**	**732.03**	**908.82**	**947.45**
(3)	**Current liabilities**					
	(a) Shot-term borrowings	408.38	350.41	344.52	534.36	610.92
	(b) Trade payables	896.30	935.59	708.76	562.20	547.85
	(c) Other current liabilities	1305.62	1254.55	1020.94	625.59	365.22
	(d) Short-term provisions	209.07	77.87	41.03	36.06	25.33
		2819.37	**2618.42**	**2115.25**	**1758.22**	**1549.32**
	Total	**6460.08**	**5396.71**	**4706.02**	**4275.72**	**3843.92**
	Assets					
(4)	**Non-current assets**					
	Fixed assets					
	(a) Tangible assets	2008.33	1903.53	1646.55	1705.80	1190.84
	(b) Capital work-in-progress	22.08	81.50	167.79	14.57	410.49
		2030.41	1985.03	1814.34	1720.37	1601.33
	(c) Non-current investments	525.62	298.84	230.74	307.08	315.91
	(d) Long-term loans and advances	133.14	102.22	64.76	66.61	44.22
	(e) Other non-current assets	0.15	0.43	4.28	5.63	3.18
		2689.32	**2386.52**	**2114.12**	**2099.69**	**1964.64**
(5)	**Current assets**					
	(a) Inventories	735.33	911.73	862.09	853.42	577.90
	(b) Trade receivables	749.65	782.43	807.68	758.78	815.94
	(c) Cash and bank balances	2054.75	1082.65	696.05	292.69	149.56
	(d) Short-term loans and advances	162.19	175.20	179.88	223.31	273.95
	(e) Other current assets	68.84	58.18	46.20	47.83	61.93
		3770.76	**3010.19**	**2591.90**	**2176.03**	**1879.28**
	Total	**6460.08**	**5396.71**	**4706.02**	**4275.72**	**3843.92**

Restated Standalone Summary statement of Profit and Loss

(Rs. in Million)

	Particulars	**For the years ended March 31**				
		2016	**2015**	**2014**	**2013**	**2012**
A	**Income**					
	Revenue from operations	14112.46	12715.14	11278.92	10008.58	8167.76
	Less: Excise duty	1461.98	1356.42	1253.49	1154.69	772.32
		12650.48	11358.72	10025.43	8853.89	7395.44
	Other income	212.23	142.64	80.76	124.02	57.45
	Total Revenue	**12862.71**	**11501.36**	**10106.19**	**8977.91**	**7452.89**
B	**Expenditure**					
	Cost of materials consumed	6793.10	7291.92	6474.02	5862.92	5021.72
	Purchase of stock-in-trade	143.17	116.39	94.59	67.99	94.22
	Other manufacturing expenses	639.74	532.22	368.29	275.74	236.57
	Changes in inventories of finished goods, stock-in-process and stock-in-trade	87.44	(1.62)	(27.24)	(108.01)	(85.55)
	Employee benefits expenses	807.15	678.00	604.30	442.59	310.66
	Finance costs	67.68	104.71	118.19	150.45	162.56
	Depreciation & amortization expenses	227.76	215.06	202.20	193.02	141.17
	Other expenses	2772.94	2108.61	1955.38	1760.52	1451.42
	Total	**11538.96**	**11045.29**	**9789.74**	**8645.22**	**7332.77**
C	**Restated profit before tax (A - B)**	**1323.75**	**456.08**	**316.45**	**332.69**	**120.13**
D	**Tax expense**					
	Current tax	411.88	121.09	74.28	63.04	9.25
	Deferred tax	9.67	(9.41)	(7.88)	29.32	29.68
E	**Restated Profit after tax, before extraordinary item (C-D)**	**902.20**	**344.40**	**250.05**	**240.33**	**81.20**
F	Loss of Subsidiary on amalgamation	-	-	-	-	**0.08**
G	**Restated Net Profit for the years carried to Reserve & Surplus (E - F)**	**902.20**	**344.40**	**250.05**	**240.33**	**81.12**

Restated Standalone Summary statement of Cash Flows

(Rs. in Million)

Particulars	**For the years ended March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before tax as per Restated Statement of Profit and Loss	1323.75	456.08	316.45	332.69	120.13
Adjustments for :					
Depreciation and amortization expense	227.76	215.06	202.20	193.02	141.17
(Profit) / Loss on sale of investment	(3.96)	--	76.35	--	--
Finance costs	67.68	104.71	118.19	150.45	162.56
Provision for doubtful debts and advances	--	0.32	0.22	0.30	0.50
Provision for warranty claim and sales return	28.00	6.00	5.00	8.00	2.00
Bad Debts / Advances/balances written off	--	--	--	--	2.22
Unrealised foreign exchange loss/(gain) (net)	(7.03)	2.96	(1.16)	(9.81)	(2.92)
Liabilities/provisions no longer required written back	-	-	-	-	(0.66)
Interest income	(101.32)	(66.30)	(38.39)	(22.86)	(15.87)
Amalgamation expenses written off	--	--	--	--	0.40
Assets written off (net)	3.83	1.39	3.18	0.30	--
(Profit)/Loss on sale of fixed assets (net)	(14.08)	8.42	2.45	(14.03)	1.50
Subtotal of Adjustments	**200.88**	**272.56**	**368.04**	**305.37**	**290.90**
Operating profit before working capital changes	**1524.63**	**728.64**	**684.49**	**638.06**	**411.03**
Changes in working capital:					
Inventories	176.40	(49.64)	(8.69)	(275.50)	(151.17)
Trade and other receivables	36.53	(10.32)	(20.70)	114.31	76.92
Trade payable and other liabilities and provisions	277.09	515.86	608.23	349.97	101.58
Cash Generated from Working Capital Changes	**490.02**	**455.90**	**578.84**	**188.78**	**27.33**
Cash Generated from operations	**2014.65**	**1184.54**	**1263.33**	**826.84**	**438.36**
Income Tax Paid	(308.75)	(81.92)	(57.06)	(63.14)	(103.55)
Net cash generated from operating activities-A	**1705.90**	**1102.62**	**1206.27**	**763.71**	**334.81**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets including capital work in progress	(300.48)	(433.79)	(303.94)	(250.91)	(651.45)
Sale of fixed assets	37.60	38.27	2.13	21.79	11.47
(Purchase) / Sale of Investments (net)	(222.82)	(68.10)	--	8.83	548.61
Interest income	76.31	58.38	38.99	22.62	15.56
Net Cash outflow from Investing Activities-B	**(409.39)**	**(405.24)**	**(262.82)**	**(197.67)**	**(75.81)**
C. CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds/(Repayments) of Secured long term borrowings	(309.53)	(183.43)	(174.47)	(127.61)	246.17
Proceeds/(Repayments) of Unsecured long term borrowings	(1.87)	(26.92)	(55.56)	(16.51)	35.53
Proceeds/(Repayments) of Secured short term borrowings	59.54	5.75	(180.04)	(81.11)	58.85
Proceeds/(Repayments) of Unsecured short term borrowings	(1.57)	0.15	(9.80)	4.55	7.07
Adjustment on amalgamation of Subsidiaries	--	--	--	(55.30)	(555.78)
Finance costs	(70.98)	(106.33)	(120.22)	(146.93)	(148.86)
Net Cash outflow from Financing Activities-C	**(324.41)**	**(310.77)**	**(540.09)**	**(422.91)**	**(357.02)**
Net increase in cash and bank balances (A+B+C)	**972.10**	**386.60**	**403.36**	**143.13**	**(98.03)**

Particulars	For the years ended March 31				
	2016	**2015**	**2014**	**2013**	**2012**
Cash and bank balances (Opening Balance)	**1082.65**	**696.05**	**292.69**	**149.56**	**247.59**
Cash and bank balances (Closing Balance)	**2054.75**	**1082.65**	**696.05**	**292.69**	**149.56**
Note to Cash flow statement :					
1. Cash and bank balances consists of cash and cash equivalents and cash and bank balances as under :					
i) Cash and cash equivalents					
-Balance with Banks	254.23	82.35	232.07	225.03	139.30
-Cash on Hand	7.06	7.19	7.24	5.72	4.47
-Deposit with original maturity less than 3 months	230.00	910.00	100.00	--	--
ii) Other bank balances					
-Deposits with banks held as margin money	43.96	51.04	5.04	3.14	2.39
-Deposits with HSBC bank as Lien	--	28.00	--	57.02	--
-Deposits with original maturity of more 3 months but less than 12 months	1469.50	--	350.00	--	--
-Deposits with original maturity of more than 12 months	50.00	4.07	1.70	1.78	3.40
	2054.75	**1082.65**	**696.05**	**292.69**	**149.56**

Restated Consolidated Summary statement of Assets and Liabilities

(Rs. in Million)

	Particulars	As at March 31				
		2016	**2015**	**2014**	**2013**	**2012**
	Equity and Liabilities					
(1)	**Shareholder's funds**					
	(a) Share Capital	162.61	162.61	162.61	162.61	161.97
	(b) Reserves and surplus	3,221.74	2,287.78	1,803.04	1,532.58	1,215.56
		3,384.35	**2,450.39**	**1,965.65**	**1,695.19**	**1,377.53**
	Minority Interest	--	--	--	--	12.80
(2)	**Non-current liabilities**					
	(a) Long-term borrowings	346.28	726.44	866.32	1,122.36	1,235.33
	(b) Deferred tax liabilities/(assets) (Net)	19.42	23.86	6.14	(3.68)	(24.34)
	(c) Other Long term liabilities	342.13	274.88	217.86	174.11	113.74
	(d) Long-term provisions	106.41	102.24	97.59	80.78	73.79
		814.24	**1,127.42**	**1,187.91**	**1,373.57**	**1,398.52**
(3)	**Current liabilities**					
	(a) Shot-term borrowings	788.27	538.74	828.83	943.81	1,206.64
	(b) Trade payables	1,126.21	1,139.62	988.51	810.15	802.23
	(c) Other current liabilities	1,463.50	1,394.04	1,190.12	752.68	523.50
	(d) Short-term provisions	306.49	144.73	90.84	89.01	80.01
		3,684.47	**3,217.13**	**3,098.30**	**2,595.65**	**2,612.38**
	Total	**7,883.06**	**6,794.94**	**6,251.86**	**5,664.41**	**5,401.23**
	Assets					
(4)	**Non-current assets**					
	Fixed assets					
	(a) Tangible assets	2,807.23	2,790.73	2,518.93	2,672.72	2,278.62
	(b) Goodwill	71.06	71.92	3.38	3.44	3.23
	(c) Capital work-in-progress	97.00	83.26	167.80	14.57	410.48
		2,975.28	**2,945.91**	**2,690.11**	**2,690.73**	**2,692.33**
	(d) Non-current investments	100.04	0.04	0.04	76.39	54.24
	(e) Long-term loans and advances	145.86	113.66	73.86	72.18	69.57
	(f) Other non-current assets	14.54	9.32	4.28	5.62	3.57
		3,235.72	**3,068.93**	**2,768.29**	**2,844.92**	**2,819.71**
(5)	**Current assets**					
	(a) Inventories	1,046.13	1,181.59	1,241.24	1,161.93	917.36
	(b) Trade receivables	1,170.69	1,144.99	1,200.83	1,044.43	1,153.55
	(c) Cash and bank balances	2,171.60	1,169.84	768.43	322.10	205.86
	(d) Short-term loans and advances	190.05	171.20	213.30	227.35	233.16
	(e) Other current assets	68.87	58.39	59.77	63.68	71.59
		4,647.34	**3,726.01**	**3,483.57**	**2,819.49**	**2,581.52**
	Total	**7,883.06**	**6,794.94**	**6,251.86**	**5,664.41**	**5,401.23**

Restated Consolidated Summary statement of Profit and Loss

(Rs. in Million)

	Particulars	**For the years ended March 31**				
		2016	**2015**	**2014**	**2013**	**2012**
A	**Income**					
	Revenue from operations	16,961.87	15,533.10	13,964.43	12,644.84	11,282.55
	Less: Excise duty	1,461.97	1,356.42	1,253.49	1,154.69	833.57
		15,499.90	14,176.68	12,710.94	11,490.15	10,448.98
	Other income	168.13	105.75	5.59	124.39	59.09
	Total Revenue	**15,668.03**	**14,282.43**	**12,716.53**	**11,614.54**	**10,508.07**
B	**Expenses**					
	Cost of materials consumed	8,088.75	8,550.08	7,693.17	6,962.32	6,555.34
	Purchase of stock-in-trade	143.17	116.39	94.59	67.99	66.47
	Other manufacturing expenses	742.10	630.30	473.96	384.91	356.34
	Changes in inventories of finished goods, stock-in-process and stock-in-trade	43.82	44.72	(35.00)	(92.63)	(136.34)
	Employee benefits expenses	1,394.09	1,284.91	1,193.81	1,031.59	925.46
	Finance costs	116.69	161.93	191.60	231.20	242.65
	Depreciation & amortization expenses	292.68	279.54	300.00	314.48	252.02
	Other expenses	3,326.51	2,639.44	2,443.03	2,318.39	2,126.16
	Total	**14,147.81**	**13,707.31**	**12,355.16**	**11,218.25**	**10,388.11**
C	**Restated profit before tax (A - B)**	**1,520.22**	**575.12**	**361.37**	**396.29**	**119.96**
D	**Tax expense**					
	Current tax	474.91	136.45	74.34	63.04	10.41
	Deferred tax	(2.55)	11.94	8.63	24.75	31.35
E	**Restated Profit after tax, before extraordinary item (C - D)**	**1,047.86**	**426.73**	**278.40**	**308.50**	**78.20**
F	Loss of Subsidiary on amalgamation	-	-	-	-	**0.09**
G	**Restated Profit for the year before adjusting Minority Interest (E - F)**	**1,047.86**	**426.73**	**278.40**	**308.50**	**78.11**
H	Share of Profit transferred to Minority Interest	-	-	-	-	**0.74**
I	**Restated Net Profit for the years (G - H)**	**1,047.86**	**426.73**	**278.40**	**308.50**	**77.37**

Restated Consolidated Summary statement of Cash Flows

(Rs. in Million)

Particulars	For the years ended March 31				
	2016	**2015**	**2014**	**2013**	**2012**
A. Cash flows from operating activities					
Net Profit before tax as per Restated Statement of Profit and Loss Adjustments for:	**1,520.22**	**575.12**	**361.37**	**396.29**	**119.96**
Depreciation and amortisation expense	292.68	279.54	300.00	314.48	252.02
Loss/(Profit) on sale of investment	(3.96)	-	76.35	-	-
Finance costs	116.69	161.93	191.60	231.20	242.65
Provision for doubtful debts and advances	4.95	2.68	0.52	0.30	0.50
Provision for warranty claim and sales return	28.00	6.00	5.00	8.00	2.00
Advances/balances written off	-	-	-	-	2.22
Liabilities/provisions no longer required written back	-	-	-	-	(0.95)
Preliminary Expenses written off	-	-	-	-	0.02
Amalgamation Expenses written off	-	-	-	0.93	1.44
Unrealised foreign exchange loss/(gain) (net)	(7.03)	2.96	(1.16)	(9.81)	(2.92)
Interest income	(96.97)	(66.04)	(39.43)	(24.17)	(12.52)
Assets written off (net)	3.83	1.39	3.18	0.30	-
Loss/(Profit) on sale of fixed assets (net)	(13.95)	7.66	2.84	(12.94)	(0.29)
	324.24	**396.12**	**538.90**	**508.29**	**484.17**
	1,844.46	**971.24**	**900.27**	**904.58**	**604.13**
Operating profit before working capital changes Adjustment for working capital changes:					
Inventories	135.44	59.68	(79.32)	(244.57)	(342.41)
Trade and other receivables	(65.61)	56.76	(134.94)	126.96	7.21
Trade payable and other liabilities and provisions	321.81	409.32	554.54	246.23	532.81
	391.64	**525.76**	**340.28**	**128.62**	**197.61**
	2,236.10	**1,497.00**	**1,240.55**	**1,033.20**	**801.74**
Cash Generated from Working Capital Changes Cash generated from operations					
Income Tax paid	(362.58)	(81.92)	(57.06)	(63.14)	(103.55)
Translation gain/(loss)	(109.93)	58.01	60.78	2.46	(100.28)
	(472.51)	**(23.91)**	**3.72**	**(60.68)**	**(203.83)**
Net Cash from Operating Activities –A	**1,763.59**	**1,473.09**	**1,244.27**	**972.52**	**597.91**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets including capital work in progress	(373.80)	(583.41)	(307.66)	(322.07)	(643.28)
(Purchase) / Sale of Investments (net)	(96.00)	-	-	(22.15)	580.95
Sale of fixed assets	61.23	39.01	2.24	21.79	11.47
Interest income	71.94	58.11	36.10	24.25	12.52
Net Cash from Investing Activities-B	**(336.63)**	**(486.29)**	**(269.32)**	**(298.18)**	**(38.34)**
C. CASH FLOW FROM FINANCING ACTIVITIES					
Proceed / (Repayment) of Secured long term borrowings	(552.88)	(64.52)	(139.72)	(50.02)	101.95
Proceeds/ (Repayment) of Unsecured long term borrowings	(1.86)	(67.24)	(11.60)	(24.25)	104.41
Proceeds / (Repayment) from Secured short term borrowings	262.06	(224.99)	(151.44)	(207.24)	144.24
Proceeds/(Repayments) of Unsecured short term borrowings	(12.53)	(65.10)	36.48	(55.60)	(202.81)
Adjustment in Share Capital due to Consolidation	-	-	-	0.63	-
Adjustments on amalgamation of Subsidiaries	-	-	(68.73)	6.06	(555.78)
Finance costs	(119.99)	(163.54)	(193.61)	(227.68)	(228.94)
Net Cash from Financing Activities-C	**(425.20)**	**(585.39)**	**(528.62)**	**(558.10)**	**(636.93)**

Particulars	For the years ended March 31				
	2016	**2015**	**2014**	**2013**	**2012**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**1,001.76**	**401.41**	**446.33**	**116.24**	**(77.36)**
Cash and bank balances (Opening Balance)	**1,169.84**	**768.43**	**322.10**	**205.86**	**283.22**
Cash and bank balances (Closing Balance)	**2,171.60**	**1,169.84**	**768.43**	**322.10**	**205.86**

Observations made by our Auditors

Our Auditors have made the following observations in terms of the Companies (Audit Report Order) 2003 (applicable for fiscal years 2012, 2013 and 2014), the Companies (Audit Report Order) 2015 (applicable for fiscal year 2015) and the Companies (Audit Report Order) 2016 (applicable for fiscal year 2016).

Fiscal Year	Observation	Corrective steps taken by our Company
Fiscal years 2012, 2013, 2014, 2015 and 2016	"*According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities though there has been a delay in few cases.*"	These delays were occasioned by factors beyond our Company's control. Further, our Company has paid all such statutory dues with delayed interest.
Fiscal years 2012, 2013, 2014, 2015 and 2016	Certain amounts are outstanding for deposit in respect of Central Excise, Central Sales Tax, Sales Tax and Income Tax. For details of these amounts, Note 15(a)(ii) of the section titled "*Financial Information – Annexure VI : Notes to the Restated Standalone Financial Statements for the years ended March 31, 2016, 2015, 2014, 2013 and 2012*" on page 230.	Our Company is contesting these demands, and our management believes that these demands are not sustainable on the appellate level. Accordingly, these dues have been reflected as contingent liabilities of our Company for the relevant financial years.
Fiscal year 2014	The Company during the year engaged a firm of chartered accountants for internal audit, wherein the scope of work as laid down has been covered by them, *which needs to be further enlarged and strengthened*.	Our Company increased the scope of work of our internal auditors with effect from April 1, 2014, subsequent to which, a similar observation has not been issued by our Statutory Auditors for our financial statements for subsequent fiscal years.
Fiscal years 2012 and 2013	The Company has set up its in-house internal audit system. In our opinion and according to the information and explanation given to us, *the internal audit system needs to be further strengthened to be commensurate with the size and nature of the Company's business.*	

THE OFFER

The following table summarizes the Offer details:

Offer[1]	**Up to [●] Equity Shares aggregating up to ₹ 5,100 million**
Comprising of the Offer for Sale by the Selling Shareholder[2]	
The Offer consists of:	
A. QIB Portion[3]	Not more than [●] Equity Shares
Of which:	
Anchor Investor Portion*	Up to [●] Equity Shares
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
Of which:	
Mutual Fund Portion	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B. Non-Institutional Portion[3]	Not less than [●] Equity Shares
C. Retail Portion[3]	Not less than [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer, as on the date of this Draft Red Herring Prospectus	48,782,808 Equity Shares
Equity Shares outstanding after the Offer	48,782,808 Equity Shares
Use of Net Proceeds of this Offer	As the Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer. For further details, see the section titled "*Objects of the Offer*" on page 96.

* *Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For further details, see the section titled "Offer Procedure" on page 395.*

(1) The Offer has been authorized by a resolution of our Board dated May 6, 2016 and by a special resolution of our shareholders at the AGM held on May 31, 2016.

(2) Polyflex Marketing Private Limited confirms that it has consented to participate in the Offer for Sale by offering up to [●] Equity Shares aggregating up to ₹ 5,100 million by its board resolution dated May 16, 2016 and consent letter dated July 25, 2016.

Polyflex Marketing Private Limited confirms that the Offered Shares have been held by it for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus, in accordance with Regulation 26(6) of the SEBI Regulations and, to the extent that such Equity Shares have resulted from a bonus issue, the bonus issue has been on Equity Shares held for a period of at least one year prior to the filing of the Draft Red Herring Prospectus and issued by capitalizing of free reserves of our Company and accordingly, are eligible for being offered for sale in the Offer.

(3) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. The Offer is being made in terms of Rule 19(2)(b)(ii) of the SCRR read with Regulation 41 of the SEBI Regulations, wherein a minimum Offer size of at least such percentage of Equity Shares equivalent to a value of ₹ 4,000 million (calculated at the Offer Price) will be offered to the public.

Note: Retail Individual Bidders bidding at the Cut-Off Price have to ensure payment at the Cap Price at the time of making a Bid. Retail Individual Bidders must ensure that the Bid Amount does not exceed ₹ 200,000, and must mention the Bid Amount while filling the "SCSB/ Payment Details" block in the ASBA Form. For details of the offer procedure, including grounds for rejection of bids, see the section titled "*Offer Procedure*" on page 395. For further details of the terms of the Offer, see the section titled "*Terms of the Offer*" on page 387.

GENERAL INFORMATION

Our Company was incorporated as 'Sheela Foam Private Limited', a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana ("**RoC**") on June 18, 1971 at Delhi. The word 'private' in the name of our Company was deleted with effect from July 1, 1989 pursuant to Section 43A (1A) of the Companies Act, 1956 and was reinserted with effect from November 30, 1990 by virtue of Section 43A (4) of the Companies Act, 1956. Subsequently, the name of our Company was changed to 'Sheela Foam Limited' upon conversion of our Company into a public limited company pursuant to a special resolution of the shareholders of our Company dated April 30, 2016 and a fresh certificate of incorporation was issued by the RoC on June 6, 2016.

Registration Number: 005679

Corporate Identity Number: U74899DL1971PLC005679

Registered Office
Sheela Foam Limited
C-55, Preet Vihar
New Delhi 110 092
India
Telephone: +91 11 2202 6875
Facsimile: +91 11 2202 6876
Website: www.sheelafoam.com

For details of change in the registered office of our Company, see the section titled "*History and Certain Corporate Matters – Changes in the Registered Office*" on page 143.

Corporate Office
37/2, Site-IV, Sahibabad Industrial Area
Ghaziabad 201 010
Uttar Pradesh, India
Telephone: +91 120 4162 200
Facsimile: +91 120 4162 282

Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, NCT of Delhi and Haryana, located at the following address:

Registrar of Companies, NCT of Delhi and Haryana
4th Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019, India
Telephone: +91 11 2623 5707
Facsimile: +91 11 2623 5702

Board of Directors

The following table sets out the details regarding our Board as on the date of filing of this Draft Red Herring Prospectus:

Name	Designation	DIN	Address
Mr. Rahul Gautam	Managing Director	00192999	D-2, Diwanshree Apartment, 30, Firoze Shah Road, New Delhi - 110001
Ms. Namita Gautam	Whole-time Director	00190463	E-3, Asola, Near Shani Dham, Fatehpur Beri, Delhi – 110 074

Name	Designation	DIN	Address
Mr. Rakesh Chahar	Whole-time Director	00180587	C-648, First Floor, New Friends Colony, New Delhi - 110025
Mr. Tushaar Gautam	Whole-time Director	01646487	603, Asha Deep building, 9, Haily Road, New Delhi -110001
Mr. Ravindra Dhariwal	Independent Director (Additional)*	00003922	Aashray Farm, Opp. N.V. Farm, Sub P.O. SP School, Bhatti Mines, Asola Village, New Delhi - 110 030
Mr. Vijay Kumar Chopra	Independent Director (Additional)*	02103940	4 - A, 4th Floor, Harmony Tower, Dr. E Moses Road, Worli, Mumbai – 400018
Mr. Som Mittal	Independent Director (Additional)*	00074842	D-330, Sector 47, Noida - 201 303
Mr. Anil Tandon	Independent Director (Additional)*	00089404	H. No. 9/407, Heritage City, M.G. Road, Gurgaon – 122001

* *The appointment and term of the independent Directors is subject to confirmation by our shareholders in the next general meeting of our Company.*

For brief profiles and further details of our Directors, see the section titled "*Our Management*" on page 156.

Chief Financial Officer

Mr. Dhruv Chandra Mathur is the Chief Financial Officer of our Company. His contact details are as follows:

Mr. Dhruv Chandra Mathur
37/2, Site-IV, Sahibabad Industrial Area,
Ghaziabad 201 010
Uttar Pradesh, India
Telephone: +91 120 4162 200
Facsimile: +91 120 4162 282
E-mail: dhruvmathur@sheelafoam.com

Company Secretary and Compliance Officer

Mr. Md. Iquebal Ahmad is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Mr. Md. Iquebal Ahmad
37/2, Site-IV, Sahibabad Industrial Area,
Ghaziabad 201 010
Uttar Pradesh, India
Telephone: +91 120 4162 200
Facsimile: +91 120 4162 282
E-mail: iquebal.ahmad@sheelafoam.com

Investors can contact the Company Secretary and Compliance Officer, the BRLMs or Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc.

For all Offer related queries and for redressal of complaints, investors may also write to the Book Running Lead Managers.

Selling Shareholder

The Selling Shareholder in the Offer is Polyflex Marketing Private Limited. For further details of the Selling Shareholder, see the sections titled *"Capital Structure"*, *"History and Certain Corporate Matters"*, *"Our Management"* and *"Our Promoters and Promoter Group"* on pages 76, 143, 156 and 175, respectively.

Book Running Lead Managers

Edelweiss Financial Services Limited
14th Floor, Edelweiss House
Off C.S.T. Road, Kalina
Mumbai 400 098, Maharashtra, India
Telephone: +91 22 4009 4400
Facsimile: +91 22 4086 3610
E-mail: sfl.ipo@edelweissfin.com
Investor Grievance E-mail:
customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Siddharth Shah / Vivek Kumar
SEBI Registration No.: INM0000010650

ICICI Securities Limited
ICICI Centre
H.T. Parekh Marg, Churchgate
Mumbai 400 020, Maharashtra, India
Telephone: +91 22 2288 2460
Facsimile: +91 22 2282 6580
E-mail: sfl.ipo@icicisecurities.com
Investor Grievance E-mail:
customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Rupesh Khant/ Ujjaval Kumar
SEBI Registration No.: INM000011179

Statement of inter-se allocation of responsibilities among the Book Running Lead Managers

The following table sets forth the inter-se allocation of responsibilities for various activities among the BRLMs for the Offer:

Sr. No.	Activity	Responsibility	Coordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, and positioning strategy	Edelweiss, I-Sec	Edelweiss
2.	Pre-Offer due diligence of our Company including its operations/management/business plans/legal etc., Drafting and design of DRHP, RHP and Prospectus. Ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalisation of RHP, Prospectus and RoC filing	Edelweiss, I-Sec	Edelweiss
3.	Drafting and approval of all statutory advertisements	Edelweiss, I-Sec	Edelweiss
4.	Drafting and approval of all publicity material other than statutory advertisements, including corporate advertising, brochures, etc.	Edelweiss, I-Sec	I-Sec
5.	Appointment of Registrar to the Offer, Printers, Banker(s) to the Offer, Advertising agency (including coordinating all agreements to be entered with such parties)	Edelweiss, I-Sec	I-Sec
6.	Preparation of road show presentation and FAQs for the road show team	Edelweiss, I-Sec	Edelweiss
7.	International institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy • Finalizing the list and division of international investors for one-to-one meetings • Finalizing international road show and investor meeting schedules	Edelweiss, I-Sec	Edelweiss
8.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • Finalizing the list and division of domestic investors for one-to-one meetings • Finalizing domestic road show and investor meeting schedules	Edelweiss, I-Sec	I-Sec
9.	Conduct non-institutional marketing of the Offer	Edelweiss, I-Sec	Edelweiss
10	Conduct retail marketing of the Offer, which will cover, *inter-alia*: • Finalising media, marketing, public relations strategy and publicity budget • Finalising collection centres	Edelweiss, I-Sec	I-Sec

Sr. No.	Activity	Responsibility	Coordinator
	• Finalising centres for holding conferences for brokers etc. • Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material		
11	Coordination with Stock Exchanges for book building software, bidding terminals and mock trading	Edelweiss, I-Sec	I-Sec
12	Coordination with Stock Exchanges for deposit of 1% security deposit	Edelweiss, I-Sec	Edelweiss
13	Managing the book and finalization of pricing in consultation with the Company	Edelweiss, I-Sec	Edelweiss
14	Post-Bidding activities – managing Anchor book related activities and submission of letters to regulators post completion of Anchor issue, management of escrow accounts, coordinating underwriting, coordination of non-institutional allocation, announcement of allocation and dispatch of refunds to Bidders, etc, payment of the applicable STT, coordination with SEBI and Stock Exchanges for refund of 1% security deposit and media compliance report	Edelweiss, I-Sec	I-Sec

Syndicate Members

[●]

Legal Counsel to the Company as to Indian Law

Luthra & Luthra Law Offices
1st and 9th Floors, Ashoka Estate
24, Barakhamba Road
New Delhi 110 001, India
Telephone: +91 11 4121 5100
Facsimile: +91 11 2372 3909

Indian Legal Counsel to the Underwriters

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841, Senapati Bapat Marg
Mumbai 400 013
Telephone: +91 22 6636 5000
Facsimile: +91 22 6636 5050

Registrar to the Offer

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg
Bhandup (West)
Mumbai 400 078
Maharashtra, India
Telephone: +91 22 6171 5400
Facsimile: +91 22 2596 0329
Email: sfl.ipo@linkintime.co.in
Investor Grievance E-mail: sfl.ipo @linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan

SEBI Registration No.: INR000004058
CIN: U67190MH1999PTC118368

Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non receipt of letters of Allotment, non credit of Allotted Equity Shares in the respective beneficiary account, non receipt of refund orders and non receipt of funds by electronic mode.

All grievances, other than of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder.

Further, the investor shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as name of the sole or first Bidder, Anchor Investor Application Form number, Bidder DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLM where the Anchor Investor Application Form was submitted by the Anchor Investor.

Banker to the Offer/ Escrow Collection Bank/ Refund Bank

[●]

Designated Intermediaries

Self Certified Syndicate Banks

The list of SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or such other websites as updated from time to time. For details of the Designated SCSB Branches which shall collect ASBA Forms from the ASBA Bidders and Designated Intermediaries, please refer to the above-mentioned link.

Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stock broker network of the Stock Exchanges, *i.e.* through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 and http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time. In relation to ASBA Bids submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the ASBA Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Statutory Auditors to our Company

M/s S.P. Chopra & Co., Chartered Accountants
31-F, Connaught Place
Delhi 110 001, India
Telephone: + 91 11 2331 3495
Facsimile: +91 11 2371 3516
E-mail: spc1949@spchopra.in
ICAI Firm Registration Number: 000346N
Peer Review Number: 007599

Bankers to our Company

Yes Bank Limited
D-12, First Floor
South Extension, Part – 2
New Delhi 110 049, India
Telephone: + 91 98995 33388
Facsimile: +91 11 2625 4000
E-mail: mohit.gupta2@yesbank.in
Website: www.yesbank.in
Contact Person: Mr. Mohit Gupta

Grading of the Offer

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Monitoring Agency

The Offer being an offer for sale, our Company will not receive any proceeds from the Offer and accordingly, is not required to appoint a monitoring agency.

Expert

Except as stated below, our Company has not obtained any expert opinions:

M/s S.P. Chopra & Co., Chartered Accountants, our Auditors, have consented to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of their reports on the Restated Financial Statements, each dated June 7, 2016 and the report on the statement of tax benefits dated July 20, 2016 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

Appraising Entity

As the Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer and accordingly, we are not required to appoint an appraising entity.

Credit Rating

As this is an offer of Equity Shares, credit rating is not required.

Trustees

As this is an offer of Equity Shares, the appointment of trustees is not required.

Book Building Process

"Book building" refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum Bid lot will be decided by our Company in consultation with the BRLMs, and advertised in [●] edition of [●] and [●] edition of [●], being an English and a Hindi national daily newspaper, each with wide circulation, respectively, at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their website. The Offer Price shall be determined by our Company in consultation with the BRLMs, after the Bid/Offer Closing Date. The principal parties involved in the Book Building Process are:

(1) our Company;
(2) the Selling Shareholder;
(3) the BRLMs;
(4) the Syndicate Members;
(5) the Registrar to the Offer;
(6) the Escrow Collection Banks;
(7) the SCSBs;
(8) the CDPs;
(9) the RTAs; and
(10) the Registered Brokers.

The Offer is being made in terms of Rule 19(2)(b)(ii) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 41 of the SEBI Regulations, wherein a minimum Offer size of at least such percentage of Equity Shares equivalent to a value of ₹ 4,000 million (calculated at the Offer Price) will be offered to the public. This Offer is being made through the Book Building Process, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs. Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis in accordance with the SEBI Regulations, out of which at least one-third will be available for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. For further details, see the section titled "*Offer Procedure*" on page 395.

Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received from them at or above the Offer Price such that, subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

All Bidders, other than Anchor Investors, shall participate in the Offer mandatorily through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI Regulations, QIBs Bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bid(s) (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Further, allocation to QIBs in the Net QIB Portion will be on a proportionate basis. Allocation to Anchor Investors will be on a discretionary basis. For further details, see the sections titled "*Offer Structure*" and "*Offer Procedure*" on pages 391 and 395 respectively.

Our Company will comply with the SEBI Regulations and any other directions issued by SEBI in relation to this Offer. The Selling Shareholder has specifically confirmed that it will comply with the SEBI Regulations and any other ancillary directions issued by SEBI, as applicable to the Selling Shareholder, in relation to the Offered Shares. In this regard, our Company and the Selling Shareholder have appointed the BRLMs to manage this Offer and procure Bids for this Offer.

The Book Building Process is subject to change. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Investors should note the Offer is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is filed with the RoC.

Steps to be taken by the Bidders for Bidding:

- Check eligibility for making a Bid. For further details, see section titled "*Offer Procedure*" on page 395.

- Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

- Ensure that the Bid cum Application Form is duly completed as per the instructions given in this Draft Red Herring Prospectus, the Red Herring Prospectus and in the respective form;

- Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the State of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, are exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/ bilateral institutions, which are exempted from specifying, may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see section titled "Offer Procedure" on page 395).The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims;

- Ensure the correctness of your PAN, DP ID and Client ID and beneficiary account number given in the Bid cum Application Form. Based on these parameters, the Registrar to the Offer will obtain details of the

Bidders from the Depositories including the Bidder's name, bank account number etc., and the Stock Exchanges will validate the electronic Bid details with the Depositories records for PAN, DP ID and Client ID;

- Ensure correctness of your demographic details such as the address, the bank account details for printing on refund orders and occupation given in the Bid cum Application Form, with the details recorded with your Depository Participant;

- Bids by ASBA Bidders will have to be submitted to the Designated Intermediaries in physical form. It may also be submitted in electronic form to the Designated Branches of the SCSBs only. ASBA Bidders should ensure that the ASBA Accounts have adequate credit balance at the time of submission of the ASBA Forms to the Designated Intermediaries to ensure that the ASBA Form submitted by the ASBA Bidders is not rejected.

- Bids by all Bidders (except Anchor Investors) shall be submitted only through the ASBA process.

For further details, see the section titled "*Offer Procedure*" on page 395.

Illustration of Book Building Process and the Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Offer, and does not illustrate bidding by Anchor Investors)

Bidders can Bid at any price within the Price Band. For instance, assuming a price band of ₹ 20 to ₹ 24 per share, an offer size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bid/offer period. The illustrative book as shown below indicates the demand for the shares of the issuer company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to offer the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. Further, in the above example, the issuer will finalise the offer price at or below such cut-off, i.e., at or below ₹ 22. All bids at or above the offer price and cut-off price are valid bids and are considered for allocation in the respective categories.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to filing of the Prospectus with the RoC, our Company and the Selling Shareholder intend to enter into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, each of the Book Running Lead Managers shall be severally responsible for bringing in the amount devolved in the event the respective Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the SEBI Regulations. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)

Details of the Underwriters	**Indicative Number of Equity Shares to be Underwritten**	**Amount Underwritten (₹ million)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

The above-mentioned amount is indicative and will be finalised after determination of the Offer Price and finalization of the Basis of Allotment and subject to the provisions of Regulation 13(2) of the SEBI Regulations.

In the opinion of our Board (based on representations given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned underwriters are registered with SEBI under Section 12(1) of the SEBI Act or are registered as brokers with the Stock Exchanges. The Board of Directors / IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments set forth in the table above. Notwithstanding the above table, each of the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement.

In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Red Herring Prospectus, is set forth below:

(In ₹, except share data)

		Aggregate nominal value	Aggregate value at Offer Price
A)	**AUTHORISED SHARE CAPITAL**		
	88,021,000 Equity Shares	440,105,000	-
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	48,782,808 Equity Shares	243,914,040	-
C)	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Offer for Sale of up to [●] Equity Shares by Polyflex Marketing Private Limited[(a)]	[●]	[●]
	The Offer consists of:		
	QIB Portion of [●] Equity Shares	[●]	[●]
	Of which:		
	Anchor Investor Portion of up to [●] Equity Shares	[●]	[●]
	Net QIB Portion (assuming Anchor Investor Portion is fully subscribed) of up to [●] Equity Shares	[●]	[●]
	Of which:		
	Mutual Fund Portion of [●] Equity Shares	[●]	[●]
	Balance for all QIBs including Mutual Funds of [●] Equity Shares	[●]	[●]
	Non-Institutional Portion of not less than [●] Equity Shares	[●]	[●]
	Retail Portion of not less than [●] Equity Shares	[●]	[●]
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	48,782,808 Equity Shares	243,914,040	[●]
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		*Nil*
	After the Offer		*Nil*

[(a)] The Selling Shareholder confirms that it has consented to participate in the Offer for Sale by offering up to [●] Equity Shares aggregating up to ₹ 5,100 million by its board resolution dated May 16, 2016 and consent letter dated July 25, 2016.

The Selling Shareholder also confirms that the Equity Shares being offered in the Offer for Sale, as stated above, have been held by the Selling Shareholder for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus in accordance with Regulation 26(6) of the SEBI Regulations and, to the extent that such Equity Shares have resulted from a bonus issue, the bonus issue has been on Equity Shares held for a period of at least one year prior to the filing of the Draft Red Herring Prospectus and issued by capitalizing the free reserves of our Company and accordingly, are eligible for being offered for sale in the Offer.

Changes in our Authorised Share Capital

1. The initial authorised share capital of our Company of ₹ 2,000,000 divided into 15,000 equity shares of ₹ 100 each and 5000 preference shares of ₹ 100 each was increased to ₹ 10,000,000, divided into 95,000 equity shares of ₹ 100 each and 5,000 preference shares of ₹ 100 each pursuant to a resolution of our shareholders dated February 28, 1994.

2. The authorised share capital of our Company was increased to ₹ 30,000,000, divided into 295,000 equity shares of ₹ 100 each and 5,000 preference shares of ₹ 100 each pursuant to a resolution of our shareholders dated March 25, 1997.

3. Pursuant to a resolution of our shareholders dated February 24, 2004, (i) 295,000 equity shares of ₹ 100 each were sub-divided into 2,950,000 equity shares of ₹ 10 each, and (ii) the preference share capital of our Company was reclassified from 5,000 preference shares of ₹ 100 each to 50,000 equity shares of ₹ 10 each and the resultant authorized capital increased to ₹ 300,000,000, divided into 30,000,000 equity shares of ₹ 10 each.

4. Pursuant to a scheme of amalgamation sanctioned by the Delhi High Court on October 18, 2011 by virtue of which Serta India Private Limited was amalgamated with our Company, the authorised share capital of our Company was increased to ₹ 305,000,000, divided into 30,500,000 equity shares of ₹ 10 each. For details of this scheme, see the section titled "*History and Certain Corporate Matters – Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets*" on page 149.

5. Pursuant to a scheme of amalgamation sanctioned by the Delhi High Court on March 15, 2013 by virtue of which SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited, Kanpav Overseas Private Limited and Auora Foams Private Limited were amalgamated with our Company, the authorised share capital of our Company was increased to ₹ 440,105,000, divided into 44,010,500 equity shares of ₹ 10 each. For details of this scheme, see the section titled "*History and Certain Corporate Matters – Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets*" on page 149.

6. Pursuant to a resolution of our shareholders dated May 31, 2016, equity shares of ₹ 10 each were sub-divided into Equity Shares of ₹ 5 each, our resultant authorised share capital being ₹ 440,105,000 divided into 88,021,000 Equity Shares of ₹ 5 each.

Notes to Capital Structure

1. **Share Capital History**

(a) History of equity share capital of our Company

The following table sets forth the history of the equity share capital of our Company:

Date of allotment*	Number of equity shares	Face value (₹)	Issue price (₹)	Nature of consideration (Cash / Other than cash / Bonus)	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
June 18, 1971	2	100	100	Cash	Subscription to the MoA(1)	2	200
November 14, 1971	3,002	100	100 $	Cash$	Further issue # (2)	3,004	300,400
February 1, 1974	956	100	100 $	Cash$	Further issue # (3)	3,960	396,000
September 19, 1985	5,040	100	100 $$	- #	Further issue # (4)	9,000	900,000
July 1, 1992	6,000	100	100 $$$	- #	Further issue # (5)	15,000	1,500,000
March 23, 1994	15,000	100	-	Bonus	Bonus issue in the ratio of 1:1(6)	30,000	3,000,000
March 25, 1996	30,000	100	-	Bonus	Bonus issue in the ratio 1:1 (7)	60,000	6,000,000
March 25, 1997	140,000	100	100	Cash	Preferential allotment (8)	200,000	20,000,000
Pursuant to a resolution of our shareholders dated February 24, 2004, each equity share of our Company of face value ₹ 100 was split into 10 equity shares of our Company of face value of ₹ 10 each, and accordingly, 200,000 equity shares of our Company of ₹ 100 each were split into 2,000,000 equity shares of our Company of ₹ 10 each.							
March 22, 2004	22,000,000	10	-	Bonus	Bonus issue in the	24,000,000	240,000,000

Date of allotment[*]	Number of equity shares	Face value (₹)	Issue price (₹)	Nature of consideration (Cash / Other than cash / Bonus)	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
					ratio 11:1 [(9)]		
March 30, 2006	95,200	10	300	Cash	Preferential allotment [(10)]	24,095,200	240,952,000
November 30, 2011	(7,567,960)	10	-	-	Cancellation pursuant to amalgamation of Serta India Private Limited with our Company [(11)]	16,527,240	165,272,400
March 22, 2012	2,100	10	-	Other than cash	Allotment pursuant to amalgamation of Serta India Private Limited with our Company [(12)]	16,529,340	165,293,400
April 1, 2013	(331,700)	10	-	-	Cancellation pursuant to amalgamation of SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited, Kanpav Overseas Private Limited and Auora Foams Private Limited with our Company [(13)]	16,197,640	161,976,400
August 19, 2013	63,296	10	-	Other than cash	Allotment pursuant to amalgamation of SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited, Kanpav Overseas Private Limited and Auora Foams Private Limited with our Company [(14)]	16,260,936	162,609,360
Equity shares issued in the last two years							
Pursuant to a resolution of our shareholders dated May 31, 2016, each equity share of our Company of face value ₹ 10 was split into two Equity Shares of our Company of face value of ₹ 5 each, and accordingly, 16,260,936 equity shares of our Company of ₹ 10 each were split into 32,521,872 Equity Shares of our Company of ₹ 5 each.							
June 7, 2016	16,260,936	5	-	Bonus	Bonus issue in the ratio 1:2[(15)]	48,782,808	243,914,040

[*] *The equity shares were fully paid-up on the date of their allotment.*

[$] *The issue prices and nature of consideration for these allotments have been ascertained from the annual returns filed by our Company in respect of the fiscal year ended March 31, 1979.*

$$ *The issue price for this allotment has been ascertained from the audited balance sheet of our Company for the fiscal year ended September 30, 1985.*

$$$ *The issue price for this allotment has been ascertained from the audited balance sheet of our Company for the fiscal year ended March 31, 1993.*

We have been unable to trace filings with the RoC and corporate resolutions for these issuances and consequently, are unable to ascertain the nature of consideration (for allotments on September 19, 1985 and July 1, 1992) and the nature of allotment (for allotments on November 14, 1971, February 1, 1974, September 19, 1985 and July 1, 1992). Further, the names of allottees for these issuances have been determined on the basis of the register of members maintained by our Company. See the section titled "Risk Factors – Certain of our old corporate records required to be submitted with the Registrar of Companies in connection with the allotment of our Equity Shares are not traceable. In addition, we have incorrectly reported our authorised share capital in the annual returns filed by us for Fiscal Year 2015" on page 38.

(1) *Initial subscription to the MoA by Sheela Gautam (1 equity share of ₹100) and Rahul Gautam (1 equity share of ₹100).*

(2) *Sheela Gautam was allotted 930 equity shares of ₹100 each, Rahul Gautam was allotted 130 equity shares of ₹100 each, Mohan Lal Gautam was allotted 20 equity shares of ₹100 each, P.L. Goyal was allotted 2 equity shares of ₹100 each, B.L. Goyal (HUF) was allotted 222 equity shares of ₹100 each, K.K. Gautam was allotted 400 equity shares of ₹100 each, Vinod Goyal was allotted 598 equity shares of ₹100 each and U.C. Aggarwal was allotted 700 equity shares of ₹100 each.*

(3) *Sheela Gautam was allotted 160 equity shares of ₹100 each, K.K. Gautam was allotted 408 equity shares of ₹100 each, Vinod Goyal was allotted 118 equity shares of ₹100 each, Gautam Roswill was allotted 20 equity shares of ₹100 each and Dropadi Gautam was allotted 250 equity shares of ₹100 each.*

(4) *Sheela Gautam was allotted 1,680 equity shares of ₹100 each, Rahul Gautam was allotted 840 equity shares of ₹100 each, Namita Gautam was allotted 501 equity shares of ₹100 each, Tushaar Gautam was allotted 339 equity shares of ₹100 each, Praduman Patel was allotted 311 equity shares of ₹100 each, Kartik Patel was allotted 412 equity shares of ₹100 each, Himanshu Patel was allotted 420 equity shares of ₹100 each and Urmila Patel was allotted 537 equity shares of ₹100 each.*

(5) *Sheela Gautam was allotted 2,000 equity shares of ₹100 each, Rahul Gautam was allotted 1,127 equity shares of ₹100 each, Namita Gautam was allotted 647 equity shares of ₹100 each, Tushaar Gautam was allotted 226 equity shares of ₹100 each, Praduman Patel was allotted 652 equity shares of ₹100 each, Kartik Patel was allotted 487 equity shares of ₹100 each, Himanshu Patel was allotted 500 equity shares of ₹100 each and Urmila Patel was allotted 361 equity shares of ₹100 each.*

(6) *Bonus issue of one equity share of ₹100 each for every one equity share of ₹100 each held, pursuant to the capitalization of ₹1,500,000 out of general reserves. The list of allottees is as follows:*

S. No.	Name of shareholder	Number of equity shares (of ₹ 100 each)
1	Sheela Gautam	5,000
2	Rahul Gautam	2,817
3	Namita Gautam	1,617
4	Tushaar Gautam	566
5	Praduman Patel	1,630
6	Kartik Patel	1,218
7	Himanshu Patel	1,250
8	Urmila Patel	899
9	Versha H. Patel	1
10	Menakshi Patel	1
11	Renu Patel	1

(7) *Bonus issue of one equity share of ₹100 each for every one equity share of ₹100 each held, pursuant to the capitalization of ₹3,000,000 out of general reserves. The list of allottees is as follows:*

S. No.	Name of shareholder	Number of equity shares (of ₹ 100 each)
1	Sheela Gautam	10,000
2	Rahul Gautam	5,634
3	Namita Gautam	3,234
4	Tushaar Gautam	1,132
5	Praduman Patel	3,260
6	Renu Patel	2
7	Kartik Patel	2,436
8	Himanshu Patel	2,500
9	Urmila Devi C. Patel	1,798
10	Versha H. Patel	2
11	Meenakshi Patel	2

(8) *Feather Foam Enterprises Private Limited was allotted 140,000 equity shares of ₹100 each.*

(9) *Bonus issue of 11 equity shares of ₹ 10 each for every one equity share of ₹ 10 each held, pursuant to the capitalization of ₹ 220,000,000 out of general reserves. The list of allottees is as follows:*

S. No.	Name of shareholder	Number of equity shares (of ₹ 10 each)
1	Sheela Gautam	5,366,130
2	Rahul Gautam	3,018,730
3	Namita Gautam	1,735,470
4	Tushaar Gautam	607,420
5	Praduman Patel	1,749,330
6	Kartik Patel	1,307,240
7	Himanshu Patel	1,341,560
8	Urmila Patel	964,700
9	Promila Duggal	110
10	Rajeshwari Ramanathan	220
11	Anil Tandon	110
12	Siya Ram Sharma	220
13	K.K. Gautam	220
14	Sunita Sharma	220
15	Polyflex Marketing Private Limited	4,114,000
16	Serta India Private Limited	1,485,000
17	Starlite India Private Limited	302,500
18	Alpana Verma and Aseem Verma	110
19	Shama Kapoor and Sunil Kapoor	220
20	Meena Khanna	110
21	Arvind Kumar	220
22	Padma and Prateek Gautam	440
23	Rajesh Neena and Arpita Sharma	220
24	Asha Kapoor	110
25	Ankit Jain and Ankur Jain	110
26	Sneh Lata Jain and Sarika Jain	110
27	Mohit Jain and Nagin Chand Jain	220
28	Janubi Devendra and Rajul Devendra	220
29	Uma Gautam and Vidyawati Gautam	220
30	Kanak Lata Sharma and Tushant Sharma	110
31	Ravi Dhariwal and Rashmi Dhariwal	330
32	Lok Chand Kapoor and Ravi Kapoor	220
33	Ashish Sharma and J.K. Sharma	220
34	Rakesh Chahar	110
35	Ravindra Sharma	110
36	Amitabh Devendra	110
37	Versha H. Patel	1,100
38	Meenakshi Patel	1,100
39	Renu Patel	1,100

(10) *Hemani Forex Private Limited was allotted 16,650 equity shares of ₹ 10 each, Parasv Impex Private Limited was allotted 23,650 equity shares of ₹ 10 each, Sahas Financial Services Private Limited was allotted 19,750 equity shares of ₹ 10 each, Hemani Trading Private Limited was allotted 14,900 equity shares of ₹ 10 each and Hemani Finlease & Hire Purchase Private Limited was allotted 20,250 equity shares of ₹ 10 each.*

(11) *Pursuant to the order of the Delhi High Court dated October 18, 2011 for amalgamation of Serta India Private Limited with our Company,, 7,567,960 equity shares of our Company of face value ₹ 10 each (representing equity shares held by Serta India Private Limited in our Company prior to its amalgamation with our Company) were cancelled on November 30, 2011, reducing the issued equity share capital to 16,527,240 equity shares of ₹ 10 each.*

(12) *Pursuant to the order of the Delhi High Court dated October 18, 2011 by virtue of which Serta India Private Limited was amalgamated with our Company, the erstwhile shareholders of Serta India Private Limited, namely Starlite India Private Limited was allotted 1,700 equity shares of our Company of ₹ 10 each and Polyflex Marketing Private Limited was allotted 400 equity shares of our Company of ₹ 10 each.*

(13) *Pursuant to the amalgamation order of the Delhi High Court for amalgamation of SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited, Kanpav Overseas Private Limited and Auora Foams Private Limited with our Company, 331,700 equity shares of our Company of face value ₹ 10 each (representing shares owned by the amalgamating companies in our Company) were cancelled on April 1, 2013, reducing the issued equity share capital to 16,197,640 equity shares of ₹ 10 each.*

(14) *Pursuant to the order of the Delhi High Court dated March 15, 2013 for amalgamation of SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited, Kanpav Overseas Private Limited and Auora Foams Private Limited with our Company, the erstwhile shareholders of the amalgamating companies, namely, Rahul Gautam was allotted 23,625 equity shares of our Company of ₹ 10 each, Namita Gautam was allotted 11,813 equity shares of our Company of ₹ 10 each, Polyflex Marketing Private Limited was allotted 19,846 equity shares of our Company of ₹ 10 each, Core Mouldings Private Limited was allotted 4,006 equity shares of our Company of ₹ 10 each and Rangoli Resorts Private Limited was allotted 4,006 equity shares of our Company of ₹ 10 each.*

(15) *Bonus issue of one Equity Share of ₹5 each for every two Equity Shares of ₹5 each held, pursuant to the capitalization of ₹81,304,680 out of free reserves and surplus. The list of allottees is as follows:*

S. No.	Name of Shareholder	Number of Equity Shares
1	Sheela Gautam and Tushaar Gautam	5,853,960
2	Rahul Gautam	3,318,473
3	Namita Gautam	1,905,293
4	Tushaar Gautam	662,640
5	Polyflex Marketing Private Limited	4,512,558
6	Core Mouldings Private Limited	4,006
7	Rangoli Resorts Private Limited	4,006

(b) Allotments for consideration other than cash or through bonus issues

Details of equity shares issued for consideration other than cash or through bonus issues (since March 23, 1994) are as follows:

Date of allotment	Number of equity shares	Face value (₹)	Issue price (₹)	Reasons for allotment	Allottees	Benefits accrued to our Company
March 23, 1994	15,000	100	-	Bonus issue in the ratio 1:1	See footnote 6 to table on equity share capital build up in "*Notes to Capital Structure – Share Capital History – History of equity share capital of our Company*" on page 79.	N.A.
March 25, 1996	30,000	100	-	Bonus issue in the ratio 1:1	See footnote 7 to table on equity share capital build up in "*Notes to Capital Structure – Share Capital History – History of equity share capital of our Company*" on page 79.	N.A.
March 22, 2004	22,000,000	10	-	Bonus issue in the ratio 11:1	See footnote 9 to table on equity share capital build up in "*Notes to Capital Structure – Share Capital History – History of equity share capital of our Company*" on page 80.	N.A.
March 22, 2012	2,100	10	-	Allotment pursuant to amalgamation of Serta India Private Limited with our Company*	See footnote 12 to table on equity share capital build up in "*Notes to Capital Structure – Share Capital History – History of equity share capital of our Company*" on page 80.	Consolidation and expansion of our Company*
August 19, 2013	63,296	10	-	Allotment pursuant to amalgamation of SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited, Kanpav Overseas Private	See footnote 14 to table on equity share capital build up in "*Notes to Capital Structure – Share Capital History – History of equity share capital of our Company*" on page 81.	Achievement of better operational synergies*

Date of allotment	Number of equity shares	Face value (₹)	Issue price (₹)	Reasons for allotment	Allottees	Benefits accrued to our Company
				Limited and Auora Foams Private Limited with our Company*		
June 7, 2016	16,260,936	5	-	Bonus issue in the ratio 1:2	See footnote 15 to table on equity share capital build up in "*Notes to Capital Structure – Share Capital History – History of equity share capital of our Company*" on page 81.	N.A.

* For further details, see the section titled "*History and Certain Corporate Matters - Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets*" *on page 149.*

Our Company has not issued any bonus shares out of capitalization of its revaluation reserves or unrealized profits.

2. **History of Equity Share Capital Build up of our Promoters, Promoters' Contribution and Lock-in of Promoters' Shareholding**

a) Build up of our Promoters' shareholding in our Company

Set forth below is the build-up of the equity shareholding of our Promoters since incorporation of our Company:

Name of the Promoter	Date of allotment/ transfer/ buy-back	Nature of transaction	No. of equity shares	Nature of Consideration (Cash / Other than cash / Bonus)	Face value (₹)	Issue/ acquisition price per Equity Share (₹)	% of pre-Offer equity capital	% of post-Offer capital
Ms. Sheela Gautam	June 18, 1971	Subscription to the MoA	1	Cash	100	-		
	November 14, 1971	Further Issue #	930	100 $	100	- #		
	February 1, 1974	Further Issue #	160	100 $	100	- #		
		Transfer to K. K. Gautam	(92)	- ##	100	- ##		
	August 1, 1974	Transfer to B. L. Goyal (HUF)	(160)	- ##	100	- ##		
		Transfer from B. L. Goyal (HUF)	20	- ##	100	- ##		
	March 28, 1975	Transfer to Lajja Devi Gautam	(1)	- ##	100	- ##		
		Transfer to Kanta Chandra Kohli	(1)	- ##	100	- ##		
	August 27, 1976	Transfer from Kanta Chandra Kohli	1	- ##	100	- ##		
		Transfer from Lajja Devi Gautam	1	- ##	100	- ##		
	February 2, 1980	Transfer to V.C. Aggrwal	(50)	- ##	100	- ##		
	May 29, 1982	Transfer from Suresh Chandra Jain	1	- ##	100	- ##		
		Transfer from Sharda Devi	157	- ##	100	- ##		
		Transfer from Alka Rani	30	- ##	100	- ##		
		Transfer from V.C. Aggrwal	50	- ##	100	- ##		
		Transfer from Madhulika Aggarwal	1	- ##	100	- ##		

Name of the Promoter	Date of allotment/ transfer/ buy-back	Nature of transaction	No. of equity shares	Nature of Consideration (Cash / Other than cash / Bonus)	Face value (₹)	Issue/ acquisition price per Equity Share (₹)	% of pre-Offer equity capital	% of post-Offer capital
		Transfer from Ritu Aggarwal	1	-[##]	100	-[##]		
		Transfer from Mridula Goyal	1	-[##]	100	-[##]		
		Transfer from B. L. Goyal (HUF)	359	-[##]	100	-[##]		
		Transfer from Mahesh Chandra Aggarwal	1	-[##]	100	-[##]		
		Transfer from Manjari Aggarwal	1	-[##]	100	-[##]		
		Transfer from Devi Kapoori	30	-[##]	100	-[##]		
		Transfer from U. C. Aggarwal	395	-[##]	100	-[##]		
		Transfer from Saroj Rani	5	-[##]	100	-[##]		
		Transfer from Shashi Rani	100	-[##]	100	-[##]		
		Transfer from Ravi Kumar Aggarwal	99	-[##]	100	-[##]		
		Transfer from Bimla Devi	1	-[##]	100	-[##]		
		Transfer from P. L. Goyal	3	-[##]	100	-[##]		
		Transfer from Vinod Goyal	795	-[##]	100	-[##]		
	August 13, 1982	Transfer to Praduman Patel	(667)	-[##]	100	-[##]		
		Transfer to Kartik Patel	(323)	-[##]	100	-[##]		
	April 4, 1983	Transfer to Himanshu Patel	(330)	-[##]	100	-[##]		
	April 27, 1984	Transfer to Namita Gautam	(469)	-[##]	100	-[##]		
	September 19, 1985	Further Issue[#]	1,680	100[$$]	100	-[#]		
	August 12, 1989	Transfer from Dropadi Gautam	270	100[#]	100	-		
	July 1, 1992	Further Issue[#]	2,000	100[$$$]	100	-[#]		
	March 23, 1994	Bonus issue in the ratio 1:1[#]	5,000	Bonus	100	-		
	March 25, 1996	Bonus issue in the ratio 1:1	10,000	Bonus	100	-		
	June 27, 2002	Transfer from Feather Foam Enterprises Private Limited	46,200	-[##]	100	-[##]		
		Transfer from Starlite India Private Limited	5,300	-[##]	100	-[##]		
	November 15, 2003	Transfer to Kartik Patel	(7,012)	-[##]	100	-[##]		
		Transfer to Praduman Patel	(8,383)	-[##]	100	-[##]		
		Transfer to Himanshu Patel	(7,196)	-[##]	100	-[##]		
		Transfer to Tushaar Gautam	(126)	-[##]	100	-[##]		
	Pursuant to a resolution of our shareholders dated February 24, 2004, each equity share of our Company of face value ₹ 100 each was split into ten equity shares of our Company of face value of ₹ 10 each, and accordingly, 48,783 equity shares of ₹ 100 each held by Ms. Sheela Gautam were split into 487,830 equity shares of ₹ 10 each.							
	March 22, 2004	Bonus Issue in the ratio 11:1	5,366,130	Bonus	10	-		
	On October 15, 2008 Tushaar Gautam was inducted as the joint holder of 5,853,960 equity shares held by Sheela Gautam. Subsequently, Sheela Gautam and Tushaar Gautam have jointly held equity shares in our Company, Sheela Gautam being the first holder.							

Name of the Promoter	Date of allotment/ transfer/ buy-back	Nature of transaction	No. of equity shares	Nature of Consideration (Cash / Other than cash / Bonus)	Face value (₹)	Issue/ acquisition price per Equity Share (₹)	% of pre-Offer equity capital	% of post-Offer capital
	Pursuant to a resolution of our shareholders dated May 31, 2016, each equity share of our Company of face value ₹ 10 was split into two Equity Shares of our Company of face value of ₹ 5 each, and accordingly, 5,853,960 equity shares of our Company of ₹ 10 each held by Ms. Sheela Gautam jointly with Mr. Tushaar Gautam were split into 11,707,920 Equity Shares of our Company of ₹ 5 each.							
	June 7, 2016	Bonus issue in the ratio 1:2	5,853,960	Bonus	5	-		
Sub-total			***17,561,880***				**36.00**	[●]
Mr. Rahul Gautam	June 18, 1971	Subscription to the MoA	1	Cash	100	-		
	November 14, 1971	Further Issue #	130	100 #$	100	- #		
	March 22, 1983	Transfer from K. K. Gautam	720	- ##	100	- ##		
	April 4, 1983	Transfer to Fiber Fabricaters	(1)	- ##	100	- ##		
	April 27, 1984	Transfer to Tushaar Gautam	(1)	- ##	100	- ##		
	September 19, 1985	Further Issue #	840	100 # $$	100	- #		
	August 12, 1989	Transfer from Fiber Fabricaters	1	- ##	100	- ##		
	July 1, 1992	Further Issue #	1,127	100 $$$	100	- #		
	March 23, 1994	Bonus issue in the ratio 1:1#	2,817	Bonus	100	- #		
	March 25, 1996	Bonus issue in the ratio 1:1	5,634	Bonus	100	-		
	March 28, 1996	Transfer to Adhitya Kashyap	(1)	- ##	100	- ##		
		Transfer to Promila Duggal	(1)	- ##	100	- ##		
		Transfer to Sushil Vij	(2)	- ##	100	- ##		
		Transfer to Anshu Vij	(2)	- ##	100	- ##		
		Transfer to Amitabh P. Kashyap	(1)	- ##	100	- ##		
		Transfer to Sarla Parkash	(1)	- ##	100	- ##		
		Transfer to Arti Kashyap	(1)	- ##	100	- ##		
		Transfer to C. N. Patel	(4)	- ##	100	- ##		
		Transfer to Ramanathan C.R.	(1)	- ##	100	- ##		
		Transfer to Ramanathan Rajeshwari	(1)	- ##	100	- ##		
		Transfer to Padma Gautam	(2)	- ##	100	- ##		
		Transfer to Ravi Dhariwal	(2)	- ##	100	- ##		
		Transfer to Rashmi Dhariwal	(2)	- ##	100	- ##		
		Transfer to Rajul Devendra	(2)	- ##	100	- ##		
		Transfer to Anil Tandon	(2)	- ##	100	- ##		
	October 4, 1996	Transfer to Ekta Jain	(4)	- ##	100	- ##		
		Transfer to Kanwar Pal Singh	(2)	- ##	100	- ##		
		Transfer to Nageen Chand Jain	(2)	- ##	100	- ##		
		Transfer to Pinki Jain	(2)	- ##	100	- ##		
		Transfer to P. Jha & Sons	(2)	- ##	100	- ##		

Name of the Promoter	Date of allotment/ transfer/ buy-back	Nature of transaction	No. of equity shares	Nature of Consideration (Cash / Other than cash / Bonus)	Face value (₹)	Issue/ acquisition price per Equity Share (₹)	% of pre-Offer equity capital	% of post-Offer capital
		Transfer to Sanjay Kumar Jain	(2)	-[##]	100	-[##]		
		Transfer to Sarika Jain	(2)	-[##]	100	-[##]		
		Transfer to Sneh Lata Jain	(2)	-[##]	100	-[##]		
		Transfer to Siya Ram Sharma and Laxmi Sharma	(2)	-[##]	100	-[##]		
		Transfer from Adhitya Kashyap	1	-[##]	100	-[##]		
		Transfer from Amitabh P. Kashyap	1	-[##]	100	-[##]		
		Transfer from Sarla Parkash	1	-[##]	100	-[##]		
		Transfer from Arti Kashyap	1	-[##]	100	-[##]		
		Transfer from Padma Gautam	2	-[##]	100	-[##]		
	October 1, 1997	Transfer to Chand Lata Jain	(1)	-[##]	100	-[##]		
		Transfer to Raghuvir Singh Agarwal	(1)	-[##]	100	-[##]		
		Transfer to Agarwal Singh Raghuvir – HUF	(1)	-[##]	100	-[##]		
		Transfer to Vimla Rani Agarwal	(1)	-[##]	100	-[##]		
		Transfer to Subodh Gupta	(2)	-[##]	100	-[##]		
		Transfer from Sushil Vij	2	-[##]	100	-[##]		
		Transfer from Anshu Vij	2	-[##]	100	-[##]		
	October 1, 1998	Transfer from Kanwar Pal Singh	2	-[##]	100	-[##]		
		Transfer from P. Jha & Sons	2	-[##]	100	-[##]		
	October 4, 1999	Transfer to K. K.Gautam	(2)	-[##]	100	-[##]		
		Transfer to Neena Sharma and Rajesh Sharma	(2)	-[##]	100	-[##]		
		Transfer to Sunita Sharma	(2)	-[##]	100	-[##]		
		Transfer to Uma Gautam	(2)	-[##]	100	-[##]		
		Transfer to Vidyawati Gautam	(2)	-[##]	100	-[##]		
	May 10, 2002	Transfer from Krish Patel	1	-[##]	100	-[##]		
		Transfer from Rohan Patel S/o Praduman Patel	4	-[##]	100	-[##]		
	June 27, 2002	Transfer from Starlite India Private Limited	18,500	-[##]	100	-[##]		
	July 24, 2003	Transfer to Amitabh Devendra	(1)	-[##]	100	-[##]		
	November 12, 2003	Transfer from Pinki Jain and Sarika Jain	4	-[##]	100	-[##]		
		Transfer from Chand Lata Jain	1	-[##]	100	-[##]		
	November 15, 2003	Transfer to Tushaar Gautam	(2,287)	-[##]	100	-[##]		
	Pursuant to a resolution of our shareholders dated February 24, 2004, each equity share of our Company of face value ₹ 100 was split into ten equity shares of our Company of face value of ₹ 10 each, and accordingly, 27,443 equity shares of ₹ 100 each held by Mr. Rahul Gautam were split into 274,430 equity shares of ₹ 10 each.							

Name of the Promoter	Date of allotment/ transfer/ buy-back	Nature of transaction	No. of equity shares	Nature of Consideration (Cash / Other than cash / Bonus)	Face value (₹)	Issue/ acquisition price per Equity Share (₹)	% of pre-Offer equity capital	% of post-Offer capital
	March 22, 2004	Bonus issue in the ratio 11:1	3,018,730	Bonus	10	-		
	January 31, 2007	Transfer from Chand Lok Kapoor and Ravi Kapoor	240	-##	10	-##		
		Transfer from Amitabh Devendra	120	-##	10	-##		
		Transfer from Chhaya Mukherjee	120	-##	10	-##		
	August 19, 2013	Allotment pursuant to amalgamation of SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited, Kanpav Overseas Private Limited and Auora Foams Private Limited with our Company	23,625	Other than cash	10	-		
	March 31, 2015	Transfer from Varsha H. Patel	1,200	Cash	10	130		
	June 19, 2015	Transfer from Ravi Dhariwal and Rashmi Dhariwal	1	Cash	10	130		
		Transfer from Kalpana Shirish Amin	1	Cash	10	130		
		Transfer from Shobha Jagdish Amin	1	Cash	10	130		
		Transfer from Uma Gautam	1	Cash	10	130		
		Transfer from Mala Tandon	1	Cash	10	130		
		Transfer from Rohini Chaudhry	1	Cash	10	130		
		Transfer from Jagdish Bhai G. Amin	1	Cash	10	130		
		Transfer from Asha Sharma	1	Cash	10	130		
	Pursuant to a resolution of our shareholders dated May 31, 2016, each equity share of our Company of face value ₹ 10 was split into two Equity Shares of our Company of face value of ₹ 5 each, and accordingly, 3,318,473 equity shares of our Company of ₹ 10 each held by Mr. Rahul Gautam were split into 6,636,946 Equity Shares of our Company of ₹ 5 each.							
	June 7, 2016	Bonus issue in the ratio 1:2	3,318,473	Bonus	5	-		
Sub-total			***9,955,419***				**20.41**	[●]
Polyflex Marketing Private Limited	March 25, 2000	Transfer from Feather Foam Enterprises Private Limited	44,000	Cash	100	100^		
	November 15, 2003	Transfer to Namita Gautam	(6,503)	Cash	100	100^		
		Transfer to Tushaar Gautam	(97)	Cash	100	100^		
	Pursuant to a resolution of our shareholders dated February 24, 2004, each equity share of our Company of face value ₹ 100 each was split into ten equity shares of our Company of face value of ₹ 10 each, and accordingly, 37,400 equity shares of ₹ 100 each held by Polyflex Marketing Private Limited were split into 374,000 equity shares of ₹ 10 each.							
	March 22, 2004	Bonus issue in the ratio 11:1	4,114,000	Bonus	10	-		
	January 17, 2008	Transfer from Satyen Sharma	240	Cash	10	10^		
		Transfer from Asha Kapoor	120	Cash	10	10^		
		Transfer from Uma Gautam and Vidyawati Gautam	240	Cash	10	10^		
		Transfer from Rakesh Chahar	120	Cash	10	10^		
		Transfer from Kusum Gautam	120	Cash	10	10^		
		Transfer from Sunita Sharma	240	Cash	10	10^		

Name of the Promoter	Date of allotment/ transfer/ buy-back	Nature of transaction	No. of equity shares	Nature of Consideration (Cash / Other than cash / Bonus)	Face value (₹)	Issue/ acquisition price per Equity Share (₹)	% of pre-Offer equity capital	% of post-Offer capital
		Transfer from Rajesh Neena and Arpita Sharma	240	Cash	10	10^		
		Transfer from Janubi Devendra and Rajul Devendra	240	Cash	10	10^		
		Transfer from Kanak Lata Shama and Tushant Sharma	120	Cash	10	10^		
		Transfer from J. K. Sharma	120	Cash	10	10^		
		Transfer from Rinku Sharma	120	Cash	10	10^		
		Transfer from Ritu Arora	120	Cash	10	10^		
		Transfer from Ravindra Sharma	120	Cash	10	10^		
		Transfer from Padma Gautam and Prateek Gautam	479	Cash	10	10^		
		Transfer from K. K. Gautam	239	Cash	10	10^		
		Transfer from Ravi Dhariwal and Rashmi Dhariwal	359	Cash	10	10^		
		Transfer from Ashish Sharma and J.K.Sharma	239	Cash	10	10^		
		Transfer from Kalpna Shrish Amim	239	Cash	10	10^		
		Transfer from Sobha Jagdish Amim	239	Cash	10	10^		
		Transfer from Uma Gautam	239	Cash	10	10^		
		Transfer from Radhey Shyam Sharma	119	Cash	10	10^		
	March 22, 2012	Allotment pursuant to amalgamation of Serta India Private Limited with our Company	400	Other than cash	10	-		
	August 19, 2013	Allotment pursuant to amalgamation of SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited, Kanpav Overseas Private Limited and Auora Foams Private Limited with our Company	19,846	Other than cash	10	-		
	Pursuant to a resolution of our shareholders dated May 31, 2016, each equity share of our Company of face value ₹ 10 was split into two Equity Shares of our Company of face value of ₹ 5 each, and accordingly, 4,512,558 equity shares of our Company of ₹ 10 each held by Polyflex Marketing Private Limited were split into 9,025,116 Equity Shares of our Company of ₹ 5 each.							
	June 7, 2016	Bonus issue in the ratio 1:2	4,512,558	Bonus	5	-		
Sub-total			***13,537,674***				**27.75**	[●]
Total			**41,054,973**				**84.16**	[●]

[$] The issue prices and nature of consideration for these allotments have been ascertained from the annual returns filed by our Company in respect of the fiscal year ended March 31, 1979.
[$$] The issue price for this allotment has been ascertained from the audited balance sheet of our Company for the fiscal year ended September 30, 1985.
[$$$] The issue price for this allotment has been ascertained from the audited balance sheet of our Company for the fiscal year ended March 31, 1993.
[#] We have been unable to trace filings with the RoC and corporate resolutions for these issuances and consequently, are unable to ascertain the nature of the transaction for these allotments. See the section titled "Risk Factors – Certain of our old corporate records required to be submitted with the Registrar of Companies in connection with the allotment of our Equity Shares are not traceable. In addition, we have incorrectly reported our authorised share capital in the annual returns filed by us for Fiscal Year 2015." on page 38.

We have been unable to ascertain the acquisition price and nature of consideration for these transfers due to non-availability of transfer deeds. See the aforementioned risk factor cited in the note above.

^ The prices at which these transfers have been made have been ascertained based on audited balance sheets of Polyflex Marketing Private Limited for relevant fiscal years.

All the Equity Shares held by the Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. None of the Equity Shares held by our Promoters are pledged.

b) Shareholding of our Promoters, Promoter Group and directors of Corporate Promoter

Provided below are details of Equity Shares held by our Promoters and members of the Promoter Group as on the date of this Draft Red Herring Prospectus:

S No.	Name of shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	Percentage of pre-Offer capital (%)	No. of Equity Shares	Percentage of post-Offer capital (%)
Promoters					
1.	Ms. Sheela Gautam	17,561,880*	36.00	[●]	[●]
2.	Mr. Rahul Gautam	9,955,419	20.41	[●]	[●]
3.	Polyflex Marketing Private Limited	13,537,674	27.75	[●]	[●]
Sub total (A)		**41,054,973**	**84.16**	[●]	[●]
Promoter Group					
1.	Ms. Namita Gautam	5,715,879	11.72	[●]	[●]
2.	Mr. Tushaar Gautam	1,987,920**	4.08	[●]	[●]
3.	Rangoli Resorts Private Limited	12,018	0.02	[●]	[●]
4.	Core Mouldings Private Limited	12,018	0.02	[●]	[●]
Sub total (B)		**7,727,835**	**15.84**	[●]	[●]
Total Promoter & Promoter Group (A+B)		**48,782,808**	**100.00**	[●]	[●]

* *Held jointly with Mr. Tushaar Gautam.*

** *Mr. Tushaar Gautam also holds 17,561,880 Equity Shares jointly with Ms. Sheela Gautam.*

The Equity Shares of our Company held by the Promoters and the Promoter Group will be converted to dematerialised form prior to filing of the Red Herring Prospectus.

Provided below are details of Equity Shares held by directors of Polyflex Marketing Private Limited, our Corporate Promoter:

S No.	Name of shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	Percentage of pre-Offer capital (%)	No. of Equity Shares	Percentage of post-Offer capital (%)
Promoters					
1.	Mr. Rahul Gautam	9,955,419	20.41	[●]	[●]
2.	Ms. Namita Gautam	5,715,879	11.72	[●]	[●]
Total		**15,671,298**	**32.13**	[●]	[●]

c) Details of Promoters' contribution locked in for three years

Pursuant to Regulation 36(a) of the SEBI Regulations, an aggregate of 20% of the fully diluted post-Offer capital of our Company held by our Promoters shall be considered as minimum promoters' contribution and locked-in for a period of three years from the date of Allotment ("**Promoters' Contribution**"). The lock-in of the Promoters' Contribution would be created as per applicable laws and procedures and details of the same shall also be provided to the Stock Exchanges before the listing of the Equity Shares. As on the date of this Draft Red Herring Prospectus, our Promoters collectively hold 41,054,973 Equity Shares constituting 84.16% of the issued, subscribed and paid-up Equity Share capital of our Company which are eligible for Promoters' Contribution.

Ms. Sheela Gautam has, pursuant to her letter dated July 26, 2016, given consent to include such number of Equity

Shares held by her as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoters' Contribution and has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Promoters' Contribution from the date of filing this Draft Red Herring Prospectus, until the commencement of the lock-in period specified above, or for such other time as required under SEBI Regulations. Details of Promoters' Contribution are as provided below:

Name of the Promoter	No. of Equity Shares* locked-in	Date of allotment#	Face value* (₹)	Issue price (₹)	Nature of transaction	% of the fully diluted post-Offer Capital
Ms. Sheela Gautam	9,756,562$	March 22, 2004	5	-	Bonus issue in the ratio 11:1**	20.00
Total	**9,756,562**					**20.00**

Equity Shares were fully paid-up on the date of allotment.
* *The initial face value of the equity shares of our Company was ₹100 each. Pursuant to a resolution of our shareholders dated February 24, 2004 each equity share of face value ₹ 100 each was split into ten equity shares of ₹10 each. Subsequently, pursuant to a resolution of our shareholders dated May 31, 2016, each equity share of face value ₹10 was split into two Equity Shares of our Company of ₹5 each.*
** *As at the date of their allotment, the face value of the equity shares of our Company was ₹ 10 each. Pursuant to a resolution of our shareholders dated May 31, 2016, each equity share of face value ₹10 was split into two Equity Shares of our Company of ₹5 each.*
$ *Held jointly with Mr. Tushaar Gautam.*

As the Equity Shares that will be locked-in for three years as Promoters' Contribution were allotted to Ms. Sheela Gautam pursuant to a bonus issue, no loans or financial assistance from any bank or financial institution were availed by her for acquisition of these Equity Shares.

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI Regulations.

The Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Promoters' Contribution under Regulation 33 of the SEBI Regulations. In this computation, as per Regulation 33 of the SEBI Regulations, our Company confirms that the Equity Shares locked-in do not, and shall not, consist of:

(i) The Equity Shares acquired during the three years preceding the date of this Draft Red Herring Prospectus (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets, or (b) bonus shares issued out of revaluations reserves or unrealised profits or against equity shares which are otherwise ineligible for computation of Promoters' Contribution;
(ii) The Equity Shares acquired during the year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
(iii) Equity Shares issued to the Promoters upon conversion of a partnership firm; and
(iv) Equity Shares held by the Promoters that are subject to any pledge or any other form of encumbrance.

3. **Sales or purchases of securities of our Company by our Promoters, directors of our Corporate Promoter, the members of our Promoter Group or our Directors or their relatives during the six months preceding the date of this Draft Red Herring Prospectus.**

Our Promoters, directors of our Corporate Promoter, the members of our Promoter Group or our Directors or their relatives have not sold or purchased any securities of our Company during the six months preceding the date of this Draft Red Herring Prospectus.

4. **Details of share capital locked-in for one year**

Except for (a) the Promoters' Contribution which shall be locked in as above, and (b) the Equity Shares which are sold or transferred as part of the Offer for Sale by the Selling Shareholder, the entire pre-Offer equity share capital of our Company (including those Equity Shares held by our Promoters in excess of Promoters' Contribution), shall be locked in for a period of one year from the date of Allotment. Any unsubscribed portion of the Equity Shares being offered by the Selling Shareholder in the Offer for Sale would also be locked-in as required under the SEBI Regulations.

In terms of Regulation 40 of the SEBI Regulations, Equity Shares held by the Promoters and locked in as per Regulation 36 of the SEBI Regulations may be transferred to and among the Promoters and or members of the Promoter Group or a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of the transferee for the remaining period and compliance with provisions of the Takeover Code. The Equity Shares held by persons other than the Promoters prior to the Offer which are locked in, may be transferred to any other person holding Equity Shares which are locked in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock in the hands of the transferee, compliance with the provisions of the Takeover Code.

The Equity Shares held by our Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of the loan.

Lock-in of Equity Shares Allotted to Anchor Investors

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

5. **Our shareholding pattern**

The following table sets forth the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX) — No of Voting Rights — Class - Equity	Number of Voting Rights held in each class of securities (IX) — No of Voting Rights — Total	Number of Voting Rights held in each class of securities (IX) — Total as a % of (A+B+C)	No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII) — No. (a)	Number of Locked in shares (XII) — As a % of total Shares held (b)	Number of Shares pledged or otherwise encumbered (XIII) — No. (a)	Number of Shares pledged or otherwise encumbered (XIII) — As a % of total Shares held (b)	Number of equity shares held in dematerialised form (XIV)
(A)	**Promoter and Promoter Group**	7	48,782,808	-	-	48,782,808	100.00	48,782,808	48,782,808	100.00	-	100.00	-		-		Nil
(B)	**Public**	-	-	-	-	-	-	-	-	-	-	-	-		-		Nil
(C)	**Non Promoter - Non Public**	-	-	-	-	-	-	-	-	-	-	-	-		-		Nil
(C) (1)	**Shares underlying DRs**	-	-	-	-	-	-	-	-	-	-	-	-		-		Nil
(C) (2)	**Shares held by Employee Trusts**	-	-	-	-	-	-	-	-	-	-	-	-		-		Nil
	Total (A)+(B)+(C)	**7**	**48,782,808**	**-**	**-**	**48,782,808**	**100.00**	**48,782,808**	**48,782,808**	**100.00**	**-**	**100.00**	**-**		**-**		**Nil**

6. **Shareholding of our Directors and Key Management Personnel in our Company**

Details of our Directors and Key Management Personnel who hold Equity Shares as on the date of this Draft Red Herring Prospectus are as follows:

Name	No. of Equity Shares	% of pre-Offer Equity Share capital
Mr. Rahul Gautam	9,955,419	20.41
Ms. Namita Gautam	5,715,879	11.72
Mr. Tushaar Gautam	1,987,920*	4.08

* *Mr. Tushaar Gautam also holds 17,561,880 Equity Shares jointly with Ms. Sheela Gautam.*

7. **Top ten shareholders**

As on the date of this Draft Red Herring Prospectus, our Company has seven holders of Equity Shares.

(a) Our Equity Shareholders and the number of Equity Shares held by them as on ten days prior to the filing of this Draft Red Herring Prospectus (in descending order of Equity Shares held) and as of the date of this Draft Red Herring Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares held	Percentage of equity holding
1.	Ms. Sheela Gautam	17,561,880*	36.00
2.	Polyflex Marketing Private Limited	13,537,674	27.75
3.	Mr. Rahul Gautam	9,955,419	20.41
4.	Ms. Namita Gautam	5,715,879	11.72
5.	Mr. Tushaar Gautam	1,987,920**	4.08
6.	Core Mouldings Private Limited	12,018	0.02
7.	Rangoli Resorts Private Limited	12,018	0.02
	Total	**48,782,808**	**100.00**

**Held jointly with Mr. Tushaar Gautam.*

*** Mr. Tushaar Gautam also holds 17,561,880 Equity Shares jointly with Ms. Sheela Gautam.*

(b) Our top ten Equity Shareholders two years prior to filing of this Draft Red Herring Prospectus are as follows:

S. No.	Shareholder	No. of equity shares held (of ₹ 10 each)	Percentage of equity holding
1.	Ms. Sheela Gautam	5,853,960*	36.00
2.	Polyflex Marketing Private Limited	4,512,558	27.75
3.	Mr. Rahul Gautam	3,317,265	20.40
4.	Ms. Namita Gautam	1,905,293	11.72
5.	Mr. Tushaar Gautam	662,640**	4.08
6.	Core Mouldings Private Limited	4,006	0.02
7.	Rangoli Resorts Private Limited	4,006	0.02
8.	Ms.Versha H. Patel	1,200	0.01
9.	Mr. Ravi Dhariwal and Ms. Rashmi Dhariwal	1	*Negligible*
	Ms. Kalpana Shrish Amin	1	*Negligible*
	Ms. Shobha Jagdish Amin	1	*Negligible*
	Ms. Uma Gautam	1	*Negligible*
	Ms. Mala Tandon	1	*Negligible*
	Ms. Rohini Chaudhry	1	*Negligible*
	Mr. Jagdish Bhai G. Amin	1	*Negligible*
	Ms. Asha Sharma	1	*Negligible*
	Total	**16,260,936**	**100.00**

** Held jointly with Mr. Tushaar Gautam.*

*** Mr. Tushaar Gautam also held 5,853,960 Equity Shares jointly with Ms. Sheela Gautam.*

For details relating to the cost of acquisition of Equity Shares by the Promoters, see the sub-section titled "*Risk Factors – Prominent Notes*" on page 44.

8. **Employee Stock Option Scheme**

Pursuant to a special resolution dated May 31, 2016 our shareholders approved the 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 ESOS 2016. ESOS 2016 came into force upon approval by our shareholders and shall continue to remain in force unless terminated by our Company on the advice of the Board. The purpose of ESOS 2016 is to promote the success of our Company and the interest of its employees by rewarding, attracting, motivating and retaining employees for high levels of individual performance and for efforts to improve the financial performance of our Company. The maximum number of options that can be granted pursuant to ESOS 2016 is 2,400,000 which shall be exercisable into a maximum of 2,400,000 Equity Shares. The ESOS 2016 will be administered by the Nomination and Remuneration Committee.

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 Nomination and Remuneration Committee.

As on the date of this Draft Red Herring Prospectus, no options have been granted under ESOS 2016. Our Company may, during the period between filing of this Draft Red Herring Prospectus and filing the Red Herring Prospectus with the RoC, grant options and issue Equity Shares under ESOS 2016 to its employees.

As per the certificate dated July 27, 2016 provided by M/s S.P. Chopra & Co., Chartered Accountants, the ESOS 2016 is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2016.

9. The details of Equity Shares issued by our Company in the last one year preceding the date of filing of this Draft Red Herring Prospectus which may have been issued at a price lower than the Offer Price are as follows:

S. No.	Name of person/ entity	Whether belongs to Promoter Group	Date of allotment	Number of equity shares	Face value (₹)	Issue price per equity share	Reason for allotment
1.	Sheela Gautam and Tushaar Gautam	Yes	June 7, 2016	5,853,960	5	-	Bonus issue in the ratio 1:2
2.	Rahul Gautam	Yes	June 7, 2016	3,318,473	5	-	Bonus issue in the ratio 1:2
3.	Namita Gautam	Yes	June 7, 2016	1,905,293	5	-	Bonus issue in the ratio 1:2
4.	Tushaar Gautam	Yes	June 7, 2016	662,640	5	-	Bonus issue in the ratio 1:2
5.	Polyflex Marketing Private Limited	Yes	June 7, 2016	4,512,558	5	-	Bonus issue in the ratio 1:2
6.	Core Mouldings Private Limited	Yes	June 7, 2016	4,006	5	-	Bonus issue in the ratio 1:2
7.	Rangoli Resorts Private Limited	Yes	June 7, 2016	4,006	5	-	Bonus issue in the ratio 1:2

10. Our Company, our Directors and the BRLMs have not entered into any buy-back, standby and/or any other similar arrangements for the purchase of Equity Shares being offered through this Offer.

11. Neither the BRLMs nor their associates hold any Equity Shares as on the date of filing of this Draft Red Herring Prospectus. The BRLMs and their affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company and/or our Subsidiaries, for which they may in the future receive customary compensation.

12. No person connected with the Offer, including, but not limited to, the BRLMs, the Syndicate Members, our Company, the Selling Shareholder, our Subsidiaries, the Directors, the Promoters or the members of our Promoter Group and Group Companies, shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid.

13. Our Company has not issued any Equity Shares out of its revaluation reserves.

14. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Draft Red Herring Prospectus.

15. Except for options that may be granted pursuant to ESOS 2016, there are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares as on the date of this Draft Red Herring Prospectus.

16. Except as stated in "*Notes to Capital Structure – Share Capital History*" on page 77, as on the date of this Draft Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956. For further details of amalgamation schemes, see "*History and certain Corporate Matters*" on page 143.

17. Except for allotment of Equity Shares upon any exercise of options vested pursuant to ESOS 2016, our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid / Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares, whether on a preferential basis or by way of issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use of Equity Shares as consideration for acquisitions or participations in such joint ventures.

18. Except for allotment of Equity Shares upon any exercise of options vested pursuant to ESOS 2016, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

19. None of the Equity Shares held by the members of our Promoter Group are pledged or otherwise encumbered. None of the Equity Shares being offered for sale through the Offer for Sale are pledged or otherwise encumbered.

20. During the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus, no financing arrangements existed whereby our Promoters, director(s) of our Corporate Promoter, our Promoter Group, our Directors or their relatives may have financed the purchase of Equity Shares by any other person.

21. Our Promoters and members of our Promoter Group will not submit Bids or otherwise participate in this Offer, however, Polyflex Marketing Private Limited, our Promoter, is offering [●] Equity Shares as part of the Offer for Sale.

22. This Offer is being made in terms of Rule 19(2)(b)(ii) of the SCRR read with Regulation 41 of the SEBI Regulations, wherein a minimum Offer size of at least such percentage of Equity Shares equivalent to a value of ₹ 4,000 million (calculated at the Offer Price) will be offered to the public. Our Company is eligible for the Offer in accordance with Regulation 26(1) of the SEBI Regulations.

    The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs. Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received from them at or above the Offer Price. Subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis.

23. Any over-subscription to the extent of 10% of the Offer can be retained for the purposes of rounding off to the nearest multiple of minimum allotment lot.

24. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. Such inter-se spill-over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines. Under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from any category or combination thereof.

25. The Equity Shares offered pursuant to this Offer shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.

26. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

27. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

28. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group, if any, during the period between the date of registering the Red Herring Prospectus with the RoC and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.

OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and for the Offer for Sale of up to [●] Equity Shares by the Selling Shareholder. Our Company expects that listing of the Equity Shares will enhance our visibility and brand name and provide liquidity to the existing shareholders and to the holders of options that may be granted by our Company. The listing of the Equity Shares will also provide a public market for the Equity Shares in India. Our Company will not receive any proceeds from the Offer and all proceeds from the Offer will go to the Selling Shareholder.

Offer related expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, underwriting and lead management fees, selling commissions, SCSBs' commissions/ fees, printing and distribution expenses, legal fees, Offer related advertisements and publicity, registrar and depository fees and listing fees and all other incidental expenses for listing the Equity Shares on the Stock Exchanges.

All Offer related expenses, other than listing fees, shall be borne by the Selling Shareholder, in accordance with applicable law. Any payments by our Company in relation to the Offer related expenses on behalf of the Selling Shareholder shall be reimbursed by the Selling Shareholder to our Company.

The estimated Offer expenses are as under:

S. No.	Activity	Estimated amount* (₹ in million)	As a % of total estimated Offer Expenses*	As a % of Offer Size*
1.	Payment to BRLMs (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
2.	Commission and processing fees for SCSBs (1)	[●]	[●]	[●]
3.	Brokerage and selling commission for Syndicate Members, Registered Brokers, RTAs and CDPs (2)	[●]	[●]	[●]
4.	Fees payable to the Registrar to the Offer	[●]	[●]	[●]
5.	Others: i. Listing fees, SEBI filing fees, BSE and NSE processing fees, book building software fees and other regulatory expenses; ii. Printing and stationery expenses; iii. Advertising and marketing for the Offer; and iv. Fees payable to Legal Counsels v. Miscellaneous	[●]	[●]	[●]
	Total Estimated Offer Expenses	[●]	[●]	[●]

* *To be incorporated in the Prospectus after finalisation of the Offer Price.*

(1) *SCSBs will be entitled to a processing fee of ₹ [●] per ASBA Form, for processing the ASBA Form procured by the members of the Syndicate/sub-syndicate, the Registered Brokers, RTAs or CDPs from Retail Individual Bidders and Non-Institutional Bidders and submitted to the SCSBs.*

(2) *Registered Brokers, RTAs and CDPs will be entitled to a commission of ₹ [●] per valid ASBA Form submitted to them and uploaded on the electronic bidding system of the Stock Exchanges.*

Selling commission on the portion for Retail Individual Bidders and the portion for Non-Institutional Investors which are procured by Syndicate Members (including their sub Syndicate Members) would be as follows:

*Portion for Retail Individual Bidders**	*[●]% of the Amount Allotted*
*Portion for Non-Institutional Investors**	*[●]% of the Amount Allotted*

* *Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

Further, the Members of Syndicate, Registered Brokers, RTAs and CDPs will be entitled to bidding charges of ₹ [●] per valid ASBA Form directly procured by them and submitted to SCSB for processing. The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges payable to the relevant RTAs / CDPs.

The commissions and processing fees shall be payable within 30 Working Days post the date of the receipt of the final invoices of the respective intermediaries by the Company.

All of the above are exclusive of applicable Service Tax, Swachh Bharat Cess and Krishi Kalyan Cess

Monitoring of Utilization of Funds

As the Offer is an offer for sale and our Company will not receive any proceeds from the Offer, our Company is not required to appoint a monitoring agency for the Offer.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 5 and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Bidders should also refer to the sections titled "*Our Business*", "*Risk Factors*" and "*Financial Statements*" on pages 118, 17 and 187, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for the Offer Price are:

1. Well recognised and established brand built over consistent quality and innovation
2. Extensive and well developed pan-India sales and distribution network
3. Quality manufacturing capabilities and technological innovation
4. Integrated operations and economies of scale
5. Well qualified and professional management

For further details, please refer to the section titled "*Our Business – Competitive Strengths*" on page 56.

Quantitative Factors

Information presented in this chapter is derived from the Restated Standalone Financial Statements and Restated Consolidated Financial Statements of our Company.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

1. EARNING PER SHARE ("EPS") PER EQUITY SHARE OF FACE VALUE OF ₹ 5 EACH:

Standalone

Year Ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2014	5.13	5.13	**1**
March 31, 2015	7.06	7.06	**2**
March 31, 2016	18.49	18.49	**3**
Weighted Average#	**12.45**	**12.45**	

 # derived by multiplication of weight with their respective EPS divided by sum of weights.

Consolidated

Year ended	Basic EPS (in Rs.)	Diluted EPS (in Rs.)	Weight
March 31, 2014	5.71	5.71	**1**
March 31, 2015	8.75	8.75	**2**
March 31, 2016	21.48	21.48	**3**
Weighted Average#	**14.61**	**14.61**	

 # derived by multiplication of weight with their respective EPS divided by sum of weights.

i) Basic earnings per share (₹) = Restated Net Profit after tax attributable to equity shareholders / Weighted number of equity shares outstanding during the year

ii) Diluted earnings per share (₹) = Restated net profit after tax attributable to equity shareholders / Weighted number of diluted potential equity shares outstanding during the year

iii) Above computation have been computed after considering the impact of the split of face value of equity shares from ₹ 10 each to ₹ 5 each and the issue of bonus shares in the ratio of 1 Equity Share for every 2 Equity Shares held to the existing equity shareholders as approved by the Shareholders in their Annual General Meeting held on May 31, 2016. Further, the impact has been taken treating the said subdivision/bonus as if it had occurred prior to the beginning of the year 2011-12.

iv) EPS has been calculated in accordance with the Accounting Standard 20 – "Earning per share" issued by the Institute of Chartered Accountants of India. As required by AS20, the calculation of basic and diluted earnings per share is adjusted for all the periods mentioned in the working of EPS on post-bonus basis, post-split of face value of Equity Shares.

2. P/E RATIO IN RELATION TO THE OFFER PRICE OF ₹ [●] PER EQUITY SHARE:

Particulars	Standalone	Consolidated
P/ E ratio based on basic EPS for fiscal year 2016 at the Floor Price	[●]	[●]
P/ E ratio based on basic EPS for fiscal year 2016 at the Floor Price	[●]	[●]

Particulars	Standalone	Consolidated
P/ E ratio based on basic EPS for fiscal year 2016 at the Cap Price	[●]	[●]
P/ E ratio based on basic EPS for fiscal year 2016 at the Cap Price	[●]	[●]

3. AVERAGE RETURN ON NET WORTH ("RoNW"):

Standalone

Year ended	RoNW (%)	Weight
March 31, 2014	13.45	1
March 31, 2015	15.63	2
March 31, 2016	29.05	3
Weighted Average#	**21.98**	

 # derived by multiplication of weight with their respective RoNW divided by sum of weights.

Consolidated

Year ended	RoNW (%)	Weight
March 31, 2014	14.16	1
March 31, 2015	17.42	2
March 31, 2016	30.96	3
Weighted Average#	**23.65**	

 # derived by multiplication of weight with their respective RoNW divided by sum of weights.

Return on net worth (%) = Restated net profit after tax attributable to equity shareholders / Net worth X 100.
Net worth = Equity share capital + Reserves and surplus (including surplus in the Statement of Profit and Loss)

4. Minimum Return on Total Net Worth after Offer required to maintain Pre-Offer EPS for the year ended March 31, 2016:

There will be no change in the Net Worth post-Offer as the Offer is by way of Offer for Sale by the Selling Shareholder.

5. NET ASSET VALUE ("NAV") PER EQUITY SHARE OF FACE VALUE OF ₹ 5 EACH:

NAV	Restated Standalone	Restated Consolidated	Weight
As on March 31, 2014	38.10	40.29	1
As on March 31, 2015	45.16	50.23	2
As on March 31, 2016	63.66	69.38	3
Weighted Average	**53.23**	**58.15**	
Offer Price	[●]		
After the Offer*	-	-	

Restated net asset value per equity share (₹) = Restated Net worth as at the end of the year / Total number of equity shares outstanding at the end of the year. The net asset value per Equity Share has been adjusted for the bonus issue and split of face value of Equity Shares.
[*]There will be no change in NAV post the Offer as the Offer is by way of Offer for Sale by the Selling Shareholder.

6. Comparison with Listed Peers

None of the listed companies in India are engaged in our line of business.

The Offer Price of ₹ [●] has been determined by our Company, in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with "*Risk Factors*", "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 17, 187 and 331 respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in the section titled "*Risk Factors*" or any other factors that may arise in the future and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

Date: July 20, 2016

To,

Board of Directors
Sheela Foam Limited
37/2, Site IV,
Sahibabad Industrial Area,
Ghaziabad – 201 010
Uttar Pradesh, India

Dear Sirs,

We refer to the proposed issue of the equity shares of Sheela Foam Limited (the "**Company**"). We enclose herewith the Annexure listing the possible special tax benefits available under the tax laws (as amended by the Finance Act, 2016 *i.e.* applicable for the Financial Year 2016-17 relevant to the assessment year 2017-18) presently in force in India to the

(i) Company and its manufacturing units under the direct tax laws and various indirect tax laws, and,
(ii) Shareholders of the Company under the direct tax laws

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The enclosed Annexure discusses key possible special tax benefits including potential benefits. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer. We do not express any opinion or provide any assurance as to whether:

(i) the Company or its shareholders will continue to obtain these benefits in the future; or
(ii) the conditions prescribed for availing of the benefits have been/would be met with.

Our views expressed in the Annexure enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views subsequent to such changes.

Yours faithfully

For S. P. Chopra & Co.,
ICAI Firm Registration No: 000346N

Pawan K. Gupta
Partner
Membership No. 092529
Place: New Delhi

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

Considering the activities and the business of the Company, the following benefits may be available to them.

A. UNDER THE INCOME TAX ACT, 1961 ("the IT Act")

1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

The Company is availing tax deduction under section 80IC of the IT Act for its one manufacturing unit located at Kala Amb, Himanchal Pradesh by meeting the required conditions as stipulated therein. The Company is entitled for 100% deduction of the profits earned by the aforesaid unit during the first five years and 30% deduction of the profits earned for next five years with effect from the financial year in which it commenced its activity. The Company commenced its operation/activity with effect from assessment year 2010-11 as such tax deduction is available up to assessment year 2019-20.

2. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special benefits available to the Shareholders under the tax laws.

B. UNDER THE HIMACHAL PRADESH VALUE ADDED TAX ACT, 2005 ("THE ACT") AND THE CENTRAL SALES TAX ACT, 1956

The Company is registered as a dealer under the Act as per Certificate of Registration issued by Excise and Taxation Department, Government of Himachal Pradesh. As per Notification no. EXN-F(5)-6/2006-Vol.I Shimla dated April 1, 2013, the Company is entitled for levying concessional Central Sales Tax @1% in respect of the sale in the course of inter-state trade or commerce with effect from July 8, 2014 (the date of commencing commercial production of the expanded capacity) for a period of five years or till the implementation of the Goods and Service Tax, whichever is earlier.

C. UNDER THE DADRA AND NAGAR HAVELI SALES TAX REGULATION 1978 ("THE ACT") AND THE CENTRAL SALES TAX ACT, 1956

The manufacturing unit of the Company located at Silvassa is registered as a dealer under the Act. As per CST Exemption Certificate no. DC/VAT/Exempt/CST/Amdt./2013/771 dated August 19, 2013, the Company is entitled for Central Sales Tax (CST) exemption for its unit located at Shed no. 01, Survey No. 257, Village Saily (D&NH) in respect of the sale in the course of inter-state trade or commerce with effect from June 25, 2013 to December 31, 2017.

D. UNDER CENTRAL EXCISE ACT, 1944, ADDITIONAL DUTIES OF EXCISE (GOODS OF SPECIAL IMPORTANCE) ACT, 1957, ADDITIONAL DUTIES OF EXCISE (TEXTILES AND TEXTILE ARTICLES) ACT, 1978 ("the Act's")

The Company's manufacturing unit located at Industrial Area- Nahan (Kala Amb), Village Ogli, Nahan Road, Tehsil Nahan, District Sirmour, State Himachal Pradesh is eligible for the exemption from the whole of the duty of excise or additional duty of excise, as the case may be, leviable thereon under any of the Act's on the goods cleared from the unit as per Notification no. 50 /2003 - Central Excise, Dated: June 10, 2003 for a period not exceeding ten years from the date of commencement of commercial production i.e with effect from March 26, 2010.

NOTES:

1) We have not commented on the taxation aspect under any law for the time being in force, as applicable of any country other than India. Each subscriber of the Equity Shares in the country other than India are advised to consult their own professional advisors regarding possible tax consequences that apply to them.

2) In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources, including the report titled "**Overview of PU Foam and Mattress Industry in India**" prepared by CRISIL ("**CRISIL Report**"). The information has not been independently verified by us, the Book Running Lead Managers, or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information. The information in this section should be read in conjunction with the sections titled "Risk Factors" and "Our Business" on page 17 and 118, respectively.*

The CRISIL Report is subject to the following disclaimer: "CRISIL Research, a division of CRISIL Limited (CRISIL), has taken due care and caution in preparing this Report based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division/ CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval."

References to the term "mattress(es)" in this section will, unless specifically indicated to the contrary, mean mattresses made of coir, foam and spring, and shall not be construed to mean and include mattresses with cotton as the principal raw material.

Overview of the Indian economy

India adopted a new base year (2011-2012) for calculating GDP in early 2015, based on which, GDP increased at a significant pace from ₹ 88 trillion in fiscal year 2012 to ₹ 113.50 trillion in fiscal year 2016 at a CAGR of 7%. Further, India's GDP is estimated to have grown by 7.6% in fiscal year 2016, well above the world average of 3.3%. In the first half of fiscal year 2016, recovery in India's economic growth was driven by manufacturing, modest recoveries in consumption, and support from government spending. GDP growth for the second quarter of fiscal 2016 (7.7% on a year-on-year basis) was marginally higher than the first quarter of fiscal 2016 (7.6% on a year-on-year basis). Investment growth increased by 200 basis points, while private consumption growth moderated to 6.8%, primarily resulting from low rural demand. While India's net exports continued to decline in the second quarter of fiscal 2016, the pace of decline in imports and exports slowed. Agriculture growth was below than usual trends at 2.2% while the growth in the non-agriculture sector was 8.1%. In the third quarter of fiscal 2016, GDP growth (7.3% on a year-on-year basis) was lower than the second quarter of fiscal 2016 (7.7% on a year-on-year basis), primarily as a result of negative growth in the agricultural sector as compared to the immediately preceding quarter. (*Source: CRISIL Report*)

Set forth below is a summary of the GDP growth at basic prices.

At basic prices	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016*	Fiscal Year 2016 (F)
Agriculture	4.2	-0.2	1.1	4.0
Industry	5.0	5.9	7.3	7.6

At basic prices	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016*	Fiscal Year 2016 (F)
Manufacturing	5.6	5.5	9.5	9.0
Services	7.8	10.3	9.2	9.1

Note: * Advance estimates; F = CRISIL Forecasts
(Source: CSO, CEIC, CRISIL Research)

CRISIL estimates that the Indian economy will grow at 7.9% in fiscal year 2017 (assuming normal monsoons), with the agricultural sector to grow at 4% (above usual trends) and non-agricultural growth to increase by 0.4% over fiscal year 2016. The services sector is expected to grow at 9.2%, the agricultural sector by 1.1% and the industrial sector is expected to grow at 7.3% (driven primarily by manufacturing and construction) in fiscal year 2016. (*Source: CRISIL Report*)

Some of the key trends and factors influencing the growth of the Indian economy are set forth below.

- *Growth of private expenditure.* At current prices, India's private final consumption expenditure ("**PFCE**") is estimated to be ₹ 81.12 trillion in fiscal year 2016 as against ₹ 71.93 trillion in fiscal year 2015. At constant (fiscal year 2012) prices, PFCE is estimated to be ₹ 63.11 trillion as against ₹ 58.64 trillion in fiscal year 2015.

- *Increase in per-capita income.* India's per-capita income has grown at a steady rate over the last three years, rising from ₹ 71,050 in fiscal year 2013 to ₹ 86,879 in fiscal year 2015 and to ₹ 93,232 in fiscal year 2016. In real terms, per-capita income is estimated to have grown by 6.20% in fiscal year 2016 compared to 5.80% in fiscal year 2015 (albeit the GNI remained lower than the GDP during fiscal year 2012 to fiscal year 2015). CRISIL estimates growth of per-capita income to continue in the long term.

- *Inflation trends.* CPI inflation fell for the second consecutive month in March 2016 to 4.8%, driven primarily by lower food inflation (in particular, in pulses, fruits and vegetables, oils and fat, milk and milk products). However, inflation continued to sustain in certain sectors such as health, education and personal care, which resulted in core inflation remaining above 5% in March. At an overall level, CPI inflation is estimated to have reduced from 6% in fiscal year 2015 to 5% in fiscal year 2016, primarily due to reduced food inflation, depression in global oil and commodity prices and reduced domestic demand and excesses in capacities, thereby reducing the pricing power of domestic manufacturers.

  Average inflation between fiscal years 2015 and 2017 is expected to reduce to 5.30%, nearly halving from 10% recorded between fiscal years 2008 and 2014. Assuming a normal monsoon season, lesser decline in global oil and commodity prices and sustenance of service sector-led components of consumer prices, CPI inflation is expected to remain at 5% in fiscal year 2017

- *Rise in disposable income.* Disposable Indian income is estimated to increase in fiscal year 2017, and over the short to medium terms, primarily due to the acceptance, by the GoI, of the recommendations of the Seventh Pay Commission and the One-Rank-One-Pension scheme, and sustained low inflation. In the longer term, growth in the GDP led by rapid industrialisation (supported by initiatives such as *Make in India*), growth in the services sector and agricultural reforms are expected to result in a steady rise in wages.

- *Urbanisation.* Urban India is expected to continue to significantly influence domestic demand and growth in GDP. According to the Census of 2011, over 30% of the country's population lives in urban areas. Urbanisation is expected to be propelled by rapid growth of infrastructure, energy and social infrastructure which is envisaged to support ambitious manufacturing initiatives such as *Make in India*. Better social infrastructure is expected to encourage greater migration to urban areas.

- *Demographic dividend.* The Indian population increased at a CAGR of 2% from 439.2 million in 1961 to 1,210.9 million in 2011. According to the United Nations Population Fund's report titled *State of the World Population* of 2014, India had 356 million people in the 10-24 year age group, nearly 87 million more than in China. According to a report published by the IRIS Knowledge Foundation in collaboration with UN HABITAT in 2013, 64% of India's population will be in the working age group by 2020. In all of the censuses held in India (including 2011 census), the 0-14 age group has constituted the largest share of the

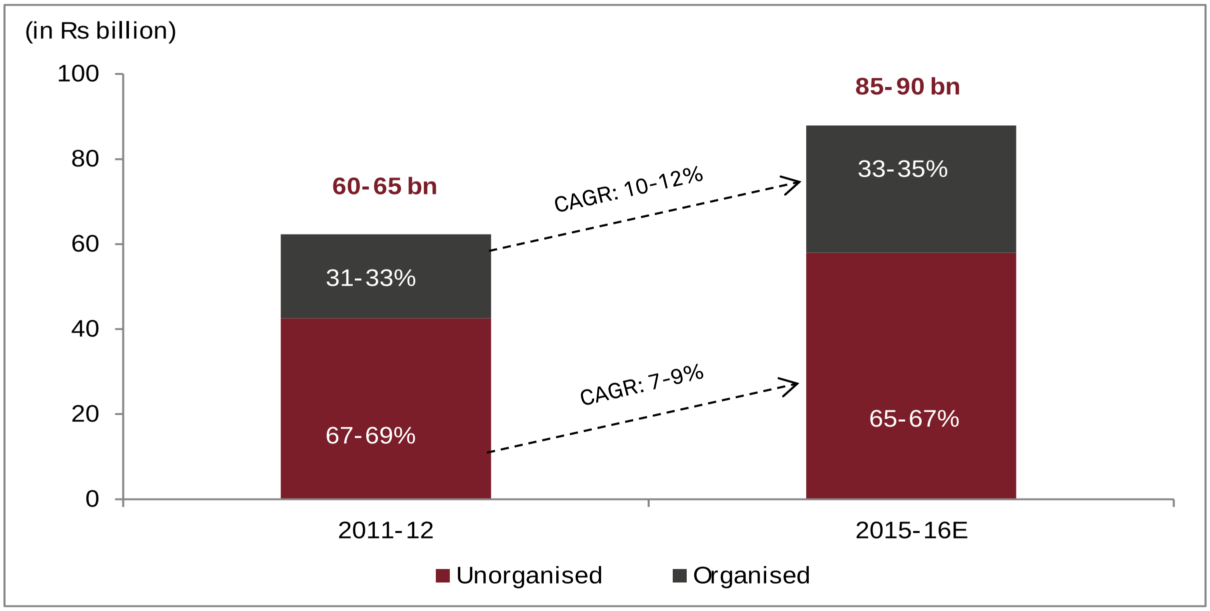
Indian population, ranging from 36.4% in 1991, 33.2% in 2001 and 29.6% in 2011. Such demographic dividends are envisaged to set India apart from other leading global economies, which are ageing very fast. (*Source: CRISIL Report*)

Overview of the Indian mattress industry

The Indian mattress industry has transitioned over the last few decades from a largely unorganised one dominated by local outfits specialising in hand-made mattresses (where raw materials such as cotton, foam, coir and combinations thereof were quilted in terms of individual customer specifications) to one in which the organised market has developed significantly, with domestic and global manufacturers incorporating advanced technologies and offering superior quality products across a wide range of price points. The mattress industry in India comprising rubberised coir, polyurethane foam and spring mattresses is estimated at ₹ 85 – ₹ 90 billion as of fiscal year 2016. The industry has grown at a CAGR of 8-10% over the past five years, primarily on account of rising urbanisation, increase in disposable income, increase in health related issues of the Indian population and increasing awareness about sleep products. The organised market (comprising large, mid-sized and smaller branded manufacturers) is estimated to constitute around 33-35% of the total market, the rest being unorganised. (*Source: CRISIL Report*)

In the organised segment, there are around 20-25 players spread across geographies with *Sleepwell* (Sheela Foam Limited) and Kurlon occupying a dominant share of the industry's revenue. Based on revenues, Sleepwell (Sheela Foam Limited) is estimated to account for around 20-23% of the organised segment as of 2015-16. (*Source: CRISIL Report*)

Provided below is a snapshot of the overall Indian mattress market.



E: estimated
Source: CRISIL Research

Types of mattresses

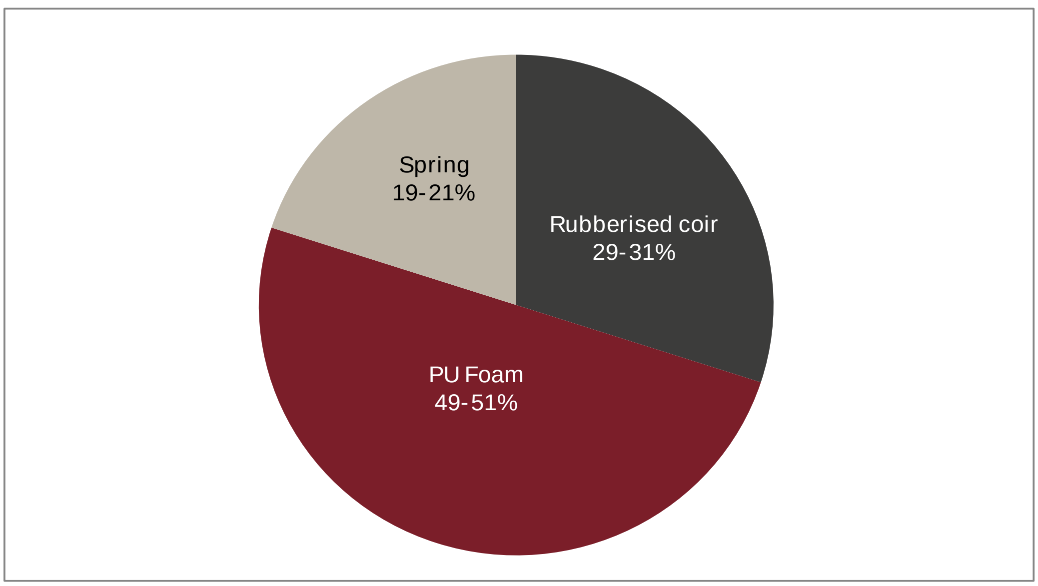
The Indian mattress industry is primarily comprised of rubberised coir, PU Foam and spring mattresses. Provided below is a summary of the principal attributes of all of these.

- *Rubberised coir.* These mattresses are made of coir processed with latex, which renders coir sheets resilient, allowing them to conform to body shapes. They allow enhanced air circulation insider the mattresses and absorb more moisture from the air, thereby maintaining a cooler temperature. However, coir mattresses have a tendency to sag easily, thereby reducing their lives, which typically renders their replacement cycles to around four to five years. These mattresses require careful handling as any spillage can damage them.

- *Polyurethane foam.* PU Foam is manufactured from petroleum derivatives, and their inherent structures allow cell walls to compress and decompress thus providing required softness and cushioning. PU Foam forms the core component of foam mattresses and is also used to provide cushioning and support in rubberised coir and spring mattresses. In particular, memory foam (or visco-elastic foam) is an improved grade of PU Foam (originally developed by NASA for use in its space program) that has the ability to mould into any shape without exerting pressure and returning back to the original position once an object is removed. Accordingly, memory foam based mattresses contour to the shape of a sleeping body, thus reducing pressure points and aiding in better sleep. PU Foam mattresses are characterised by lower manufacturing costs, can be made of varying densities (thereby enabling manufacturers to offer different grades of products) and higher replacement cycles of around six to seven years.

- *Spring.* Spring mattresses are characterised by multiple layers of spring. The most common variants of these mattresses are "bonnel spring" mattresses and "pocketed spring" mattresses. Bonnel spring mattresses are characterised by hourglass-shaped springs where the ends of the wire are knotted or wrapped around the top and bottom circular portion of the coil and self-tied. All the individual springs are then tied together using spring wire, and the completed structure is reinforced with a strong border wire to retain shape. Pocketed spring mattresses are characterised by springs coiled by automated machines and sealed inside individual fabric cases. Once wrapped, these individual springs are attached to each other to maintain the shape of the mattress. Since only the fabric encasement is attached, the coils inside can move independently of the springs adjacent to it. Spring mattresses are estimated to have highest replacement cycles of around eight to ten years.

PU Foam mattresses account for the highest (49 – 51%) of the organised Indian mattress market. Provided below is a snapshot of the break-up of the Indian mattress industry by product type.



Source: CRISIL Research

The dominant market share of PU Foam mattresses can be attributed to the following.

(i) Inherent quality, durability and comparable pricing of PU Foam mattresses.

(ii) The demand for rubberised coir mattresses having fallen in the last five to six years, primarily on account of:

  (a) Advent of PU Foam mattresses and varied applications;

(b) Increase in the price of rubber over the last few years, leading rubber manufacturers to divert end-use from mattresses to higher margin industries such as automobile tyres, footwear and other industrial applications.

(c) The increase in prices of rubber has led to manufacturers reducing the share of rubber as a raw material from around 30-35% to less than 20%. While this has allowed rubberised coir mattresses to remain competitive with PU Foam mattresses in respect of pricing, it has had a fallout effect on the rubber mattress' inherent quality, leading to premature sagging.

(iii) While the demand for spring mattresses have increased significantly over the last few years, they are more popular in urban India, given their high pricing. (*Source: CRISIL Report*)

Market classification in terms of usage

The organised Indian mattress market caters to the residential and institutional segments.

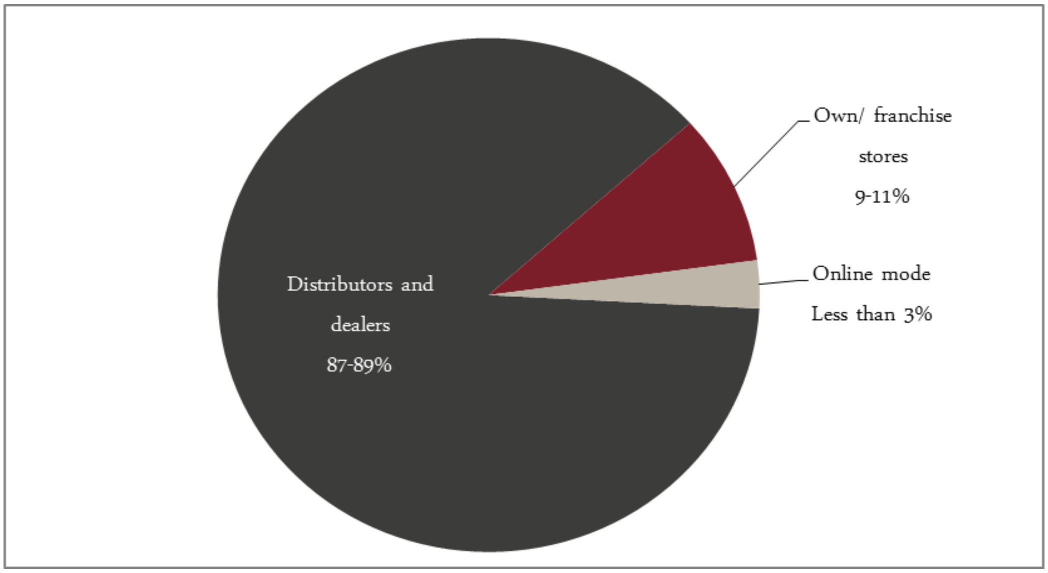
- *Residential.* The residential segments accounts for around 80 – 85% of the organised Indian mattress market as of fiscal year 2016. Given that the demand for a mattress is largely a function of price and availability, urban households account for a higher share of total mattress sales as compared with rural households on account of low penetration of mattresses in the rural India in general, and in particular, lower penetration of coir, foam or spring mattresses. Growing increase in population, urbanisation and rise in disposable incomes, as well as increased purchase of second and larger houses have led to the residential segment accounting for a higher share of the Indian mattress market over the last few years.

- *Institutional.* The institutional segment (comprising of hotels, hospitals and educational institutions, including hostels) accounts for around 15 – 20% of the organised Indian mattress market as of fiscal year 2016. Luxury hotel chains (international or domestic branded) typically prefer spring mattresses and internationally acclaimed brands, while budget – three star hotels prefer PU Foam mattresses. Rexine covered rubberised coir or PU Foam mattresses are preferred by hospitals. Growth in the institutional segment over the last few years has been driven primarily by growth in the healthcare and hospitality sectors.

  (*Source: CRISIL Report*)

Market classification based on distribution channels

Provided below is a snapshot of the organised Indian mattress market classified on sales and delivery mechanism.

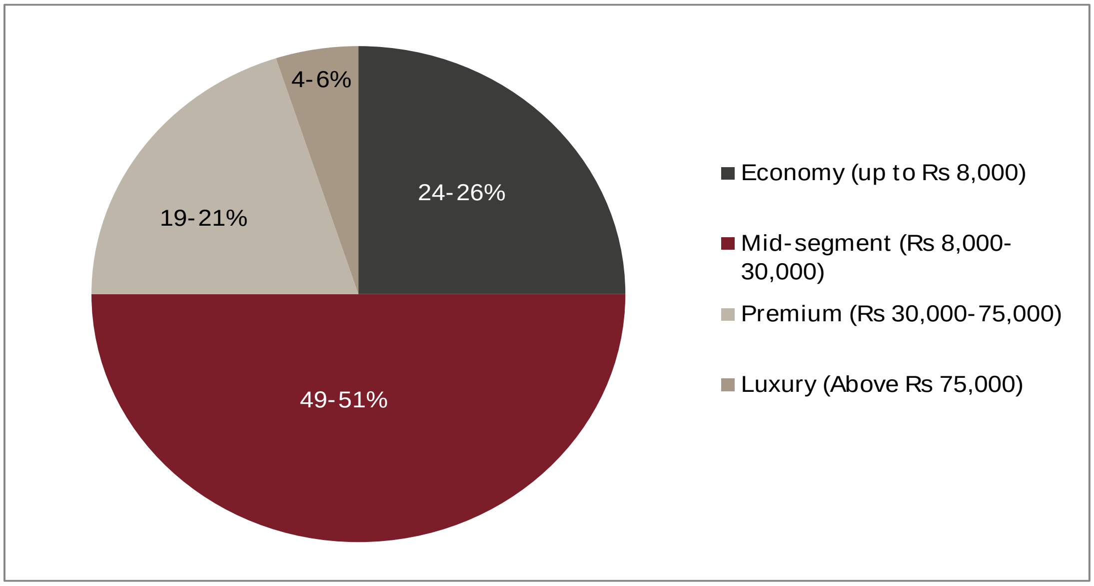


Source: CRISIL Research

Distributor/ dealer networks of organised manufacturers carry out a significant majority (around 87-89%) of sales in the organised Indian mattresses market, with direct sales from owned and franchised outlets accounting for around 9-11%, and online retail accounts for below 3% of sales as of fiscal year 2016. While there has been significant growth of online retail commerce over the last few years, the same pace has not translated in case of the mattress industry. Further, the inherent personal nature of mattress purchase (having a touch and feel aspect, which cannot be achieved on online platforms), discounts and negotiations over maximum retail price offered at distributor/ stores as well as reluctance by mattress manufacturers to antagonise long-standing and loyal distribution networks have prevailed in ensuring the low proportion of mattress sales through online retail platforms. (*Source: CRISIL Report*)

Market classification based on price segments

In terms of product price-range, the organised Indian mattress market can be classified into the economy segment (priced up to ₹ 8,000), mid-segment (priced between ₹ 8,000 to ₹ 30,000), premium segment (priced between ₹ 30,000 to ₹ 75,000) and luxury (priced above ₹ 75,000) segments. Provided below is a snapshot of the organised Indian mattress market classified on the basis of product price-range.

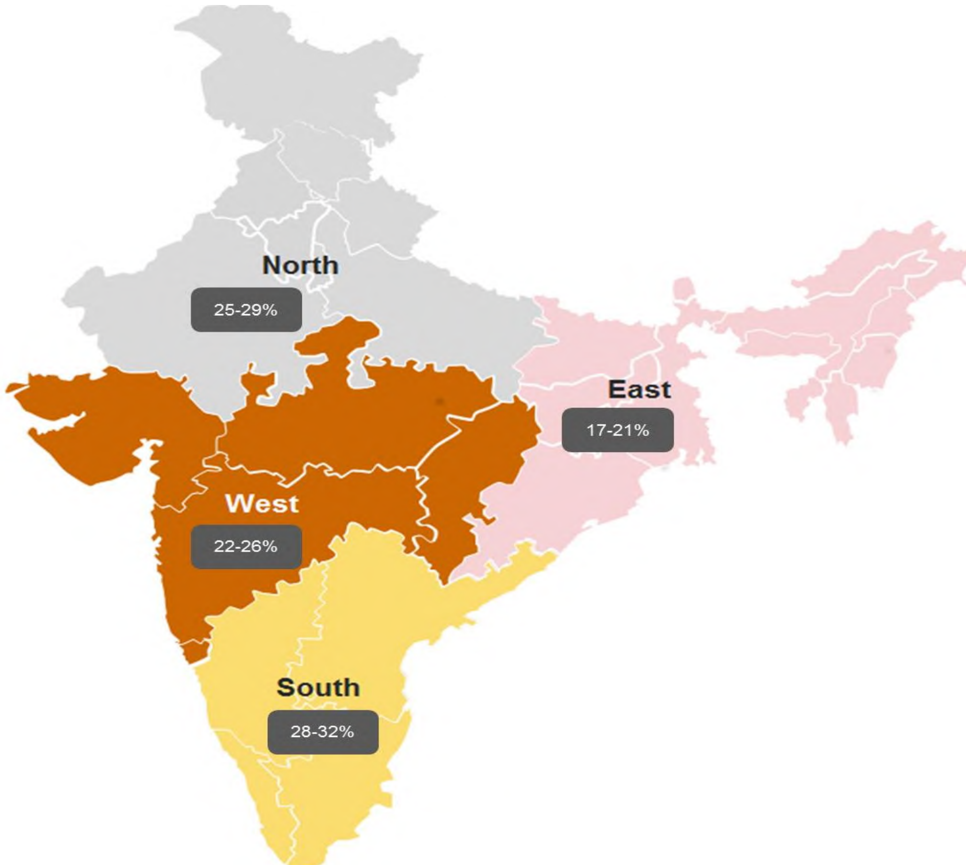


Note: Prices above refer to the maximum retail prices of the product
Source: CRISIL Research

While economy and mid-segment mattresses currently comprise nearly 75% of mattress sales, premium and luxury mattresses have also gained market share in the last five years. While purchase of mattresses is inherently a function of individual preferences and budget, Indian consumers, and in particular, urban consumers are increasingly willing to invest larger sums in mattresses, which was hitherto was characterised by low consumer involvement. (*Source: CRISIL Report*)

Market classification based on regional presence

CRISIL estimates that that region-specific revenues of mattress manufactures is largely a function of their geographic locations. Entities based out a particular region tend to report a significant amount of their sales from such region given that the bulky nature of mattresses lead to high transportation costs. The map below provides a break-up of regional shares of revenues for the organised Indian mattress market.



Source: CRISIL Research

The northern and southern regions of the country contribute a higher share to the industry's revenues than the eastern and western regions. Given that PU Foam mattresses have the tendency to absorb heat, and remain relatively warmer in winters, they are preferred in northern India. Further, given that coir and rubber are available in abundance in southern India, rubberised coir mattresses dominate the southern regions. However, PU Foam and spring mattresses are estimated to be growing their market share in the southern regions as well. Spring mattresses, given relatively higher pricing as compared with other mattresses, are not region-specific with respect to sales. (*Source: CRISIL Report)*

Factors affecting the growth of the Indian mattress industry

Demand drivers. Demand drivers of the Indian mattress market primarily include increase in population and the rise in nuclear families.

As per the census of 2011, India's total population was around 1.2 billion over nearly 246 million households. The Indian population grew nearly 18% during 2001-2011 and is expected to grow approximately 11% during 2011-2021 to 1.3 billion. The demand for mattresses too is expected to grow in line with population and increase in the demand for housing. Increased mobility of labour in search of better employment opportunities and changing social/ cultural attitudes is leading to increased nuclearisation, which is also estimated to lead to higher demand for mattresses.

Penetration drivers. Increased urbanisation, income levels, disposable incomes, product awareness and health-related issues in the Indian population is envisaged to drive penetration of mattresses in the Indian market.

- India's urban population's has been consistently rising over the years and stood at about 31% in 2011. Urbanisation provides an impetus for increase in demand for housing in urban areas as migrants from rural areas require dwelling units. Nearly 36% of the country's population is expected to live in urban locations by 2020, which will drive the demand for housing in these areas. Further, urbanisation results both in reduction in area per household as well as the rise in number of nuclear families, leading to formation of more households. Typically, households living in urban areas have a greater propensity to use rubberised coir, PU Foam or spring mattresses as compared with rural households. Accordingly, growth in urbanisation is expected to fuel demand for mattresses in India.

- Growth of income levels and disposable incomes is also envisaged to increase the affordability of coir, PU Foam and spring mattresses.

- While purchase of mattresses typically entailed lower end-user involvement in the past, of late, the younger population has been observed to take an active role and is consciously seeking out products ensuring higher quality of sleep. Additionally, growing exposure to global trends has also resulted in increasing awareness about different types of mattresses available, and such awareness is envisaged to actively drive growth of the market.

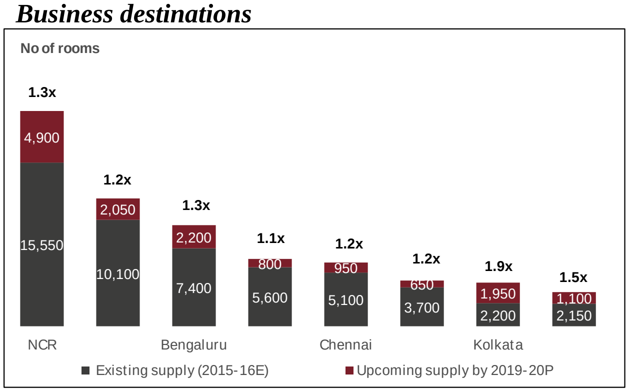
- Increase in health problems, such as back pain, spine related problems, orthopedic ailments are also envisaged to result in increase in growth in the market.

End-user industry growth. The growth in the housing, hospitality and healthcare segments is envisaged to significantly drive growth in the mattress industry.

- *Housing segment.* CRISIL Research estimates that nearly 1.8 million new houses have been planned across the top 10 Indian cities of Mumbai, the National Capital Region, Bengaluru, Pune, Chennai, Hyderabad, Kolkata, Ahmedabad, Chandigarh and Kochi. Of these, approximately 1.1 million units are expected to be ready for possession by calendar year 2018, thus representing a significant potential demand for the mattress industry in India.

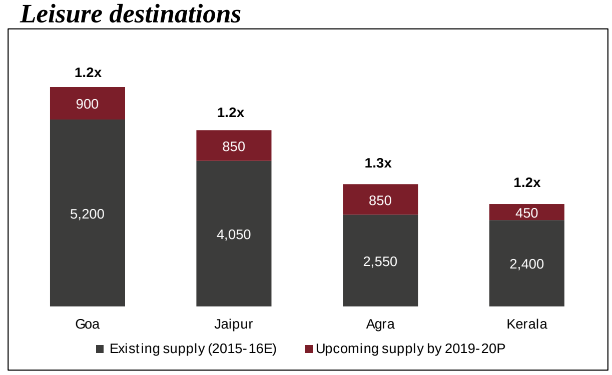
- *Hospitality segment.* CRISIL Research estimates the inventory of premium hotel rooms in business destinations to significantly increase by 28% to reach 66,400 rooms in fiscal year 2020. Supply additions at leisure destinations are envisaged to increase from 14,200 rooms in fiscal year 2016 to 17,300 rooms in fiscal year 2020. The National Capital Region is expected to witness the highest additions of rooms in business hotels in the next four years with nearly 4,900 rooms expected to be added. The existing hotel inventory in Kolkata is estimated to almost double in this period. Such increase in hotel inventory and general growth in the Indian hospitality sector is expected to affect mattress sales. Provided below is a snapshot of expected supply additions to hotel inventory in the abovementioned periods.

Business destinations



(1) 'x' denotes the no. of times supply will increase from 2015-16 to 2019-20. (2) P: projected; E: estimated

Leisure destinations



(1) 'x' denotes the no. of times supply will increase from 2015-16 to 2019-20. Kerala includes Kochi, Kovalam and Thiruvananthapuram. (2) P: projected; E: estimated

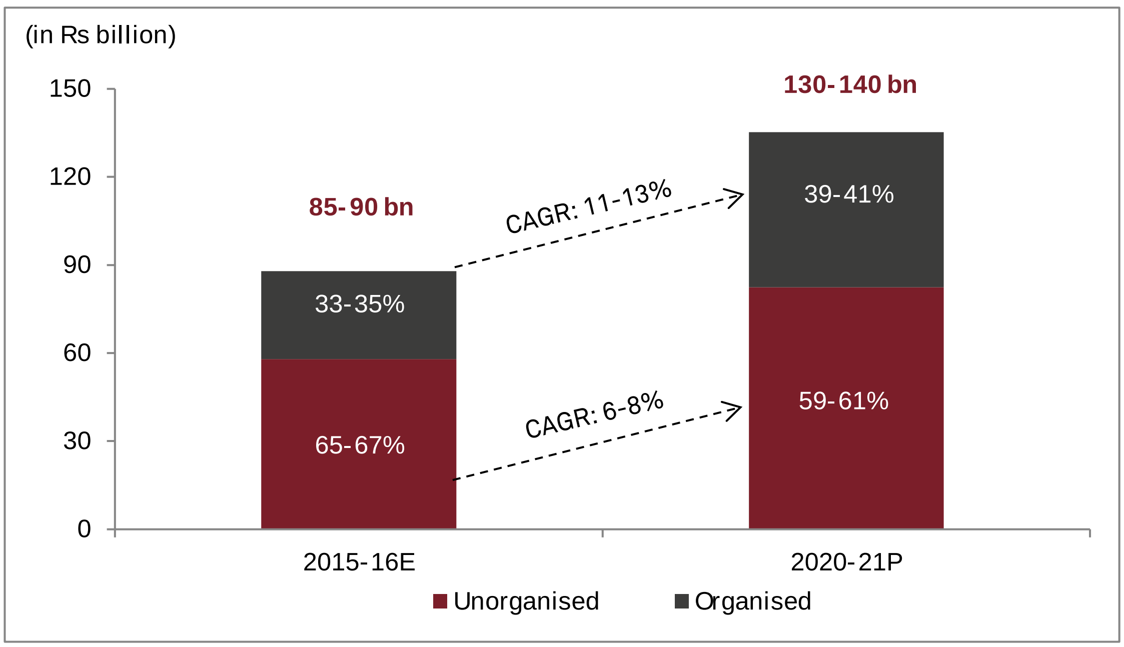
- *Healthcare segment.* India's overall hospital bed density (bed-count per 10,000) stands at seven. Bed-density is lower for rural areas than urban areas (with a bed density of 2 as compared to 25 for urban areas). Not only does this entail a significant gap vis-à-vis the global median of 27 beds, bed density in India is lower that even some of the other developing nations like Brazil (22 beds), Malaysia (19 beds), Vietnam (20 beds) and Indonesia (9 beds). This shortfall in bed density, if rectified over the medium term by private and public hospitals, coupled with other growth drivers for the healthcare industry, namely, increasing health awareness, changing disease profiles, increasing health insurance coverage, growth in medical tourism etc., represents a significant growth driver for the demand for mattresses in hospital and other healthcare facilities.

(*Source: CRISIL Report*)

Outlook of the Indian mattress market

Provided below is a summary of the future outlook of the Indian mattress market.

- *Growth in the organised mattress market*. CRISIL Research estimates organised mattress industry to drive an 8-10% growth in overall mattress industry in the next five years to reach a total market size of ₹ 130-140 billion by fiscal year 2021. The organised market, by itself, is expected to grow at a CAGR of 11-13% to reach a market size of ₹ 50-55 billion by the fiscal year 2021, while the unorganised market is expected to grow at a CAGR of 6-8% annually to reach a market size of ₹ 80-85 billion by the fiscal year 2021.



Note: E: Estimated; P: Projected
Source: CRISIL Research

- *Market share by type.* CRISIL Research estimates that while PU Foam mattresses will maintain its share in the organised market in the next five years, the share of rubberised coir mattresses will decline from the current 29-31% to 20-22% by the fiscal year 2021, driven primarily by declining demand and popularity. The share of spring mattresses is expected to increase from the current 19-21% to around 28-30% by the fiscal year 2021.

- *Market share by segment.* The residential segment will continue to garner a dominant share of 80-85% in the organised Indian mattress market, primarily on account of population growth, nuclearisation of families and growth in the housing segment in India. Institutional sales are also expected to grow at a steady pace backed by growth in tourism and healthcare sectors.

- *Rise in online retail sales.* While the distributor-dealer network is expected to retain its share of 85-87% in the organized mattress market in the medium term, online sales of mattresses is expected to pick momentum and grow at a faster rate in the next five years, taking its share to nearly 5-7%. Increasing acceptance and comfort of online shopping, especially in urban areas is expected to drive this growth. Owned/ franchised stores are expected to retain their share of 8-10%.

- *Premium and luxury segments to grow at a faster pace.* The premium and luxury segments are expected to grow at a faster pace as compared with the economy and mid-range segments. This is expected to be particularly evident in urban markets, driven by increasing disposable income and the change in perception of a mattress being a health investment rather than in any regular commodity.

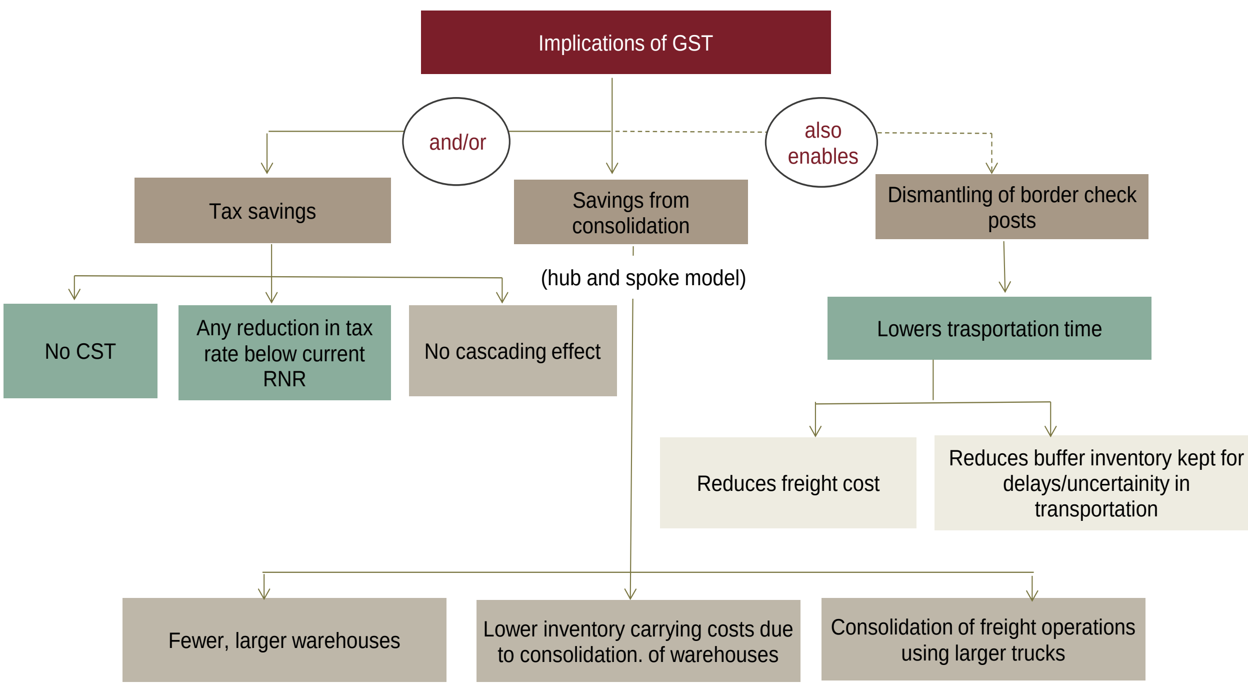
(*Source: CRISIL Report*)

Key challenges in the Indian mattress market

Some of the significant challenges in the Indian mattress market remain transportation, warehousing and fiscal changes.

Transportation and warehousing: Due to the inherently voluminous nature of mattresses, transportation and warehousing poses a challenge for mattress manufacturers. Transportation and warehouse costs are estimated to range around 6-10% of the mattress revenues at an industry level, which is slightly higher as compared to most other manufacturing sectors. This is one of the key reasons why the organised segment has limited entities with a pan-India presence. However, the implementation of Goods and Services Tax ("**GST**") regime is expected to bring down these costs to some extent.

GST: The GST, as proposed, will subsume most indirect taxes, including excise duty and service tax at the central level and VAT and local levies at the state level. Provided below is a snapshot of the proposed effects/ benefits that are likely to accrue on account of introduction of the GST.



Several Indian companies current have warehousing networks based solely or partly on tax considerations rather than logistical ones. The primary benefits to companies after the implementation of GST will accrue in the form of tax savings and/or a commensurate drop in logistics costs in the following manner:

- Companies across industries who are currently paying the central sales tax of 2% will benefit from phasing out of this tax; and

- Those companies who opted to set up multiple warehouses to avoid paying the CST will see logistics costs fall by around 1-1.5% of net sales (including a significant reduction in inventory costs as well).

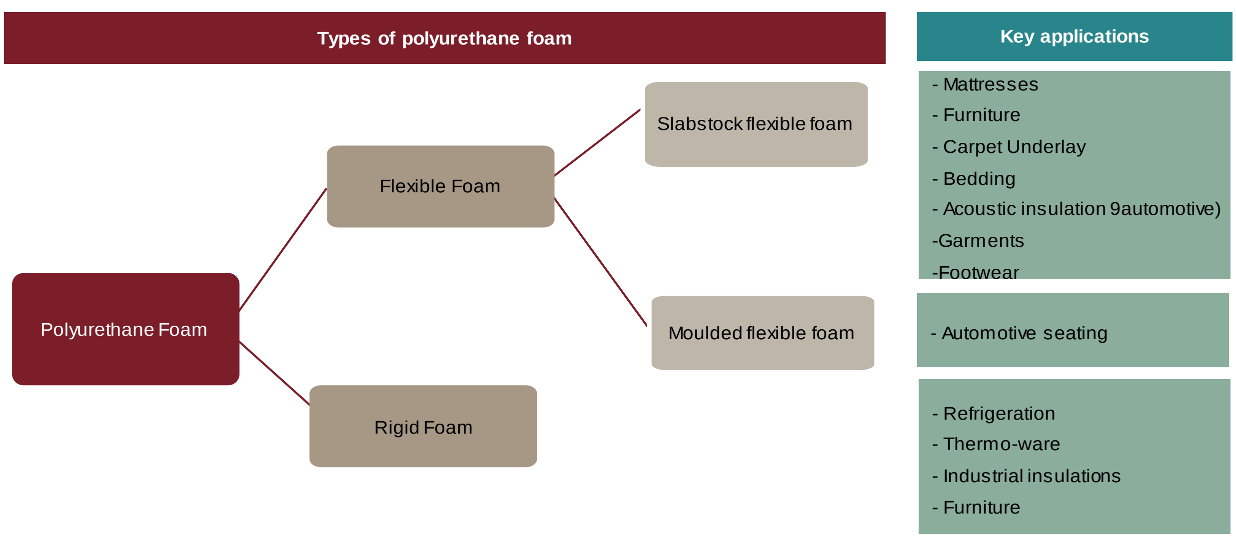
The GST is therefore, envisaged to drive a more logical realignment of logistics networks, one that is based on operational, location-based and cost efficiencies. The gradual realignment on a hub-and-spoke model will reduce the number of warehouses (which will be consolidated into fewer and larger warehouses) and trips required due to usage of larger vehicles (as the average load carried per trip increases). However, these benefits will differ across sectors and companies, depending on the number of warehouses to be eliminated. (*Source: CRISIL Report*)

Non-standardisation of bed sizes: The lack of standards for bed sizes also poses challenges for this industry. Globally, mattresses are manufactured as per standard sizes. These standard sizes can be categorized as the twin bed or single mattress (typical dimensions are 39 inches wide and 74 inches long), double bed mattress (typical dimensions are 54 inches wide and 74 inches long), queen bed mattress (typical dimensions are 60 inches wide and 80 inches long) and the king bed mattress (typical dimensions are 78 inches wide and 80 inches long). In India, where furniture is typically customized to consumer requirements, fitting a standard-size mattress on a customized bed base becomes a challenge. This has led to a trend of customization of mattresses, especially with regards to dimensions.

Overview of the Indian PU Foam industry

Flexible PU Foam

Polyurethane was initially developed in the 1930s and initially used as a replacement for rubber and as a coating to protect wood and metal. Flexible PU Foam was developed a few years later and was first used for cushions in the furniture industry and for automobile seating. The use of PU Foam became more widespread over the years and manufacturing processes have been improved since then. Provided below is a snap-shot of the end industries and products where PU Foam is utilised



Flexible PU Foam is manufactured as flexible slabstock foam, flexible moulded foam, or integral skin foam. Flexible PU Foam produced for captive use is then sent to end-use production units such as automotive component manufacturers and furnishing (mattresses and cushions) makers.

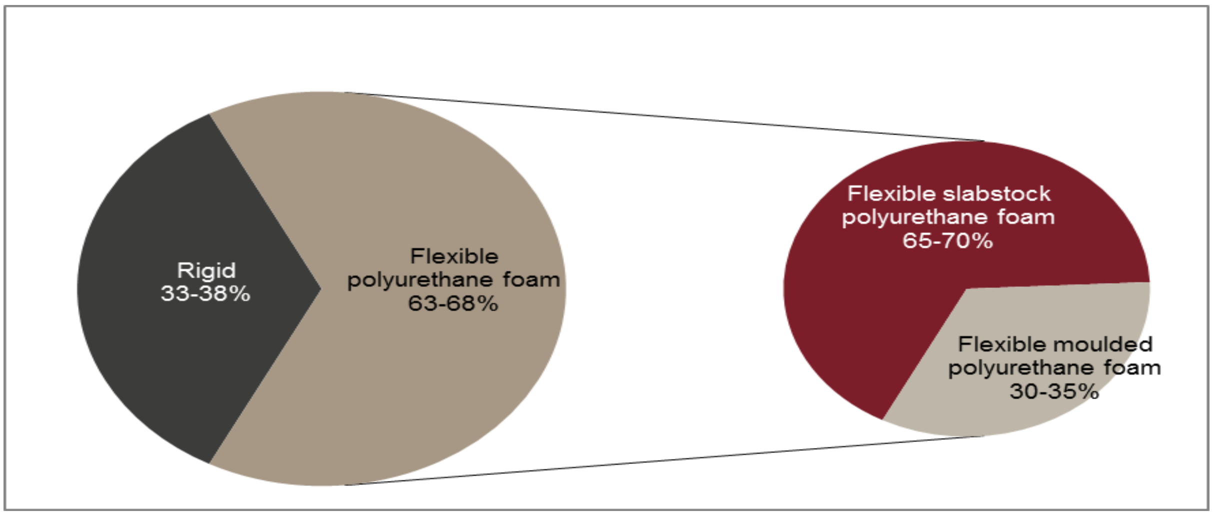
Flexible PU Foam for industrial use is sold to their end-user industry players directly or through distributors. Flexible moulded foam is typically sold to auto component manufacturers who then pass it on to original equipment manufacturers as a part of a product (car seats) while flexible slabstock foam can be sold to furniture and mattress manufacturers and other end-user industries like garment and footwear manufacturers.

(*Source: CRISIL Report*)

Market size and assessment

The Indian flexible PU Foam industry is significantly unorganised, with around 70% of the market dominated by small and medium scale manufacturers in every region as of fiscal year 2016, mainly owing to transporting issues. Given that PU Foam is inherent flammable in nature, it is required to be stored in temperature controlled warehouses with appropriate fire-safety equipment. Further, PU Foam is also voluminous in nature, thereby costing around ₹ 10 to ₹ 15 per kilogram for local transport, and ₹ 35 to ₹ 45 per kilogram for distances in excess of 400 kilometres. The difficulties and costs involved in transporting flexible polyurethane foam limit the number of national-level manufacturers. (*Source: CRISIL Report*)

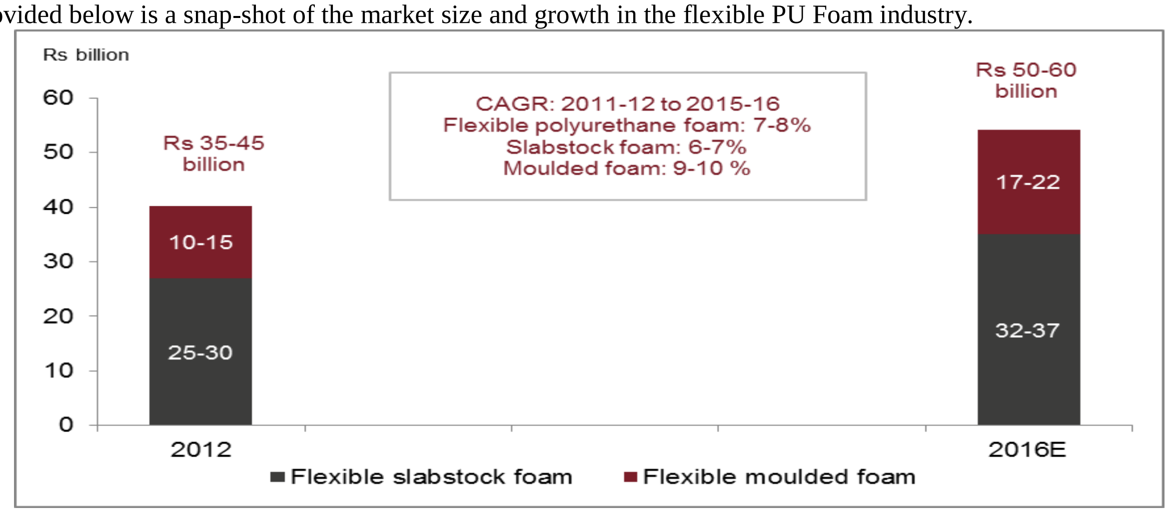
Within the PU Foam industry, flexible PU Foam comprised around 63-68% of production in fiscal year 2016. Provided below is a snapshot setting out the break-up of Indian PU Foam production in fiscal year 2016.



Source: CRISIL Research

The overall market for flexible PU Foam is estimated to have grown at a CAGR of 7-8% from ₹ 35-45 billion in the fiscal year 2012 to ₹ 50-60 billion in fiscal year 2016. Of this, flexible slabstock PU Foam constituted around 65-70% of flexible PU Foam production in such period and moulded PU Foam constituted for the remaining 30-35%. According to CRISIL, while the market size for flexible slabstock PU Foam has grown at a CAGR of 6-7% from fiscal year 2012 to fiscal year 2016, moulded foam has grown at a CAGR of 9-10%, although at a lower base. (*Source: CRISIL Report*)

Provided below is a snap-shot of the market size and growth in the flexible PU Foam industry.

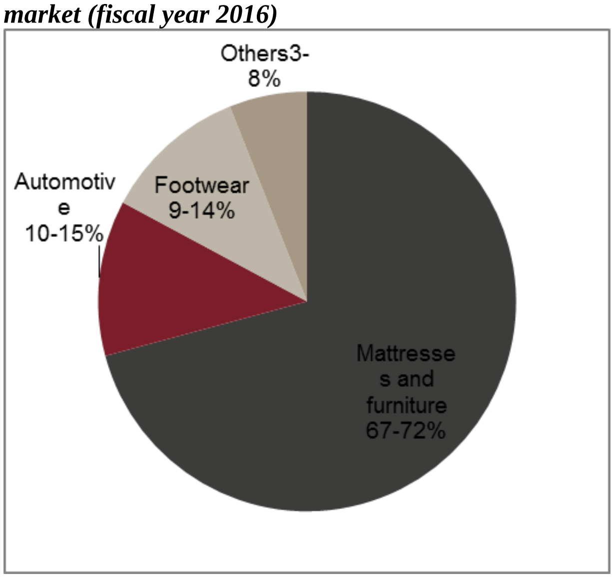


Source: CRISIL Research

Principal end-user industries for flexible PU Foam

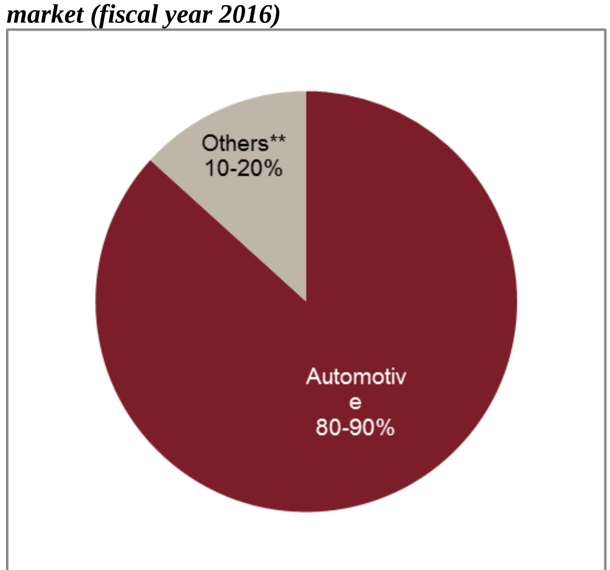
The mattress and furnishing industries accounted for more than two thirds of the flexible slabstock PU Foam market in fiscal year 2016 and more than 45% of the entire flexible PU Foam market. Going forward, it is estimated that the improving penetration of mattresses (foam, coir and spring) will drive demand for flexible slabstock PU Foam. Moulded PU Foam is predominantly consumed by the automobile industry, commanding nearly 85% of the moulded PU Foam market, and more than 30% of the entire flexible PU Foam market. CRISIL Research believes that increasing automobile production will drive demand for moulded PU Foam. Provided below is a snapshot of the break-up of the end-user industries for flexible PU Foam. (*Source: CRISIL Report*)

End-user wise break-up of flexible slabstock PU Foam market (fiscal year 2016)



Others include garments, furnishing etc.
Source: CRISIL Research

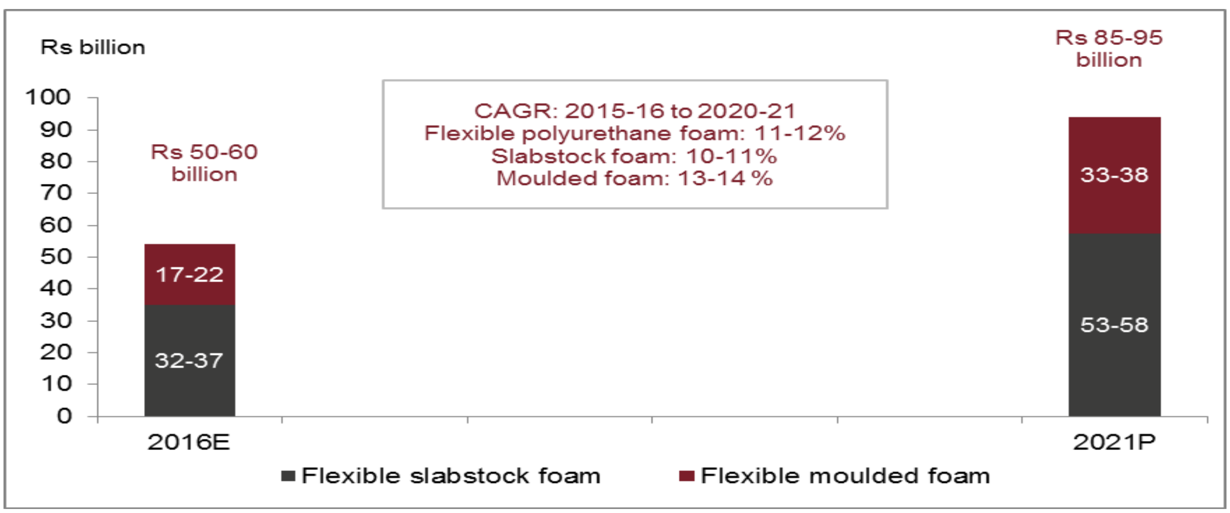
End-user wise break-up of flexible moulded PU Foam market (fiscal year 2016)



***furniture etc.*

Industry estimates and drivers

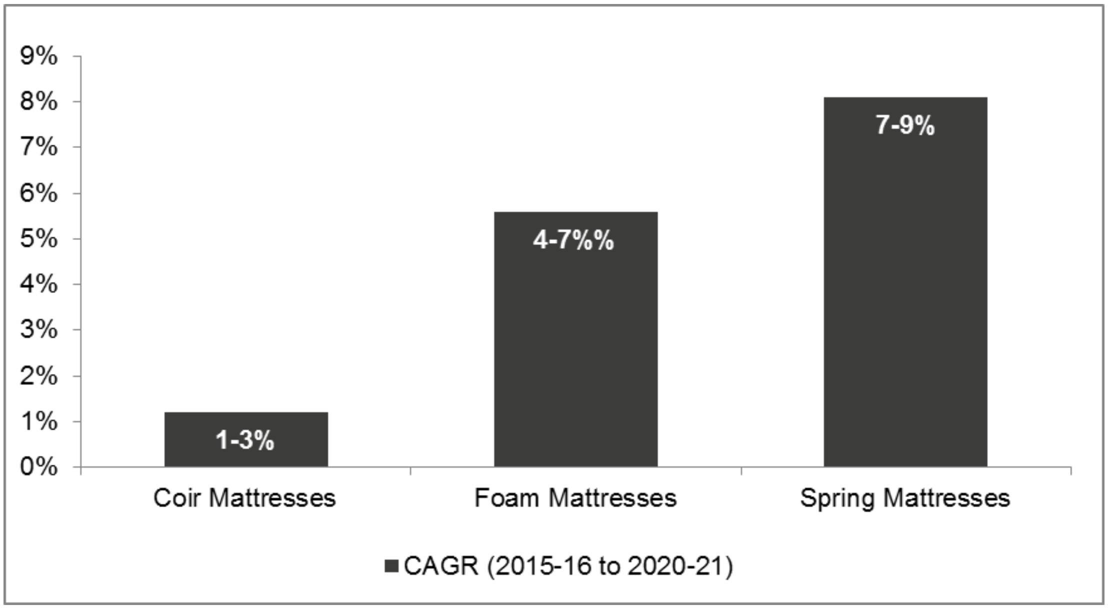
CRISIL Research estimates that the Indian flexible PU Foam market will grow at a CAGR of 11-12% between fiscal year 2016 and fiscal year 2021, primarily based on increasing demand from end-user industries. Provided below is a snapshot of the projected growth projections in the flexible PU Foam market.



Source: CRISIL Research

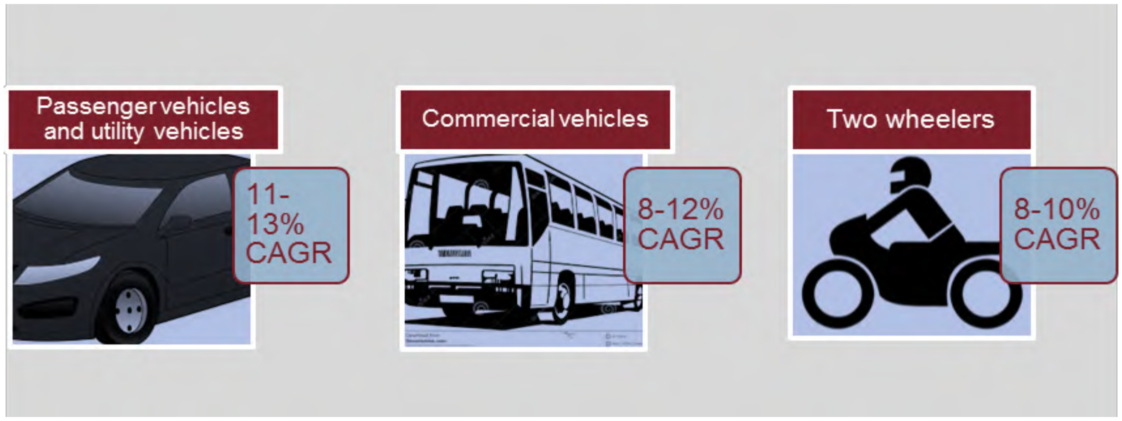
As mattress penetration increases, demand for slabstock PU Foam is expected to increase as well. CRISIL Research expects the market for slabstock polyurethane PU Foam to grow at a CAGR of 10-11% during the next five years. Additionally, CRISIL Research expects 1.1 million housing units to be set up in ten major Indian cities by the end of calendar year 2018, and the increase in the number of houses is expected to drive demand for mattresses. (*Source: CRISIL Report*)

Provided below is a snap-shot of the expected growth in the mattress market over the next five years.



Source: CRISIL Research

Further, CRISIL Research expects the demand for passenger cars, utility vehicles and two wheelers to grow at a healthy pace in the next five years on account of various factors, including lower cost of ownership due to low fuel prices and lower interest rates coupled with increase in farm incomes (on the assumption of a normal monsoon). The 7th Pay Commission pay-outs in the latter part of fiscal year 2017 are also expected to contribute to the growth in the overall passenger car and two wheeler industries in India. Provided below is a snapshot of the growth trends in the automotive industry sales over the next five years.



Source: CRISIL Research

Sales of commercial vehicles, including trucks and three wheelers in the next five years in India are expected to be driven by factors such as the projected improvement in industrial activity, steady agricultural output, significant focus on infrastructure project-execution along with continued capacity constraints in the railways. Sales of commercial vehicles such as buses is expected to be driven by the growing urban population, demand from schools and corporate houses, improved road infrastructure and an increase in inter-city travel. As sales and production of automobiles increase, demand for moulded PU Foam is expected to increase as well. In light of these factors, CRISIL Research expects the moulded PU Foam market to record a CAGR of 13-14% in the next five years. (*Source: CRISIL Report*)

Threat of substitute products

Certain alternatives to flexible PU Foam for their end-uses include cotton, coir, spring and natural latex (for mattresses) and polyester fibre, natural latex, feather and down, horse hair/ synthetic fibre and organic wool (for the furnishing industry). However, some of these alternative products may not match all the advantages offered by flexible PU Foam.

Replacement rates

Typically, PU Foam mattresses are replaced every 6-7 years, while PU Foam used in furniture cushioning can be replaced in 6-8 years. The density of foam and the thickness used also determine the life of the mattress or furnishing. Moulded PU Foam used in automotive seats is required to be replaced typically in case of accidents, or tears. For garments and shoes that utilise flexible PU Foam, replacements are usually driven by individual consumer preferences. (*Source: CRISIL Report*)

Emerging technologies

Memory foam mattresses are higher value products, as compared to traditional PU Foam mattresses, and have steadily begun to gain acceptance in India. Going forward, CRISIL Research expects demand for memory foam mattresses to witness significant improvement in the medium term as more people shift to the use of mattresses (coir, spring and foam mattresses) and income levels improve. (*Source: CRISIL Report*)

There are other variants of memory foam like gel-based foam and plant-based foam mattresses. However, they are yet to gain traction in India. Gel-infused mattresses include a combination of gel and memory foam where the gel may be infused throughout the mattress or may be contained in a layer. On the other hand, in plant-based memory foam mattresses, some petroleum-based ingredients are replaced with plant ingredients which could be extracts from soya, aloe vera, tea, or bamboo. (*Source: CRISIL Report*)

OUR BUSINESS

This section should be read in conjunction with the sections titled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 17, 331 and 187, respectively. In this section, unless the context requires otherwise, any reference to the terms "we", "us" and "our" refers to our Company and our Subsidiaries. Unless otherwise stated, all financial and other data regarding our Company's business and operations presented in this section is on a consolidated basis and are derived from the Restated Financial Statements.

*Certain information in this section is also derived from the report titled "**Overview of the PU Foam and Mattress Industry in India**" prepared by CRISIL, an independent consultant, pursuant to engagement with our Company ("**CRISIL Report**"). For the text of the disclaimer clause of CRISIL, see the section titled "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation" on page 13.*

OVERVIEW

We are a leading manufacturer of mattresses in India marketed under our flagship brand "*Sleepwell*". In addition, we manufacture other foam-based home comfort products targeted primarily at Indian retail consumers, as well as technical grades of polyurethane foam ("**PU Foam**") for end use in a wide range of industries. As part of our international footprint, we manufacture PU Foam in Australia through our wholly owned subsidiary, Joyce Foam Pty Ltd. According to CRISIL, based on revenues, *Sleepwell* branded mattresses constituted a share of around 20-23% of the organised Indian mattress market as of 2015-2016. Furthermore, we are among the leading manufacturers of flexible PU Foam in India (*Source: CRISIL Report*).

As part of our home comfort range, we offer a product portfolio that appeals to consumers of widely differing attributes and preferences. Our home comfort line comprises of products such as mattresses, furniture-cushioning, pillows, cushions, sofa-cum-beds as well as PU foam cores utilised for manufacturing finished home comfort products. Our mattress line, offered under our *Sleepwell* range, encompasses pure foam mattresses as well as hybrids of spring and coir with foam that are capable of bespoke customisation as per the requirements of consumers. Our furniture-cushioning line, offered under *Sleepwell* and *Feather Foam* brands, comprises PU Foam that constitutes upholstery material of varying densities to ensure greater comfort and durability. Our home comfort portfolio also includes pillows, bolsters and cushions that are intended to provide varying physiological and comfort solutions, sofa-cum-beds and comfort accessories like bed sheets, baby care sheets and mattress protectors. In Fiscal Years 2015 and 2016, our net revenues from the sale of home comfort products aggregated to ₹ 9,160.05 million and ₹ 10,164.96 million, constituting 64.61% and 65.58%, respectively, of our total audited consolidated operating revenues for such periods.

Under our technical grade foam range, we manufacture and supply PU Foam grades to a diverse range of industries, including automotive foam used to manufacture auto parts; reticulated foams utilised in filtration systems; ultra-violet stable foams used for the manufacture of garments, shoes and innerwear; and technical foams that are used in industrial sound absorption systems. Apart from technical foam, through our Australian business, we manufacture PU Foam that is supplied to manufacturers of comfort products and home furniture and industrial PU Foams supplied to manufacturers of auto components, sound absorption systems, medical equipment and food packaging material. In Fiscal Years 2015 and 2016, our net revenues from the sale of technical foam manufactured in India and PU Foams manufactured in Australia aggregated to ₹ 5,016.62 million and ₹ 5,334.93 million, constituting 35.39% and 34.42%, respectively, of our total audited consolidated operating revenues for such periods.

We were incorporated in 1971, and over the last two decades, have developed *Sleepwell* as an overarching brand associated with comprehensive and quality home-comfort solutions. We believe that the recall of our brand has been established by an extensive suite of products that range from baseline bedding and furniture cushioning material to ergonomically tailored offerings, an emphasis on quality control and focused brand building. In respect of our technical foam manufacture business, we believe that "*Sheela Foam*" is a recognised name associated with diverse and sophisticated grades of technical foam.

We commenced manufacture of PU Foam in 1972, and currently own and operate 11 manufacturing facilities in India. All of our facilities are utilized for manufacturing home comfort products, while five of these facilities also manufacture PU Foam. Three of our facilities located in Greater Noida, Talwada and Hyderabad are ISO:9001 certified. We consistently endeavour to adopt sophisticated technology at our facilities, and currently utilise top-of-the-line Hennecke foaming machines in most of our foam manufacture units. Our installed capacity for foam production in India is currently at 123,000 TPA. In addition to our domestic facilities, Joyce operates five manufacturing facilities in Australia that exclusively manufacture PU Foam primarily through variable pressure foaming technology and has a total installed production capacity of 10,500 TPA in Fiscal Year 2016.

We have developed a pan-India distribution network that consists of over 100 exclusive distributors, over 2,000 exclusive retail dealers and over 2,500 multi-brand outlets, as on March 31, 2016. Our home comfort products are sold to retail end-consumers through exclusive distributors, who resell our products at pre-determined margins to retail dealers who either operate exclusive *Sleepwell* brand outlets on a franchisee basis, or sell our products at multi-brand outlets. Exclusive *Sleepwell* branded outlets comprise retail stores and outlets categorised in accordance with their size. As at March 31, 2016, exclusive *Sleepwell* outlets comprised 218 *Sleepwell Worlds,* which average around 1,000 sq. feet per location, 402 *Sleepwell Galleries*, which average around 600 sq. feet per location and 819 *Sleepwell Shoppes* which average around 200 sq. feet per location. Our home-comfort products are also sold by 838 exclusive dealers who operate smaller format *Sleepwell* outlets, and over 2,500 multi-branded outlets. Additionally, we sell technical foams in India directly to manufacturers in the industries that our foam lines cater to and export technical foams to countries in the Middle East, South Asia and Europe and in Australia, the United States, Brazil and Argentina.

Our Company is led by Ms. Sheela Gautam and Mr. Rahul Gautam who have been instrumental in the growth of our business from a small foam producing unit to the position of a leading manufacturer of mattresses and technical PU Foam in India. We believe that our market position has been achieved by adherence to the vision of our Promoters and senior management team and their experience of over four decades in the home comfort and PU Foam industry. Mr. Rahul Gautam, our Promoter and Managing Director, is currently Chairman Emeritus of the Indian Polyurethane Association. We have, over the years, received numerous awards and accolades for our quality business practices, including the CNBC-NASSCOM IT User Award 2008 for 'Best IT adoption in manufacturing – SME Sector', the EDGE award usage of IT for maximising business impact in 2010, 2012 and 2014 and the Dataquest Business Technology Award 2015 for excellence in implementation and use of technology for business benefits in 2015.

From Fiscal Year 2014 to Fiscal Year 2016, as per our Restated Consolidated Financial Statements, (i) our total revenue grew from ₹ 12,716.53 million to ₹ 15,668.03 million, representing a CAGR of 11.00%; (ii) our EBITDA grew from ₹ 852.97 million to ₹ 1,929.59 million, representing a CAGR of 50.40%; (iii) our profit after tax grew from ₹ 278.40 million to ₹ 1,047.86 million, representing a CAGR of 93.90%; and (iv) our consolidated Return On Equity grew from 15.21% to 35.92%.

COMPETITIVE STRENGTHS

Our principal competitive strengths are:

Well recognised and established brand built over consistent quality and innovation

We launched our *Sleepwell* brand in 1994. Over the last two decades, we have developed this brand through an emphasis on innovation and adoption of sophisticated manufacturing technologies, enabling production of personalised and niche home comfort products. As a result, we believe that *Sleepwell* is a well-recognised brand in India. According to CRISIL, based on revenues, *Sleepwell* branded mattresses constituted a share of around 20-23% of the organised Indian mattress market as of 2015-2016 (*Source: CRISIL Report*).

We have endeavoured to consistently supplement our brand recall by innovation and quality enhancement. For instance, we recently launched "*Perfect Match*", an initiative whereby we suggest mattresses that are best suited to an individual's body structure, weight and pressure distribution, based on diagnostic and statistical sleep measurements recorded on a senso-bed. Our award winning initiative of introducing radio frequency identification ("**RFID**") micro-chips in our mattresses helps differentiate our products from counterfeits, ensures tracking of *Sleepwell* sales and curtailing of unauthorised sales. RFID micro-chips also enables us to prevent over or under-pricing of our products. We also introduced "Zero Turn" technology in some of our mattress lines, which ensures these mattresses do not require periodic turning to avoid sagging. We also introduced “breathable visco-elastic” or memory foam in some of our *Sleepwell* mattresses which, apart from ensuring proper sleep posture and blood circulation, induce faster recovery of the mattresses to their original shape once a weight is removed from them.

We supplement our efforts in product development by on-ground brand building initiatives, by continuing to increase our exclusive *Sleepwell* branded retail outlets. Exclusive *Sleepwell* outlets, including *Galleries, Worlds* and *Shoppes* increased by over 275% from 383 in Fiscal Year 2014 to 1,439 in Fiscal Year 2016. We engage in extensive brand training initiatives with our distributors and dealers to ensure that they effectively showcase and market our products. We have also undertaken extensive advertisement campaigns in print and electronic media. In Fiscal Years 2014, 2015 and 2016, we spent ₹ 365.10 million, ₹ 493.21 million and ₹ 681.02 million, respectively, on advertisement expenses.

Our brand has significantly contributed to our growth. We believe that we can effectively leverage our brand recall to increase our scale of operations, introduce new and more innovative product lines, increase our manufacturing capacity and expand our presence into under-penetrated geographies and markets.

Extensive and well developed pan-India sales and distribution network

Our distribution network provides key support to our business operations. We sell our home-comfort products through a pan-India network of exclusive distributors and retail dealers, as well as through multi-brand outlets. We believe that our well-developed sales and distribution network sets us apart from our competition in a market where the lack of distribution channels can create natural entry barriers. Many of our distributors have been associated with us for over 20 years. Our exclusive distributors are typically engaged in strategic proximity to our manufacturing facilities, which helps us to reduce our carriage expenses and minimise the possibility of damage of our finished and foam products. Several of our distributors have presence in territories in addition to our current markets, which we can leverage to expand into such territories. Further, our distribution network is well integrated with our information technology platforms, through technologies that, *inter alia*, allow us to track secondary sales made by our distributors and dealers and assist in calculation of sales incentives to be provided to them in real time.

We continually invest in strengthening our distributor relationships. As on March 31, 2016, we have deployed around 120 sales personnel who actively engage with key distributors. We organise annual meetings with our distributors. We conduct periodic training programmes for sales personnel of our distributors and dealers to ensure appropriate marketing and showcase of our brands. We also provide sales incentives to our dealers, whereby, a commission or gifts are provided to dealers who achieve sales targets during a specified period. Additionally, we encourage high performing dealers operating smaller format *Sleepwell* outlets, such as *Sleepwell Shoppes* to upgrade to larger format stores, namely *Sleepwell Galleries* and *Sleepwell Worlds.* Such initiatives encourage our dealers to effect greater sales, and increase our brand visibility.

We also have a dedicated sales team of employees which handles business development and relationship management for our technical foam manufacturing business. Our technical foam sales personnel visit our institutional customers periodically and deal directly with them or their representatives, and are responsible for customer addition, as well as identification and liaising with manufacturers suitable for our technical foam grades. Our sales and marketing operations are led by Mr. Rakesh Chahar, our whole time director, who has over 25 years of experience in marketing of PU Foam products. Our sales team has significant technical expertise in our core business of production of home comfort products and technical foam and undertake periodic training and branding programmes to augment their marketing expertise.

Quality manufacturing capabilities and technological innovation

We have developed our manufacturing processes over four decades of production experience. We have not had any product recalls since incorporation. We operate 11 manufacturing facilities in India that are located in proximity to key distributors and markets. Our manufacturing facilities are geographically dispersed, with four units located in the North, three units in the West, two units in the South and two units in the Eastern regions of India. Four of our facilities (Erode, Talwada (Gujarat) and two in Silvassa) are located in close proximity to the major Indian ports of Nhava Sheva, Kandla, Mundra and Chennai, which facilitate cost-effective import of raw materials as well export of technical foam to overseas manufacturers. In Fiscal Year 2016, our Indian manufacturing facilities had a combined installed production capacity of 123,000 TPA of foam. Three of our facilities located at Greater Noida, Talwada and Hyderabad are ISO:9001 certified, and we continually invest in the latest and specialised infrastructure, plant and machinery in all of our facilities. We have implemented Hennecke ("**HK**") technology in our Greater Noida facility in 2007, which provides us higher yields of foams with uniform cellular structure, and currently utilize HK foaming machines in four of our foam manufacturing units. We also introduced "variable pressure foaming" technology at our manufacturing facility in Sydney, which involves continuous foaming in an air-tight environment whereby flexible, higher performing and durable PU Foam is produced under controlled atmospheric conditions. Our domestic capacity utilisation, measured on the basis of actual production, increased by over 20% from 35,214 tons in Fiscal Year 2014 to 42,577 tons in Fiscal Year 2016.

We augment our manufacturing capabilities by extensive research and development. Such initiatives have resulted in introduction of innovative and niche product lines. For instance, we commenced manufacture of polyester foam in 2009, which are ester-based technical PU Foam grades characterised by an evenly spaced open cellular structures, providing them with greater compressibility, flexibility, cushioning and energy absorption capability. Polyester foams are uniquely suited for automobile seat-lamination systems. Over the years, we have also introduced economic HR foams that provide high resilience and "Silentech" foam, a technical grade PU Foam, thin sheets of which achieve high noise reduction in industrial sound absorption systems.

Our relationship with Joyce also enables us to leverage its production expertise to adopt manufacturing technologies in our domestic operations. For instance, we have adopted Joyce's compression technology in our Indian manufacturing facilities, whereby foam is compressed prior to being transported in a manner that it regains its original shape after being unpacked at its destination. Such technology enables us transport higher volumes of foam in the same shipment, leading to significant reduction in our freight costs. We have also gained technical knowhow in variable pressure foaming from Joyce, which we intend to leverage in implementation of vertical variable foaming technology in our domestic manufacturing operations. For further details on such technology, see the sub-section titled "- *Our Strategy – Adoption of advanced production technology*" on page 123.

Integrated operations and economies of scale

We benefit from synergised business operations through the manufacture of home comfort products as well as the underlying foam that constitutes their principal component. As a result of this, we do not source PU Foam from external suppliers. We achieve manufacturing synergies as well, given that five of our domestic manufacturing units are capable of producing both PU Foam and finished home comfort products. Additionally, we have successfully leveraged our expertise in manufacture of home-comfort products to effectively consolidate our other business of manufacture of technical foam. Our integrated operations also enable us to exploit reverse logistics benefits. For instance, we typically utilise logistics infrastructure hired by us for supply of raw materials to our manufacturing facilities for onward supply of finished products and foams to our distributors. Such business synergies effect reduction in our operating expenses and enable us upscale our operations in an efficient and seamless manner.

Well qualified and professional management

Our management team is professional, well-qualified and experienced in the home comfort and foam industries and has played a key role in the sustained growth of our operations. Our operations commenced under Ms. Sheela Gautam, our Promoter and Chairperson Emeritus, who successfully managed various phases of expansion, growth and consolidation of our business and operations and has over 45 years of experience in the manufacture of home comfort products and PU Foam. Mr. Rahul Gautam, our Promoter and Managing Director, holds a bachelor's degree in chemical engineering from the Indian Institute of Technology, Kanpur and a master's degree in chemical engineering from the Polytechnic Institute of New York, has over 40 years of experience in the PU Foam and mattress industry, and is the Chairman Emeritus of the Polyurethane Association of India. Mr. Rakesh Chahar, our Whole-time Director, has over 25 years of experience in marketing of bedding products and PU Foam, and chairs the Indian Sleep Products Federation. Mr. Tushaar Gautam, one of our executive directors, holds a bachelor's degree in financial, marketing and operations management from Purdue University, USA and oversees the business and operations of Joyce, our Australian subsidiary.

Our management is also supported by an experienced and technically qualified execution team, which include our Chief Operating Officer, Dr. Mahesh Gopalsamudram, formerly associated in senior managerial positions with

Manali Petrochemicals Limited and Dow Chemical International Private Limited, with over 17 years of experience in the chemicals industry and our Chief Finance Officer, Mr. Dhruv Chandra Mathur, a qualified chartered accountant, cost accountant and company secretary who has over 36 years of experience in various sectors. Our integrated information technology division is headed by Mr. Pertisth Mankotia, who has won several global awards for implementation of information technology tools in business. Further, our Australian business benefits from the experience and expertise of Mr. Frank Joseph van Gogh, CEO and director, who holds a bachelor's degree in mechanical engineering from the University of New South Wales and master's degree in business administration from the University of Technology, Sydney and has been associated with Joyce for over 16 years, and Mr. Edward John Dodds, Financial Controller of Joyce who holds a bachelor's degree in business from the University of Technology, Sydney, is an associate of the Australian Society of Practicing Accountants since October 23, 2000. For further details of our key management personnel, see the section titled "*Our Management – Key Management Personnel*" on page 171.

OUR VISION

Our vision statement is set forth below.

We will continue to be recognised as a leading organisation in quality comfort products while practicing values of integrity, reliability, proactivity and transparency; to do business with a smile for customer delight and a commitment to society.

OUR STRATEGIES

The primary elements of our growth strategies are set forth below.

Continue to develop our brand

Our ability to continue to benefit from our brands is a key factor that contributes to our success. We have a significant opportunity to leverage our *Sleepwell* brand to further improve our market share. Our strategy is to continue building brand leadership in core home comfort products, such as mattresses and bedding material, as well as higher-grade technical PU Foam lines, that we believe represent a significant opportunity for our future growth. Additionally, we also seek to market and consolidate customer recall of our various customised product sub-brands under *Sleepwell* such as *My Mattress* and initiatives such as *Perfect Match*. We intend to accomplish this by offering quality products at attractive prices under these sub-brands and promoting them through different forms of marketing and advertising, increasing our retail presence through expansion of exclusive *Sleepwell* outlets and capitalising on the strength of our distribution and dealer network. Additionally, in an effort to increase our brand presence through online platforms, we intend to develop and transform our "Sleepedia" website, which we launched in 2014, to a one-stop shop for sleep solutions, providing information and expert advice on quality sleep, sleep disorders, healthy sleep environs, sleep postures and choice of appropriate bedding material.

Continue to focus on development of personalised products

We believe that with rising household incomes in India, our target consumers are increasingly favouring personalised home-comfort packages that are tailored towards their physiological, aesthetic and ergonomic attributes. According to CRISIL, the demand for higher value comfort products based on memory foams is expected to witness significant growth in the medium term. Further, with rising disposable incomes and the evolving perception of mattresses as health investments, the demand for premium and luxury segment mattresses in India is expected to grow at a faster pace than those in the economy and mid-range segment (*Source: CRISIL Report*). To this end, we aim to manufacture higher volumes of our current portfolio of customised products, as well as develop newer lines of personalised home-comfort products to further improve our operating margins. We plan to expand and consolidate our *My Mattress* brand, and develop *My Mattresses* to ensure that they can be made to match the shape and proportions of a consumer's bed, while providing, among other features, differing levels of comfort for different body zones. We also intend on launching a 'Ultra-Premium Luxury' mattress line, which will comprise bespoke made-to-order mattresses catering to specific customer requirements.

Expand our product portfolio to cater to consumer preferences

We aim to leverage our existing suite of products, knowhow and manufacturing capabilities to produce niche and higher-margin products. In particular, we intend to commence production of more sophisticated grades of technical PU Foam that do not have a significant manufacturing presence in India, and are currently imported by Indian manufacturers from overseas suppliers. We believe that, given our manufacturing capacity and expertise, we would be able to produce and sell such foam grades at competitive prices compared to the international export markets.

In the long run, we also intend to enter into new product lines and target new consumer segments. For instance, we intend to create a new range of base-line comfort products at lower price points that are specifically aimed at rural retail customers. We also intend to commence marketing our products through third party online commerce marketplaces in India and abroad. We believe that such initiatives will optimally diversify our business and products portfolio and enable access to new markets.

Expand our distribution network and export sales

Our historically developed pan-India distribution and dealer network has been critical to our growth. We intend to continue developing and nurturing existing distributor relationships, and create new distribution channels in under and non-penetrated geographies. We aim to further develop our domestic sales networks in primarily two types of territories: the first being those that are characterised by lower transportation costs, and the second, being those which have a significant demand of our products, where we can sell at price-points that can effectively offset higher transportation costs. Such expansion plans are intended to be effected by in-house examination of the market potential of various territories and our available distribution network in such geographies. For our international export business, we intend to upscale our export operations to sell higher volumes of our technical foam grades to manufacturers located in SAARC nations.

We also aim to expand our domestic retail presence by increasing our partnerships with exclusive dealers and increasing our exclusive *Sleepwell* branded outlets. Furthermore, we plan to launch *Sleepwell* branded "Ultra-Premium" showrooms titled *Sleepwell Emporios* on a franchisee basis. *Sleepwell Emporios* are intended to be larger in size than *Sleepwell Worlds,* target an affluent consumer base, showcase primarily our premium and niche home-comfort lines and emphasize on providing holistic "sleep solutions", whereby customers will be counselled on ideal sleep habits, patterns, postures and furniture placement that are best suited with the *Sleepwell* products they intend to purchase.

Adoption of advanced production technology

We firmly believe in making investments for achieving product excellence and implementing the dynamic and diverse specifications of our customers. We introduced HK technology in our Greater Noida facility in 2007, and have also implemented "variable pressure foaming" technology at Joyce, Australia. HK technology is currently used four of our foam manufacturing facilities. For further details about our technology platforms, see the sub-section titled "-*Manufacturing Facilities*" on page 131. We will continue to invest in emerging technology and processes that render our manufacturing cycles more efficient and cost-effective.

In particular, we have commenced and intend to successfully implement vertical variable foaming technology, a production technology that we have innovated in our manufacturing operations. Vertical variable foaming is a process that combines efficiencies of vertifoam and variable pressure technology. The first vertical variable foaming machine is currently envisaged to be introduced in our Greater Noida facility and will facilitate our domestic and international operations, and is intended to produce super soft foams to replace polyester fibre in the quilting of *Sleepwell* mattresses. Through implementation of such technology, we further aim to produce PU Foam grades of enhanced feel and higher durability at considerably lower costs.

Additionally, we intend to introduce "polyol recycling" technology that will assist us to produce polyol, one of our key raw materials, by using foam scrap, fresh polyol and other chemicals. Further, given the inherently technical nature of the PU Foam production process, we intend to ensure greater automation in the operations of our existing and future manufacturing facilities through increased involvement of robotics-enabled machinery.

Expand our distributed manufacturing initiative

We have recently launched our distributed manufacturing initiative, whereby we have outsourced the production of lower density commercial PU foam cores to independent manufacturers. Given that lower density foams occupy larger space, outsourcing their production has led to increase in the production volumes of higher density premium foams at our existing units. Distributed manufacturing also enables us decrease our operating expenses, given that cost of producing low density foams at distributed units is lesser than that in our units, since distributed manufacturing plans have lower overheads, and lower production volumes that give rise to less polyurethane scrap. As at March 31, 2016, we have entered into arrangements with independent manufacturers, some of who are required to exclusively supply to us, to produce lower density PU foam at six facilities. We intend to progressively increase the scale of such distributed manufacturing.

OUR PRODUCTS

Home comfort products

Provided below is a snapshot of our finished home comfort products portfolio.

Products	Product line	Sub-product lines	Branding
Mattresses	*My Mattress*	(i) *Esteem* (Firmtec, Supportec and Softec) (ii) *Dignity* (Firmtec, Supportec and Softec) (iii) *Inspire* (Firmtec, Supportec and Softec) (iv) *Admire* (Firmtec and Supportec) (v) *Activa* (Firmtec and Supportec)	Sleepwell
	Spring range	(i) *Amity* (ii) *Serenity* (iii) *Executive Pocket* (iv) *Executive Bonnell*	Sleepwell
	Technology range	(i) *Nexa*	Sleepwell
	Back support range	(i) *Spinetec AIR* (ii) *Durafirm PUF* (iii) *Spinebond*	Sleepwell
	Flexi PUF range	(i) *Enovation* (ii) *Regal* (iii) *Duet Luxury* (iv) *Victor*	Sleepwell
	Showroom range	(i) *Emporio* (ii) *Pacific Royale* (iii) *Elegance*	Sleepwell
Furniture-cushioning material	*Sleepwell Resitec*	(i) *Royalty* (ii) *Embrace*	Sleepwell
	Sleepwell Cool Gel	(i) *Cool Gel S* (ii) *Senses*	Sleepwell
	Primo	(i) *Primo* (ii) *Satin* (iii) *Velvet*	Sleepwell
	Feather Foam	-	Feather Foam
Pillows	*Fibre range*	(i) *Harmony*	Sleepwell

Products	Product line	Sub-product lines	Branding
		(ii) *Vibes* (iii) *Adore*	
	Flexi PUF range	(i) *Prima* (ii) *Norma*	Sleepwell
	Premium range	(i) *Neck care* (ii) *Natura* (iii) *Indulgence* (iv) *Curves* (v) *Emotions*	Sleepwell
Bolsters and cushions	-	(i) *PUF back cushion* (ii) *PUF bolster* (iii) *Fibre bolster* (iv) *Fibre back cushion*	Sleepwell
Sofa-cum beds	*Sofa n Bed*	(i) *Sofa n Bed Single* (ii) *Sofa n Bed Double*	Sleepwell
Other products	*Comfort range accessories*	(i) Bed-sheets (ii) Baby care sheets (small and medium) (iii) Mattress protectors (quilted)	Sleepwell

In Fiscal Years 2015 and 2016, our net revenues from the sale of home comfort products aggregated to ₹ 9,160.05 million and ₹ 10,164.96 million, constituting 64.61% and 65.58%, respectively, of our total audited consolidated operating revenues for such periods.

Provided below are brief descriptions of our key home-comforts product range.

Mattresses

The range of mattresses manufactured by us comprise of *My Mattress*, *Spring range*, *Technology range*, *Back-support range*, *Flexi PUF range* and *Showroom range*.

My Mattress

Under our *My Mattress* range, we offer our consumers the choice of multiple mattresses of varying thickness and foam-combinations at the same price-point. *My Mattresses* are available in *Esteem*, *Dignity*, *Inspire*, *Admire* and *Activa* variants. Except for *Admire* and *Activa* (which offers *Firmtec* and *Supportec*), all of our other *My Mattress* ranges offer consumers a choice between *Firmtec*, *Supportec* and *Softec* grades at the same price. *Firmtec* mattresses incorporate a firm top layer of foam and provide a hard feel, *Supportec* mattresses incorporate a flexible layer of foam and provide a less hard feel, and *Softec* mattresses incorporate a softer layer of foam and provide a an extra soft feel. Some of *My Mattresses* are equipped with Zero Turn technology.

My Mattresses are all fabric-quilted, available in thickness levels ranging from 100 mm to 250 mm and can be customised to fit all standard bed sizes. While *Esteem* mattresses are hybrids of pocket spring and foam, all other *My Mattress* grades are pure foam mattresses that incorporate layers of foam of differing thickness.

Spring range

Our *Spring range* mattresses comprises an exclusive line of hybrid mattresses that are composed of a mix of spring and foam. *Spring range* mattresses are available in *Amity*, *Serenity*, *Executive Pocket* and *Executive Bonnell* variants. While certain *Spring range* mattresses such as *Amity* and *Serenity* incorporate Zero Turn technology, all

Spring range variants are either equipped with a pocket innerspring system (whereby pressure at a particular point of the mattresses do not impact the remaining mattress), or a bonnel innerspring system (whereby pressures on different points of the mattresses impact the remaining mattresses). Some *Spring range* mattresses such as *Amity* and *Serenity* are equipped with soft visco-elastic foam that is designed to ensure proper sleep posture and blood circulation and induce faster recovery of the mattresses to their original shape once a weight is removed from them. *Spring range* mattresses are quilted with premium knit fabric and available in different thickness levels.

Technology range

Our *Technology range* mattresses are available in the *Nexa* variant. *Nexa* mattresses are made of high resilience responsive memory foam, which is designed to take the shape of the body of the person resting on them. Such foam has an open cell structure that increases ventilation and aids quality sleep. *Nexa* mattresses are quilted with premium fabric and are available in thickness levels of 200 to 250 mm.

Back support range

Our *Back support range* mattresses are available in *Spinetec AIR*, *Durafirm PUF* and *Spinebond* variants. *Spinetec AIR* mattresses include memory foam with a reticulated layer to ensure adequate air circulation and a super-bond flexible PU Foam layer for firmness and durability. *Durafirm AIR* mattresses are designed for extra firmness, having soft flexi PU Foam on both sides. *Spinebond* mattresses are hybrids of a layer of rubberised coir and a layer of hard PU Foam, equipped with anti-sag technology and quilted with soft PU Foam on both sides. All our *Back support* mattresses are fabric quilted and available in various thickness levels.

Flexi PUF range

Our *Flexi PUF* range of mattresses is available in *Enovation*, *Regal*, *Duet Luxury* and *Victor* variants. *Enovation* mattresses are lighter-weight and spot-washable mattresses composed of medium-firm and firm layers of PU Foam that are suitable for mobility and travelling. *Regal* mattresses are made of visco-elastic temperature sensitive foam, specifically designed to reduce stress, ensure correct sleep posture and improve blood circulation and are also equipped with responsive profile technology, which attempts to evenly distribute body weight and keep the mattresses ventilated by enhancing air circulation. *Duet Luxury* mattresses are made of dual layers of firm foam and soft foam, the firmer side incorporating super-bond material to ensure optimal spinal alignment, and the softer side comprising visco-elastic temperature sensitive foam and a layer of reticulated foam to ensure adequate air flow. *Victor* mattresses are thinner variants incorporating soft flexible PU Foam, and quilted with polycot fabrics. These mattresses are available in various thickness levels.

Showroom range

Our *Showroom range* mattresses represent our range of premium mattresses and are available in *Emporio*, *Pacific Royale* and *Elegance* variants. *Emporio* mattresses are made of thicker visco-elastic temperature sensitive foam and incorporate precision contouring technology to evenly distribute body weight. *Pacific Royale* mattresses are hybrids of spring and high density PU Foam, are equipped with a pocket innerspring system and incorporate Zero Turn technology. *Elegance* mattresses are made of dual layers of visco elastic temperature sensitive soft foam and firmer super bond foam. All *Showroom range* mattresses and quilted with plush fabric and available in thickness levels of 125 to 300 mm.

Furniture-cushioning material

We offer furniture cushioning material through our *Feather Foam, Primo, Sleepwell Resitec* and *Sleepwell Cool Gel S* ranges.

Sleepwell Resitec range

Our *Sleepwell Resitec* range of furniture-cushioning is available in *Royalty* and *Embrace* variants, which are typically composed of higher resilience PU Foam incorporating Health Fresh (which is designed to preserve hygiene and eliminate odour) and SANtech technology (which is designed to maintain improved air-flow, thereby enhancing the firmness and durability of the upholstery material).

<u>Sleepwell Cool Gel S range</u>

Our *Sleepwell Cool Gel S* range of furniture-cushioning is comprised of *Cool Gel S* and *Senses* variants. *Sleepwell Cool Gel S* cushioning material is equipped with cool gel technology, which is designed to keep cushion surfaces within a pleasant temperature range.

<u>Primo range</u>

Our *Primo* range of furniture-cushioning is available in *Primo, Satin* and *Velvet* variants. *Primo* furniture cushioning is made of pure feather foam, a foam grade that is designed to provide greater comfort and durability, and is equipped with Health Fresh and SANtech technology. *Satin* and *Velvet* variants of our *Primo* range are characterised by a soft feel and a super-soft feel, respectively.

<u>Feather Foam</u>

Our *Feather Foam* range of furniture cushioning is made of pure foam, and designed to regain its size and strength for longer periods of time. *Feather Foam* cushioning material is treated with SANtech technology, which ensures protection against dust-mite, fungal and bacterial contamination, and is also equipped with pinholfree treatment that increases its durability and provides for better air-flow.

Pillows

We manufacture pillows under our *Fibre pillows*, *Flexi PUF* and *Premium Pillow* ranges.

<u>Fibre pillows</u>

Our *Fibre* pillows, available in *Harmony*, *Vibes* and *Adore* variants, are characterised by micro-blend hollow siliconised conjugated fibre, which are designed to provide an extra soft feel. These are covered in premium designer fabric and available in sizes ranging from large (24 inches by 16 inches) to extra-large (27 inches by 17 inches).

<u>Flexi PUF range</u>

Our *Flexi PUF* pillows, available in *Prima* and *Norma* variants, are made of soft density flexible PU Foam and treated with Health Fresh technology. These are lighter weight and spot washable pillows covered in premium cotton covers and available in large and extra-large sizes.

<u>Premium Pillow range</u>

Our *Premium Pillows* are available in *Neck care, Natura*, *Indulgence*, *Curves* and *Emotions* variants. *Neck care* and *Natura* pillows are made of visco-elastic foam, specifically designed to provide optimal support and relief to the neck muscles and covered in aloe vera treated washable material. *Indulgence* pillows are made of moulded flexible PUF, *Curves* pillows are manufactured in one piece from of orthopaedic ultra-soft PU Foam blocs and designed to keep the neck in its natural position and *Emotions* pillows are composed of micro fibre filling and covered with a premium quilted cover composed of micro fibre. These pillows are available in large, extra-large and extra-extra-large sizes (30.1 inches by 20.3 inches).

Bolsters and cushions

Our bolsters are available in *PUF back cushion*, *PUF bolster*, *Fibre bolster* and *Fibre Back Cushion* variants. These bolsters are typically hybrids of layers of flexible PU Foam and fibres and are designed to provide uniform support to the head and the back.

Sofa-cum-beds

We manufacture *Sleepwell* branded single and double sofa-cum-beds. Our sofa-cum beds are made of PU foam and available in zipped covers and several designs of upholstery. Our single sofa-cum beds are available in a size of 30 inches by 31 inches and double sofa-cum-beds are available in a size of 60 inches by 31 inches.

Comfort accessories

In addition to home comfort products, we also manufacture and sell *Sleepwell* branded bed-sheets which are available in various sizes, *Sleepwell Mother's Touch Baby Care* branded baby care sheets, which are available in small (0.5 m x 0.7 m), medium (0.7m x 1.0 m) and large (1.0m x 1.4 m) sizes, and quilted mattress protectors under our *Armor* variant that are available in a wide variety of sizes and equipped to safeguard mattresses from moisture, accidental spillage and stains.

PU Foam Cores

Apart from finished home comfort products, we also manufacture various grades of commercial PU Foam cores. These cores are primarily in the nature of PU Foam sheets that are marketed, through our existing distribution channels, to end-manufacturers of mattresses, bedding material, home furniture, upholstery, rugs, quilting material and ottomans. Some of the brands under which we sell PU foam cores include *Splash*, *Mystiq*, *Rainbow*, *Flexituf*, *Champion* and *Indigo*, which vary in terms of thickness, density and grade.

Technical Foam Products

Provided below is a snapshot of principal technical foam products.

Products	Product lines	End-use industries/ applications
Automotive foams	(i) Poly-ester foam (ii) Poly-ether foam	(i) Seat covers (ii) Sound absorption systems (iii) Sun visors (iv) Headliners (v) Door trims (vi) Lamination systems
Reticulated foam	(i) Ester-based foam (ii) Ether-based foam	(i) Filtration systems (ii) Ceramic foam filters (iii) Outdoor furniture (iv) Microphones and headphones (v) Safety fuel tanks (vi) Ink cartridges
Ultra Violet Stable foam	-	(i) Sportswear (ii) Innerwear and lingerie (iii) Clothing (iv) Swimwear (v) Comfort accessories for shoes

Products	Product lines	End-use industries/ applications
Silentech foam	Ester based PU Foam	(i) Sound-proofing systems (ii) Automobiles (iii) Diesel generator canopies (iv) Theatres, auditoriums, indoor stadiums (v) Broadcasting rooms and recording studios (vi) Industrial silencers (vii) Acoustic enclosures (viii) Engine testing rooms (ix) Overdeck and underdeck insulations

In Fiscal Years 2014, 2015 and 2016, our net revenues from manufacture and sale of technical foam lines aggregated to ₹ 1,939.82 million, ₹ 2,198.67 million and ₹ 2,485.52 million, respectively, comprising 15.26%, 15.51% and 16.04%, respectively, of our total consolidated audited operational revenues for such periods.

Provided below are brief descriptions of our technical foam grades.

Automotive foams

We manufacture various grades of automotive foams, which comprise poly-ester and poly-ether based foams characterised by a regular and fine cell structure. These foams have higher mechanical strength remain typically unaffected by additives such as organic solvents and petroleum. Further, these foams are also ideal for flame and glue lamination with normal textiles or leather and are easily printable. We sell automotive foams primarily for end-use by auto component manufactures for production of seat covers, sound and vibration absorption systems, sun visors, headliners and automobile door trims.

Reticulated foams

We manufacture various grades of reticulated foams, which comprise ether and ester based foams manufactured through the thermal reticulation process. Ester based reticulated foams are stable with petroleum products and are thus, uniquely suited for petroleum filtration systems. Ether based reticulated foams, on the other hand, remain unaffected by water, and therefore, are utilised for water filtration systems. We sell reticulated foams primarily for end-use by manufacturers of air, oil and water filtration systems, ceramic foam filters, safety fuel tanks, ink cartridges and outdoor furniture.

Ultra Violet Stable foams

We manufacture various grades of ultra violet stable foams, which are free from chlorofluorocarbons or any auxiliary blowing agents. These foams are designed to provide thermo-formability and colour stability and are therefore, suited for use in manufacture of clothing and innerwear. We sell ultra violet stable foams primarily for end-use by manufacturers of sportswear, footwear, lingerie, swimsuits and comfort accessories for shoes.

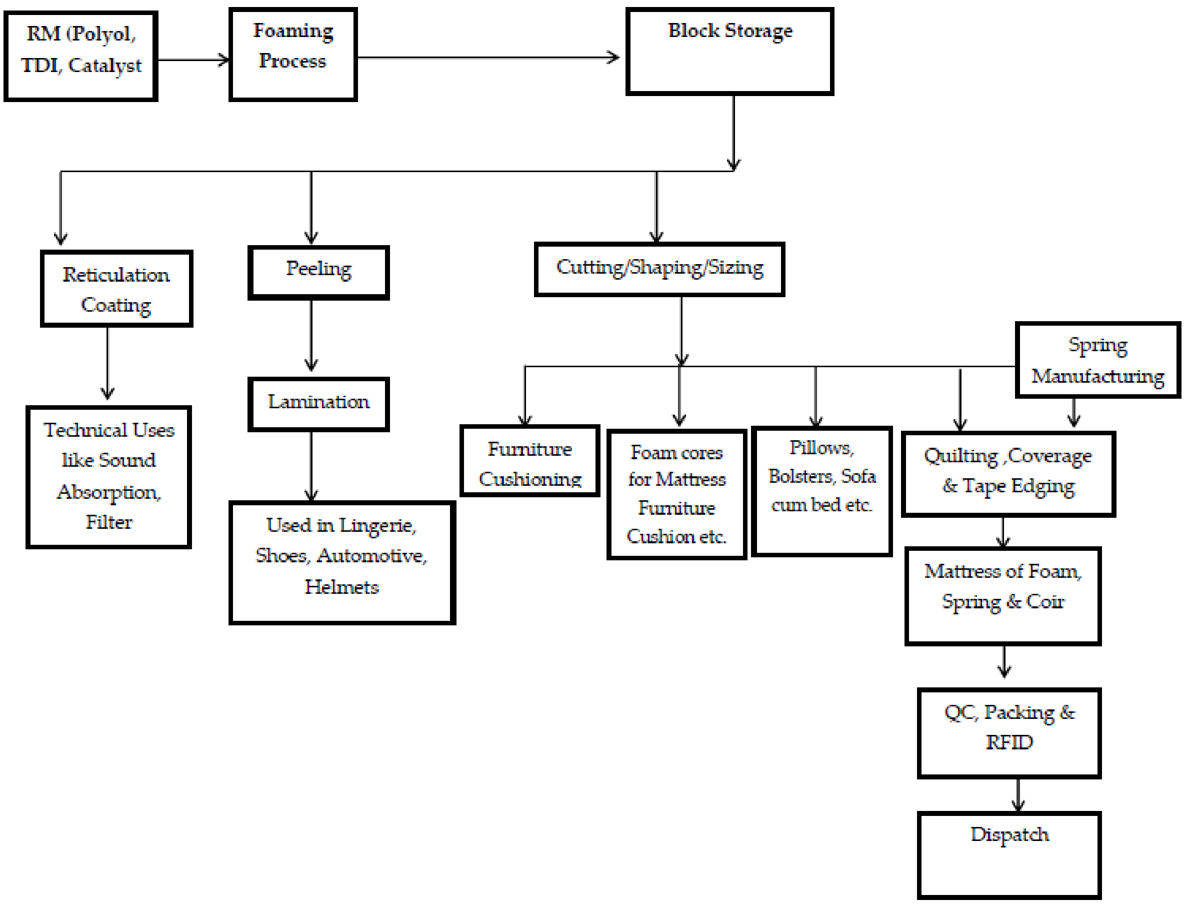
Silentech foams

We manufacture various grades of silentech foam, which are light weight ester based PU Foams, incorporating technology which ensures lower sheet thickness and high levels of noise reduction. We sell silentech foams primarily for end-use by manufacturers of noise reduction systems and diesel generator sets. We also manufacture various grades of sound absorption foams, which are lighter weight foams that are designed to absorb handle low, mid and high frequencies of sound energy. These foams are utilised in applications which require fire retardancy and sound absorption. We sell sound-absorption foams primarily for end-use by manufacturers of canopies of diesel generator sets, industrial silencers, acoustic enclosures, and electronic data processing units and sound reduction applications in theatres, auditoriums, indoor stadiums and broadcasting and commentary rooms.

PRODUCTION PROCESS

Manufacture of PU Foam

We manufacture PU Foam through a continuous production line, whereby our key raw materials are mixed with requisite additives and converted to PU Foam, through our foaming machines, cut into requisite sizes and cured in a continuous and automated process. Set forth below is a snapshot of our PU foam production process.



Raw material mixing

Our principal raw materials used in foam production, namely, toluene diisocyanate ("**TDI**") and polyol are transported in drums to our manufacturing facilities on-road by tankers. These are then stored in insulated cylindrical tanks which maintain a constant temperature of around 22 degrees Celsius. The PU Foam production process commences when TDI and polyol added with blowing agents and additives are pumped from these storage tanks to a common mixing chamber. An impeller driven by a fast rotating motor is installed in the mixer to aid dispersion.

Foam forming and settling

The blowing agents create a foaming effect into the raw material mixture, as a result of which, the reacting mixture expands rapidly after exiting the mixer. Since the mixture is still in liquid form when pumped to the settling chamber, it readily assumes the shape of the foaming chamber. The foam gradually solidifies when travelling up the settling chamber, a process facilitated by a paper conveyor. It takes around ten minutes for foam to travel from the bottom to the top of the foaming chamber, by which time it hardens fully. The hardened foam is then cut into different lengths of blocks.

Curing

Freshly formed foam blocks remain at considerable high temperature levels when transported to the foam storage area. Although the peripheral of the foam is cooled to room temperature, the centre of the block can be in excess of a 100 degrees Celsius. Accordingly, foam blocs are required to be cured at room temperature for a period extending to at least 12 hours before it is processed further. Once foam blocs are completely cured, they are cut into smaller sizes in accordance with specifications provided by our distributors and other customers.

Given their low density levels, foam and foam-based products are large in size and bear high transportation expenses. To save on freight costs, we undertake vacuum packing/ compression for certain types of PU Foams. Given that they are flexible, our PU Foams reduce when in size when vacuum packed, and revert to their full size when returned to normal atmospheric pressure.

Processing

The production process for technical PU Foams concludes after they are cured, peeled or reticulated, cut in appropriate sizes and vacuum packed for transportation.

Manufacture of home comfort products

Our home comfort production line involves a few more steps subsequent to the manufacture of the underlying PU Foam. Once the requisite PU Foam grade is cut into appropriate mattress sizes, various grades are combined along with spring and rubberised coir in accordance with the type of mattress sought to be produced. Combined foam/ coir/ spring layers are then tape-edged, quilted, sewn and subjected to a final quality examination, before being packaged and transported to distributors and dealers. Each stage of production is monitored by our quality assurance team to ensure conformity with our quality standards and the requirements of our customers.

MANUFACTURING FACILITIES

We operate 11 manufacturing facilities in India with a total installed production capacity of 123,000 TPA of foam. These are located strategically across all four zones in the country, in the states of Uttar Pradesh, Punjab, Himachal Pradesh, Telangana, Tamil Nadu, Gujarat, West Bengal, Sikkim and the union territory of Dadra and Nagar Haveli. Our Greater Noida, Hyderabad, Erode, Talwada and Rangpo (Sikkim) units are equipped to both produce finished home comfort products and PU Foam, while our Surajpur, Kala Amb, Rajpura, Jalpaigudi and Silvassa facilities are processing units, where PU Foam slabs are converted into finished comfort products, commercial PU Foam cores and technical foam. We also operate a warehouse in Sahibabad (which was earlier used for manufacture of home comfort products and PU Foam).

The following map sets out the location of our manufacturing facilities in India.

Our manufacturing facilities are located in close proximity to key distributors, dealers and exclusive retail outlets operated. The location of our facilities in India also provides us with significant savings in production, labour and transportation costs and helps us to utilize skilled labour and key technical personnel across all of our facilities. Three of our facilities, namely, Greater Noida, Hyderabad and Talwada are ISO:9001 certified. Our manufacturing facility in Kala Amb is exempt from payment of excise duties for a period of 10 years commencing March 2010 and income tax for a period of five years commencing March 2010, and is exempt from payment of 30% of income tax for five years commencing March 2015. One of our facilities in Silvassa is also exempt from the payment of central sales taxes till December 31, 2017.

We have made significant investments in establishing modern manufacturing facilities to complement our experience of over forty years in manufacture of foam based products. Our facilities incorporate advanced machinery and foaming equipment such as HK foaming machines, Albrecht Baumer loopers and finishing equipment such as contour cutting machines, circular, vertical and horizontal cutting machines, tape edging technology and quilting machines which provide comprehensive foam cutting and other capabilities. All of our facilities, except for our Rangpo facility, incorporate HK technology. HK technology involves a foaming process whereby air is not introduced artificially in foaming machines, thereby resulting in creation of open cellular foam lines of higher quality. HK technology also results in production of thinner skins resulting in foam blocs of higher yield.

The manufacturing capacity in our foaming units depends largely on the space required for curing, while the capacity of our finishing units is contingent on the critical capacity of finishing equipment such as loopers, horizontal and vertical cutting machines, tape edging machines, quilting and sewing machines.

Set forth below are details of installed and utilised production capacities of our foaming facilities at various locations.

State	City	No. of foaming machines	Installed capacity as at March 31, 2016	Utilised capacity as at (in tons)		
				March 31, 2014	March 31, 2015	March 31, 2016
Uttar Pradesh	Greater Noida	1	60,000	18,786	22,610	23,709
Telangana	Hyderabad	1	13,000	3,608	3,523	4,072
Tamil Nadu	Erode	1	16,000	3,118	3,424	3,657
Gujarat	Talwada	1	28,000	8,278	9,011	9,454
Sikkim	Rangpo	1	6,000	1,424	1,553	1,685
Total		5	123,000(1)	35,214(2)	40,121(2)	42,577(2)

(1) Assuming the average density of foam blocs manufactured by us to be 28 kilograms per cubic meters.
(2) Capacity utilisation is based on actual production volumes of foam in the relevant periods.

We have recently also commenced our distributed manufacturing initiative, whereby we have, in respect of certain grades of lower density commercial PU foam cores, outsourced the production process to certain third parties, some of who exclusively manufacture low density foam cores for us. These third parties purchase critical raw materials from us and resell finished foam cores to us.

Research and development

We have a dedicated research and development team based at our manufacturing facility in Greater Noida to support our product development and process development activities. Our research and development team continuously focuses on introducing new products in the market to cater to evolving consumer trends and preferences. We believe that our research and development abilities are critical in maintaining our competitive position in the industry.

Our research and development efforts have resulted in our evolving niche products and advanced production lines. For instance, our recently launched "*Perfect Match*" initiative enables us to recommend mattresses that are best suited to a customer's body structure, weight and pressure distribution. Our award winning initiative of incorporation of RFID micro-chips in mattresses helps differentiate our products from counterfeits, ensures tracking of *Sleepwell* sales and prevents over or under-pricing of our products. Our "Zero Turn" technology ensures mattresses do not require periodic turning to avoid sagging. Our visco-elastic temperature sensitive grades of PU Foam are specifically designed to reduce stress, ensure correct sleep posture and improving blood circulation. We have, over the years, also introduced "cool gel" technology which is designed to keep furniture-cushion surfaces within a pleasant temperature range; economic HR foams that provide high resilience; and "Silentech" foam, a technical grade PU Foam, thin sheets of which achieve high noise reduction.

Quality assurance and certifications

We believe in adhering to the highest standards of quality for our products. We exercise stringent prevention based quality control checks consisting of incoming, process and outgoing quality controls. We undertake stringent checks on every finished comfort product, commercial foam core and technical PU Foam grade at laboratories at our manufacturing facilities (or in recognised third party laboratories) prior to it being packed to ensure that no defective/damaged products are delivered to our distributors, dealers and manufacturers. Our internal systems are established to take corrective and preventive actions in the event of any non-adherence of our products to our quality standards. We have hired employees to monitor the quality of our products. Three of our facilities located at Greater Noida, Talwada and Hyderabad are ISO:9001 certified.

Additionally, we also have a dedicated business excellence division, which helps establish and implement best practices in relation to our manufacturing, corporate and other operations. Business excellence executives are stationed at all of our manufacturing facilities and assist in implementing our quality control protocols.

Product guarantees and warranties

We provide a set of guarantees and warranties on home comfort products sold through our authorised dealers. Guarantee benefits are available to end-customers who register their purchases through the authorised dealer from who they purchase our products, and cover product damage arising from sagging, crumbling and natural disintegration. Our guarantees and warranties are typically either in the nature of replacement guarantees, whereby, we undertake to replace a damaged product by an equivalent or higher value substitute within the initial guarantee period, or pro-rata money-back guarantees, whereby, after the expiry of the replacement guarantee period, a pro-rated amount (based on the original purchase price and the year in which the guarantee is invoked) is refunded to the relevant customer. We also provide warranties for product defects, typically for a period of ten years, whereby our customers receive credit equivalent to the warranty settlement value of a damaged product for the purchase of a new product.

We also provide guarantees and warranties against defective material provided to our customers in respect of technical PU Foam sold by us, for a period typically extending to 12 months.

Raw materials

The principal raw materials used by us for manufacturing PU Form are diisocyanates, polyols and additives. Further, the principal raw material used by us in the production of home-comfort products is PU Foam, manufactured in-house at our foam manufacturing facilities.

Diisocyanates are hydrocarbons that are highly reactive alcohols, of which we primarily use TDI for production of PU Foam. Polyols are hydrocarbons that are characterised by multiple hydoxyl groups. We primarily utilise poly-ether based polyols, which are cyclic polymeric ethers of high molecular weight, and characterized by high viscosity, and poly-ester based polyols which are saturated aromatic carboxylic acids, in our production process. We also utilise various additives, including chemical stabilisers that protect foam against light degradation, anti-oxidants, compounds that inhibit discolouration and artificial colours.

We source polyols and diisocyanates from local as well as overseas suppliers at prices that typically fixed on a monthly basis. Most of our suppliers typically extend credit to us for a period ranging from 60 to 90 days. While the prices of our raw materials are largely driven by market forces, our historical presence in the PU Foam business enables us source raw materials at competitive prices.

Utilities

Our manufacturing operations require a limited amount of power and water. We depend on state electricity supply for our power requirements and we use diesel generators to meet exigencies to ensure that our facilities are operational during power failures. The power supply systems at our facilities are equipped with feeder connections to ensure the continuous availability of power. To meet our water requirements for foaming and other purposes, we consume water supplied to us by municipal corporations or available through borewells.

Sales, marketing and distribution

We have built a geographically dispersed and robust sales and distribution network over four decades of operational experience. We sell our home comfort products through an extensive distribution network that consists, as on March 31, 2016 of over 100 exclusive distributors, over 2,000 exclusive retail dealers and over 2,500 multi-branded outlets. We engage exclusive distributors, who typically operate in strategic proximity to our manufacturing and finishing facilities to resell our products at pre-determined margins to retail dealers who either operate exclusive *Sleepwell* branded outlets on a franchisee basis or in multi-branded retail outlets. Exclusive *Sleepwell* branded outlets comprised, as at March 31, 2016, of 218 *Sleepwell Worlds,* 402 *Sleepwell Galleries* and 819 *Sleepwell Shoppes*. Our home comfort products are also sold by 838 exclusive dealers who operate smaller format stores than exclusive *Sleepwell* branded stores. In respect of our business of manufacture of commercial PU foam cores, we benefit from largely common distribution base with that of our finished home comfort products business.

Technical foam grades manufactured by us are directly sold to manufacturers who produce a diverse range of products, including mattress and furniture-cushioning, automobiles seating systems, garments and sound absorption systems. We also export technical foam to manufacturers in countries in the Middle East, South Asia, and Europe and in Australia, the United States, Brazil and Argentina.

We continually invest in strengthening our distributor relationships. As on March 31, 2016, we have deployed 120 sales personnel who actively engage with key distributors to review sales figures and discuss concerns and expectations from them. We organise annual meetings with our distributors. We engage in periodic branding programmes with sales personnel of our distributors and dealers to ensure proper marketing and showcase of our brands. We also provide sales incentives to our dealers, whereby, a commission or gifts are provided to dealers who sell our products over a certain number. Additionally, we encourage high performing dealers operating smaller format *Sleepwell* outlets, such as *Sleepwell Shoppes* to operate *Sleepwell Galleries* and *Sleepwell Worlds.*

We also have a dedicated sales team of employees which handles business development and relationship management for our technical foam manufacturing business. Our technical foam sales personnel visits our institutional customers periodically and deals directly with them or their representatives, and is responsible for customer addition, as well as identification and liaising with global manufacturers suitable for our technical foam grades.

Our internal sales efforts are also complemented by our marketing team which develops a separate marketing and distribution strategy for each of our product lines and engages in several marketing and promotional activities to promote our brands and increase our sales volumes. We have traditionally invested significantly in advertisement campaigns in various media, including, primarily print and electronic media. Our branding initiatives are further enhanced by our “Sleepedia” website, which we launched in 2014, and which we utilise to provide scientific information and creating awareness about healthy sleep cycles and habits.

INTERNATIONAL BUSINESS

In an effort to diversify into international markets, we acquired the business of manufacture of PU Foam and polystyrene products of three Australian companies, namely, Joyce Corporation Limited, Joyce Indpac Limited and Marfoam Pty Limited through Joyce, our wholly owned Australian subsidiary in 2005. For further details on this acquisition by Joyce, see the section titled “*History and Certain Corporate Matters*” on page 143. Joyce specialises in the manufacture of numerous grades comfort PU foams used primarily in the manufacture of mattresses and home furniture.

Joyce’s comfort foam lines include soft foams such as *Quiltec* and *Viscoform*, that are designed to eliminate body impressions and increase airflow, *Econofoams* that are lower density bedding foams that are manufactured using variable foaming technology, *Premium Comfort* foams which are heavier foams envisaged to ensure longevity, *Ultimate Comfort* and *Indulgence Comfort* foams, which are high resilience foams that provide long-term comfort and deep down support, and *HealthGuard* foams, that provide protection for consumers by eliminating dust mites, moulds and bacteria.

Industrial foams produced by Joyce include *Sonex / Wiltec* acoustic foam that reduces noise barriers and provides smoother frequency responses to bass sounds, and *Flame Laminated* foams that are utilised in automobile seats and carpets. Joyce also manufactures a line of foams that are utilised primarily in the medical industry, and are characterised by ventilation layers to promote cooling and airflow, support rails, contoured foot sections for ventilation and zoning of the lower body and thermally activated visco-elastic top layer moulds to patient shape for added comfort and support. Additionally, Joyce manufactures reticulated foam, a uniquely manufactured foam line manufactured in specially designed reticulation chambers, having a wide range of applications in vacuum and air conditioning filters, a sound absorption systems in microphones, hospital grade foams, make-up applicators, face masks and lint free wiper pads. Additionally, Joyce also produces polystyrene foam grades, that are primarily used for packaging of food products.

Joyce owns and operates five manufacturing facilities in Australia. Of these, its facility in Sydney is engaged in manufacture and processing of PU Foam, while the others are engaged in processing of PU Foam (sourced from Sydney unit). Joyce has an installed production capacity of 10,500 tons of foam manufacturing in Fiscal Year 2016 and in Fiscal Years 2014, 2015 and 2016, produced 7,100 tons, 7,772 tons and 8,518 tons of foam, respectively. Joyce's production facilities utilise advanced technological processes, including, in particular, a variable pressure foaming machine which we introduced in 2010. Joyce sells its products to manufacturers of comfort products, furniture and automotive components in Australia and New Zealand.

As on March 31, 2016, Joyce employed 166 personnel, of which 12 were involved in finance and administrative capacities, 137 were involved in production and operations and 17 were involved in sales and marketing efforts.

In Fiscal Years 2014, 2015 and 2016, Joyce contributed ₹ 2,685.51 million, ₹ 2,817.95 million and ₹ 2,849.41 million, respectively, to our consolidated operational revenues, which aggregated to 21.13%, 19.88% and 18.38%, respectively of our total audited consolidated operational revenues for such periods.

Employees

As of March 31, 2016, we had 1,924 employees, engaged across various operational and business divisions of our Company, including our Business Excellence, Finance and Accounts, Human Resources, Marketing and Sales and Operations divisions, Our employee policies aim to recruit a talented and qualified work force, facilitate their integration and encourage development of their skills in order to facilitate the growth of our operations. We are also committed to an empowering environment that motivates and facilitates growth and rewards contribution. Various welfare measures have also been implemented by us including provision of medical and health benefits to our employees and group insurance policies. Our employees are not affiliated to any trade union.

We also engage a number of contract labourers to facilitate our operations in our manufacturing facilities in India. As of March 31, 2016, we engaged more than 1,700 contract labourers. All contract labourers engaged at our facilities are assured minimum wages that are fixed by the respective state governments.

Competition

The mattresses, home-comfort products and foam industries in India are competitive and fragmented, and dominated by a large presence of unorganised players. While our *Sleepwell* branded mattresses command a dominant share in the organised Indian mattress market (*Source: CRISIL Report*), we face competition in our home comfort products business from other organised manufacturers and brands such as Kurlon, Duroflex, Centaury Fibre Plates and Peps Industries, as well as various unorganised brands running smaller scale operations in our markets. In our business of production of commercial PU Foam cores and technical foam, we compete with various other organised and unorganised entities. We believe that the recall of our brand, our extensive range of products and robust sales and distribution network set us apart from our competition. In respect of our international business, Joyce competes with other Australian companies and entities with international operations that manufacture and sell PU Foam.

Intellectual Property

We have registered certain business names and logos as trademarks under various classes with the Registrar of Trademarks in India under the Trade Marks Act, 1999. Some of these registrations include "Sleepwell Flexi PUF", "Sleepwell Flexi PUF Sofa'n'Bed", "Sleepwell Flexi PUF Pillow" (label), "Sleepwell for years" and "Zero Turn". Trademarks associated with *Sleepwell* are currently registered in the name of Sleepwell Enterprises Private Limited, one of our Promoter Group companies, and licensed to us as a permitted user, pursuant to a long-term license agreement dated May 6, 2016 till March 31, 2026, in lieu of payment of annual license fees of ₹ 0.50 million. Furthermore, by a similar agreement, Sleepwell Enterprises has licensed the use of various trademarks, brands and label marks that are currently pending registration to us as a permitted user till March 31, 2026, in lieu of annual license fees of ₹ 0.50 million. For further details of this licensing arrangement, see the section titled "*History and Other Corporate Matters*" on page 143.

Additionally, we have obtained registrations in the name of our Company over certain other trademarks, including for our corporate logo, "Feather Foam", "Viscoform" (logo), "Joyce" and "Lamiflex". We have also obtained copyright registration over three works, including for the text of our vision statement.

For further details of these registrations, see the section titled "*Government and Other Approvals – Intellectual Property Related Approvals*" on page 369.

Insurance

We maintain insurance policies in respect of our business, operations, products and workforce. We have obtained standard fires and perils policies in respect of the buildings, plant and machinery, stocks of goods and office equipment in our manufacturing and storage facilities. We maintain fire and perils insurance for the fit-outs provided in exclusive *Sleepwell* branded outlets. We also maintain transit insurance that cover transport of critical raw materials and finished products and cash insurance policies that cover cash in transit and at our offices. In respect of our workforce, we maintain employees deposit linked insurance, personal accident policies that cover accidental death, permanent disability and other injuries to our employees and travel insurance policies for certain directors. We also maintain public liability policies that cover personal injury and property damage to third parties.

Corporate Social Responsibility

We established Sleepwell Foundation in 2001 as a not-for-profit entity, which is engaged in a wide range of corporate social responsibility initiatives, including in programmes involving education, skills development, entrepreneurship and proactive wellness. Some of Sleepwell Foundation's key projects include "*Wellness Rules*", aimed at promoting proactive wellness among women through advocacy, seminars and workshops, "*Act Clean*", which promotes the GoI's *Swachh Bharat Abhiyaan* through a dual pronged approach of advocacy and awareness of people towards clean living and implementation of on-ground cleaning programmes in schools, colleges and work-places; "*Pro Skill*", through which, the Sleepwell Foundation implements industrial skills training programmes to unskilled workers, and "*Shining Girls*", which actively supports quality education for girl children across the country. Sleepwell Foundation has, through its altruistic activities over the years, been associated with leading organisations including FICCI-FLO, the Sanjivini Society for Mental Health, PRAYATN, CED Foundation, IIMPACT and Gyan Shakti Vidyalaya. We are also associated as an industrial partner with IMC ITI for Women, a public-private-partnership program which has adopted Jijabai ITI for women in Delhi aimed to impart livelihood skills to girls.

Properties

Our registered office is located at C-55, Preet Vihar, New Delhi, which is owned by us. Additionally, our 11 manufacturing facilities in India are located on land that is either owned by us, or leased by us on a long-term basis (typically for periods ranging from 90 to 99 years) from state industrial development utilities.

REGULATIONS AND POLICIES

Our Company is engaged primarily in the business of manufacture of mattresses and other home comfort products and technical grades of PU Foam in India. We are regulated by a number of central and state legislations. Additionally, our functioning requires the sanction of concerned authorities, at various stages, under relevant legislations and local by-laws.

The following is an overview of certain sector-specific Indian laws and regulations which are relevant to the operations of our Company. The information detailed in this chapter has been obtained from publications available in public domain. The description of laws and regulations set out below is not exhaustive but indicative, and is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial, regulatory and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Regulations pertaining to the home comfort products and foam manufacturing industry

Bureau of Indian Standards Act, 2016 *("BIS Act")*

The BIS Act provides for the establishment of the Bureau of Indian Standards ("**BIS**") for the development of activities of standardisation, conformity assessment and quality certification of goods, articles, processes, systems and services. The BIS Act provides for the functions of the BIS which includes, among others (a) publish, establish, promote and review Indian standards; (b) adopt as Indian standard, any standard, established by any other institution in India or elsewhere, in relation to goods, articles, processes, systems or services; (c) functions necessary for promotion, monitoring and management of the quality of goods, articles, processes, systems and services and to protect the interests of consumers and other stake holders; and (d) undertake, support and promote research necessary for formulation of Indian standards. The BIS Act empowers the Central Government to order compulsory use of standard mark for any goods or article if it finds it expedient to do so in public interest, national security, protection of human, animal or plant health, safety of environment or prevention of unfair trade practices. The BIS Act also provides the penalties in case there is a contravention of the provisions of the BIS Act.

Indian Standard: Specification for flexible PU Foam for domestic mattresses, IS: 79330:1975 ("SFPFDM")

The SFPFDM was adopted by the Indian Standards Institution in 1975 and reaffirmed by the BIS in 2003. The SFPFDM prescribes requirements and methods of sampling test for flexible PU Foam for domestic mattresses. All manufacturers who have been granted the license by the BIS and use the standard mark on their domestic mattresses have to comply with the manufacturing requirements for specific constituents, physical condition and dimensions as provided for in the SFPFDM. Additionally, the SFPFDM lays down minimum requirements for density, tensile strength, heat ageing and durability of mattresses that are standard marked. Further, the SFPFDM also prescribes the requirements for packing and marking of mattresses.

Consumer Protection Act, 1986 ("CPA")

The CPA came into effect on December 24, 1986. It aims to reinforce the interests and rights of consumers by laying down a mechanism for speedy consumer grievance redressal. A consumer, his legal heir or representative, as defined under the CPA including a person who avails of any services for a consideration which has been paid in full or part or promised to be paid, any voluntary consumer association registered under any applicable law or numerous consumers having the same interest, or the Central or State Government may lodge a complaint before the district forum or any other appropriate forum under CPA, *inter alia*, for:

(i) Defective or spurious goods or services;
(ii) Unfair or restrictive trade practices;
(iii) Deficiency in services hired or availed;
(iv) Manufacture or provision of hazardous goods/services; and
(v) Misleading or false warranties or guarantee or representations by the manufacturer/service provider.

In addition to awarding compensations and/or corrective orders, the forums and commissions under CPA are empowered to impose imprisonment of not less than a month, but not exceeding three years, or a fine of not less than two thousand rupees, but not more than ten thousand rupees, or both.

Petroleum Act, 1934 ("Petroleum Act") and Petroleum Rules, 2002 ("Petroleum Rules")

The Petroleum Act regulates the import, transport and storage of petroleum. The Petroleum Rules require every person importing, transferring or storing petroleum to do so only in accordance with a license granted under the Petroleum Rules. Every person desiring to obtain a license to import and store petroleum is required to submit to the licensing authority an application for registration in the prescribed format within the specified time limit. On expiry of a license, the applicant is required to make an application for renewal of license. A license may be renewed by the authority empowered to grant such a license, provided that a license which has been granted by the Chief Controller may be renewed without alteration, by a Controller duly authorized by the Chief Controller. Pursuant to Section 23 of the Petroleum Act, whoever contravenes any of the provisions of the Petroleum Act, shall be punishable with simple imprisonment which may extend to one month, or with fine which may extend to ₹ 1,000 or with both.

Environmental laws and regulations

Environment Protection Act, 1986 ("Environment Act")

The Environment Act is an umbrella legislation designed to provide a framework for the Central Government to coordinate activities of various state and central authorities established under previous environmental laws. The Environment Act specifies that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environment pollutants in excess of such standards as may be prescribed. The Environment Act empowers the Central Government to make rules for various purposes viz., to prescribe:

(i) the standards of quality of air, water or soil for various areas;
(ii) the maximum allowable limits of concentration of various environmental pollutants for different areas;
(iii) the procedures and safeguards for the prevention of accidents which may cause environmental pollution and remedial measures for such accidents.

Environment (Protection) Rules, 1986 ("Environment Rules")

In exercise of powers conferred under the Environment Act, the Central Government notified the Environment Rules. Pursuant to Environment Rules, every person who carries on an industry, operation or process requiring consent under Water (Prevention and Control of Pollution) Act, 1974 or Air (Prevention and Control of Pollution) Act, 1981 or shall submit to the concerned Pollution Control Board ("**PCB**") an environmental statement for that financial year in the prescribed form.

Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act requires any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions, apply in a prescribed form and obtain consent from the PCB prior to commencing any activity. The PCB is required to grant, or refuse, consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Within a period of four months after the receipt of the application for consent the PCB shall, by order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent.

Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act aims at prevention and control of water pollution as well as restoration of water quality through the establishment of a central PCB and state PCBs. Under the provisions of the Water Act, any individual, industry or institution discharging industrial or domestic wastewater or establishing any treatment or disposal system or the using of any new or altered outlet for the discharge of sewage is required to obtain the consent of the applicable state PCB, which is empowered to establish standards and conditions that are required to be complied with. The consent to operate is granted for a specific period after which the conditions stipulated at the time of granting consent are reviewed by the state PCB. Even before the expiry of the consent period, the state PCB is authorized to carry out random checks on any industry to verify if the standards prescribed are being complied with by the industry. In the event of non-compliance, the state PCB after serving notice to the concerned industry may close the mine or withdraw water supply to the industry or cause magistrates to pass injunctions to restrain such polluters.

***Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008** (“**Hazardous Wastes Rules**”)*

The Hazardous Wastes Rules impose an obligation on every occupier of an establishment generating hazardous waste to recycle or reprocess or reuse such wastes in a registered recycler or to dispose of such hazardous wastes in an authorized disposal facility. Every person engaged, *inter alia*, in the generation, processing, treatment, package, storage and destruction of hazardous waste is required to obtain an authorization from the relevant state PCB for collecting, recycling, reprocessing, disposing, storing and treating the hazardous waste.

Regulations regarding foreign investment

Foreign investment in Indian securities is governed by the provisions of the Foreign Exchange Management Act, 1999 (“**FEMA**”) read with the applicable FEMA Regulations. FEMA replaced the erstwhile Foreign Exchange Regulation Act, 1973. Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the government approval route, depending upon the sector in which foreign investment is sought to be made. The Department of Industrial Policy and Promotion (“**DIPP**”), Ministry of Commerce & Industry, Government of India makes policy pronouncements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEMA Regulations. In case of any conflict, the FEMA Regulations prevail. Therefore, the regulatory framework, over a period of time consists of acts, regulations, press notes, press releases, clarifications among other amendments. The DIPP issued the consolidated FDI policy circular of 2016, dated June 7, 2016 (the “**FDI Circular**”) which consolidates the policy framework on FDI issued by DIPP, in force on June 6, 2016 and reflects the FDI Policy as on June 7, 2016. The FDI Circular has been in effect from June 7, 2016. The FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP.

Capital instruments are required be issued within a period of 180 days from the date of receipt of the inward remittance received from non-resident investor. In the event that, the capital instruments are not issued within a period of 180 days from the date of receipt of the inward remittance, the amount of consideration so received is required to be refunded immediately to the non-resident investor by outward remittance. Non-compliance with the aforementioned provision shall be considered as a contravention under FEMA and would attract penal provisions.

Laws relating to intellectual property

***Trade Marks Act, 1999 as amended** (“**Trademark Act**”)*

In India, trademarks enjoy protection under both statutory and common law. Indian trademark law permits registration of trademarks for goods and services. The Trademark Act statutorily protects trademarks and prevents use of fraudulent marks in India. Certification marks and collective marks can also be registered under the Trademark Act. An application for trademark registration can be made by individual or joint applicants and can be made on the basis of either use or intention to use a trademark in the future.

Applications for a trademark registration can be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. The mark lapses in ten years unless renewed. The Trademark (Amendment) Act, 2010 allows Indian nationals as well as foreign nationals to secure simultaneous protection of trademark in other countries. The Trademark (Amendment) Act, 2010 has been enacted to amend the Trademark Act, which enables Indian nationals as well as foreign nationals to secure simultaneous protection of trademark in other jurisdictions. The amendment also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to align the law with international practice.

Patents Act, 1970 as amended ("Patents Act")

The Patents Act governs the patent regime in India. Being a signatory to the Agreement on Trade Related Aspects of Intellectual Property Rights, India is required to recognise product patents as well as process patents. In addition to the broad requirement that an invention satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection, the Patents Act stipulates that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The Patents Act prohibits any person resident in India from applying for patent for an invention outside India without making an application for the invention in India. The term of a patent granted under the Patents Act is twenty years from the date of filing of the application for the patent.

Copyright Act, 1957 ("Copyright Act")

The Copyright Act governs the law protecting copyrights in India and defines infringement and provides remedies for the same. Copyright refers to the exclusive right to do or authorize others to do certain acts in relation to original (1) literary, dramatic or musical works, not being a computer programme; (2) computer programme; (3) artistic work; (4) cinematograph film; and (5) sound recording. The object of the Copyright Act is to protect the author of a copyrighted work from any unlawful reproduction or exploitation. Copyrights subsist during the life of the author/creator of the work and 60 years thereafter in case the author is a natural person. Registration of copyrights can be done by submitting a registration form to the Copyright office. While copyright registration is not a pre-requisite for acquiring or enforcing a copyright, registration constitutes prima-facie evidence of the particulars entered therein and may expedite infringement proceedings.

Laws relating to employment

The Factories Act, 1948 ("Factories Act")

The Factories Act seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of workers. It applies to industries in which 10 or more workers are employed on any day of the preceding 12 months in any manufacturing process carried out with the aid of power, or 20 or more than 20 workers are employed in the manufacturing process being carried out without the aid of power. Each state government has enacted rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories. The Factories Act requires that the occupier of a factory, i.e., the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory, such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. The Factories Act also provides for fines to be paid and imprisonment of the manager of the factory in case of any contravention of the provisions of the Factories Act.

Other employment regulations

Certain other laws and regulations that may be applicable to our Company in India include the following:

(i) Apprentices Act, 1961;
(ii) Contract Labour (Regulation & Abolition) Act, 1970;
(iii) Employees Compensation Act, 1923;
(iv) Employees Provident Funds and Miscellaneous Provisions Act, 1952;
(v) Employees State Insurance Act, 1948;
(vi) Equal Remuneration Act, 1976;
(vii) Minimum Wages Act, 1948;
(viii) Public Liability Insurance Act, 1991
(ix) Payment of Bonus Act, 1965;
(x) Payment of Gratuity Act, 1972;
(xi) Payment of Wages Act, 1936;
(xii) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;

(xiii) The Industrial Disputes Act, 1947;
(xiv) The Maternity Benefit Act, 1961;
(xv) Trade Unions Act, 1926; and
(xvi) Workmen Compensation Act, 1923.

In addition to the above employment law related regulations, the GoI is in process of tabling a bill consolidating existing legislations relating to industrial relations and payment of wages. The draft bill under consideration, envisages an increase in the amount of compensation to be paid at the time of retrenchment of a worker, amongst other provisions. Further, GoI has proposed an amendment to Indian contract labour legislation that will increase the minimum wage of contract labourers to ₹ 10,000 per month. Any such changes, if implemented, could adversely affect our operating margins, manufacturing operations, cash flows and results of operations. Enactment of this bill may lead to increase in the operating expenses of our Company, as and when it comes into force. For further details, see the section titled "*Risk Factors - We are subject to stringent labour laws or other industry standards and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition and results of operations*" on page 27.

Laws relating to taxation

The tax related laws that are applicable to us include the VAT as enacted by the states, the Income Tax Act 1961, the Customs Act 1962, the Central Sales Tax Act 1956, the Central Excise Tariff Act 1985, the Central Excise Act 1944, Chapter V of Finance Act, 1994 pertaining to sales tax and various rules and notifications issued by tax authorities.

In addition to the above, our Company is required to comply with the provisions of the Companies Act, 1956, to the extent applicable, the Companies Act, 2013, the Competition Act, 2002 and different state legislations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was originally incorporated as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the RoC dated June 18, 1971 at Delhi with the name 'Sheela Foam Private Limited'. Our Company became a deemed public limited company under Section 43A (1A) of Companies Act, 1956 on July 1, 1989 and was restored to its status of private limited company with effect from November 30, 1990 as per Section 43A (4) of the Companies Act, 1956. Our Company was converted to a public limited company pursuant to a special resolution of our shareholders dated April 30, 2016 and the name of our Company was changed to 'Sheela Foam Limited', to reflect the legal status of our Company pursuant to a fresh certificate of incorporation granted by the RoC on June 6, 2016.

In order to reorganise our group structure to subsume similar and complementary business lines of our subsidiaries and associates within our business, we have, on three instances, effected mergers of certain of our subsidiaries and associates with our Company through schemes of amalgamation under sections 391 to 394 of the Companies Act, 1956 sanctioned by the High Court of Delhi. In Fiscal Year 2003, three of our erstwhile wholly owned subsidiaries, namely Feather Foam Enterprises Private Limited, Soft Foam Industries Private Limited and Pallavi Foam Industries Private Limited, which were involved in similar lines of business as ours, merged with us. Subsequently, in Fiscal Year 2011, Serta India Private Limited, a subsidiary company were merged with our Company. Furthermore, in Fiscal Year 2013, five of our erstwhile subsidiaries, namely SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited, Kanpav Overseas Private Limited and Auora Foams Private Limited, merged with our Company. For a detailed description of these schemes, see the sub-section titled "-*Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets*" on page 149.

Changes in the Registered Office

The details of prior changes in the Registered Office of our Company are as follows:

Effective Date	Details of Change
December 12, 1972	The registered office of our Company was shifted from R-286, Greater Kailash, New Delhi – 110 048 to 4/8 Asaf Ali Road, New Delhi – 110 001.
July 18, 1978	The registered office of our Company was shifted from 4/8 Asaf Ali Road, New Delhi – 110 001 to F-33, East of Kailash, New Delhi – 110 065.
August 13, 1982	The registered office of our Company was shifted from F-33, East of Kailash, New Delhi – 110 065 to E-326, East of Kailash, New Delhi – 110 065.
September 1, 1993	The registered office of our Company was shifted from E-326, East of Kailash, New Delhi – 110065 to C-55, Preet Vihar, New Delhi – 110 092

All of the aforesaid changes in our registered office were made to achieve operational efficiencies.

Our main objects

The main objects of our Company as contained in our Memorandum of Association are:

1. To manufacture flexible, semi-flexible and rigid poly-urethane foam slabs and allied products and processing and fabrication thereof and mattresses and cushions upholstery material, manufacture of furniture; packing material and insulation material, moulding of rigid poly-urethane for various shapes and size and manufacture of jackets and such other items by way of lamination of poly-urethane foam with fabric and manufacture of products that may be allied or may be usefully combined with manufacture of any of the material mentioned above.

2. To manufacture with flexible, semi-flexible and rigid poly urethane foam slabs such items and products which cater to the needs of industrial users such as linings used in air conditioners, cars, refrigerators, washing machines, calculators, computers, laptops, clocks, watches and other industries.

3. To manufacture with flexible, semi-flexible and rigid poly urethane foam slabs, items which cater to the needs of consumers such as mattresses, pillows, cushions, bolsters, wonder couch, sofa, sofa cum bed, chairs, seats, berths, bed covers, mattress covers, quilted panels and quilted sheets, floor mats, mats, dusters.

4. The manufacturing and or production of raw material, chemicals and other materials which are used in the manufacturing process of poly urethane foam such as polyol and TDI, which are produced by the refinement of petroleum products, and for that purpose to carry on the refining of petroleum products to manufacture polyol, TDI and thereby move into backward integration of manufacturing and producing raw materials used in the manufacturing of polyol and TDI.

5. To carry on the business of manufacturers, importers, exporters, stockiest, suppliers, dealers, fabricators and processors of products made of polyurethane or coir or those products in which poly urethane foam or coir is used such as mattress, cushions, bolsters, sofa, sofa cum bed, chair, mats, air conditioners, cars, refrigerators, calculators, computers etc. and thereby move into forward integration in the manufacture of the above products.

6. To manufacture flexible, semi-flexible and rigid coir foam slabs and their allied products including mattress and cushions, upholstery items, furniture items, packing material, insulation material, coir mouldings of various shapes and sizes, jackets, other items by way of lamination of coir foam with fabric by processing and fabrication and to manufacture products that may be allied or may be usefully combined with manufacture of any of the items mentioned above.

7. To manufacture with flexible, semi-flexible and rigid coir foam slab items, which cater to the needs of consumers such as sheets, mattresses, cushions, pillows, seats, berths, mats etc.

8. The manufacturing, production and or cultivation of raw material and other items necessary and used in the manufacturing of coir foam such as plantation and cultivation of palm or other trees, production of coir fibre and coir ropes to carry on the business of farming and to act as agents, distributors, traders, stockiest, importers, exporters, processors, cultivators of raw materials used in the manufacturing of coir foam and for that purpose to manufacture, buy, sell, exchange, market, pledge, distribute or otherwise deal in all varieties of agricultural products, food products, plantations, crops whether of spontaneous growth or not and for that purpose to lay out, construct, purchase, take over, hire, lease or otherwise acquire, equip, alter and maintain estates, gardens, plantations and farms etc.

9. To import, export, sell, purchase or otherwise deal in any of the above products or products similar or allied thereto or any raw materials, any semi-finished goods or manufacture of the above products, and to buy, sell, manufacture, exchanges popularise, alter, improve, advertise, prepare or make and/or otherwise deal in or distribute all kinds of poly-urethane foam and allied products, raw materials and other sub-stances or articles, necessary or convenient for carrying on the above business.

10. To carry on business of importers, exporters, stockists, suppliers, manufacturers, dealers, fabricators, and processors of all kinds of poly-vinyal chloride and allied products or substitutes.

11. To develop and export computer software, to render software maintenance and back up supports, other information technology services and allied services and to provide managerial services, technical services and export of the professional services, in India and abroad.

12. To provide IT enabled services in India and abroad namely, back office operation, call centers, content development or animation, data processing, engineering & design, geographic information systems services, human resource services, insurance claim processing, legal databases, medical transcription, payroll, support centers and website services.

13. To import, export, sale purchases or otherwise deal in any kind of the capital goods or other related items, raw materials, substances or articles, necessary or convenient for developing and providing the above IT enabled services.

The main object clause and objects incidental or ancillary to the main objects contained in the Memorandum and Articles of Association enable our Company to undertake its existing activities.

Amendments to our Memorandum of Association

Since the incorporation of our Company the following amendments have been made to our Memorandum of Association.

Date of change/ shareholders' resolution	Nature of amendment
October 10, 1987	Our main objects clause was altered to include the following: *(i) To carry on business of importers, exporters, stockists, suppliers, manufacturers, dealers, fabricators, and processors of all kinds of poly-vinyl chloride and allied products or substitutes.* *(ii) To carry on the business of farming and to act as agents, manufacturers, distributors, traders, stockists, importers, exporters, processors, cultivators and for that purpose, to manufacture, buy, sell, exchange, market, pledge, distribute or otherwise deal in all varieties of agricultural products, food products, plantations-crops, orchard crops, cereals, vegetables, spices, tea, coffee, cocoa or other beverages essential or edible oils, forestry produce of the oil whether of spontaneous growth or not and for that purpose, to lay out, construct, purchase, take over, hire, lease or otherwise acquire, equip, alter, maintain or work estates, gardens, plantations and farms.*
February 28, 1994	Clause V of our Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 2,000,000 divided into 15,000 equity shares of ₹ 100 each and 5000 preference shares of ₹ 100 each to ₹ 10,000,000, divided into 95,000 equity shares of ₹ 100 each and 5,000 preference shares of ₹ 100 each.
March 25, 1997	Clause V of our Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company to ₹ 30,000,000, divided into 295,000 equity shares of ₹ 100 each and 5,000 preference shares of ₹ 100 each.
February 24, 2004	• Our main objects clause was altered to include the following: *(i) To manufacture with flexible, semi-flexible and rigid poly urethane foam slabs such items and products which cater to the needs of industrial users such as linings used in air conditioners, cars, refrigerators, washing machines, calculators, computers, laptops, clocks, watches and other industries.* *(ii) To manufacture with flexible, semi-flexible and rigid poly urethanes foam slabs, items which cater to the needs of consumers such as mattresses, pillows, cushions, bolsters, wonder couch, sofa, sofa cum bed, chairs, seats, berths, bed covers, mattress covers, quilted panels and quilted sheets, floor mats, mats, dusters.* *(iii) The manufacturing and or production of raw material, chemicals and other materials which are used in the manufacturing process of poly urethane foam such as polyol and TDI, which are produced by the refinement of petroleum products, and for that purpose to carry on the refining of petroleum products to manufacture polyol, TDI and thereby move into backward integration of manufacturing and producing raw materials used in the manufacturing of polyol and TDI.* *(iv) To carry on the business of manufacturers, importers, exporters, stockiest, suppliers, dealers, fabricators and processors of products made of polyurethane or coir or those products in which poly urethane foam or coir is used such as mattresses, cushions, bolsters, sofa, sofa cum bed, chair, mats, air conditioners, cars, refrigerators, calculators, computers etc. and thereby move into forward integration in the manufacture of the above products.* *(v) To manufacture flexible, semi-flexible and rigid coir foam slabs and their allied products including mattress and cushions, upholstery items, furniture items, packing*

Date of change/ shareholders' resolution	Nature of amendment
	material, insulation material, coir mouldings of various shapes and sizes, jackets, other items by way of lamination of coir foam with fabric by processing and fabrication and to manufacture products that may be allied or may be usefully combined with manufacture of any of the items mentioned above. *(vi) To manufacture with flexible, semi-flexible and rigid coir foam slab items, which cater to the needs of consumers such as sheets, mattresses, cushions, pillows, seats, berths, mats etc.* *(vii) The manufacturing, production and or cultivation of raw material and other items necessary and used in the manufacturing of coir foam such as plantation and cultivation of palm or other trees, production of coir fibre and coir ropes to carry on the business of farming and to act as agents, distributors, traders, stockiest, importers, exporters, processors, cultivators of raw materials used in the manufacturing of coir foam and for that purpose to manufacture, buy, sell, exchange, market, pledge, distribute or otherwise deal in all varieties of agricultural products, food products, plantations, crops whether of spontaneous growth or not and for that purpose to lay out, construct, purchase, take over, hire, lease or otherwise acquire, equip, alter and maintain estates, gardens, plantations and farms etc.* • The existing sub-clauses 2, 3 and 4 under the main objects clause were renumbered as sub-clause 9, 10 and 11, respectively and the existing sub-clause 21 under Clause IIIB of our MoA was re-numbered as sub-clause 43. Further, 22 new items were added to our ancillary objects clause (sub-clauses 21 to 42 of our current ancillary and incidental objects). Further, 48 new items were added to our other objects clause (sub-clauses 3 to 50 of our current other objects). • Clause V of our Memorandum of Association was amended to reflect the alteration in authorized share capital of our Company on account of sub-division of each equity share of ₹ 100 each into 10 equity shares of ₹ 10 each and reclassification of the preference share capital, with the resultant authorized share capital being ₹ 300,000,000, divided into 30,000,000 equity shares of ₹ 10 each.
November 1, 2006	• Our main objects clause was altered to include the following sub-clauses numbered 11, 12 and 13 after sub-clause 10: *(i) To develop and export Computer Software to render software maintenance and back up supports, other information technology services and allied services and to provide managerial services, technical service and export of other professional services in India and abroad.* *(ii) To provide IT enabled services in India & abroad namely, Back Office Operation, Call Centers, Content development or Animation, Data Processing, Engineering & Design, Geographic Information Systems Services, Human Resource Services, Insurance Claim Processing, Legal Databases, Medical Transcription, Payroll, Support Centers and Website Services.* *(iii) To import, export, sale, purchase or otherwise deal in any kind of the capital goods or other related items, raw materials, substances or articles, necessary or convenient for developing and providing the above IT enabled services.*
November 30, 2011	Clause V of our Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 300,000,000, divided into 30,000,000 equity shares of ₹ 10 each to ₹ 305,000,000, divided into 30,500,000 equity shares of ₹ 10 each.[*]
April 1, 2013	Clause V of our Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 305,000,000, divided into 30,500,000 equity shares of ₹ 10 each to ₹ 440,105,000, divided into 44,010,500 equity shares of ₹ 10 each.[**]
April 30, 2016	The name clause of our Memorandum of Association was amended upon conversion of our

Date of change/ shareholders' resolution	Nature of amendment
	Company from a private limited company to a public limited company and the consequent change in name of our Company from 'Sheela Foam Private Limited' to 'Sheela Foam Limited'. A fresh certificate of incorporation pursuant to the change of name was granted by the RoC on June 6, 2016.
May 31, 2016	Clause V of our Memorandum of Association was amended to reflect the alteration in authorized share capital of our Company on account of sub-division of each equity share of ₹ 10 each into 2 equity shares of ₹ 5 each, with the resultant authorized share capital being ₹ 440,105,000, divided into 88,021,000 equity shares of ₹ 5 each.

* *In the terms of the 2011 Scheme, the authorised share capital of Serta India Private Limited prior to the scheme was merged with our authorised share capital on the effective date of the 2011 Scheme, i.e., November 30, 2011. For further details of the 2011 Scheme, see the sub-section titled "- Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets" on page 149.*

** *In the terms of the 2013 Scheme, the authorised share capital of the 2013 Transferor Companies prior to the scheme was merged with our authorised share capital on the effective date of the 2013 Scheme, i.e. April 1, 2013. For further details of the 2013 Scheme, see the sub-section titled "- Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets" on page 149.*

Awards and accreditations

The table below sets forth some of the awards and accreditations received by our Company:

Calendar Year	Accreditations
2008	CNBC-NASSCOM IT User Award 2008 for 'Best IT adoption in manufacturing – SME Sector'
2009	EDGE award for usage of IT for maximising business impact
2010	CIO Green Edge Award 2010
	CIO 100 Honouree 2010 award for excellence in strategic enterprise IT deployment
	EDGE award for usage of IT for maximising business impact
2011	CIO 100 Honouree 2011 award for excellence in strategic enterprise IT deployment
	Indian Express Intelligent Enterprise award for manufacturing
2012	EDGE award usage of IT for maximising business impact
	Skoch Digital Inclusion Award 2012 for controlling unauthorised dealer selling using RFID
2014	EDGE award for usage of IT
2015	Dataquest Business Technology Award 2015 for excellence in implementation and use of technology for business benefits in the category of 'mobility'

Major events and milestones

The table below sets forth some of the major events in the history of our Company:

Calendar Year	Details
1971	Incorporation of our Company
1972	• Commencement of manufacturing at the manufacturing facility in Sahibabad • Launch of "Feather Foam" brand
1994	Launch of "Sleepwell" brand
1996 - 1997	Set up of our manufacturing facilities at Silvassa and Hyderabad
1997 - 1998	Commencement of rubberised coir production in Pondicherry and Sahibabad
2001	Set up of our manufacturing facility in Greater Noida
2003	• Acquisition of Auora Foams Private Limited • Merger of Feather Foam Enterprises Private Limited, Soft Foam Industries Private Limited and Pallavi Foam Industries Private Limited with our Company • Set up of our manufacturing facility in Sikkim
2005	• Incorporation of Joyce, our wholly owned subsidiary in Australia • Acquisition of the business of Joyce Corporation Limited, Joyce Indpac Limited and Marfoam Pty Ltd by Joyce
2010	Introduction of variable pressure foaming technology in Joyce
2011	Set up of our manufacturing facility in Erode
2011	Merger of Serta India Private Limited with our Company
2012	Obtainment of ISO certifications for three of our manufacturing facilities (namely, the facilities located

Calendar Year	Details
	in Greater Noida, Talwada and Hyderabad)
2013	Merger of SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited and Auora Foams Private Limited with our Company
2015	Launch of *My Mattress* line

Other details about our Company

For a description of our activities, services, products, market segments, the growth of our Company, foreign operations, exports, the standing of our Company with reference to prominent competitors in connection with our products, management, major suppliers and customers, environmental issues, geographical segment etc., see the sections titled "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", *"Government and Other Approvals"* and "*Outstanding Litigation and Material Developments*" on pages 118, 331, 367 and 356, respectively.

For details of the management of our Company and its managerial competence, see the section titled "*Our Management*" on page 156.

As on the date of this Draft Red Herring Prospectus, our Company has seven holders of Equity Shares. For further details on the shareholding of our Company, see the section titled "*Capital Structure*" on page 76.

Changes in activities of our Company during the last five years

Except as stated below, there have been no changes in the activities of our Company during the last five years, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors:

With effect from March 31, 2014, we divested all of our shareholding in Sheela Woodbridge Urethanes Private Limited ("**SWUPL**"), a joint venture between us and Woodbridge Foam International Limited by selling our stake (namely, 7,634,940 equity shares of face value of ₹ 10 each, which represented 50% of the paid-up capital of SWUPL) to Woodbridge Foam International Limited for an aggregate consideration of ₹ 1. SWUPL had been incorporated in 2006 and was engaged in the business of manufacture and sale of moulded PU Foam and foam-in-place products for various end-industries in India. As a result of this divestment, we incurred a long term capital loss of ₹ 76.35 million in Fiscal Year 2014, and wrote off accumulated interest amounting to ₹ 14.61 million on a loan provided by us to SWUPL (net of recovery of the principal amount of the loan, namely, ₹ 50 million) and ₹ 6.27 million in terms of lease rentals owed by SWUPL to us.

Capital raising (Equity/ Debt)

Our equity issuances in the past and outstanding debts as on June 30, 2016, have been provided in sections titled "*Capital Structure*" and "*Financial Indebtedness*" on pages 76 and 354, respectively. Further, our Company has not undertaken any public offering of debt instruments since its inception.

Strike and lock-outs

We have not faced any strikes or lock-outs in our operations since our incorporation.

Time/cost overrun

Except as stated below, we have not encountered any time and cost overruns in respect of our business.

We were delayed by 12 months from commencement of operations at our manufacturing facility in Erode, primarily on account of delay in receipt of the consent to operate under the Air Act and the Water Act from the Pollution Control Board of Tamil Nadu.

Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by the Company

Except as stated below, there are no defaults or rescheduling of borrowings with financial institutions, banks, conversion of loans into equity in relation to our Company.

Lender and year of sanction	Loan and loan amount	Default/ Reschedulement/ Conversion	Original repayment period	Revised repayment period	Reasons for reschedulement	Current status
Central Bank of India, 2011	Term loan of ₹ 630 million for financing construction of manufacturing facilities at Kala Amb, Talwada, Kolkata and Erode and modernisation of manufacturing unit at Greater Noida.	Rescheduling	60 monthly instalments commencing from April 2011	60 monthly instalments commencing from April 2012	Time-overrun for commencement of production at our facility in Erode. See the sub-section titled "- *Time/ cost overrun*" on page 148.	The loan has been repaid in full.

Injunctions or restraining order against our Company

Except as stated in the section titled "*Outstanding Litigation and Material Developments*" on page 356, there are no injunctions or restraining orders against our Company or our Subsidiaries.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets

1. ***Acquisition by Joyce of the business of Joyce Corporation Limited, Joyce Indpac Limited and Marfoam Pty Ltd***

   We incorporated Joyce Foam Pty Ltd, as a wholly owned subsidiary, under the (Australian) Corporations Act, 2001 on October 3, 2005. Subsequently, pursuant to a sale of business agreement dated October 6, 2005 ("**Joyce Acquisition Agreement**"), Joyce acquired the business of manufacturing polyurethane and polystyrene foam of Joyce Corporation Limited, Joyce Indpac Limited and Marfoam Pty Limited ("**Vendors**" and such business the "**Joyce Business**"), including all assets, liabilities, intellectual properties, plants, equipment, business names, business records, goodwill and stock pertaining to the Joyce Business. Upon satisfaction of certain conditions precedents, our Company paid a total consideration of AUD 16 million, net of debts, agreed provisions and liabilities to effect the purchase of the Joyce Business. The acquisition of the Joyce Business was effective from on November 30, 2005.

   We acquired the Joyce Business primarily to establish an international footprint by leveraging on the scale of the Vendors' operations and large customer and distribution network, commence manufacturing PU Foam not being produced by us in India and establish technological synergies between our Indian and Australian business.

   The Joyce Acquisition Agreement, among other elements, provided for the manner of assumption of debts and liabilities, assignment of rights and benefits under leases and freehold properties, novation and assignment of business contracts of the Vendors in favour of Joyce. The Agreement also provided for manner of transfer of all employees of the Vendors to Joyce. Additionally, pursuant to the Agreement, certain significant trademarks including *Joyce*, *Flexisleep*, *Comfort Plus 60*, *Medifoam* and *Viscocomfort* were transferred to Joyce. Additionally, pursuant to the Joyce Acquisition Agreement, we acquired business assets pertaining to the Joyce Business from the Vendors, including five manufacturing facilities, leasehold rights to the land and building pertaining to them and an extensive range of plant, machinery and equipment for manufacture and processing of PU Foam. For further details of our Joyce business, see the section titled "*Our Business – International Business*" on page 135.

2. ***Scheme of amalgamation between Feather Foam Enterprises Private Limited, Soft Foam Industries Private Limited, Pallavi Foam Industries Private Limited (collectively, the "2003 Transferor Companies") and our Company***

Pursuant to a scheme of amalgamation sanctioned by the Delhi High Court on August 6, 2003 ("**2003 Scheme**"), the undertaking and entire business of the 2003 Transferor Companies, including and all movable and immovable properties as also all other assets, investments, powers, authorities, allotments, approvals and consents, licenses, registration contracts, engagements, arrangements, rights, intellectual property rights, titles, interests, benefits and advantages of all nature and all debts, liabilities, contingent liabilities, deferred credits, mortgages, liens and other encumbrances belonging to, granted or vested in favour of or enjoyed by the 2003 Transferor Companies were transferred to and vested in our Company.

The 2003 Scheme was envisaged to result in synergised operations, economies of scale, reduction of overheads, effective utilisation of employees and streamlined operations between the 2003 Transferor Companies and our Company, who were carrying out similar business operations as us.

The 2003 Scheme, *inter alia* provided for the manner of vesting and transfer of the assets, contracts, debts, liabilities and guarantees of the 2003 Transferor Companies to our Company, as well as for the transfer of all suits, actions and proceedings by or against each of the 2003 Transferor Companies to our Company and the transfer of employees, staff and workmen engaged by the 2003 Transferor Companies to our Company.

Given that the 2003 Transferor Companies were all wholly owned subsidiaries of our Company, we were not entitled to any consideration for the transfer of their businesses and undertakings to our Company.

Though the 2003 Scheme was operative from July 1, 2002, being the appointed date, the above-mentioned transfer became effective on September 26, 2003, upon the RoC taking on record the order of the Delhi High Court whereupon the 2003 Transferor Companies were subsequently dissolved.

3. ***Scheme of amalgamation between Serta India Private Limited ("Serta") and our Company***

Pursuant to a scheme of amalgamation sanctioned by the Delhi High Court on October 18, 2011 ("**2011 Scheme**"), the undertaking and entire business of Serta, including and all movable and immovable properties as also all other assets, capital work-in-progress, lease and hire purchase contracts, investments, powers, authorities, allotments, approvals and consents, licenses, registration contracts, engagements, arrangements, rights, intellectual property rights, titles, interests, benefits and advantages of all nature and all debts, liabilities, contingent liabilities, deferred credits and other encumbrances belonging to, granted or vested in favour of or enjoyed by Serta were transferred to and vested in our Company.

The 2011 Scheme was envisaged to result in further consolidation and expansion of our Company, enhancement of profitability and shareholder worth, streamlined administrations and development of economies of scale, given that Serta and our Company were engaged in similar lines of business.

The 2011 Scheme, *inter alia* provided for the manner of vesting and transfer of the assets, contracts, debts, liabilities and guarantees of Serta to our Company, as well as for the transfer of all suits, actions and proceedings by or against Serta to our Company and the transfer of employees engaged by Serta to our Company.

As per the 2011 Scheme, upon the scheme coming into effect, shares held by our Company in Serta, as well as the shares held by Serta in our Company (prior to it becoming a subsidiary) were cancelled without any further action. Further, upon the 2011 Scheme coming into effect and in consideration of the above-mentioned transfer, our Company issued and allotted two equity shares of face value of ₹ 10 each of our Company, credited as fully paid-up, for every one equity share of face value of ₹ 100 of Serta, to the members of Serta, as appearing in its register of members on the record date. Additionally, upon the 2011 Scheme coming into effect, the authorised share capital of Serta prior to the scheme was merged with our authorised share capital without any further action.

Though the 2011 Scheme was operative from April 1, 2010, being the appointed date, the above-mentioned transfer became effective on November 30, 2011, upon the RoC taking on record the order of the Delhi High Court whereupon Serta was subsequently dissolved.

4. ***Scheme of amalgamation between SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited, Kanpav Overseas Private Limited, Auora Foams Private Limited (collectively, the "2013 Transferor Companies") and our Company.***

Pursuant to a scheme of amalgamation sanctioned by the Delhi High Court on March 15, 2013 ("**2013 Scheme**"), the undertaking and entire business of the 2013 Transferor Companies, including and all movable and immovable properties as also all other assets, investments, powers, authorities, allotments, approvals and consents, licenses, registration contracts, engagements, arrangements, rights, intellectual property rights, titles, interests, benefits, provident fund and pension fund trusts and other employee benefit funds, and advantages of all nature and all debts, liabilities, contingent liabilities, deferred credits and other encumbrances belonging to, granted or vested in favour of or enjoyed by the 2013 Transferor Companies were transferred to and vested in our Company.

The 2013 Transferor Companies, namely SNB Bedding International Private Limited, Starlite India Private Limited, RG Pillow (India) Private Limited, Kanpav Overseas Private Limited and Auora Foams Private Limited became subsidiaries of our Company with effect from April 1, 2011, March 31, 2012, March 31, 2012, October 21, 2004 and February 25, 2005, respectively. The 2013 Scheme envisaged that the business of the 2013 Transferor Companies and our Company could be combined to achieve better operational synergies, streamlined management, reduction in overheads and other expenses and result in our Company having greater flexibility to market and meet customer demands.

The 2013 Scheme, *inter alia* provided for the manner of vesting and transfer of the assets, contracts, debts, liabilities and guarantees of the 2013 Transferor Companies to our Company, as well as for the transfer of all suits, actions and proceedings by or against each of the 2013 Transferor Companies to our Company and the transfer of staff, employees and workmen engaged by the 2013 Transferor Companies to our Company.

As per the 2013 Scheme, upon the scheme coming into effect, shares held by our Company in each of the 2013 Transferor Companies, as well as the shares held by Starlite India Private Limited, one of the 2013 Transferor Companies, in our Company (prior to its subsidiarisation by our Company) were cancelled without any further action. Further, upon the 2013 Scheme coming into effect and in consideration of the above-mentioned transfer, our Company issued and allotted:

(a) 3,228 equity shares of face value of ₹ 10 each of our Company, credited as fully paid-up, for every 100 paid up equity share of face value of ₹ 100 of Starlite India Private Limited, to the members of Starlite India Private Limited, as appearing in its register of members on the record date;

(b) 147 equity shares of face value of ₹ 10 each of our Company, credited as fully paid-up, for every 100 paid up equity share of face value of ₹ 100 of RG Pillow (India) Private Limited, to the members of RG Pillow (India) Private Limited, as appearing in its register of members on the record date;

(c) 16 equity shares of face value of ₹ 10 each of our Company, credited as fully paid-up, for every 100 paid up equity share of face value of ₹ 100 of Kanpav Overseas Private Limited, to the members of Kanpav Overseas Private Limited, as appearing in its register of members on the record date; and

(d) Six equity shares of face value of ₹ 10 each of our Company, credited as fully paid-up, for every 100 paid up equity share of face value of ₹ 100 of Auora Foams Private Limited, to the members of Auora Foams Private Limited, as appearing in its register of members on the record date.

Additionally, given that SNB Bedding International Private Limited was a wholly owned subsidiary of our Company, we were not required to pay any consideration for the transfer of its businesses and undertakings to our Company pursuant to the 2013 Scheme. Upon the 2013 Scheme coming into effect, the authorised share capital of the 2013 Transferor Companies prior to the scheme was merged with our authorised share capital without any further action.

Though the 2013 Scheme was operative from April 1, 2012, being the appointed date, the above-mentioned transfer became effective on April 1, 2013, upon the RoC taking on record the order of the Delhi High Court whereupon the 2013 Transferor Companies was subsequently dissolved.

For details of revaluation of assets, see the section titled "*Other Regulatory and Statutory Disclosures – Revaluation of Assets*" on page 386.

Material Agreements

A. Share Purchase and Shareholders' Agreements

We are not currently party to any share purchase or shareholders' agreements.

B. Other Agreements

By a permitted user agreement dated May 6, 2016, our Group Company, Sleepwell Enterprises Private Limited has granted our Company the exclusive license to use 115 trade marks for which it has made applications for registration in various classes before the Registrar of Trade Marks. The consideration for such grant of license is a lump sum royalty of ₹ 0.5 million per annum payable by our Company to Sleepwell Enterprises Private Limited, which is subject to yearly review upon mutual consent of both parties. This agreement is valid for a term up to March 31, 2026, within which period it may be revised with the mutual consent of the parties thereto.

By a permitted user agreement dated May 6, 2016, our Group Company, Sleepwell Enterprises Private Limited has granted our Company the exclusive license to use 11 trade marks in class 20 registered in its name along with one copyright owned by it. The consideration for such grant of license is a lump sum royalty of ₹ 0.5 million per annum payable by our Company to Sleepwell Enterprises Private Limited, which is subject to yearly review upon mutual consent of both parties. This agreement is valid for a term up to March 31, 2026, within which period it may be revised with the mutual consent of the parties thereto.

Holding Company

Our Company does not have a holding company.

Subsidiaries of our Company

Currently, our Company has three Subsidiaries.

1. Divya Software Solutions Private Limited;
2. Joyce Foam Pty Ltd; and
3. Joyce W C NSW Pty Ltd.

The details of our Subsidiaries are as follows:

1. Divya Software Solutions Private Limited ("Divya Software")

Corporate information

Divya Software was incorporated on April 19, 2010 under the Companies Act, 1956 with the RoC. Its CIN is U72200DL2010PTC201680 and its registered office is situated at C-55, Preet Vihar, Vikas Marg, Delhi 110 092.

Divya Software is enabled under its objects to carry on the business of software development, electronic IT development, upgrade and processing of software, outsourcing and operation of call centres and running computer training and data processing centres. Divya Software is currently not engaged in any business operations.

The board of directors of Divya Software comprises the following persons:

1. Mr. Rahul Gautam; and
2. Mr. Tushaar Gautam.

Capital structure and shareholding pattern

The authorised share capital of Divya Software is ₹ 100,000,000 divided into 10,000,000 equity shares of ₹ 10 each. The issued, subscribed and paid-up capital of Divya Software is ₹ 275,000 divided into 27,500 equity shares of ₹ 10 each.

The shareholding pattern of Divya Software as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of shareholder	No. of equity shares of ₹ 10 each	Percentage of issued capital
1.	Sheela Foam Limited	27,499	**99.99**
2.	Mr. Rahul Gautam*	1	**0.01**
	Total	27,500	**100.00**

* *Holding equity shares as a nominee of our Company.*

2. Joyce Foam Pty Ltd

Corporate information

Joyce was incorporated on October 3, 2005 under the Corporations Act 2001 with the Australian Securities and Investments Commission under the laws of Victoria, Australia. Its Australian Company Number is 116 491 635 and its registered office is situated at 5-9, Bridges Road, Moorebank, NSW 2170, Australia.

Joyce is currently engaged in the business of manufacture of various grades of commercial polyurethane and polystyrene foam.

The board of directors of Joyce comprises the following persons:

1. Mr. Frank Joseph van Gogh;
2. Mr. Rahul Gautam;
3. Mr. Tushaar Gautam; and
4. Mr. Rajiv Dhar.

Capital structure and shareholding pattern

The authorised share capital of Joyce is AUD 6,585,000 divided into 658,500 equity shares of AUD 10 each. The issued, subscribed and paid-up capital of Joyce is AUD 6,585,000 divided into 658,500 equity shares of AUD 10 each.

The shareholding pattern of Joyce as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of shareholder	No. of equity shares of AUD 10 each	Percentage of issued capital
1.	Sheela Foam Limited	658,500	**100.00**
	Total	658,500	**100.00**

3. Joyce W C NSW Pty Ltd

Corporate information

Joyce NSW is an indirect subsidiary of our Company. It was incorporated on July 6, 2006 under the Corporations

Act 2001 with the Australian Securities and Investments Commission under the laws of New South Wales, Australia. Its Australian Company Number is 120 602 477 and its registered office is situated at 5-9, Bridges Road, Moorebank, NSW 2170, Australia. Joyce NSW is currently not engaged in any business. Mr. Edward John Dodds is currently the only director of Joyce NSW.

Capital structure and shareholding pattern

The authorised share capital of Joyce NSW is AUD 2 divided into 2 equity shares of AUD 1 each. The issued, subscribed and paid-up capital of Joyce NSW is AUD 2 divided into 2 equity shares of AUD 1 each.

The shareholding pattern of Joyce NSW as on the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name of shareholder	No. of equity shares of AUD 1 each	Percentage of issued capital
1.	Joyce Foam Pty Ltd	2	**100.00**
	Total	2	**100.00**

Shareholding of our Directors in our Subsidiaries

Except as disclosed below, none of our Directors hold shares in our Subsidiaries as on the date of this Draft Red Herring Prospectus.

Name of Director	Name of Subsidiary	No. of securities	Percentage of issued capital of the Subsidiary
Mr. Rahul Gautam	Divya Software Solutions Private Limited	One equity share	0.01

Significant sale or purchase between our Company and Subsidiaries

Except as disclosed in the section "*Related Party Transactions*" on page 185, there have been no sales or purchase between our Company and our Subsidiaries and which in aggregate exceed in value 10% of the total sales or purchases of our Company as on the date of the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements for Fiscal Year 2016.

Common Pursuits

Joyce, our Subsidiary is engaged in similar business activities as that of our Company, including in the manufacture of PU Foam and products made from PU Foam. However, there are no conflicts of interest between our Company and Joyce given that Joyce carries out such activities in jurisdictions other than where our Company operates.

Business interest between our Company and the Subsidiaries

Except as disclosed below, and in the sections titled "*Our Business*" and "*Related Party Transactions*" on pages 118 and 185 respectively, none of the Subsidiaries have any business interest in our Company.

1. In terms of a rent agreement dated April 1, 2016, our Company has leased a portion of the premises over which our registered office is located to Divya Software Solutions Private Limited, our Subsidiary, for a period of three years ending March 31, 2019, in lieu of payment of a monthly lease rental.

2. In terms of an agreement dated April 1, 2007, we provide access and implementation of our ERP systems as well as training to employees of Joyce for running the ERP systems to Joyce, our Subsidiary, in lieu of payment of monthly fees. This agreement was last renewed by an agreement dated April 1, 2016 which is valid till March 31, 2018.

For details of the financial amounts involved in these transactions, see the section titled "*Related Party Transactions*" on page 185.

Other confirmations

Listing

None of our Subsidiaries are listed on any stock exchange in India or abroad. None of our Subsidiaries have been refused listing of any securities at any time, by any of the recognised stock exchanges in India or abroad. None of our Subsidiaries have made any public or rights issue (including any rights issue to the public) in the three years preceding the date of this Draft Red Herring Prospectus.

Sick Subsidiaries

None of our Subsidiaries have become sick companies under the meaning of SICA and no winding up proceedings have been initiated against them.

Loss making Subsidiaries

Certain of our Subsidiaries have incurred losses in the last completed Fiscal Year. See the section titled "*Risk Factors – Our Corporate Promoter, one of our Subsidiaries and certain of our Group Companies, have incurred losses or have had negative net worth during recent Fiscal Years*" on page 35.

There are no accumulated profits or losses of our Subsidiaries not accounted for by our Company.

Sale or purchase of shares of our Subsidiaries during the last six months

Neither our Promoters, nor the members of our Promoter Group or our Directors or their relatives have sold or purchased securities of our Subsidiaries during the six months preceding the date of this Draft Red Herring Prospectus.

Joint Ventures of our Company

Our Company does not have joint ventures as on the date of this Draft Red Herring Prospectus.

Strategic and financial partnerships

Our Company currently does not have any strategic or financial partners.

Guarantees given by the Selling Shareholder

Our Selling Shareholder has not provided any guarantees in relation to loans availed by our Company.

OUR MANAGEMENT

Under our Articles, our Company is required to have not less than three Directors and not more than 15 Directors. Our Company currently has eight Directors on its Board, including four independent Directors.

Our Board

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus.

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships/ partnerships/ trusteeships
Name: Mr. Rahul Gautam *Designation:* Managing Director *Address:* D-2, Diwanshree Apartment, 30, Firoze Shah Road, New Delhi - 110001 *Occupation*: Business *Nationality:* Indian *Term:* For a period of five years, ending March 31, 2019 *DIN:* 00192999	63	*Other Directorships:* Core Mouldings Private Limited Polyflex Marketing Private Limited Rangoli Resorts Private Limited Sleepwell Enterprises Private Limited Joyce Foam Pty Ltd Divya Software Solutions Private Limited *Trusteeships:* Sleepwell Foundation
Name: Ms. Namita Gautam *Designation:* Whole-time Director *Address:* E-3, Asola, Near Shani Dham, Fatehpur Beri, Delhi – 110 074 *Occupation:* Business *Nationality:* Indian *Term:* Liable to retire by rotation *DIN: 00190463*	63	*Other Directorships:* Core Mouldings Private Limited Polyflex Marketing Private Limited Rangoli Resorts Private Limited *Trusteeships:* Sleepwell Foundation IMC of ITI for Women
Name: Mr. Rakesh Chahar *Designation:* Whole-time Director *Address:* C-648, First Floor, New Friends Colony New Delhi – 110 025 *Occupation:* Service *Nationality:* Indian *Term:* Liable to retire by rotation *DIN:* 00180587	51	Nil
Name: Mr. Tushaar Gautam *Designation:* Whole-time Director *Address*: 603, Asha Deepbuilding, 9, Haily Road, New	38	*Other Directorships:* Joyce Foam Pty Ltd Divya Software Solutions Private Limited Sleepwell Enterprises Private Limited

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships/ partnerships/ trusteeships
Delhi -111001 *Occupation:* Business *Nationality:* Indian *Term:* Liable to retire by rotation *DIN:* 01646487		
Name: Mr. Ravindra Dhariwal *Designation:* Independent Director (Additional)* *Address:* Aashray Farm, Opp. N.V. Farm, Sub P.O. SP School, Bhatti Mines, Asola Village, New Delhi - 110 030 *Occupation:* Professional *Nationality:* Indian *Term:* Five years from June 7, 2016* *DIN:* 00003922	63	*Other Directorships:* Aquagri Processing Private Limited ECCO Electronics Private Limited Bata India Limited Capitol Art House Private Limited Devyani Food Industries Limited Devyani Food Street Private Limited Devyani International Limited Future Retail Limited Inspired Emporio Salon Private Limited Mahindra Gujarat Tractor Limited Parkview City Limited RJ Corp Limited Sagacito Technologies Private Limited Varun Beverages Limited
Name: Mr. Vijay Kumar Chopra *Designation:* Independent Director (Additional)* *Address:* 4-A, 4th Floor, Harmony Tower, Dr. E. Moses Road, Worli, Mumbai, Maharashtra – 400 018 *Occupation:* Financial Consultant *Nationality:* Indian *Term:* Five years from June 7, 2016* *DIN:* 02103940	70	*Other Directorships:* Future Enterprises Limited Havells India Limited PNB Metlife India Insurance Company Limited Dewan Housing Finance Corporation Limited Milestone Capital Advisors Limited India Infoline Finance Limited Greenlam Industries Limited Invesco Asset Management (India) Private Limited Pegasus Assets Reconstruction Private Limited DHFL Advisory & Investments Private Limited
Name: Mr. Som Mittal *Designation:* Independent Director (Additional)* *Address:* D-330, Sector 47, Noida - 201 303 *Occupation:* Strategic Consultant & Advisor *Nationality:* Indian *Term:* Five years from June 7, 2016* *DIN:* 00074842	64	*Other Directorships:* Axis Bank Limited EXL Service Holdings Inc. (USA) Cyient Limited Tata SIA Airlines Limited Indian Institute of Corporate Affairs (Society) Indian Institute of Technology, Indore (Society) PEC University of Technology (Society) *Trusteeships:* National Centre for Promotion of Employment for Disabled People Charities Aid Foundation India National Institute of Information Technology University
Name: Mr. Anil Tandon	63	*Other Directorships:*

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships/ partnerships/ trusteeships
Designation: Independent Director (Additional)* *Address:* H. No. 9/407, Heritage City, M.G. Road, Gurgaon, Haryana – 122 001 *Occupation:* Business *Nationality:* Indian *Term:* Five years from June 7, 2016* *DIN: 00089404*		Tex Corp Limited Shibumi Accessories Private Limited Shibumi Ventures Limited Matrix Clothing Private Limited Anvi Management Consultants Private Limited Tex Zippers (BD) Limited Tex Zippers Korea Co Ltd Tex Vietnam Co Ltd *Partnerships:* Tex Zippers

* *The appointment and term of the independent Directors is subject to confirmation by our shareholders in the next general meeting of our Company.*

By a resolution of our Board of Directors on June 7, 2016, Ms. Sheela Gautam, our Promoter, has been designated as the Chairperson Emeritus of our Company.

Brief profiles of our Directors

Mr. Rahul Gautam, aged 63 years, is the Managing Director of our Company. He has been associated with our Company since 1971 and as our Managing Director since April 1, 1996. He holds a bachelor's degree in technology (chemical engineering) from the Indian Institute of Technology, Kanpur and a master's degree in science (chemical engineering) from the Polytechnic Institute of New York. He has over 40 years of experience in the home comfort products and PU foam industry, and is the Chairman Emeritus of the Indian Polyurethane Association.

Ms. Namita Gautam, aged 63 years, is a Whole-time Director of our Company. She has been associated with our group for the last 30 years and as a Whole-time Director of our Company since November 14, 2003. During her tenure, she has headed the human resource, marketing and projects departments of the Company. She currently heads our CSR initiative through "Sleepwell Foundation". She holds a bachelor's degree in law and a master's degree in economics from Kanpur University. She has held various positions with FICCI Ladies Organisation, including as its National President in 2004-05. She is also the chairperson of the Institute Management Committee of Jija Bai ITI for Women and is on the board of trustees of Indraprastha Educational Trust, which runs the Indraprastha College for Women, Delhi. She was a member of Special Task Force on skills, education and entrepreneurship development formulated by CII, Northern Region for the fiscal 2015-16 and is the convenor of the Panel on Skills Development, CII Delhi, a member of the NZ Skill Council and National Skill Council of CII for 2016-17.

Mr. Rakesh Chahar, aged 51 years, is a Whole-time Director of our Company. He has been associated with our Company since November 1, 1990 and as our Whole-time director since November 14, 2003. He is currently the chairman of the Indian Sleep Products Federation. He has over 25 years of experience in the business of selling and marketing of bedding products and polyurethane foam.

Mr. Tushaar Gautam, aged 38 years, is a Whole-time Director of our Company. He has been associated with our Company since January 7, 2002 and as our Whole-time Director since April 1, 2007. He holds a bachelor's degree from Purdue University, USA, where his courses of study included financial, marketing and operations management. In May 2005, he was recognized by the President's Council of Purdue University for pursuit of excellence. He oversees the business and operations of our subsidiary Joyce Foam Pty Ltd and is a director on its board of directors. He has over 14 years of experience in heading production, research and development.

Mr. Ravindra Dhariwal, aged 63 years, is an Independent Director (Additional) of our Company. He has been associated with our Company since June 7, 2016. He holds a bachelor's degree in chemical engineering from Indian Institute of Technology, Kanpur and a post graduate diploma in management from Indian Institute of Management, Calcutta. He was a whole-time director in Bennett, Coleman & Co. Limited from 2008 to 2015. Mr. Dhariwal also serves an independent director on the board of Varun Beverages Limited, which is a franchisee of PepsiCo products. He has several years of experience in various sectors including print media.

Mr. Vijay Kumar Chopra, aged 70 years, is an Independent Director (Additional) of our Company. He has been associated with our Company since June 7, 2016. He is a fellow member of the Institute of Chartered Accountants of India. In the past, he has held senior managerial positions in various banking organisations such as Central Bank of India and has been the chairman and managing director of Corporation Bank and SIDBI. He has also served as a whole time member of SEBI from June 6, 2006 to March 5, 2008. He has several years of experience in the banking and finance sector.

Mr. Som Mittal, aged 64 years, is an Independent Director (Additional) of our Company. He has been associated with our Company since June 7, 2016. He holds a bachelor's degree in metallurgical engineering from Indian Institute of Technology, Kanpur and a post graduate diploma in business administration from the Indian Institute of Management, Ahmedabad. In the past, he was associated with Larsen & Toubro, Escorts and Denso and held leadership roles in Digital, HP and Compaq. He served as the President of the National Association of Software and Services Companies (NASSCOM) from January 2008 to January 2014 and was the chairman of NASSCOM in the year 2003-04. He has won the lifetime achievement award for outstanding dedication to the growth of the Global ICT industry and leadership from the World Information Technology and Services Alliance for 2008-14 and a distinguished alumnus award from the Indian Institute of Technology Kanpur in 2000. Additionally, he has also served as a member of the Indian Prime Minister's Committee on National e-Governance and the Global Advisory Council of the World Information Technology and Services Alliance. He has several years of experience in manufacturing and information technology sectors.

Mr. Anil Tandon, aged 63 years, is an Independent Director (Additional) of our Company. He has been associated with our Company since June 7, 2016. He holds a bachelor's degree of technology in electrical engineering from Indian Institute of Technology, Kanpur and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. Since 1995, he has been the Managing Director of Tex Corp Limited. He has several years of national and international experience in the zip fastening products sector.

Relationship between Directors

Except as stated below, none of our Directors are related to each other.

Name of the Directors	Relationship
Mr. Rahul Gautam and Ms. Namita Gautam	Husband and wife
Ms. Namita Gautam and Mr. Tushaar Gautam	Mother and son
Mr. Rahul Gautam and Mr. Tushaar Gautam	Father and son

Remuneration details of our Directors

(1) Remuneration details of our executive Directors

Mr. Rahul Gautam

Mr. Rahul Gautam has been our Managing Director since April 1, 1996, and was reappointed as Managing Director pursuant to a resolution of our shareholders dated September 30, 2014. During Fiscal 2016, the total amount of compensation paid to him was ₹ 22.27 million.

Pursuant to a resolution of our Board dated March 30, 2016, Mr. Rahul Gautam is entitled to the following remuneration with effect from April 1, 2015:

Particulars	Remuneration
Basic Salary	₹ 2.53 million per annum (subject to annual increment as per the HR Policy)
Perquisites	Contribution by our Company towards provident fund and gratuity as per our Company's policies. He is entitled to a company car, telephone, mobile, reimbursement of medical expenses for him and his family and club fees.

Particulars	Remuneration
Others	He is also entitled to a performance linked incentive which is 1.5% of our Company's profit before tax. His total remuneration is subject to an overall ceiling of 5% of the Company's net profits.

Mr. Rakesh Chahar

Mr. Rakesh Chahar has been a Whole-time Director of our Company since November 14, 2003. He was last re-appointed as a Whole-time Director pursuant to a resolution of our shareholders dated September 30, 2014. During Fiscal 2016, the total amount of compensation paid to him was ₹ 17.11 million.

Pursuant to a resolution of our Board dated March 30, 2016, Mr. Rakesh Chahar is entitled to the following remuneration with effect from April 1, 2015:

Particulars	Remuneration
Basic Salary	₹ 1.22 million per annum (subject to annual increment as per the HR Policy)
Perquisites	Contribution by our Company towards provident fund and gratuity as per our Company's policies. He is entitled to a company car, telephone, mobile, reimbursement of medical expenses for him and his family and club fees.
Others	He is also entitled to a performance linked incentive which is 0.75% of the Company's profit before tax.

Ms. Namita Gautam

Ms. Namita Gautam has been a Whole-time Director of our Company since November 14, 2003. She was reappointed as a Whole-time Director by a resolution of our shareholders dated September 30, 2014. During Fiscal 2016, the total amount of compensation paid to her was ₹ 8.32 million.

Pursuant to a resolution of our Board dated May 12, 2008, Ms. Namita Gautam is entitled to the following remuneration with effect from April 1, 2007:

Particulars	Remuneration
Basic Salary	₹ 1.31 million per annum
Perquisites	Contribution by our Company towards provident fund and gratuity She is entitled to a company car, driver expenses, petrol expenses and leave encashment.
Others	She is also entitled to a performance incentive of a maximum of 0.08% of the turnover of our Company in each Fiscal Year.

Mr. Tushaar Gautam

Mr. Tushaar Gautam has been a Whole-time Director of our Company since April 1, 2007. He was re-appointed as a Whole-time Director of our Company pursuant to a resolution of our shareholders dated September 30, 2014. During Fiscal 2016, the total amount of compensation paid to him was ₹ 12.06 million.

Pursuant to a resolution of our Board dated March 30, 2016, Mr. Tushaar Gautam is entitled to the following remuneration with effect from April 1, 2015:

Particulars	Remuneration
Basic Salary	₹ 2.17 million per annum (subject to annual increment as per the HR Policy)
Perquisites	Contribution by our Company towards provident fund and gratuity as per our Company's policies. He is entitled to a company car, telephone, mobile, reimbursement of medical expenses for him and his family and club fees.
Others	He is also entitled to a performance linked incentive which is 0.75% of our Company's profit before tax.

(2) Remuneration details of our non-executive and independent Directors

Pursuant to a resolution of our Board dated July 11, 2016 our non-executive and independent Directors are entitled to receive sitting fees of ₹ 0.10 million for attending each meeting of our Board and ₹ 0.05 million for attending each meeting of the committees of our Board, as applicable. In addition to the sitting fee, our independent Directors are eligible to a fixed amount per annum for their services and advice of such amounts as may be fixed from time to time. None of our non-executive and independent Directors have received any sitting fees in Fiscal Year 2016.

Remuneration paid or payable from Subsidiaries

No remuneration has been paid to our Directors by any of our Subsidiaries.

Bonus or profit sharing plan for the Directors

Except as disclosed above in respect of the remuneration payable to our executive Directors Mr. Rahul Gautam, Mrs Namita Gautam, Mr. Rakesh Chahar and Mr. Tushaar Gautam under "– *Remuneration details of our Directors – Remuneration details of our Executive Directors*" on page 159, our Company does not have a bonus or profit sharing plan for our Directors.

Shareholding of our Directors

Our Articles do not require the Directors to hold any qualification shares.

Details of our Directors who hold Equity Shares as on the date of this Draft Red Herring Prospectus are as follows:

Name	No. of Equity Shares	% of pre-Offer Equity Share capital
Mr. Rahul Gautam	9,955,419	20.41
Ms. Namita Gautam	5,715,879	11.72
Mr. Tushaar Gautam	1,987,920*	4.08

**Additionally, Mr. Tushaar Gautam holds 17,561,880 Equity Shares jointly with our Promoter, Ms. Sheela Gautam.*

Details of our Directors who hold equity shares in our Subsidiaries as on the date of this Draft Red Herring Prospectus are as follows:

Name of Director	Name of Subsidiary	No. of equity shares	Percentage of issued capital of the Subsidiary
Mr. Rahul Gautam*	Divya Software Solutions Private Limited	1	0.01

** Holding equity shares as a nominee shareholder of our Company.*

Service contracts with Directors

There are no service contracts entered into with any of our Directors which provide for benefits upon termination of employment.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them.

Further, our Directors may also be regarded as interested in the Equity Shares held by them or that may, pursuant to this Offer, be subscribed by or Allotted to them, their relatives, or to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, except for Mr. Rahul Gautam, Ms. Namita Gautam and Mr. Tushaar Gautam who, together with individual members of the Promoter Group, have undertaken not to participate in the Offer.

Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them. For further details regarding the shareholding of our

Directors, see the section titled "*Capital Structure – Shareholding of our Directors and Key Management Personnel*" on page 91.

Our Directors, Mr. Rahul Gautam, Ms. Namita Gautam and Mr. Tushaar Gautam are also directors and/or promoters of our Group Companies and Subsidiaries and may be deemed to be interested to the extent of payments made between our Company and the Group Companies or such Subsidiaries, if any.

Our Directors, Mr. Rahul Gautam and Mr. Tushaar Gautam are also directors on the board of Sleepwell Enterprises Private Limited, which receives license fees for the Sleepwell brand and other trademarks licensed by Sleepwell Enterprises Private Limited to our Company.

Interest in promotion of our Company

Except Mr. Rahul Gautam, who is a Promoter of our Company, a director and shareholder of our Corporate Promoter, Ms. Namita Gautam who is a director and shareholder of our Corporate Promoter and Mr. Tushaar Gautam who is a shareholder of our Corporate Promoter, our Directors have no interest in the promotion of our Company as of the date of this Draft Red Herring Prospectus, except in the ordinary course of business.

Interest in property

Our Directors have no interest in any property acquired by our Company within the two years preceding the date of this Draft Red Herring Prospectus, or presently intended to be acquired by our Company or in any transaction for acquisition of land, construction of buildings and supply of machinery.

Payment of benefits (non-salary related)

Pursuant to a Board resolution dated December 27, 2014, Mr. Rakesh Chahar, our Whole-time Director, was paid a special incentive of ₹ 84 million in recognition of his exemplary services to our Company. Except for Mr. Rakesh Chahar, no non-salary related amount or benefits were paid or were intended to be paid to our Directors within the two years preceding the date of this Draft Red Herring Prospectus.

Appointment of relatives to a place of profit

None of the relatives of the Directors have been appointed to an office or place of profit with our Company, except Ms. Lisa Chahar (wife of Mr. Rakesh Chahar), who is employed with our Company as a system coordinator.

Business interest

Except as stated in this sub-section and the sections titled "*Financial Statements – Annexure X – Restated Consolidated Statement of Related Party Transactions*" and "*Financial Statements – Annexure XI - Restated Standalone Statement of Related Party Transactions*" on pages 317 and 244, respectively, our Directors do not have any other interest in our business or our Company.

Confirmations

None of our Directors have been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

No consideration either in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested, by any person, either to induce him to become, or to qualify him as a director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

None of our sundry debtors are related to our Directors in any manner.

Our Directors are not, and have not been on the board of any listed company, during the five years preceding the date of this Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE.
Except as stated below, none of our Directors have been or are directors on the board of listed companies which have been or were delisted from any stock exchange(s):

Name of the Director	Mr. Som Mittal
Name of the company	Digital Global Soft Limited (currently known as HP Global Soft Private Limited)
Name of the stock exchange(s)	NSE and BSE
Date of delisting	April 3, 2004 from BSE and April 12, 2004 from NSE
Whether compulsory or voluntary delisting	Voluntary delisting
Reasons for delisting	Open offer of 51% of shareholding by Hewlett Packard
Whether relisted	No
Term of the Director	April 1994 to September 2006.

For details of our Directors' association with the securities market, see the section titled "*Other Regulatory and Statutory Disclosures*" on page 371.

Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are as follows:

Name of Director	Date of change	Reasons
Mr. Ravindra Kumar Sharma	April 30, 2014	Resignation
Ms. Sheela Gautam	June 7, 2016	Resignation*
Mr. Ravindra Dhariwal	June 7, 2016	Appointment
Mr. Vijay Kumar Chopra	June 7, 2016	Appointment
Mr. Som Mittal	June 7, 2016	Appointment
Mr. Anil Tandon	June 7, 2016	Appointment

* *Resigned as Chairperson and was appointed as the Chairperson Emeritus of our Company with effect from June 7, 2016.*

Borrowing Powers

Pursuant to a resolution of the shareholders of our Company passed at the AGM held on May 31, 2016, our Board has been authorized to borrow any sum or sums of monies for and on behalf of our Company, from time to time provided that the sum or sums of monies so borrowed together with monies, if any, already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of our Company and its free reserves, provided further that the total amount up to which the monies may be borrowed shall not exceed ₹ 5,000 million at any point of time.

Corporate Governance

In addition to the applicable provisions of the Companies Act, 2013 with respect to corporate governance, provisions of the SEBI Listing Regulations will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges.

Our Company currently has eight Directors, of which four are executive Directors and four are non-executive independent Directors. We also have one woman director on our Board. Our Company is in compliance with corporate governance norms prescribed under SEBI Listing Regulations and the Companies Act, 2013, particularly, in relation to appointment of independent directors to our Board and constitution of board level committees.

The Board functions either as a full board or through various committees constituted to oversee specific operational areas. Our Company's executive management provides the Board with detailed reports on its performance periodically.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements SEBI Listing Regulations and the Companies Act, 2013.

Board-level committees

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board-level committees:

(a) Audit committee;
(b) Nomination and Remuneration committee;
(c) Stakeholders' Relationship committee; and
(d) Corporate Social Responsibility committee.

Audit Committee

Our Audit Committee was constituted by a resolution of our Board dated July 11, 2016, in compliance with Section 177 of the Companies Act, 2013 and SEBI Listing Regulations. The Audit Committee currently consists of:

Name	Position in the committee	Designation
Mr. Vijay Kumar Chopra	Chairman	Independent Director (Additional)
Mr. Ravindra Dhariwal	Member	Independent Director (Additional)
Mr. Tushaar Gautam	Member	Whole-time Director

Our Company Secretary is the secretary to the Audit Committee.

Scope and terms of reference:

(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 our 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 our 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 our Company and the fixation of audit fee;

(c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors of our 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 judgment by the management of our Company;
(iv) Significant adjustments made in the financial statements arising out of audit findings;
(v) Compliance with listing and other legal requirements relating to financial statements
(vi) Disclosure of any related party transactions; and
(vii) Qualifications / modified opinion(s) in the draft audit report.

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

(f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

(h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;

(i) Approval or any subsequent modification of transactions of our Company with related parties and omnibus approval for related party transactions proposed to be entered into by our Company subject to such conditions as may be prescribed;

(j) Scrutiny of inter-corporate loans and investments;

(k) Valuation of undertakings or assets of our 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 our 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 our Company;

(c) Management letters / letters of internal control weaknesses issued by the statutory auditors of our Company;

(d) Internal audit reports relating to internal control weaknesses;

(e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;

(f) Statement of deviations:
(i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
(ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations;

(g) review the financial statements, in particular, the investments made by any unlisted subsidiary.

Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was constituted by a resolution of our Board dated July 11, 2016, in compliance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The Nomination and Remuneration Committee currently consists of:

Name	Position in the committee	Designation
Mr. Som Mittal	Chairman	Independent Director (Additional)
Mr. Vijay Kumar Chopra	Member	Independent Director (Additional)
Mr. Ravindra Dhariwal	Member	Independent Director (Additional)

Scope and terms of reference:

The role of the Nomination and Remuneration Committee shall be as follows:

(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 our 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. Our Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report of our Company;

(e) Analyzing, monitoring and reviewing various human resource and compensation matters;

(f) Determining our 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 our 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, our 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

Our Stakeholders' Relationship Committee was constituted by a resolution of our Board dated July 11, 2016, in compliance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The Stakeholders' Relationship Committee currently comprises of:

Name	Position in the committee	Designation
Mr. Som Mittal	Chairman	Independent Director (Additional)
Mr. Anil Tandon	Member	Independent Director (Additional)
Mr. Rakesh Chahar	Member	Whole-time Director

Scope and terms of reference:

The role of the Stakeholders' Relationship Committee shall be as follows:

(a) Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints;

(b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(c) Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and re-materialization of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time; and

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

Corporate Social Responsibility Committee ("CSR Committee")

Our CSR Committee was constituted by a resolution of our Board dated May 15, 2014, in compliance with Section 135 of the Companies Act, 2013 and was thereafter reconstituted by a Board resolution dated July 11, 2016. The CSR Committee currently comprises of:

Name	Position in the committee	Designation
Mr. Anil Tandon	Chairman	Independent Director (Additional)
Mr. Ravindra Dhariwal	Member	Independent Director (Additional)
Mr. Tushaar Gautam	Member	Whole-time Director

Scope and terms of reference:

The role of the CSR Committee shall be as follows:

(a) To formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by our Company as specified in Schedule VII of the Companies Act, 2013 and make any revisions therein as and when decided by the Board;

(b) To recommend the amount of expenditure to be incurred on the activities referred to in (a);

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

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

Other Committees

IPO Committee

In addition to above committees, our Board has also constituted an IPO Committee pursuant to a resolution dated July 11, 2016, which currently comprises of:

Name	Position in the committee	Designation
Mr. Rahul Gautam	Chairman	Managing Director
Mr. Rakesh Chahar	Member	Whole-time Director
Mr. Tushaar Gautam	Member	Whole-time Director

Scope and terms of reference:

(i) To decide on the IPO (including any reservation for employees and/or any other reservations, firm allotments as may be permitted, green shoe option and/or any rounding off in the event of any oversubscription), timing, pricing and all the terms and conditions of the IPO, including the price and to make any amendments, modifications, variations or alterations thereto;

(ii) To take all actions as may be necessary or authorized in connection with the Offer for Sale;

(iii) To appoint and enter into arrangements with the BRLMs, underwriters to the IPO, syndicate members to the IPO, brokers to the IPO, advisors to the IPO, escrow collection banks to the IPO, registrars to the IPO, refund banks to the IPO, public issue account banks to the IPO, advertising agencies, legal counsel and any other agencies or persons or intermediaries to the IPO and to negotiate and finalise the terms of their appointment, including but not limited to execution of the BRLMs' mandate letter, negotiation, finalisation and execution of the offer agreement with the BRLMs and the underwriting agreement with the underwriters;

(iv) To finalise, settle, execute and deliver or arrange the delivery of the registrar agreement, syndicate agreement, underwriting agreement, cash escrow agreement, share escrow agreement and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the registrar to the IPO, legal advisors, auditors, Stock Exchanges, BRLMs and any other agencies/intermediaries in connection with the IPO with the power to authorise one or more officers of our Company to negotiate, execute and deliver all or any of the aforestated documents;

(v) To finalise, settle, approve and adopt the DRHP, the RHP, the Prospectus and the preliminary and final international wrap for the IPO together with any addenda, corrigenda or supplement thereto and take all such actions as may be necessary for filing of these documents including incorporating such alterations/ corrections/ modifications as may be required by and to submit undertaking/ certificates or provide clarifications to SEBI or any other relevant governmental and statutory authorities;

(vi) To make applications to, seek clarifications and obtain approvals from, if necessary, the FIPB, the RBI, the SEBI, the RoC or any other statutory or governmental authorities in connection with the IPO and, wherever necessary, incorporate such modifications/ amendments/ alterations/ corrections as may be required in the DRHP, the RHP and the Prospectus;

(vii) To open and operate bank account(s) of our Company in terms of the cash escrow agreement for handling of refunds for the IPO and to authorise one or more officers of our Company to execute all documents/deeds as may be necessary in this regard;

(viii) To approve code of conduct as may be considered necessary or as required under Applicable Laws for the Board, officers of our Company and other employees of our Company;

(ix) To authorise any concerned person on behalf of our Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the IPO;

(x) To approve suitable policies in relation to the IPO as may be required under Applicable Laws;

(xi) To seek, if required, the consent of the lenders to our Company and/or the lenders to the subsidiaries of our Company, industry data providers, parties with whom our Company has entered into various commercial and other agreements including without limitation customers, suppliers, strategic partners of our Company any concerned government and regulatory authorities in India or outside India and any other consents that may be required in connection with the IPO, if any;

(xii) To approve any corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under Applicable Laws, in connection with the IPO;

(xiii) To open and operate a bank accounts of our Company in terms of Section 40(3) of the Companies Act, 2013 and to authorise one or more officers of our Company to execute all documents/deeds as may be necessary in this regard;

(xiv) To determine and finalise the bid opening and bid closing dates (including bid opening and closing dates for Anchor Investors), price band for the IPO, the offer price for Anchor Investors, approve the basis for allocation and confirm allocation of the Equity Shares to various categories of persons as disclosed in the DRHP, the RHP and the Prospectus, in consultation with the BRLMs;

(xv) To issue receipts/allotment letters/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of our Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on the Stock Exchanges, with power to authorise one or more officers of our Company to sign all or any of the aforestated documents;

(xvi) To withdraw the DRHP or the RHP or not to proceed with the Offer at any stage, if considered necessary and expedient, in accordance with Applicable Laws;

(xvii) To make applications for listing of Equity Shares on the Stock Exchanges and to execute and to deliver or arrange the delivery of necessary documentation (including the listing agreements) to the Stock Exchanges and to take all such other actions as may be necessary in connection with obtaining such listing;

(xviii) To do all such deeds and acts as may be required to dematerialize the Equity Shares and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of our Company to execute all or any of the aforestated documents;

(xix) To authorize and approve the incurring of expenditure and payment of fees, commissions, remuneration and expenses in connection with the IPO;

(xx) To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for the IPO, in consultation with the BRLMs, including without limitation, determining the anchor investor portion and allocation to Anchor Investors, finalizing the basis of allocation and allotment of Equity Shares to the successful allottees and credit of Equity Shares to the demat accounts of the successful allottees in accordance with Applicable Laws;

(xxi) To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit;

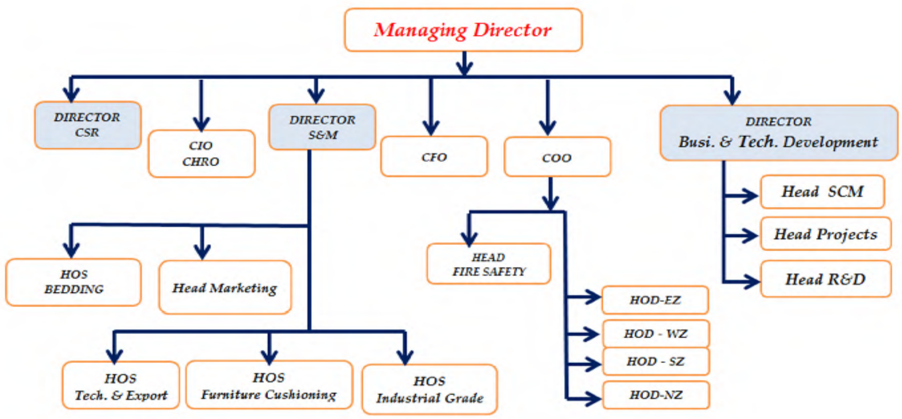
(xxii) To take such action, give such directions, as may be necessary or desirable as regards the IPO and to do all such acts, matters, deeds and things, including but not limited to the allotment of Equity Shares against the valid applications received in the IPO, as are in the best interests of our Company;

(xxiii) To execute and deliver any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the IPO and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing; and

(xxiv) To delegate any of the powers mentioned in (i) to (xxv) to the following persons, namely Mr. Rahul Gautam, Managing Director and Mr. Tushaar Gautam, Whole-time Director to do all such acts, deeds, matters and things as may be required to be done to give effect to the above resolutions."

Our IPO Committee is also authorized to make any alteration, addition or make any variation in relation to the IPO, in consultation with the BRLMs or SEBI or such other authorities as may be required, and without prejudice to the generality of the above-mentioned terms of reference, deciding the exact IPO structure and the exact component of issue of Equity Shares.

Management Organisation Structure



Key Management Personnel

For a brief profile of our Managing Director and Whole-time Directors, see "- *Brief Profiles of our Directors*" above on page 158.

The details of our other Key Management Personnel as of the date of this Draft Red Herring Prospectus are as follows:

Dr. Mahesh N. Gopalasamudram, aged 45 years, is our Chief Operating Officer and has been associated with our Company since November 18, 2015. He holds a bachelor's degree in science from Sri Sathya Sai Institute of Higher Learning, a master's degree in science (chemistry) from University of Madras and a PhD in chemistry from University of Madras. He has in the past been associated with Dow Chemical International Private Limited as its director and with Manali Petrochemicals Limited as its Chief Operating Officer. He is responsible for research & development, manufacturing and allied operations of our Company. He has more than 17 years of experience in the chemical industry. He received a gross remuneration of ₹ 2.61 million in Fiscal Year 2016.

Mr. Dhruv Chandra Mathur, aged 58 years, is our Chief Financial Officer and has been associated with our Company since April 2, 2012 and was reappointed as our Chief Financial Officer with effect from June 7, 2016. He is a fellow member of the Institute of Chartered Accountants of India ("**ICAI**"), a fellow member of the Institute of Company Secretaries of India and a fellow member of the Institute of Cost Accountants of India. He has in the past been associated in various capacities with several companies, including with Holostik India Limited as its Chief Financial Officer, with Hotline Glass Limited as its Vice President (Finance) cum Company Secretary and with Hotline Teletube and Components Limited as its Deputy General Manager (Finance). He is responsible for overseeing the long-term budgetary planning, financial planning, accounting, administration and management of legal affairs of our Company. He has more than 36 years of experience in various sectors. He received a gross remuneration of ₹ 4.00 million in Fiscal Year 2016.

Mr. Pertisth Mankotia, aged 42 years, is our Chief Information Officer and Chief Human Resources Officer since October 1, 2015 and has been associated with our group since September 21, 1995. He holds a bachelor's degree in computer science from the St. George University International and has participated in the Management

Development program in Logistics and Supply Chain Management held at Indian Institute of Management, Lucknow. He also holds a certificate of Business Professional Programmer from Computer Society of India and a Post Graduate Diploma in Computer Management (Sigma) from Computer Point Learning Centre. He has won various awards for implementing robust IT systems, including the Computerworld 100 Premier Technology Leaders 2016, the BSE-CIO Klub CIO of the year award for 2015 for small medium enterprises, the CIO 100 honoree in 2012, the CIO 100 – The Agile 100 honoree in 2010 and was placed in the CIO 100 – CIO Hall of Fame in 2014. He is responsible for implementing technology solutions and overseeing the human resources functions of our Company. He has more than 20 years of experience in the IT sector. He received a gross remuneration of ₹ 2.84 million in Fiscal Year 2016.

Mr. Md. Iquebal Ahmad, aged 41 years, is our Company Secretary and Compliance Officer and has been associated with our Company since November 17, 2008. He is an associate member of Institute of Company Secretaries of India. He has in the past been associated with Golden Overseas Limited as its Company Secretary and with AVA Associates as an Associate. He is responsible for the secretarial and legal matters of our Company. He has more than 9 years of experience in secretarial and legal compliance. He received a gross remuneration of ₹ 0.78 million in Fiscal Year 2016.

Mr. Frank Joseph van Gogh, aged 60 years, is the Chief Executive Officer of our subsidiary Joyce Foam Pty Ltd and also serves on its board of directors. He holds a bachelor's degree in mechanical engineering from the University of New South Wales, masters of business administration from the University of Technology, Sydney and was elected as a member of the Institution of Engineers, Australia in 1989. He is associated with the Joyce group since July, 2000 when he was appointed as General Manager. Prior to joining Joyce, he has held senior management positions in Australia and USA, including as President of Rotoflow Corporation, Inc., California, General Manager of Atlas Copco's business in Australia and Managing Director of Lightnin Mixers Ltd. Pty. He received a gross remuneration of AUD 0.42 million in Fiscal Year 2016.

Mr. Edward John Dodds, aged 56 years, is the Financial Controller of our subsidiary Joyce Foam Pty Ltd since October 23, 2000. He is an associate of the Australian Society of Certified Practicing Accountants since February 1990. He holds a bachelor's degree in business from the University of Technology, Sydney and completed the accounting certificate course from Bankstown Technical College, New South Wales. He received a gross remuneration of AUD 0.19 million in Fiscal Year 2016.

Mr. Rahul Gautam, our Managing Director, Ms. Namita Gautam, Mr. Rakesh Chahar and Mr. Tushaar Gautam, our Whole-time directors, Mr. Dhruv Chandra Mathur, our Chief Financial Officer and Mr. Md. Iquebal Ahmad, our Company Secretary and Compliance Officer are also Key Management Personnel of our Company as per Section 2(51) of the Companies Act, 2013.

All the Key Management Personnel are permanent employees of our Company.

Relationship among Key Management Personnel

Except as disclosed in "- *Relationship between Directors*" on page 159, none of our Key Management Personnel are related to each other.

Bonus or profit sharing plan for the Key Management Personnel

The remuneration payable to Mr. Frank Joseph van Gogh from our subsidiary Joyce Foam Pty Ltd includes an EBIT incentive scheme, under which he is entitled to receive 7% of the EBIT improvement from the previous financial year. The amount payable to him under the EBIT incentive scheme (such amount, the "**Bonus Amount**") is subject to a limit of 30% of his base salary in the previous financial year and is further reduced in the following manner:

i. 5% of the dollar value of the Bonus Amount, if aggregate actual spend in capital projects exceeds aggregate approved for those projects;
ii. 5% of the dollar value of the Bonus Amount, if actual stock exceed plan; and
iii. 5% of the dollar value of the Bonus Amount, if actual receivable days exceed plan.

In the event that Joyce Foam Pty Ltd does not make a profit after the payment of interest, the Bonus Amount and tax, the EBIT Scheme would not apply for that year.

Other than the profit sharing plan of Mr. Frank van Gogh and except for some of our Key Management Personnel who are entitled to performance linked incentives as a part of their remuneration, there is no bonus or profit sharing plan for our Key Management Personnel.

Shareholding of Key Management Personnel

Details of our Key Management Personnel who hold Equity Shares as on the date of this Draft Red Herring Prospectus are as follows:

Name	No. of Equity Shares	% of pre-Offer Equity Share capital
Mr. Rahul Gautam	9,955,419	20.41
Mr. Tushaar Gautam	1,987,920*	4.08
Ms. Namita Gautam	5,715,879	11.72

**Additionally, Mr. Tushaar Gautam holds 17,561,880 Equity Shares jointly with our Promoter, Ms. Sheela Gautam.*

Details of our Key Management Personnel who hold equity shares in our Subsidiaries as on the date of this Draft Red Herring Prospectus are as follows:

Name of Director	Name of Subsidiary	No. of equity shares	Percentage of issued capital of the Subsidiary
Mr. Rahul Gautam*	Divya Software Solution Private Limited	1	0.01

** Holding equity shares as a nominee shareholder of our Company.*

Service Contracts with Key Management Personnel

Our Company has not entered into any service contracts, pursuant to which its officers, including its Directors and Key Management Personnel, are entitled to benefits upon termination of employment.

Except statutory benefits upon termination of their employment with our Company or superannuation, no officer of our Company including Directors or Key Management Personnel, are entitled to any benefit upon termination of employment or superannuation.

Interest of Key Management Personnel

None of our Key Management Personnel have any interest in our Company except to the extent of their shareholding in our Company, remuneration, benefits and reimbursement of expenses incurred by them in the ordinary course of business.

Contingent and deferred compensation payable to Key Management Personnel

Except as stated in "- *Remuneration Details of our Directors*" on page 159, there is no contingent or deferred compensation payable to our Key Management Personnel which does not form part of their remuneration.

Changes in Key Management Personnel during the last three years

For details of changes in our executive Directors during the last three years, see "- *Changes in our Board during the last three years*" on page 163.

The changes in our Key Management Personnel during the three years immediately preceding the date of this Draft Red Herring Prospectus are as follows:

Name	Date of change	Reason
Dr. Mahesh N. Gopalasamudram	November 18, 2015	Appointed as Chief Operating Officer

Employee stock option and stock purchase schemes

For details of the Sheela Foam Employees Stock Options Scheme 2016, see “*Capital Structure – Employee Stock Option Scheme*” on page 92.

Payment of non-salary related benefits to officers of our Company

Except as stated in “*Interest of Directors – Payment of benefits (non-salary related)”,* no amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment.

Arrangements and understanding with major shareholders, customers, suppliers or others

None of our Directors or Key Management Personnel have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

The Promoters of our Company are:

1. Ms. Sheela Gautam;
2. Mr. Rahul Gautam; and
3. Polyflex Marketing Private Limited.

For details of the build-up of our Promoters' shareholding in our Company, see section titled "*Capital Structure – Notes to Capital Structure*" on page 77.

The details of our Promoters are as follows:

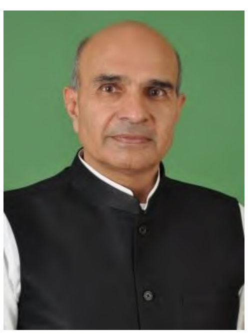
Individual Promoters

Ms. Sheela Gautam

Identification Particulars	Details
Voter ID Number	UP/76/374/0126707
Driving License Number	-
Address	D-2, Diwanshree Apartment, 30, Firoze Shah Road, New Delhi – 110 001

Ms. Sheela Gautam, aged 84 years, is our Promoter and is designated as Chairperson Emeritus of our Company. She has over 45 years of experience in the business of manufacture of home comfort products and polyurethane foam and has been associated with our Company since its incorporation in 1971. She holds a bachelor's degree in education and a bachelor's degree in arts from Lucknow University. She was instrumental in the growth of our Company in the initial years. She was a member of the Lok Sabha from 1991 to 2004. She is not involved in any other ventures.

Mr. Rahul Gautam



Identification Particulars	Details
Voter ID Number	CKD1264241
Driving License Number	-
Address	D-2, Diwanshree Apartment, 30, Firoze Shah Road, New Delhi – 110 001

Mr. Rahul Gautam, aged 63 years, is the Managing Director of our Company. For further details, see the section titled "*Our Management*" on page 156.

We confirm that the details of the PAN, bank account numbers and passport numbers of our individual Promoters shall be submitted with the Stock Exchanges at the time of submission of this Draft Red Herring Prospectus with the Stock Exchanges.

Corporate Promoter

Polyflex Marketing Private Limited

Polyflex Marketing Private Limited ("**Polyflex**") was incorporated as a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the RoC on October 29, 1996 at Delhi. The CIN of Polyflex is U74899DL1996PTC082937. Its registered office is situated at E-23, Indraprastha Cooperative Group Housing Society, Plot No. 114, Patparganj, New Delhi - 110092. Polyflex is enabled under its memorandum of association to acquire, create, develop, promote, hire, lease, sell brand names monograms, logos trademarks by way of advertisements and promotional activities relating to all kinds of foam, rubber, synthetic, rexine, plastic and textile products and to carry on business of buying, selling, importing, exporting, packaging marketing and dealing in items of polyurethane foam, latex foam, rubberized coir, etc. It is currently engaged in trading of mattresses and foam.

The equity shares of Polyflex are not listed and it has not made any public or rights issue in the preceding three years. It has not become a sick company nor is it subject to a winding-up order or petition under the laws of India. It does not have negative net worth.

Natural person(s) in control of our Corporate Promoter

Mr. Rahul Gautam, Ms. Namita Gautam and Mr. Tushaar Gautam are the natural persons in control (holding 15% or more voting rights) of Polyflex, holding 100% of the paid-up capital of the company.

Board of directors

As on the date of this Draft Red Herring Prospectus, the board of directors of Polyflex comprises of:

Name of Director	Designation
Mr. Rahul Gautam	Director
Ms. Namita Gautam	Director

Shareholding Pattern

Set forth below is the shareholding pattern of Polyflex as of the date of this Draft Red Herring Prospectus:

S. No.	Name of Shareholder	No. of equity shares of ₹ 100 each	Percentage of paid-up share capital (%)
1.	Mr. Rahul Gautam	350	33.33
2.	Ms. Namita Gautam	350	33.33
3.	Mr. Tushaar Gautam	350	33.33
	Total	1,050	100.00

Change in control or management in the last three years

On March 30, 2016, Mr. Rahul Gautam transferred 350 equity shares of ₹ 100 each held by him in Polyflex to Mr. Tushaar Gautam. Other than this, there has been no change in control or management of Polyflex in the last three years immediately preceding the date of filing this Draft Red Herring Prospectus.

We confirm that the PAN, bank account numbers, company registration number and the address of the registrar of companies where Polyflex is registered have been submitted to the Stock Exchanges at the time of submission of this Draft Red Herring Prospectus with the Stock Exchanges.

Interest of Promoters

Interest of Promoters in the Promotion of our Company

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their shareholding and/or directorship in our Company and the dividend declared, if any, by our Company. For further details, see the section titled *"Capital Structure"* and *"Our Management"* on pages 76 and 156, respectively.

Interest of Promoters in the Property of our Company

Our Promoters do not have any interest in any property acquired by our Company within two years preceding the date of the Draft Red Herring Prospectus or proposed to be acquired by our Company as on the date of filing of the Draft Red Herring Prospectus or in any transaction for acquisition of land, construction of buildings and supply of machinery.

Interest of Promoters in our Company other than as Promoters

Except as stated below and the sections titled "*Our Business*", "*Our Management*", "*History and Certain Corporate Matters*", "*Financial Indebtedness*" and *"Related Party Transactions"* on pages 118, 156, 143, 354 and 185, respectively, our Promoters do not have any interest in our Company other than as promoters.

Ms. Sheela Gautam, our Promoter has extended a loan of ₹ 3.00 million to our Company at an interest rate of 9% per annum, payable quarterly. The tenure of the loan commenced from April 1, 2015 and is repayable on March 31, 2019.

Interest of Promoters in Intellectual Property

Except as disclosed below, our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company. Our Promoter, Mr. Rahul Gautam is a shareholder and a director on the board of Sleepwell Enterprises Private Limited, our Group Company. Sleepwell Enterprises Private Limited is paid trademark licensing fees by our Company, in consideration for usage of 'Sleepwell' trademarks and other trademarks licensed by it to our Company. For details of the trademark licensing arrangement, see the section titled *"History and Certain Corporate Matters"* on page 143.

Common Pursuits of our Promoters

Our Promoters are not involved with any ventures which are in the same line of activity or business as that of our Company (except for Mr. Rahul Gautam, in his capacity as director of Joyce, our wholly owned Subsidiary). In addition, Polyflex Marketing Private Limited, our corporate Promoter, is engaged in the business of trading in mattresses.

Payment of amounts or benefits to our Promoters or Promoter Group during the last two years

Except as stated in the sections titled "*Related Party Transactions*" on pages 185, no amount or benefit has been paid or given or intended to be paid or given by our Company to our Promoters or members of our Promoter Group in the two years preceding the date of this Draft Red Herring Prospectus.

Provided below are brief descriptions of the arrangements under which such amounts and benefits have been paid to our Promoters or members of our Promoter Group.

(i) Ms. Sheela Gautam, one of our Promoters, and Ms. Rajul Devendra, a member of our Promoter Group have extended loans to our Company of ₹ 3.00 million and ₹ 1.50 million, respectively, and have received interest on such loans (at the rate of 9% per annum) from our Company.

(ii) We paid royalties to Sleepwell Enterprises for use of *Sleepwell* based trademarks and other trademarks (registered as well as trademarks pending registration) owned by Sleepwell Enterprises.

(iii) We paid rent to Sleepwell Enterprises for premises leased by us from Sleepwell Enterprises in Hyderabad for use as a marketing office.

Related Party Transactions

Except as stated in the section titled *"Related Party Transactions"* on page 185, our Company has not entered into any related party transactions with our Promoters.

Confirmations

Our Company has not made any payments in cash or otherwise to our Promoters or to firms or companies in which our Promoters are interested as members, directors or promoters nor have our Promoters been offered any inducements to become directors or otherwise to become interested in any firm or company, in connection with the promotion or formation of our Company.

None of our sundry debtors are related to our Promoters in any manner.

There has been no change in control of our Company in the last five years.

Disassociation by Promoters in the Last Three Years

Our Promoters have disassociated from the following ventures during the three years preceding the date of filing of this Draft Red Herring Prospectus:

Sheela Woodbridge Urethanes Private Limited ("**SWUPL**") – Our Company divested its entire shareholding in SWUPL, a joint venture between our Company and Woodbridge Foam International Limited, with effect from March 31, 2014. Consequently, our Promoters are no longer, directly or indirectly, associated with SWUPL. For further details, see "*History and certain Corporate Matters*" on page 143.

Outstanding Litigation

Except as disclosed in the section titled "*Outstanding Litigation and Material Developments – Litigation Involving our Promoters*" on page 364, there is no litigation or legal action pending or taken by a ministry, department of the government or statutory authority during the last five years preceding the date of this Draft Red Herring Prospectus against our Promoters.

Promoter Group

(a) Natural Persons

The natural persons who are part of our Promoter Group (being the immediate relatives of our Promoters), apart from our Promoters mentioned above, are as follows:

S. No.	Name	Relation with Promoters
1.	Ms. Namita Gautam	Wife of Mr. Rahul Gautam.
2.	Mr. Tushaar Gautam	Son of Mr. Rahul Gautam
3.	Ms. Rajul Devendra	Daughter of Ms. Sheela Gautam Sister of Mr. Rahul Gautam
4.	Mr. K. K. Gautam	Brother of Ms. Sheela Gautam
5.	Ms. Lata Gautam	Sister of Ms. Sheela Gautam

(b) Companies and entities

In addition to our Subsidiaries, as listed in the section titled "*History and Certain Corporate Matters – Subsidiaries of our Company*" on page 152 and further in addition to Polyflex Marketing Private Limited, which is a Promoter of our Company, the companies and entities that form part of our Promoter Group are as follows:

S. No.	Name of Promoter Group Entity
Companies	
1.	Rangoli Resorts Private Limited
2.	Core Mouldings Private Limited
3.	Sleepwell Enterprises Private Limited
Firms	
4.	Nil
HUFs	

S. No.	Name of Promoter Group Entity
5.	Rahul Gautam (HUF)

Shareholding of the Promoter Group in our Company

Provided below are details of Equity Shares held by our Promoter Group as on the date of this Draft Red Herring Prospectus:

S No.	Name of shareholder	No. of Equity Shares	Percentage of pre-Offer capital (%)
1.	Ms. Namita Gautam	5,715,879	11.72
2.	Mr. Tushaar Gautam	1,987,920*	4.08
3.	Rangoli Resorts Private Limited	12,018	0.02
4.	Core Mouldings Private Limited	12,018	0.02
Total		**7,727,835**	**15.84**

* *Mr. Tushaar Gautam also holds 17,561,880 Equity Shares jointly with Ms. Sheela Gautam.*

For further details of their shareholding, see the section titled "*Capital Structure – Notes to Capital Structure*" on page 77.

Other Confirmations

Our Promoters and members of our Promoter Group have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority. Further, there have been no violations of securities laws committed by any of them in the past or are currently pending against them.

Our Promoters, relatives of our Promoters and members of our Promoter Group have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoters are not and have never been a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

OUR GROUP COMPANIES

As per the SEBI Regulations, for the purpose of identification of 'group companies', our Company has considered companies covered under the applicable accounting standard, *i.e.* Accounting Standard 18 issued by the Institute of Chartered Accountants of India ("**AS 18**") as per the Restated Financial Statements and other companies considered material by our Board. Pursuant to a resolution of our Board dated June 7, 2016, for the purpose of disclosure in the Offer Documents, apart from companies covered under AS 18 in terms of the Restated Consolidated Financial Statements (with the exception of our Corporate Promoter and subsidiaries), a company shall be considered material and disclosed as a Group Company if (i) the company is a member of the Promoter Group and our Company has entered into one or more transactions with such company in any of the last five financial years and relevant interim period (in respect of which, financial statements are included in this Draft Red Herring Prospectus, and the Red Herring Prospectus and Prospectus, as applicable), cumulatively exceeding 10.00% of the total consolidated revenues of our Company for each such financial year / interim period and/ or (ii) companies which, subsequent to the date of the last audited consolidated financial statements of the Company, would require disclosure in the consolidated financial statements of the Company for subsequent periods as entities covered under AS 18 in addition to/ other than those companies covered under AS 18 in the Restated Consolidated Financial Statements of the Company.

For avoidance of doubt, it is clarified that Polyflex Marketing Private Limited, which is our Promoter, as well as the Subsidiaries of our Company, have not been considered as Group Companies for the purpose of disclosure in this Draft Red Herring Prospectus.

Based on the foregoing, our Group Companies are as follows:

(i) Sleepwell Enterprises Private Limited;
(ii) Rangoli Resorts Private Limited; and
(iii) Core Mouldings Private Limited.

The details of our Group Companies are provided below:

(i) Sleepwell Enterprises Private Limited (**"Sleepwell Enterprises"**)

Corporate Information

Sleepwell Enterprises was incorporated as S.F. Enterprises Private Limited, a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the Additional Registrar of Companies, National Capital Territory of Delhi and Haryana on October 7, 1994. Subsequently, the name of the company was changed to Sleepwell Enterprises Private Limited and a fresh certificate of incorporation issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana on November 24, 1998. It is currently engaged in the business of registration and licensing of trademarks.

Shareholding Pattern

The shareholding pattern of Sleepwell Enterprises is as follows:

S. No.	Name of shareholder	No. of equity shares of ₹ 10 each	Percentage of issued capital (%)
1.	Polyflex Marketing Private Limited	4,000	38.09
2.	Mr. Tushaar Gautam	4,000	38.09
3.	Rangoli Resorts Private Limited	2,000	19.05
4.	Mr. Rahul Gautam	500	4.77
	Total	10,500	100.00

Board of Directors

The board of directors of Sleepwell Enterprises comprises the following persons:

1. Mr. Rahul Gautam; and
2. Mr. Tushaar Gautam.

Financial Information

The following information has been derived from the audited financial statements of Sleepwell Enterprises for the last three audited Financial Years:

(₹ *in million, except per share data*)

Particulars	**For the Financial Year**		
	2015	**2014**	**2013**
Equity Capital	0.11	0.11	0.11
Reserves and surplus (excluding revaluation reserves)	10.35	9.97	10.36
Sales/Turnover from operations	0.50	0.25	0.25
Profit/(Loss) after Tax	0.38	(0.39)	0.57
Basic EPS (in ₹)	36.20	(36.79)	54.04
Diluted EPS (in ₹)	36.20	(36.79)	54.04
Net asset value per share (in ₹)	995.92	959.72	996.51

(ii) Rangoli Resorts Private Limited (**"Rangoli Resorts"**)

Corporate Information

Rangoli Resorts was incorporated as a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana on October 24, 1990. It is currently engaged in the business of farming for garden produce.

Shareholding Pattern

The shareholding pattern of Rangoli Resorts is as follows:

S. No.	**Name of shareholder**	**No. of equity shares of ₹ 10 each**	**Percentage of issued capital (%)**
1.	Mr. Rahul Gautam	700	66.77
2.	Ms. Namita Gautam	350	33.33
	Total	1,050	100.00

Board of Directors

The board of directors of Rangoli Resorts comprises the following persons:

1. Mr. Rahul Gautam; and
2. Ms. Namita Gautam.

Financial Information

The following information has been derived from the audited financial statements of Rangoli Resorts for the last three audited Financial Years:

(₹ *in million, except per share data*)

Particulars	For the Financial Year		
	2015	**2014**	**2013**
Equity Capital	0.11	0.11	0.11
Reserves and surplus (excluding revaluation reserves)	(18.72)	(16.10)	(15.78)
Sales/Turnover from operations	9.01	9.35	8.78
Profit/(Loss) after Tax	(2.61)	(0.33)	(3.66)
Basic EPS (in ₹)	(2,488.98)	(310.86)	(3,488.00)
Diluted EPS (in ₹)	(2,488.98)	(310.86)	(3,488.00)
Net asset value per share (in ₹)	(17,725.54)	(15,236.56)	(14,925.70)

(iii) Core Mouldings Private Limited (**"Core Mouldings"**)

Corporate Information

Core Mouldings was incorporated as a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana on March 28, 1988. It is currently engaged in the business of cultivation of certain fruits and vegetables.

Shareholding Pattern

The shareholding pattern of Core Mouldings is as follows:

S. No.	Name of shareholder	No. of equity shares of ₹ 10 each	Percentage of issued capital (%)
1.	Mr. Rahul Gautam	25,470	52.00
2.	Ms. Namita Gautam	23,520	48.00
3.	Rahul Gautam HUF	10	*Negligible*
	Total	49,000	100.00

Board of Directors

The board of directors of Core Mouldings comprises the following persons:

1. Mr. Rahul Gautam; and
2. Ms. Namita Gautam.

Financial Information

The following information has been derived from the audited financial statements of Core Mouldings for the last three audited Financial Years:

(₹ *in million, except per share data*)

Particulars	For the Financial Year		
	2015	**2014**	**2013**
Equity Capital	0.49	0.49	0.49
Reserves and surplus (excluding revaluation reserves)	13.82	11.88	9.93
Sales/Turnover from operations	2.60	1.80	2.20
Profit/(Loss) after Tax	1.94	1.94	1.33
Basic EPS (in ₹)	39.66	39.67	27.20
Diluted EPS (in ₹)	39.66	39.67	27.20
Net asset value per share (in ₹)	292.05	252.39	212.71

Interest of our Promoters in our Group Companies

Except to the extent of their shareholding and/or directorship as detailed above, our Promoters have no other interest in our Group Companies.

Interest of Group Companies in our Company

(a) ***Business interests***

Sleepwell Enterprises Private Limited is paid trademark licensing fees by our Company, in consideration for usage of 'Sleepwell' trademarks and other trademarks licensed by it to our Company. For details of the trademark licensing arrangement, see the section titled *"History and Certain Corporate Matters"* on page 143. Other than this, except to the extent of their shareholding in our Company, none of our Group Companies have any interest in the promotion or any business interest or other business interests in our Company. For further details in relation to the shareholding of our Group Companies in our Company, refer to "*Capital Structure*" on page 76.

(b) ***In the properties acquired or proposed to be acquired by our Company in the past two years preceding the filing of this Draft Red Herring Prospectus with SEBI***

Except as disclosed in the section titled "*Our Promoters - Payment of amounts or benefits to our Promoters or Promoter Group during the last two years*" on page 177, none of our Group Companies are interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of this Draft Red Herring Prospectus with SEBI.

(c) ***In transactions for acquisition of land, construction of building and supply of machinery***

None of our Group Companies are interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Common Pursuits amongst the Group Companies with our Company

There are no common pursuits between any of our Group Companies and our Company.

Related Business Transactions within the Group Companies and significance on the financial performance of our Company

For details, see "*Related Party Transactions*" on page 185.

Sale/Purchase between Group Companies and our Company

None of our Group Companies is involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

Defunct Group Companies

None of our Group Companies remain defunct and no application has been made to the Registrar of Companies for striking off the name of any of our Group Companies during the five years preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

Sick Group Companies

None of our Group Companies fall under the definition of sick industrial companies under Sick Industrial Companies (Special Provisions) Act, 1995 and none of them is under winding up.

Loss making Group Companies

Except Rangoli Resorts, none of our Group Companies have incurred losses in the preceding Financial Year. For details, see "*Risk Factors – Our Corporate Promoter, one of our Subsidiaries and certain of our Group Companies, have incurred losses or have had negative net worth during recent Fiscal Years*" on page 35.

Other confirmations

None of the Group Companies are listed on any stock exchange or have made any public or rights issue of securities in preceding three years.

None of the Group Companies have been prohibited from accessing the capital market for any reasons by the SEBI or any other authorities.

None of the Group Companies have been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

RELATED PARTY TRANSACTIONS

For details of the related party transactions of our Company during the last five Fiscal Years, as per the requirements under Accounting Standard 18 "Related Party Disclosures", see the sections titled "*Financial Statements – Annexure X – Restated Consolidated Statement of Related Party Transactions*" and "*Financial Statements – Annexure XI - Restated Standalone Statement of Related Party Transactions*" on pages 317 and 244.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to the future expansion plans and capital requirements, profit earned during the financial year, capital requirements, and surpluses, contractual restrictions, liquidity and applicable taxes including dividend distribution tax payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, see "*Financial Indebtedness*" on page 354.

Our Company does not have a formal dividend policy. Our Company has not declared any dividend on the Equity Shares in Financial Years 2012, 2013, 2014, 2015 and 2016.

SECTION V – FINANCIAL INFORMATION
FINANCIAL STATEMENTS

INDEPENDENT AUDITOR’S REPORT ON EXAMINATION OF RESTATED STANDALONE FINANCIAL INFORMATION

The Board of Directors,
Sheela Foam Limited
(Formerly Sheela Foam Private Limited)
C-55, Preet Vihar, Vikas Marg,
New Delhi - 110092

Dear Sirs,

1. We have examined the attached Restated Standalone Financial Information of **Sheela Foam Limited** (Formerly Sheela Foam Private Limited and hereinafter referred to as ‘the Company’) as approved by the Board of Directors of the Company in their meeting on June 07, 2016, prepared by the management of the Company in terms of the requirements of Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the ‘SEBI Regulations’), the Guidance Note on ‘Reports in Company’s Prospectus (Revised)’ issued by the Institute of Chartered Accountants of India (‘ICAI’) to the extent applicable (‘Guidance Note’), and in terms of our engagement agreed with you in accordance with our engagement letter dated May 31, 2016, in connection with the proposed issue of Equity Shares of the Company by way of an offer for sale by the existing shareholders.

2. These Restated Standalone Financial Information (included in Annexure I to XII to this report), which have been extracted by the Management of the Company from the Company’s standalone audited financial statements for the years ended March 31, 2016, 2015, 2014, 2013 and 2012, which have been approved by Board of Directors at their meetings held on May 6, 2016, September, 2, 2015, September 2, 2014, September 4, 2013 and September 1, 2012 respectively and books of accounts underlying those financial statements and other records of the Company, to the extent considered necessary for the preparation of the Restated Summary Statements, are the responsibility of the Company’s management. The standalone financial statements of the Company for the financial years ended March 31, 2016, 2015 and 2014 have been audited by us as the sole statutory auditors and had issued unqualified report for these years, and the standalone financial statements of the Company for the financial years ended March 31, 2013 and 2012 have been audited by us jointly with M/s Gupta & Gupta, Chartered Accountants, New Delhi and, we have issued unqualified reports for both these years.

3. In accordance with the requirements of Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations; the Guidance Note, as amended from time to time and in terms of our engagement agreed with you, we further report that:

   (i) The Restated Standalone Summary Statement of Assets and Liabilities as at March 31, 2016, 2015, 2014, 2013 and 2012,examined by us, as set out in Annexures – I (along with Annexures I.1 to I.17) to this report, read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements’ appearing in Annexure – IV and ‘Notes to the Restated Standalone Financial Statements’ appearing in Annexure – VI are after making such adjustments and regroupings/re-classifications as in our opinion were appropriate and are more fully described in the Statement of Material Adjustments to the Standalone Financial Statements’ appearing in Annexure - V. As a result of these adjustments, the amounts reported in the above mentioned Statement are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant financial years.

   (ii) The Restated Standalone Summary Statement of Profit and Loss of the Company for the years ended March 31, 2016, 2015, 2014, 2013 and 2012, as set out in Annexure - II (along with Annexures II.1 to

II.9) to this report, read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI are after making such adjustments and regroupings/re-classifications as in our opinion were appropriate and are more fully described in the Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V. As a result of these adjustments, the amounts reported in the above mentioned Statement are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant financial years.

(iii) The Restated Standalone Summary Statement of Cash Flows of the Company for the years ended March 31, 2016, 2015, 2014, 2013 and 2012, as set out in Annexure - III to this report, read with the 'Basis of Preparation and Significant Accounting Policies to the Restated Standalone Financial Statements' appearing in Annexure – IV and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI are after making such adjustments and regroupings/re-classifications as in our opinion were appropriate and are more fully described in the Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V. As a result of these adjustments, the amounts reported in the above mentioned Statement are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant financial years.

4. Based on the above, and to the best of our information and according to the explanations given to us, we are of the opinion that the Restated Standalone Financial Information:

(i) have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the changed accounting policy for all the reporting periods based on the significant accounting policies adopted by the Company as at March 31, 2016;

(ii) have been made after incorporating adjustments for prior period and other material amounts in the respective financial years to which they relate to; and

(iii) do not contain any extra-ordinary items that need to be disclosed separately other than those presented in the Restated Standalone Financial Information and do not contain any qualifications requiring adjustments.

5. We have also examined the following restated standalone financial information as set out in the Annexures to this report and forming part of the Restated Standalone Financial Information, prepared by the management of the Company and approved by the Board of Directors on June 7, 2016, relating to the Company for the years ended March 31, 2016, 2015, 2014, 2013 and 2012:

(i) Restated Standalone Statement of Share Capital included in Annexure – I.1;
(ii) Restated Standalone Statement of Reserves and Surplus included in Annexure – I.2;
(iii) Restated Standalone Statement of Long Term Borrowings included in Annexure – I.3;
(iv) Restated Standalone Statement of Deferred Tax Liability/Assets (net) included in Annexure – I.4;
(v) Restated Standalone Statement of Other Long Term Liabilities included in Annexure – I.5;
(vi) Restated Standalone Statement of Long Term Provisions included in Annexure – I.6;
(vii) Restated Standalone Statement of Short Term Borrowings included in Annexure – I.7;
(viii) Restated Standalone Statement of Other Current Liabilities included in Annexure – I.8;
(ix) Restated Standalone Statement of Short Term Provisions included in Annexure – I.9;
(x) Restated Standalone Statement of Non Current Investments included in Annexure – I.10;
(xi) Restated Standalone Statement of Long Term Loans and Advances included in Annexure – I.11;
(xii) Restated Standalone Statement of Other Non Current Assets included in Annexure – I.12;
(xiii) Restated Standalone Statement of Inventories included in Annexure – I.13;
(xiv) Restated Standalone Statement of Trade Receivables included in Annexure – I.14;
(xv) Restated Standalone Statement of Cash and Bank Balances included in Annexure – I.15;
(xvi) Restated Standalone Statement of Short Term Loans and Advances included in Annexure – I.16;
(xvii) Restated Standalone Statement of Other Current Assets included in Annexure – I.17;
(xviii) Restated Standalone Statement of Revenue from Operations included in Annexure – II.1;

(xix) Restated Standalone Statement of Other Income included in Annexure – II.2:
(xx) Restated Standalone Statement of Cost of Material Consumed included in Annexure – II.3:
(xxi) Restated Standalone Statement of Purchase of Stock–in–Trade included in Annexure – II.4:
(xxii) Restated Standalone Statement of Other Manufacturing Expenses included in Annexure – II.5:
(xxiii) Restated Standalone Statement of Changes in Inventories included in Annexure – II.6:
(xxiv) Restated Standalone Statement of Employee Benefits Expenses included in Annexure – II.7;
(xxv) Restated Standalone Statement of Finance Cost included in Annexure – II.8;
(xxvi) Restated Standalone Statement of Other Expenses included in Annexure – II.9;
(xxvii) Restated Standalone Statement of Contingent Liabilities and Commitments, included in Annexure – VII;
(xxviii) Restated Standalone Statement of Accounting Ratios, included in Annexure – VIII;
(xxix) Restated Standalone Capitalization statement, included in Annexure – IX;
(xxx) Restated Standalone Tax Shelter Statement, included in Annexure – X;
(xxxi) Restated Standalone Statement of Related Party Transactions, included in Annexure -XI; and
(xxxii) Restated Standalone Statement of Dividend, included in Annexure - XII.

6. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us either as sole auditor or joint auditor, nor should this report be construed as an opinion on any of the standalone financial statements referred to herein.

7. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

8. In our opinion, the above Restated Standalone Financial Information contained in Annexures - I to XII to this report read along with the Basis of Preparation and Significant Accounting Policies (Refer Annexure-IV) and Notes to Restated Standalone Financial Information (Refer Annexure-VI) are prepared after making adjustments and regroupings/re-classifications as considered appropriate and have been prepared in accordance with Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, to the extent applicable, SEBI Regulations, the Guidance note issued in this regard by the ICAI, as amended from time to time, and in terms of our engagement as agreed with you.

9. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of Equity Shares of the Company by way of an offer for sale by the existing shareholders. Our report should not be used, referred to or distributed for any other purpose except with our consent in writing.

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

Pawan K. Gupta
Partner
Membership No.: 092529

New Delhi
June 7th , 2016

SHEELA FOAM LIMITED
(Formerly Sheela Foam Private Limited)
Annexure I - Restated Standalone Summary Statement of Assets and Liabilities

(Rs. in Million)

	Particulars	Annexure No.	As at March 31				
			2016	**2015**	**2014**	**2013**	**2012**
	Equity and Liabilities						
(1)	**Shareholder's funds**						
	(a) Share Capital	**I.1**	162.61	162.61	162.61	162.61	165.29
	(b) Reserves and surplus	**I.2**	2942.73	2040.53	1696.13	1446.07	1181.86
			3105.34	**2203.14**	**1858.74**	**1608.68**	**1347.15**
(2)	**Non-current liabilities**						
	(a) Long-term borrowings	**I.3**	39.02	175.84	386.17	616.20	760.32
	(b) Deferred tax liabilities (Net)	**I.4**	57.17	47.49	56.90	64.78	38.35
	(c) Other Long term liabilities	**I.5**	342.13	274.84	217.85	174.11	113.70
	(d) Long-term provisions	**I.6**	97.05	76.98	71.11	53.73	35.08
			535.37	**575.15**	**732.03**	**908.82**	**947.45**
(3)	**Current liabilities**						
	(a) Shot-term borrowings	**I.7**	408.38	350.41	344.52	534.36	610.92
	(b) Trade payables		896.30	935.59	708.76	562.20	547.85
	(c) Other current liabilities	**I.8**	1305.62	1254.55	1020.94	625.59	365.22
	(d) Short-term provisions	**I.9**	209.07	77.87	41.03	36.06	25.33
			2819.37	**2618.42**	**2115.25**	**1758.22**	**1549.32**
	Total		**6460.08**	**5396.71**	**4706.02**	**4275.72**	**3843.92**
	Assets						
(4)	**Non-current assets**						
	Fixed assets						
	(a) Tangible assets		2008.33	1903.53	1646.55	1705.80	1190.84
	(b) Capital work-in-progress		22.08	81.50	167.79	14.57	410.49
			2030.41	1985.03	1814.34	1720.37	1601.33
	(c) Non-current investments	**I.10**	525.62	298.84	230.74	307.08	315.91
	(d) Long-term loans and advances	**I.11**	133.14	102.22	64.76	66.61	44.22
	(e) Other non-current assets	**I.12**	0.15	0.43	4.28	5.63	3.18
			2689.32	**2386.52**	**2114.12**	**2099.69**	**1964.64**
(5)	**Current assets**						
	(a) Inventories	**I.13**	735.33	911.73	862.09	853.42	577.90
	(b) Trade receivables	**I.14**	749.65	782.43	807.68	758.78	815.94
	(c) Cash and bank balances	**I.15**	2054.75	1082.65	696.05	292.69	149.56
	(d) Short-term loans and advances	**I.16**	162.19	175.20	179.88	223.31	273.95
	(e) Other current assets	**I.17**	68.84	58.18	46.20	47.83	61.93
			3770.76	**3010.19**	**2591.90**	**2176.03**	**1879.28**
	Total		**6460.08**	**5396.71**	**4706.02**	**4275.72**	**3843.92**

Note:

The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

SHEELA FOAM LIMITED
(Formerly Sheela Foam Private Limited)
Annexure II - Restated Standalone Summary Statement of Profit and Loss

(Rs. in Million)

	Particulars	Annexure No.	For the years ended March 31				
			2016	**2015**	**2014**	**2013**	**2012**
A	**Income**						
	Revenue from operations	**II.1**	14112.46	12715.14	11278.92	10008.58	8167.76
	Less: Excise duty		1461.98	1356.42	1253.49	1154.69	772.32
			12650.48	11358.72	10025.43	8853.89	7395.44
	Other income	**II.2**	212.23	142.64	80.76	124.02	57.45
	Total Revenue		**12862.71**	**11501.36**	**10106.19**	**8977.91**	**7452.89**
B	**Expenditure**						
	Cost of materials consumed	**II.3**	6793.10	7291.92	6474.02	5862.92	5021.72
	Purchase of stock-in-trade	**II.4**	143.17	116.39	94.59	67.99	94.22
	Other manufacturing expenses	**II.5**	639.74	532.22	368.29	275.74	236.57
	Changes in inventories of finished goods, stock-in-process and stock-in-trade	**II.6**	87.44	(1.62)	(27.24)	(108.01)	(85.55)
	Employee benefits expenses	**II.7**	807.15	678.00	604.30	442.59	310.66
	Finance costs	**II.8**	67.68	104.71	118.19	150.45	162.56
	Depreciation & amortization expenses		227.76	215.06	202.20	193.02	141.17
	Other expenses	**II.9**	2772.94	2108.61	1955.39	1760.52	1451.42
	Total		**11538.96**	**11045.29**	**9789.74**	**8645.22**	**7332.77**
C	**Restated profit before tax (A - B)**		**1323.75**	**456.08**	**316.45**	**332.69**	**120.13**
D	**Tax expense**						
	Current tax		411.88	121.09	74.28	63.04	9.25
	Deferred tax		9.67	(9.41)	(7.88)	29.32	29.68
E	**Restated Profit after tax, before extraordinary item (C-D)**		**902.20**	**344.40**	**250.05**	**240.33**	**81.20**
F	Loss of Subsidiary on amalgamation		-	-	-	-	**0.08**
G	**Restated Net Profit for the years carried to Reserve & Surplus (E - F)**		**902.20**	**344.40**	**250.05**	**240.33**	**81.12**

Note:

The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

SHEELA FOAM LIMITED
(Formerly Sheela Foam Private Limited)
Annexure III - Restated Standalone Summary Statement of Cash Flows

(Rs. in Million)

Particulars	For the years ended March 31				
	2016	2015	2014	2013	2012
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before tax as per Restated Statement of Profit and Loss	1323.75	456.08	316.45	332.69	120.13
Adjustments for :					
Depreciation and amortization expense	227.76	215.06	202.20	193.02	141.17
(Profit) / Loss on sale of investment	(3.96)	--	76.35	--	--
Finance costs	67.68	104.71	118.19	150.45	162.56
Provision for doubtful debts and advances	--	0.32	0.22	0.30	0.50
Provision for warranty claim and sales return	28.00	6.00	5.00	8.00	2.00
Bad Debts / Advances/balances written off	--	--	--	--	2.22
Unrealised foreign exchange loss/(gain) (net)	(7.03)	2.96	(1.16)	(9.81)	(2.92)
Liabilities/provisions no longer required written back	-	-	-	-	(0.66)
Interest income	(101.32)	(66.30)	(38.39)	(22.86)	(15.87)
Amalgamation expenses written off	--	--	--	--	0.40
Assets written off (net)	3.83	1.39	3.18	0.30	--
(Profit)/Loss on sale of fixed assets (net)	(14.08)	8.42	2.45	(14.03)	1.50
Subtotal of Adjustments	**200.88**	**272.56**	**368.04**	**305.37**	**290.90**
Operating profit before working capital changes	**1524.63**	**728.64**	**684.49**	**638.06**	**411.03**
Changes in working capital:					
Inventories	176.40	(49.64)	(8.69)	(275.50)	(151.17)
Trade and other receivables	36.53	(10.32)	(20.70)	114.31	76.92
Trade payable and other liabilities and provisions	277.09	515.86	608.23	349.97	101.58
Cash Generated from Working Capital Changes	**490.02**	**455.90**	**578.84**	**188.78**	**27.33**
Cash Generated from operations	**2014.65**	**1184.54**	**1263.33**	**826.84**	**438.36**
Income Tax Paid	(308.75)	(81.92)	(57.06)	(63.14)	(103.55)
Net cash generated from operating activities-A	**1705.90**	**1102.62**	**1206.27**	**763.71**	**334.81**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets including capital work in progress	(300.48)	(433.79)	(303.94)	(250.91)	(651.45)
Sale of fixed assets	37.60	38.27	2.13	21.79	11.47
(Purchase) / Sale of Investments (net)	(222.82)	(68.10)	--	8.83	548.61
Interest income	76.31	58.38	38.99	22.62	15.56
Net Cash outflow from Investing Activities-B	**(409.39)**	**(405.24)**	**(262.82)**	**(197.67)**	**(75.81)**
C. CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds/(Repayments) of Secured long term borrowings	(309.53)	(183.43)	(174.47)	(127.61)	246.17
Proceeds/(Repayments) of Unsecured long term borrowings	(1.87)	(26.92)	(55.56)	(16.51)	35.53
Proceeds/(Repayments) of Secured short term borrowings	59.54	5.75	(180.04)	(81.11)	58.85
Proceeds/(Repayments) of Unsecured short term borrowings	(1.57)	0.15	(9.80)	4.55	7.07
Adjustment on amalgamation of Subsidiaries	--	--	--	(55.30)	(555.78)
Finance costs	(70.98)	(106.33)	(120.22)	(146.93)	(148.86)
Net Cash outflow from Financing Activities-C	**(324.41)**	**(310.77)**	**(540.09)**	**(422.91)**	**(357.02)**
Net increase in cash and bank balances (A+B+C)	**972.10**	**386.60**	**403.36**	**143.13**	**(98.03)**
Cash and bank balances (Opening Balance)	**1082.65**	**696.05**	**292.69**	**149.56**	**247.59**
Cash and bank balances (Closing Balance)	**2054.75**	**1082.65**	**696.05**	**292.69**	**149.56**
Note to Cash flow statement :					
1. Cash and bank balances consists of cash and cash					

Particulars	For the years ended March 31				
	2016	**2015**	**2014**	**2013**	**2012**
equivalents and cash and bank balances as under :					
iii) Cash and cash equivalents					
-Balance with Banks	254.23	82.35	232.07	225.03	139.30
-Cash on Hand	7.06	7.19	7.24	5.72	4.47
-Deposit with original maturity less than 3 months	230.00	910.00	100.00	--	--
iv) Other bank balances					
-Deposits with banks held as margin money	43.96	51.04	5.04	3.14	2.39
-Deposits with HSBC bank as Lien	--	28.00	--	57.02	--
-Deposits with original maturity of more 3 months but less than 12 months	1469.50	--	350.00	--	--
-Deposits with original maturity of more than 12 months	50.00	4.07	1.70	1.78	3.40
	2054.75	**1082.65**	**696.05**	**292.69**	**149.56**

Notes:

1) The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 (AS-3) issued by the Institute of Chartered Accountants of India.

2) The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure I.1: Restated Standalone Statement of Share Capital

(Rs. in Million)

Particulars	For the years ended March 31									
	2016		2015		2014		2013		2012	
	No. of Shares	Rs. in Million	No. of Shares	Rs. in Million	No. of Shares	Rs. in Million	No. of Shares	Rs. in Million	No. of Shares	Rs. in Million
Share Capital										
Authorised :										
Equity Shares of Rs.10/- each	4,40,10,500	440.11	4,40,10,500	440.11	4,40,10,500	440.11	4,40,10,500	440.11	3,05,00,000	305.00
Total	**4,40,10,500**	**440.11**	**4,40,10,500**	**440.11**	**4,40,10,500**	**440.11**	**4,40,10,500**	**440.11**	**3,05,00,000**	**305.00**
Issued, Subscribed and Fully Paid up:										
Equity Shares of Rs.10/- each	1,62,60,936	162.61	1,62,60,936	162.61	1,62,60,936	162.61	1,62,60,936	162.61	1,65,29,340	165.29
Total	**1,62,60,936**	**162.61**	**1,62,60,936**	**162.61**	**1,62,60,936**	**162.61**	**1,62,60,936**	**162.61**	**1,65,29,340**	**165.29**

Notes:

I.1.1 Right, preferences and restrictions attached to shares:

The Company has one class of equity shares having a par value of Rs. 10 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.

I.1.2 Reconciliation of the number of shares outstanding:

Particulars	**For the years ended March 31**									
	2016		**2015**		**2014**		**2013**		**2012**	
	No. of Shares	**Rs. in Million**	**No. of Shares**	**Rs. in Million**	**No. of Shares**	**Rs. in Million**	**No. of Shares**	**Rs. in Million**	**No. of Shares**	**Rs. in Million**
At the beginning of the year	1,62,60,936	162.61	1,62,60,936	162.61	1,62,60,936	162.61	1,65,29,340	165.29	2,40,95,200	240.95
Add : Addition during the year	--	--	--	--	--	--	63,296	0.63	2,100	0.02
Less : Cancellation during the year	--	--	--	--	--	--	3,31,700	3.31	75,67,960	75.68
At the end of year	1,62,60,936	162.61	1,62,60,936	162.61	1,62,60,936	162.61	1,62,60,936	162.61	1,65,29,340	165.29

I.1.3 During 2012-13, 63,296 equity shares and during 2011-12, 2,100 equity shares of Rs. 10/- each, fully paid up were allotted without payment being received in cash.

I.1.4 Details of Shareholders holding more than 5% shares:

Name of Shareholder	**For the years ended March 31**									
	2016		**2015**		**2014**		**2013**		**2012**	
	No. of Shares	**% held**	**No. of Shares**	**% held**	**No. of Shares**	**% held**	**No. of Shares**	**% held**	**No. of Shares**	**% held**
Sh. Rahul Gautam	33,18,473	20.41	33,18,465	20.41	33,17,265	20.40	33,17,265	20.40	32,93,640	19.93
Smt. Namita Gautam	19,05,293	11.72	19,05,293	11.72	19,05,293	11.72	19,05,293	11.72	18,93,480	11.46
Smt. Sheela Gautam and Sh. Tushaar Gautam	58,53,960	36.00	58,53,960	36.00	58,53,960	36.00	58,53,960	36.00	58,53,960	35.42
M/s Polyflex Marketing Private Limited	45,12,558	27.75	45,12,558	27.75	45,12,558	27.75	45,12,558	27.75	44,92,712	27.18

I.1.5 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.1.6 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements’ appearing in Annexure – IV, ‘Statement of Material Adjustments to the Standalone Financial Statements’ appearing in Annexure - V and ‘Notes to the Restated Standalone Financial Statements’ appearing in Annexure – VI.

Annexure I.2: Restated Standalone Statement of Reserves and Surplus

(Rs. in Million)

Particulars	For the years ended March 31				
	2016	2015	2014	2013	2012
Capital Reserve					
As per last account	32.86	32.86	32.86	-	8.64
Add/(Less): Adjusted on amalgamation of Subsidiaries	-	-	-	32.86	(8.64)
	32.86	**32.86**	**32.86**	**32.86**	**Nil**
Securities Premium Reserve					
As per last account	-	-	-	-	27.61
Add: Transfer on amalgamation of Subsidiaries	-	-	-	-	548.24
Less: Adjusted on amalgamation of Subsidiaries	-	-	-	-	(575.85)
	Nil	**Nil**	**Nil**	**Nil**	**Nil**
General Reserve					
As per last account	252.93	252.93	252.93	252.93	700.00
Less: Adjusted on amalgamation of Subsidiaries	-	-	-	-	447.07
	252.93	**252.93**	**252.93**	**252.93**	**252.93**
Surplus					
As per last account	1754.74	1410.34	1160.29	928.93	844.53
Add/(Less): Transfer (net) on amalgamation of subsidiaries	-	-	-	(8.98)	3.28
Add: Restated Profit for the year	902.20	344.40	250.05	240.33	81.12
	2656.94	**1754.74**	**1410.34**	**1160.28**	**928.93**
Total	**2942.73**	**2040.53**	**1696.13**	**1446.07**	**1181.86**

Notes:

1) The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

2) The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.3 Restated Standalone Statement of Long Term Borrowings

(Rs. in Million)

Particulars	**Note No.**	**As at March 31**									
		2016		**2015**		**2014**		**2013**		**2012**	
		Non Current	**Current**	**Non Current**	**Current**	**Non Current**	**Current**	**Non Current**	**Current**	**Non Current**	**Current**
(i) Secured											
Term loans from:											
- Banks	I.3.3	-	9.38	134.23	185.10	319.33	174.00	490.06	72.33	618.29	28.13
- Others	I.3.4	3.91	2.00	3.04	2.44	1.37	3.74	5.11	6.02	4.49	3.77
		3.91	**11.38**	**137.28**	**187.54**	**320.70**	**177.74**	**495.17**	**78.35**	**622.78**	**31.90**
(ii) Unsecured											
Deferred Sales Tax Liability	I.3.5	5.61	5.22	10.83	3.64	14.47	5.33	19.80	-	19.80	7.74
Deposits (from Shareholders)		-	-	0.23	-	22.50	-	21.92	-	22.95	-
Inter Corporate Deposits	I.3.6	25.00	-	25.00	-	25.00	-	56.69		81.43	-
Loans and advances from related parties :									-		
- Directors' and their relatives	I.3.7	4.50	-	2.50	-	3.50	-	22.62	-	13.36	-
		35.11	**5.22**	**38.57**	**3.64**	**65.47**	**5.33**	**121.03**	**-**	**137.54**	**7.74**
Total		**39.02**	**16.59**	**175.84**	**191.18**	**386.17**	**183.07**	**616.20**	**78.35**	**760.32**	**39.64**
Less: Amount disclosed under the head "Other current liabilities" (Refer Note I.8)		-	16.59	-	191.18	-	183.07	-	78.35	-	39.64
Net amount		**39.02**	**-**	**175.84**	**-**	**386.17**	**-**	**616.20**	**-**	**760.32**	**-**

Notes:

I.3.1 During the year 2012-13, there was part prepayment of Rs. 80 million out of the outstanding loan taken from Central Bank of India, and during 2015-16 outstanding loan amount of Rs. 187.85 million taken from Central Bank of India was of prepaid. These prepayments were made without payment of any prepayment charges.

I.3.2 There were no re-schedulements or defaults in the repayment of loans taken by the Company.

I.3.3 Term loan of Rs. 9.38 million from Axis Bank Limited is secured by pari-passu second charge by way of equitable mortgage on Land and Building and hypothecation of movable fixed assets of the Company, present and future, excluding equipments and vehicles exclusively charged to other lenders. Further, this loan is additionally secured by the personal guarantee of some key promoter/directors i.e. Smt. Sheela Gautam, Sh. Rahul Gautam and Smt. Namita Gautam. This term loan carry rate of interest of 12.40% p.a. and entire amount is payable in July, 2016. The prepayment of this loan is subject to terms and conditions to be decided by the bank.

I.3.4 Term Loans of Rs. 5.91 million from Kotak Mahindra Prime Limited are secured against specific vehicles, repayable in monthly installments comprising not more than 48 installments in the case of each loan and carry rate of interest ranging from 9.72 % to 10.35% p.a.. The maturity profile of non-current portion as at 31.03.2016 is as under:

Rate of Interest (P.A.)	**Maturity Profile**	
	1-2 Years	**2-3 Years**
09.72 % - 10.00 %	1.56	-
10.01 % - 10.35 %	2.18	0.17
	3.74	**0.17**

I.3.5 Deferred sales tax liability consists of sales tax deferment availed under the scheme framed by Govt. of Andhra Pradesh. The deferment of sales tax (based on capital investment) was allowed for Rs. 21.96 million for the period April, 1996 to April, 2010 and for Rs. 23.33 million (based on production over and above base production) for June, 1998 to June, 2012. These are non-interest bearing and are payable after the end of 14 years from the year of deferment. The maturity profile of non-current portion as at 31.03.2106 is as under:

Maturity Period	**1-2 Years**	**2-3 Years**
Amount due for repayment (Rs. in Million)	0.14	5.47
	0.14	**5.47**

I.3.6 Inter Corporate Deposits (ICD) have been taken from others ('Protech Consultants Pvt. Ltd. - Rs. 12.50 million' and 'Protech Financials Pvt. Ltd - Rs. 12.50 million'). These ICDs carry interest rate of 9% p.a., however, there are no stipulations as to the term of repayment of the same. As there are no stipulation regarding repayment, the same can be recalled at any time.

I.3.7 These loans are taken from key promoter Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam, key promoter/director) - Rs. 3.00 million' and 'Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam, key promoter/director) - Rs. 1.50 million'. These loans carry interest rate of 9% p.a., however, there are no stipulations as to the term of repayment of the same. As there are no stipulation regarding repayment, the same can be recalled at any time.

I.3.8 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.3.9 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.4 Restated Standalone Statement of Deferred Tax Liability (net):

(Rs. in Million)

Particulars	As at March 31				
	2016	**2015**	**2014**	**2013**	**2012**
Deferred Tax Liability:					
-Depreciation:	94.12	79.33	85.66	85.92	60.11
Deferred Tax Assets:					
-Expenses allowable on Payment basis	1.33	3.36	2.34	1.07	2.28
-Provision for Doubtful Debts	-	0.29	0.18	0.09	0.49
-Provision for product warranties	-	-	-	-	5.52
-Others	-	-	-	0.01	0.14
-Provision for employee benefits	35.56	27.99	25.91	19.47	12.95
-Disallowances u/s 35DD	0.06	0.20	0.33	0.50	0.38
	(36.95)	**(31.84)**	**(28.76)**	**(21.14)**	**(21.76)**
Net Deferred Tax Liabilities	**57.17**	**47.49**	**56.90**	**64.78**	**38.35**

Notes:

I.4.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.4.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure -V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.5 Restated Standalone Statement of Other Long Term Liabilities

(Rs. in Million)

Particulars	**For the years ended March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Security Deposits	342.13	274.84	217.85	174.11	113.70
TOTAL	**342.13**	**274.84**	**217.85**	**174.11**	**113.70**

Notes:

I.5.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.5.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure-V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.6 Restated Standalone Statement of Long Term Provisions

(Rs. in Million)

Particulars	For the years ended March 31				
	2016	**2015**	**2014**	**2013**	**2012**
Provision for employee benefits					
-Gratuity	76.96	62.19	58.14	44.40	32.79
-Leave encashment	20.09	14.79	12.97	9.33	2.29
TOTAL	**97.05**	**76.98**	**71.11**	**53.73**	**35.08**

Notes:

I.6.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.6.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure-V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.7 Restated Standalone Statement of Short Term Borrowings

(Rs. in Million)

Particulars	Note No.	For the years ended March 31				
		2016	**2015**	**2014**	**2013**	**2012**
(i) Secured						
Working Capital Loans from Banks	I.7.1	407.80	348.26	342.51	522.55	603.66
(ii) Unsecured						
Book overdraft		0.58	2.15	2.01	11.81	7.26
TOTAL		**408.38**	**350.41**	**344.52**	**534.36**	**610.92**

Notes:

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

a) All loans are secured by pari-passu first charge by way of hypothecation on stocks i.e. raw material, stock-in-process, finished goods, stores and spares and receivables, book debts and all other current assets of the Company both present and future. Further, these loans are additionally secured by the personal guarantee of some key promoter/Directors i.e. Smt. Sheela Gautam, Sh. Rahul Gautam and Smt. Namita Gautam.

b) Loan of Rs. 74.09 million from Central Bank of India is additionally secured by way of equitable mortgage on Land and Building of the Company located at Kala Amb, Erode, Talwada, Greater Noida, Surajpur, Hyderabad, Delhi and Sahibabad. This loan is subject to penal interest in case of delay in submission of MSOD/QIS statement.

c) Loan of Rs. 294.42 million from Yes Bank is additionally secured by pari-passu second charge on all movable and immovable fixed assets of the Company both present and future. This loan is subject to submission of certificates in respect of unhedged foreign currency exposure, failing which the rate of commission is subject to additional 25% of document commission.

d) Loan of Rs. 39.29 million from Citi Bank is secured by way of pari-passu second charge on all movable and immovable fixed assets of the Company both present and future. This loan is subject to additional interest @ 4% p.a. on overdues/delays/defaults in payments. The prepayment penalty is 2% of the sanctioned amount or principal outstanding which-ever is higher, at the discretion of the bank.

e) There was no penalties and defaults made in repayment during the above stated period.

f) There were no re-schedulements or defaults in the repayment of loans taken by the Company.

g) The above loans carries varied floating interest rates.

I.7.2 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.7.3 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.8 Restated Standalone Statement of Other Current Liabilities

(Rs. in Million)

Particulars	Note No.	For the years ended March 31				
		2016	**2015**	**2014**	**2013**	**2012**
Current maturities of Long term borrowings	I.3	16.59	191.18	183.07	78.35	39.64
Interest accrued but not due on borrowings		0.33	0.41	0.34	1.68	2.21
Interest accrued and due on borrowings		0.03	3.24	4.93	5.61	1.56
Advance from Customers		423.60	209.00	180.50	142.16	103.91
Statutory liabilities		66.04	36.21	49.00	42.77	44.10
Accrued expenses		532.68	636.04	413.11	215.06	48.01
Creditors for assets		10.64	19.46	8.13	8.06	26.03
Creditors for expense		250.49	156.66	172.85	123.86	98.61
Other liabilities	I.8.1	5.21	2.35	9.01	8.04	1.15
TOTAL		**1,305.62**	**1,254.55**	**1,020.94**	**625.59**	**365.22**

Notes:

I.8.1 Other Liabilities comprise of advance received from others etc.

I.8.2 There is no amount due and outstanding to be credited to Investors Education & Protection Fund.

I.8.3. The Company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 as per the vendor registration system of the Company. Hence disclosures, if any, relating to amounts unpaid at the yearend together with interest paid/payable as required under the said Act are not applicable/ascertainable.

I.8.4 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.8.5 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.9 Restated Standalone Statement of Short Term Provisions

(Rs. in Million)

Particulars	**Note No.**	**As at March 31**				
		2016	**2015**	**2014**	**2013**	**2012**
Provision for employee benefits:						
-Gratuity		4.27	4.33	4.16	5.04	4.35
-Leave Encashment		1.41	1.05	0.95	1.24	0.49
Medical welfare fund		--	--	5.92	4.78	3.49
		5.68	**5.38**	**11.03**	**11.06**	**8.33**
Warranty Claims	I.9.1	64.00	36.00	30.00	25.00	17.00
Provision for Income Tax (Net of Advance Taxes)		139.39	36.49	-	-	-
TOTAL		**209.07**	**77.87**	**41.03**	**36.06**	**25.33**

I.9.1 Provision for Warranty Claims:

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

(Rs. in Million)

Particulars	**For the years ended March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Opening Balance	36.00	30.00	25.00	17.00	15.00
Less : Amount utilized during the year	35.02	27.87	-	-	-
	0.98	2.13	25.00	17.00	15.00
Add: Provision made during the year	63.02	33.87	5.00	8.00	2.00
Closing Balance	**64.00**	**36.00**	**30.00**	**25.00**	**17.00**

I.9.2 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.9.3 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.10 Restated Standalone Statement of Non-Current Investments

(Rs. in Million)

Particulars	As at March 31									
	2016		2015		2014		2013		2012	
	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
(A) Trade Investments										
(a) In Equity Shares of Subsidiary Companies - Unquoted, fully paid up										
Kanpav overseas private limited of Rs. 10/- each	-	-	-	-	-	-	-	-	3,02,000	0.57
Auora Foams Private Limited of Rs 10/- each	-	-	-	-	-	-	-	-	4,23,889	4.29
SNB Bedding International Private Limited of Rs 10/- each(w.e.f. 1.4.2011)	-	-	-	-	-	-	-	-	48,00,000	24.67
Starlite India Private Limited of Rs 100/- each	-	-	-	-	-	-	-	-	10,000	1.00
RG Pillow (India) Private Limited of RS 100/- each	-	-	-	-	-	-	-	-	4,900	0.49
Joyce Foam Pty Limited, Australia of Aud $ 10/- each	658,500	230.66	658,500	230.66	658,500	230.66	658,500	230.66	658,500	230.66
		230.66		**230.66**		**230.66**		**230.66**		**261.68**
(b) In Equity Shares of Associate Company - Unquoted, fully paid up										
Sleepwell Enterprises (P) Ltd. of Rs. 10/- each	-	-	4,000	0.04	4,000	0.04	4,000	0.04	-	-
		-		**0.04**		**0.04**		**0.04**		**-**
(c) In Equity Shares of Joint venture Company - Unquoted, fully paid up										
Sheela woodbridge urethanes private limited of Rs. 10/- each	-	-	-	-	-	-	7,634,940	76.34	5,419,940	54.19
		-		**-**		**-**		**76.34**		**54.19**
Total Trade Investments (A)		**230.66**		**230.70**		**230.70**		**307.04**		**315.87**
(B) Other Investments										
(a) In Equity Shares of Subsidiary Companies - Unquoted, fully paid up										
Divya Software Solutions (P) Ltd. of Rs. 10/- each	25,500	194.92	10,000	68.10	-	-	-	-	-	-
		194.92		**68.10**		**-**		**-**		**-**
(b) In Bonds & Debentures of Other Company - fully paid up										
IDBI Investment Deposit Account Scheme,1986 (Unquoted)		0.04		0.04		0.04		0.04		0.04
Secured Rated Fully Redeemable Index Linked Non-convertible Debentures of Citi Corp Finance (India) Limited of Rs. 1,00,000/- each (Quoted)	1,000	100.00	-	-	-	-	-	-	-	-
		100.04		0.04		0.04		0.04		0.04

Particulars	As at March 31									
	2016		2015		2014		2013		2012	
	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
Total Other Investments (B)		**294.96**		**68.14**		**0.04**		**0.04**		**0.04**
Total Restated Non Current Investments (A +B)		**525.62**		**298.84**		**230.74**		**307.08**		**315.91**
Aggregate amount of Quoted Investments		100.00		-		-		-		-
Market value of Quoted Investments		101.27		-		-		-		-
Aggregate amount of Unquoted investments		425.62		298.84		230.74		307.08		315.91
Aggregate provision for diminution in value of Unquoted investments		Nil		Nil		Nil		Nil		Nil
Total Restated Non Current Investments		**525.62**		**298.84**		**230.74**		**307.08**		**315.91**

Notes:

I.10.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.10.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.11 Restated Standalone Statement of Long Term Loans and Advances

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
(Unsecured, considered good)					
Capital Advances	116.05	81.31	44.55	20.81	9.80
Security Deposits	13.63	17.09	16.83	22.70	15.27
Advance to Distributors/Dealers					
- For Vehicles	2.50	1.80	-	-	-
- For Mattress Service Centres	-	1.13	-	-	-
Loans to Staff	0.96	0.89	0.67	3.18	3.72
Advance Taxes (Net of Provisions)			2.71	19.92	15.43
TOTAL	**133.14**	**102.22**	**64.76**	**66.61**	**44.22**

Notes:

I.11.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.11.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements’ appearing in Annexure – IV, ‘Statement of Material Adjustments to the Standalone Financial Statements’ appearing in Annexure - V and ‘Notes to the Restated Standalone Financial Statements’ appearing in Annexure – VI.

Annexure: I.12 Restated Standalone Statement of Other Non-Current Assets

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
(Unsecured, considered good)					
Margin money deposits with Banks	0.13	0.33	0.33	2.16	2.64
Deposits with Banks	-	-	3.77	2.70	-
Interest accrued but not due on margin money deposits with banks.	0.02	0.10	0.18	0.77	0.54
TOTAL	**0.15**	**0.43**	**4.28**	**5.63**	**3.18**

Notes:

I.12.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.12.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.13 Restated Standalone Statement of Inventories

(Rs. in Million)

Particulars	As at March 31				
	2016	**2015**	**2014**	**2013**	**2012**
Raw Materials	207.32	246.67	240.89	272.94	180.19
- in Transit	102.52	154.15	118.76	87.03	65.31
	309.84	**400.82**	**359.65**	**359.97**	**245.50**
Stock-in-process	211.87	289.37	298.19	253.37	143.62
Finished Goods	41.89	50.28	40.06	47.52	39.82
Stock-in-trade	0.28	1.83	1.6	11.72	18.23
Packing Material	48.22	48.53	42.67	57.33	35.22
- in Transit	3.04	1.23	2.12	1.64	1.49
	51.26	**49.76**	**44.79**	**58.97**	**36.71**
Stores and Spares	115.29	116.09	112.49	118.59	93.41
- in Transit	4.90	3.58	5.31	3.28	0.61
	120.19	**119.67**	**117.80**	**121.87**	**94.02**
TOTAL	**735.33**	**911.73**	**862.09**	**853.42**	**577.90**

Notes:

I.13.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.13.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.14 Restated Standalone Statement of Trade Receivables

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Outstanding for a period exceeding six months :					
-Unsecured, considered good	18.35	22.86	63.63	57.67	48.38
-Unsecured, considered doubtful	--	0.84	0.52	0.30	1.50
	18.35	23.70	64.15	57.67	48.38
Less: Provisions for doubtful debt	--	0.84	0.52	0.30	1.50
	18.35	22.86	63.63	57.67	48.38
Others (Refer Note I.14.1)	731.30	759.57	744.05	701.11	767.56
TOTAL	**749.65**	**782.43**	**807.68**	**758.78**	**815.94**

Notes:

I.14.1 Amounts due from Related parties are as under :

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Joyce Foam Pty Limited, Subsidiary	39.22	53.25	49.67	51.56	43.19
Auora Foam Pvt. Ltd., Subsidiary	--	--	--	--	19.73
SNB Bedding International Pvt. Ltd., Subsidiary	--	--	--	--	32.64

I.14.2 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.14.3 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.15 Restated Standalone Statement of Cash and Bank Balances

(Rs. in Million)

	Particulars	**As at March 31**				
		2016	**2015**	**2014**	**2013**	**2012**
(i)	Cash and cash equivalents					
	a. Balance with banks	254.23	82.35	232.07	225.03	139.30
	b. Cash on hand	7.06	7.19	7.24	5.72	4.47
	c. Deposits with original maturity of less than 3 months	230.00	910.00	100.00	-	-
		491.29	**999.54**	**339.31**	**230.75**	**143.77**
(ii)	Other bank balances					
	a. Deposits with Banks held as margin money	43.96	51.04	5.04	3.14	2.39
	b. Deposits with HSBC Bank as lien marked	-	28.00	-	-	-
	c. Deposits with original maturity of more than 3 months but less than 12 months	1,469.50	-	350.00	-	-
	d. Deposits with original maturity of more than 12 months	50.00	4.07	1.70	58.80	3.40
		1,563.46	**83.11**	**356.74**	**61.94**	**5.79**
	TOTAL	**2,054.75**	**1,082.65**	**696.05**	**292.69**	**149.56**

I.15.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.15.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.16 Restated Standalone Statement of Short Terms Loans and Advances

(Rs. in Million)

Particulars	**Note No.**	**As at March 31**				
		2016	**2015**	**2014**	**2013**	**2012**
(Unsecured, considered good)						
Loans and advances to related parties:	I.16.2					
- Joint ventures		--	--	--	74.89	96.59
- Subsidiary Company		--	32.13	--	--	54.08
- Associates Companies		28.92	27.25	25.90	28.33	33.62
		28.92	**59.38**	**25.90**	**103.22**	**184.29**
Advance to contractors/suppliers		41.86	42.93	27.94	24.94	10.55
Balances with Statutory/Government authorities:						
- Excise & Custom		46.61	37.55	76.35	47.15	32.03
- VAT/Sales Tax		19.71	17.59	27.12	23.77	24.83
		66.32	**55.14**	**103.47**	**70.92**	**56.86**
Others		--	--	0.14	0.14	0.14
Prepaid Expenses		11.26	9.83	8.44	9.49	7.88
Loans to Staff		3.09	1.60	--	--	--
Advance to Distributors/Dealers						
- For Vehicles		2.75	2.22	--	--	--
- For Mattress Service Centres		5.71	3.03	--	--	--
		8.46	**5.25**	**--**	**--**	**--**
Other Loans & Advances	I.16.1	2.28	1.07	13.99	14.60	14.23
TOTAL		**162.19**	**175.20**	**179.88**	**223.31**	**273.95**

I.16.1 Others Loans & Advances comprise of staff advances for expenses, other party advances etc.

I.16.2 Amounts due from Related parties are as under :-

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Divya Software Solutions (P) Ltd., Subsidiary	-	32.13	-	-	-
Rangoli Resorts Pvt. Ltd., Related Entity	28.92	25.99	23.36	22.68	33.62
Core Moulding Pvt. Ltd., Related Entity	-	1.26	2.54	4.25	-
Sheela Woodbridge Urethanes Pvt. Ltd., Joint Venture	-	-	-	74.89	96.59
Polyflex Marketing Pvt. Ltd., Related Entity	-	-	-	1.40	-
SNB Bedding International Pvt. Ltd., Subsidiary	-	-	-		54.08

I.16.3 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

I.16.4 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: I.17 Restated Standalone Statement of Other Current Assets

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Subsidy receivable	13.91	13.91	13.91	13.91	13.91
Insurance claim receivable	-	-	-	0.35	37.50
Interest accrued but not due on fixed deposits/Bonds	36.60	11.58	3.65	0.32	0.41
Income tax refund	9.14	9.14	9.14	9.14	9.14
Excise Duty Refundable	0.35	0.99	0.05	-	-
Mat credit entitlement	-	-	-	-	-
Discount receivable	8.84	22.56	19.45	24.11	0.97
TOTAL	**68.84**	**58.18**	**46.20**	**47.83**	**61.93**

1.17.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company

I.17.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: II.1 Restated Standalone Statement of Revenue From Operations

(Rs. in Million)

Particulars	Note No.	2015-16	2014-15	2013-14	2012-13	2011-12
Sale of products (Gross):						
- Finished Goods (Own Manufactured)	II.1.1.a	13,862.72	12,506.97	11,162.08	9,927.96	8,094.94
- Traded Goods	II.1.1.b	236.48	191.34	105.82	71.35	66.44
		14,099.20	**12,698.31**	**11,267.90**	**9,999.31**	**8,161.38**
Other operating revenue:						
- Duty drawback		0.40	0.61	1.21	0.61	1.02
- Sale of process scrap		12.86	16.22	9.81	8.66	5.36
		13.26	**16.83**	**11.02**	**9.27**	**6.38**
TOTAL		**14,112.46**	**12,715.14**	**11,278.92**	**10,008.58**	**8,167.76**
Notes :						
Particulars		**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
II.1.1 Detail of sale of products :						
a. Finished Goods (Own Manufactured):						
- PU Foam sheets/mattresses/rolls/ bolster/pillows etc.		13,862.72	12,506.97	11,162.08	9,927.96	8,094.94
		13,862.72	**12,506.97**	**11,162.08**	**9,927.96**	**8,094.94**
b. Traded Goods						
- PU Foam/Spring/Coir mattresses etc.		236.48	191.34	105.82	71.35	66.44
		236.48	**191.34**	**105.82**	**71.35**	**66.44**
TOTAL		**14,099.20**	**12,698.31**	**11,267.90**	**9,999.31**	**8,161.38**

II.1.2 The figures disclosed above are based on the Restated Standalone Summary Statement of Profit and Loss of the Company.

II.1.3 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: II.2 Restated Standalone Statement of Other Income

(Rs. in Million)

Particulars	Recurring/Non-recurring Activity (Note No. II.2.1)	Business/ Non-Business Activity (Note No. II.2.1)	2015-16	2014-15	2013-14	2012-13	2011-12
Interest income :	Recurring	Non-Business					
- Bank deposits			90.40	52.44	28.36	3.00	0.81
- Others			10.92	13.86	10.03	19.86	15.06
			101.32	**66.30**	**38.39**	**22.86**	**15.87**
Export of I T support services to Subsidiary (Refer Note No. II.2.2)	Recurring	Non-Business	39.60	37.59	-	-	-
Liabilities/provisions no longer required written back	Non-recurring	Business	-	-	-	-	0.66
Rent	Recurring	Non-Business	0.71	1.47	3.96	4.10	5.47
Insurance claim	Non-recurring	Non-Business	-	0.28	0.02	34.13	-
Profit/(loss) on sale of fixed assets (net)	Non-recurring	Non-Business	14.08	(8.42)	(2.45)	14.03	(1.50)
Profit on sale of Investments in Associates	Non-recurring	Non-Business	3.96	-	-	-	-
Sale of non-process scrap	Recurring	Non-Business	47.36	37.42	35.53	34.39	31.12
Other miscellaneous income	Non-recurring	Non-Business	5.20	8.00	5.31	14.51	5.83
TOTAL			**212.23**	**142.64**	**80.76**	**124.02**	**57.45**

II.2.1 The classification of other income as recurring/non-recurring, related/not related to business activity is based on the current operations and business activity of the Company as determined by the management.

II.2.2 To the Subsidiary 'Joyce Foam Pty Ltd., Australia'

II.2.3 The figures disclosed above are based on the Restated Standalone Summary Statement of Profit and Loss of the Company.

II.2.4 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements’ appearing in Annexure – IV, ‘Statement of Material Adjustments to the Standalone Financial Statements’ appearing in Annexure - V and ‘Notes to the Restated Standalone Financial Statements’ appearing in Annexure – VI.

Annexure: II.3 Restated Standalone Statement of Cost of Material Consumed

(Rs. in Million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Raw material					
Opening Stock	246.67	240.89	272.94	200.02	138.81
Purchases (less returns)	6,414.65	6,953.91	6,085.07	5,631.94	4,880.49
	6,661.32	**7,194.80**	**6,358.01**	**5,831.96**	**5,019.30**
Less : Sales	106.61	85.81	15.62	13.74	76.23
Less : Closing Stock	207.32	246.67	240.89	272.94	180.19
	6,347.39	**6,862.32**	**6,101.50**	**5,545.28**	**4,762.88**
Packing Material					
Opening Stock	48.53	42.67	57.33	39.09	28.02
Purchases (less returns)	458.64	443.14	362.01	337.15	277.48
	507.17	**485.81**	**419.34**	**376.24**	**305.50**
Less : Sales	13.24	7.67	4.15	1.27	8.46
Less: Stock Lost/Destroyed in Fire	--	--	--	--	2.98
Less : Closing Stock	48.22	48.53	42.67	57.33	35.22
	445.71	**429.61**	**372.52**	**317.64**	**258.84**
TOTAL	**6,793.10**	**7,291.92**	**6,474.02**	**5,862.92**	**5,021.72**

Notes :

II.3.1 Value of imported and indigenous Raw material and Packing material consumed and the percentage of each to the total consumption:

Particulars	2015-16		2014-15		2013-14		2012-13		2011-12	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
(a) Raw material - imported	1,817.92	28.64%	2,181.26	31.79%	2,249.26	36.86%	1,954.45	35.25%	1,557.35	32.70%
Raw material - indigenous	4,529.47	71.36%	4,681.05	68.21%	3,852.24	63.14%	3,590.83	64.75%	3,205.54	67.30%
Total	**6,347.39**	**100.00%**	**6,862.32**	**100.00%**	**6,101.50**	**100.00%**	**5,545.28**	**100.00%**	**4,762.88**	**100.00%**
(a) Packing material – imported	30.46	6.83%	30.01	6.99%	11.39	3.06%	0.83	0.26%	0.60	0.23%
Packing material – indigenous	415.25	93.17%	399.59	93.01%	361.12	96.94%	316.81	99.74%	258.24	99.77%
Total	**445.71**	**100.00%**	**429.61**	**100.00%**	**372.53**	**100.00%**	**317.64**	**100.00%**	**258.84**	**100.00%**
Total	**6,793.10**		**7,291.92**		**6,474.02**		**5,862.91**		**5,021.72**	

II.3.2 Detail of raw material consumed

Particulars	2015-16		2014-15		2013-14		2012-13		2011-12	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
- T.D.I	1,343.04	21.16%	1,736.26	25.30%	1,727.25	28.31%	1,750.57	31.57%	1,142.44	23.99%
- Polyol	3,074.28	48.43%	3,462.62	50.46%	2,854.23	46.78%	2,366.51	42.68%	2,382.42	50.02%
- Others (includes coir sheets, catalyst, cloth,	1,930.07	30.41%	1,663.44	24.24%	1,520.02	24.91%	1,428.20	25.76%	1,238.03	25.99%
chemicals etc.										
Total	**6,347.39**	**100.00%**	**6,862.32**	**100.00%**	**6,101.50**	**100.00%**	**5,545.28**	**100.00%**	**4,762.88**	**100.00%**

II.3.3 The figures disclosed above are based on the Restated Standalone Summary Statement of Profit and Loss of the Company.

II.3.4 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: II.4 Restated Standalone Statement of Purchase of Stock-in-Trade

(Rs. in Million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Traded goods - PU Foam/Spring/Coir mattresses etc.	143.17	116.39	94.59	67.99	94.22
TOTAL	**143.17**	**116.39**	**94.59**	**67.99**	**94.22**

Notes:

II.4.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Profit and Loss of the Company.

II.4.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: II.5 Restated Standalone Statement of Other Manufacturing Expenses

(Rs. in Million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Stores consumed (Refer Note II.5.1)	303.88	251.34	140.71	95.36	104.84
Power & fuel	69.29	70.85	66.54	53.94	40.40
Repair and maintenance:					
-Buildings	32.20	10.25	11.93	8.81	10.09
-Plant & machinery	70.39	58.24	45.35	39.29	37.32
Processing & other charges	163.98	141.53	103.76	78.34	43.92
TOTAL	**639.74**	**532.22**	**368.29**	**275.74**	**236.57**

Notes :

II.5.1 Value of imported and indigenous stores consumed and the percentage of each to the total consumption:

Particulars	2015-16		2014-15		2013-14		2012-13		2011-12	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Stores – imported	14.65	4.82%	25.60	10.19%	53.08	37.72%	34.24	35.91%	38.19	36.43%
Stores - indigenous	289.23	95.18%	225.74	89.81%	87.63	62.28%	61.12	64.09%	66.65	63.57%
Total	**303.88**	**100.00%**	**251.34**	**100.00%**	**140.71**	**100.00%**	**95.36**	**100.00%**	**104.84**	**100.00%**

II.5.2 The figures disclosed above are based on the Restated Standalone Summary Statement of Profit and Loss of the Company.

II.5.3 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: II.6 Restated Standalone Statement of Changes in Inventories of Finished Goods, Stock-in-Process and Stock -in – Trade

(Rs. in Million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Inventories at the end of the year					
Finished goods	41.89	50.28	40.06	47.52	39.82
Stock-in-trade	0.28	1.83	1.60	11.72	18.23
Stock-in-process (Refer Note II.6.1)	211.87	289.37	298.19	253.37	143.62
	254.04	**341.48**	**339.85**	**312.61**	**201.67**
Inventories at the beginning of the year					
Finished goods	50.28	40.06	47.52	42.01	31.68
Stock-in-trade	1.83	1.60	11.72	18.23	3.46
Stock-in-process	289.37	298.19	253.37	144.36	107.02
	341.48	**339.85**	**312.61**	**204.60**	**142.16**
Less: Inventories lost in fire during the year					
Finished goods	-	-	-	-	1.40
Stock-in-trade	-	-	-	-	0.20
Stock-in-process	-	-	-	-	24.44
	-	**-**	**-**	**-**	**26.04**
TOTAL	**87.44**	**(1.62)**	**(27.24)**	**(108.01)**	**(85.55)**
Particulars	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Notes : II.6.1 Detail of stock-in-process					
- Foam Blocks	211.87	289.37	298.19	253.37	143.62
TOTAL	**211.87**	**289.37**	**298.19**	**253.37**	**143.62**

II.6.2 The figures disclosed above are based on the Restated Standalone Summary Statement of Profit and Loss of the Company.

II.6.3 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements’ appearing in Annexure – IV, ‘Statement of Material Adjustments to the Standalone Financial Statements’ appearing in Annexure - V and ‘Notes to the Restated Standalone Financial Statements’ appearing in Annexure – VI.

Annexure: II.7 Restated Standalone Statement of Employee Benefits Expenses

(Rs. in Million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Salaries, wages, bonus, gratuity, allowances etc.	680.75	560.24	449.40	367.39	260.05
Contribution to provident, ESI and other funds etc.	41.49	35.00	30.65	25.28	19.53
Workmen & staff welfare expenses	84.91	82.76	124.25	49.92	31.08
TOTAL	**807.15**	**678.00**	**604.30**	**442.59**	**310.66**

Notes :

II.7.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Profit and Loss of the Company.

II.7.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: II.8 Restated Standalone Statement of Finance Costs

(Rs. in Million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Interest Expense on :					
- Term loans	16.76	47.52	63.58	66.51	57.27
- Working capital loans	7.99	9.67	9.50	35.31	55.00
- Loans from others	0.93	3.14	8.46	11.53	9.07
- Advance income tax	5.27	0.71	1.66	-	9.92
- Others	28.60	30.14	21.20	12.31	8.00
	59.56	**91.18**	**104.40**	**125.66**	**139.26**
Bank Charges	8.12	13.53	13.79	24.79	23.30
TOTAL	**67.68**	**104.71**	**118.19**	**150.45**	**162.56**

Notes :

II.8.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Profit and Loss of the Company.

II.8.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure: II.9 Restated Standalone Statement of Other Expenses

(Rs. in Million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Rent	11.66	18.96	19.15	23.02	14.07
Insurance	11.75	13.09	14.35	14.53	11.37
Rates & taxes	13.00	10.09	12.15	8.86	3.20
Repair & maintenance others	47.69	40.52	38.89	33.02	21.32
Advertisement expenses	592.11	406.92	284.88	246.11	196.66
Travelling and conveyance	73.50	62.37	56.32	52.78	48.85
Payment to Auditors:					
- Audit Fees	1.31	1.01	0.83	1.50	1.50
- Taxation matters	-	0.18	-	0.10	0.20
- Certification work	0.68	-	0.05	0.03	0.02
- Reimbursement of expenses	0.14	0.11	0.13	0.15	0.12
	2.13	**1.30**	**0.91**	**1.78**	**1.84**
Contributions towards CSR	12.24	1.23			
Advances/Balances/Bad debts written off	-	-	-	-	2.22
Provision for doubtful debts and advances	-	0.32	0.22	0.30	0.50
Provision for warranty claims	28.00	6.00	5.00	8.00	2.00
Selling & promotional expenses	289.69	175.26	188.42	129.37	130.50
Sales promotion schemes	641.81	517.61	424.77	423.32	240.56
Freight & cartage (net)	128.00	120.22	129.77	121.06	144.50
Incentives & Rebates	734.10	589.15	495.91	566.96	539.89
Exchange fluctuation loss (net)	5.54	15.46	89.25	37.67	28.01
Loss on sale of investments	-	-	76.35	-	-
Loss/(profit) on settlement of insurance claims of:					
Inventories	-	-	-	12.60	-
Fixed assets	-	-	-	(12.10)	-
Amalgamation expenses written off	-	-	-	0.93	1.44
Assets written off (net)	3.83	1.39	3.18	0.30	-
Miscellaneous expenses	177.89	128.72	115.77	92.01	64.49
TOTAL	**2,772.94**	**2,108.61**	**1,955.39**	**1,760.52**	**1,451.42**

Notes :

II.9.1 The figures disclosed above are based on the Restated Standalone Summary Statement of Profit and Loss of the Company.

II.9.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure IV: Basis of Preparation and Significant Accounting Polices of the Restated Standalone Financial Statements for the years ended March 31, 2016, 2015, 2014, 2013 and 2012

1. General Information

Sheela Foam Limited (Formerly Sheela Foam Private Limited and hereinafter referred to as 'the Company') is a ISO 9001:2000 Company pioneered in the manufacturing of polyurethane foams in India. The Company has 11 manufacturing units using the state-of-the-art technology at strategic locations across the country.

2. Basis of Preparation of Restated Standalone Summary Financial Information

The Restated Standalone Summary Statement of Assets and Liabilities of the Company as at March 31, 2016, 2015, 2014, 2013, and 2012 and the related Restated Standalone Summary Statement of Profit and Loss and Cash Flows for the years ended March 31, 2016, 2015, 2014, 2013 and 2012 (collectively referred to as the 'Restated Standalone Summary Financial Information') have been prepared specifically for the purpose of inclusion in the Draft Red Herring Prospectus (hereinafter referred to as 'DRHP') to be filed by the Company with the Securities and Exchange Board of India (SEBI) in connection with the proposed Initial Public Offering (hereinafter referred to as 'IPO').

The Restated Standalone Summary Financial Information has been prepared by applying necessary adjustments to the standalone financial statements ('financial statements') of the Company. The financial statements are prepared and presented under the historical cost convention, except for certain financial instruments which are measured at fair values, using the accrual system of accounting in accordance with the generally accepted accounting principles in India ('Indian GAAP'), the provisions of the Companies Act, 1956 (up to March 31, 2014), and notified sections, schedules and rules of the Companies Act, 2013 (with effect from 01 April, 2014), including the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014), to the extent applicable. The financial statements are prepared in Indian rupees rounded off to the nearest million.

With effect from 1 April 2014, Schedule III notified under the Act, has become applicable to the Company for the preparation and presentation of its financial statements. Accordingly, previous years' figures have been regrouped/reclassified wherever applicable. Appropriate re-classifications/regrouping have been made in the Restated Standalone Summary Financial Information wherever required, to corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the presentation and recognition as per the audited financial statements of the Company and the requirement of SEBI Regulations.

Operating Cycle:

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalent.

3. Significant Accounting Policies:

3.1 Use of Estimates

The preparation of financial statements in conformity with GAAP in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. On an ongoing basis, estimates are evaluated based on historical experience and on various other assumptions that are believed to be reasonable, the results of which forms the basis for making judgments about the carrying value of assets and liabilities. Actual results could differ from those estimates. Any revision to estimates or difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

3.2 Fixed Assets

(i) Fixed assets are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any.

(ii) Expenditure on renovation/ modernization relating to existing fixed assets is added to the cost of such assets where it increases its performance/life significantly.

(iii) Cost of leasehold land is amortized over the period of lease.

3.3 Depreciation

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

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

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

Based on usage pattern, internal assessment and technical evaluation carried out by the technicians, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets is different from the lives as prescribed in Schedule II of the Companies Act, 2013.Depreciation on addition or on sale / discard of an asset is calculated pro-rata from / up to the date of such addition or sale/discard. The assets costing upto Rs. 5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value.

3.4 Revenue Recognition

(i) Sale Revenue is recognized net of trade discount, on transfer of the significant risks and rewards of ownership of the goods to the buyer and it is reasonable to expect ultimate collection. Sale revenue is inclusive of excise duty but excludes the sales tax/VAT which is recoverable from the buyer. Sale also includes excise duty charged on inter unit transfers, but excludes the transaction value of the inter unit transfers and sales return including under warranty.

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

(iii) Interest income is recognised on time proportion basis.

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

3.5 Provisions and contingent liabilities

(i) The Company creates a provision when there is a present obligation arising as result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balances sheet date and are not discounted to its present value.

(ii) A disclosure for a contingent liability is made when there is a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

3.6 Government Grants / Subsidy

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

3.7 Investments

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

3.8 Inventory Valuation

(i) Inventories are valued at the lower of cost and net realisable value.

(ii) In respect of raw material, packing material and stores & spares, cost is computed on first in first out basis.

(iii) Finished goods and stock-in-process include cost of input conversion and other costs including manufacturing overheads incurred in bringing them to their present location and condition.

(iv) Obsolete, defective and unserviceable stocks are provided for, wherever required.

(v) Excise duty on finished goods manufactured is accounted for on clearance of goods from factory premises.

3.9 Impairment of Assets

The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impaired loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal An impairment loss for an asset is reversed, if and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized, the carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss being recognized for the asset in prior year/s.

3.10 Employee Benefits

(i) Liability towards Gratuity is considered as the defined benefit scheme and is recognized on the basis of actuarial valuation on projected unit credit method at balance sheet date.

(ii) Earned Leave which is encashable is considered as long term benefit and is provided on the basis of actuarial valuation on projected unit credit method at balance sheet date.

(iii) The benefits in the form of contribution to Provident Fund and Employee State Insurance are considered as the defined contribution schemes and are recognized on the basis of the amount paid or payable for the period during which services are rendered by the employees.

3.11 Borrowing costs

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

3.12 Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at balance sheet date are translated at the year end exchange rates. Exchange rate differences arising on settlement of transaction and translation of monetary items are recognized as income or expenses in the year in which they arise. Premium or discount on forward exchange contract is amortised as income or expense over the life of the contract. Exchange difference on such contract is recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expenditure during the period.

3.13 Transactions with Group Companies

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

3.14 Taxation

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

3.15 Earnings per Share:

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

The above should necessarily be read with the 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure – V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure – V: Material Adjustments to the Standalone Financial Statements

1. The summary of results of restatement made in the audited Standalone financial statements for the respective years and its impact on the profit/ (loss) of the Company is as follows:

(Rs. in Million)

Particulars	For the years ended March 31				
	2016	2015	2014	2013	2012
(A) Net profit as per audited financial statements	**901.47**	**342.19**	**232.68**	**218.48**	**184.77**
(B) Material amounts related to adjustments for previous years :					
Add/(less): Sundry balances/advances written off	1.66	2.03	20.98	1.27	0.74
Add /(less): Provisions no longer required written back	(0.66)	(0.26)	(0.33)	(10.06)	(2.62)
Add/(less): Expense pertaining to previous period/s	0.11	1.65	(1.58)	0.71	(0.82)
Add/(less): Insurance claim received	-	-	-	-	(143.34)
Add/(less): Short/excess provision of income taxes of earlier years and MAT	-	(0.02)	4.77	(5.12)	2.18
(C) Net Restated profit before Tax Adjustments (A+B)	**902.58**	**345.59**	**256.52**	**205.28**	**40.91**
(D Tax Implications / Adjustments					
- Add/(less): Current tax implications	(0.38)	(1.19)	(6.47)	2.65	47.38
- Add/(less): Deferred tax implications / adjustments	-	-	-	32.40	(7.17)
Restated profit for the year (A+B+D)	**902.20**	**344.40**	**250.05**	**240.33**	**81.12**

2. Notes on Material Adjustments pertaining to prior years

(a) Sundry balances / advances written off

During the years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012, the Company had written off certain trade receivables and other advances which were no longer expected to be recoverable. For the purpose of this statement, such write off of these receivables / advances have been appropriately adjusted in the respective year/s to which they relate and in audited opening balance figures in the net surplus in the statement of profit and loss for the year 2011-12 i.e. as at 01.04.2011 for the impact upto 31.03.2011.

(b) Provisions no longer required, written-back

During the years ended, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012, certain liabilities which were recorded in earlier year/s were written-back. For the purpose of this statement, the said liabilities have been appropriately adjusted in the respective financial statement captions, in the year/s in which the liabilities were originally recorded and in the audited opening balance figures in the net surplus in the statement of profit and loss for the year 2011-12 i.e. as at 01.04.2011 for the impact upto 31.03.2011.

(c) Expense recorded pertaining to previous period/s

During the years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012, certain item of expenses have been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in the respective year/s to which such expenses relate and in the audited opening balance figures in the net surplus in the statement of profit and loss for the year 2011-12 i.e. as at 01.04.2011 for the impact upto 31.03.2011.

(d) Insurance claim received

During the year ended March 31, 2012, the Company had received the insurance claim against loss by fire occurred upto the period ended March 31, 2011. Upto March 31, 2011, insurance claims were accounted for on receipt basis and from 2011-12, the Company had changed the method of accounting of the same to accrual basis, where no significant uncertainty exists as to its realization as the management considered that the revised methodology was more appropriate and gave fairer presentations of the results and the financial position of the Company. For the purpose of this statement, the claim receipt has been appropriately adjusted in the respective year/period in which the loss was incurred to ensure the accounting of the same on accrual basis as per the amended accounting policy.

(e) Short/excess provision of income taxes and reversal of MAT of earlier year/s

The Statement of Profit and Loss for the years ended March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 include amounts paid / provided for or refunded / written back, in respect of shortfall / excess current tax arising upon filing of tax returns, assessments etc. which have now been adjusted in the respective year/s to which they relate.

During the year ended March 31, 2013, the Company had recognized MAT credit entitlement which was reversed subsequently during the year ended March 31, 2014, in the absence of convincing evidence that the Company will pay normal income tax during the specified period. Accordingly, such reversal of MAT credit entitlement has been adjusted in the respective year to which it relates.

(f) Current tax impact on adjustments / Earlier year/s

The tax implications of the adjustment /restatement has been computed and adjusted in the respective year/s and in the audited opening balance figures in the net surplus in the statement of profit and loss for the year 2011-12 i.e. as at 01.04.2011 for the impact upto 31.03.2011.

(g) Deferred tax impact on adjustments / Earlier year/s

Deferred tax has been computed on adjustments made as detailed above and has been adjusted in the restated statement of profit and loss for the years March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 and the balance brought forward in the Restated Statement of Profit and Loss as at April 1, 2011.

During the year ended March 31, 2013, the Company has performed a reconciliation of the deferred tax liability (net). Based on such reconciliation, unrecorded liabilities pertaining to earlier years in respect of depreciation has been restated to the years in which these should have been originally recorded and in the balance brought forward in the Restated Statement of Profit and Loss as at April 1, 2011 for the impact upto March 31, 2011.

3. Material re groupings

Appropriate adjustments have been made in the Restated Standalone Financial Information, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company as at and for the year ended March 31, 2016, prepared in accordance with Schedule III of the Act and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended). Accordingly, the Company has presented the Restated Standalone Financial Information as at and for the years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 following the requirements of Schedule III of the Act.

Restatement adjustments made in the audited opening balance figures in the net surplus in the statement of profit and loss for the year 2011-12 i.e. as at April 1, 2011 are as under:.

Particulars	Rs. in Million
Net Surplus in statement of Profit and Loss Account as April 1, 2011 as per audited financial statements	783.04
Adjustments:	
- Sundry balances/advances written off / back	(26.68)
- Provisions no longer required written back	13.93
- Expenses pertaining to previous period	(0.07)
- Short / Excess provision of Income Tax of earlier years and reversal of	(1.81)
- Insurance Claims received	143.34
Total adjustments	**128.71**
(Current Income Tax	(41.99)
Deferred tax	(25.23)
Net Restated Opening Surplus in the Restated Profit and Loss Account as at March 31, 2011	**844.53**

The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies to the Restated Standalone Financial Statements' appearing in Annexure – IV and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure VI : Notes to the Restated Standalone Financial Statements for the years ended March 31, 2016, 2015, 2014, 2013 and 2012

1. Joint Venture :

The Company had non-current investment of Rs. 76.35 million representing 50% of the total share capital in an Indian Company 'Sheela Woodbridge Urethanes (P) Ltd.' (SWUPL), however, as SWUPL was in losses since inception and its net worth had eroded, therefore, the Company decided to exit the joint venture on 31.03.2014 and the entire investment was sold at a consideration of Re.1/- w.e.f. 31.03.2014 in terms of the share purchase agreement dated 12.04.2014 to the other joint venture partner 'Woodbridge Foam International Ltd.' The valuation was arrived at based on the valuation certificate of an independent valuer, which was considered fair in terms of Section 56(2)(viii) of the Income Tax Act, 1961. The long term loss of Rs. 76.35 million on sale of said investment has been shown in Annexure - II.9 - 'Other Expenses' during 2013-14. During the year 2013-14, the Company utilized the expertise of SWUPL for imparting technical training to its employees and paid a fee of Rs. 56.18 million to SWUPL. Further, accumulated interest of Rs. 14.61 million on loan (net of recovery of principal amount of Rs. 50 million during the year) and Rs. 6.39 million in terms of lease rentals, aggregating to Rs. 20.88 millions due from SWUPL has been written off as considered no longer recoverable. The training fee paid of Rs. 50 million (net of service tax credit of Rs. 6.18 million) has been treated as 'Workmen & staff welfare expenses' in Annexure – II.7 - 'Employee Benefits' and amount of Rs. 20.88 million is written off has been shown in Annexure Note–II.9 - 'Other Expenses'.

Disclosures related to Company's interests in jointly controlled entity as required by AS-27 are as under.

Particulars	**As at March 31, 2014 / For the year 2013-14 (Rs. in Million) (Note -1)**	**As at March 31, 2013 / For the year 2012-13 (Rs. In Million)**
EQUITY AND LIABILITIES		
Shareholders' funds	Nil	5.41
Non-current liabilities	Nil	77.85
Current liabilities	Nil	106.76
Total Equity and Liabilities	**Nil**	**190.02**
ASSETS		
Non-current assets		
- Fixed assets	Nil	80.24
- Other non-current assets	Nil	42.59
Current assets	Nil	67.19
Total Assets	**Nil**	**190.02**
INCOME		
Revenue from operations	Nil	173.88
Other Income	Nil	0.18
Total Revenue	**Nil**	**174.06**
EXPENSES		
Cost of materials and other manufacturing expenses	Nil	132.26
Finance and administration expense	Nil	64.68
Depreciation and amortization expense	Nil	13.91
Total Expenses	**Nil**	**210.85**
Loss before tax	**Nil**	36.79
Current/Deferred Tax	Nil	14.18
Loss after tax	**Nil**	**22.61**

Note-1: As the Company has exited the joint venture w.e.f. 31.03.2014, there is no interest in jointly controlled entity as at 31.03.2014 onwards, however, various transactions with the Joint Venture have been disclosed under Annexure XI .

2. In accordance with the Scheme of Amalgamation approved by Hon'ble High Court of Delhi on 15 March, 2013, five Subsidiaries i.e. Kanpav Overseas Private Limited, RG Pillow India Private Limited, Auora Foams Private Limited, Starlite India Private Limited and SNB Bedding International Private Limited were merged with the Holding Company with effect from the appointed date i.e. 01 April, 2012. As per order of amalgamation, the amalgamation had been accounted for under the "pooling of interests" method as prescribed by 'Accounting Standard–14' on 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India. Accordingly, assets, liabilities and reserves/surplus of these Subsidiaries at 01 April, 2012 (appointed date) had been incorporated in the financial statements of Holding Company in the same manner and form as they appear in the financial statements of "Subsidiaries" at their carrying amount.

3. In accordance with the Scheme of Amalgamation approved by The Hon'ble High Court of Delhi vide order dated 18th October, 2011, the Subsidiary company 'Serta India Pvt. Ltd.' (SIPL), engaged in trading of poly-urethane products, was merged with the Holding Company during 2011-12, as the amalgamation was operative from the appointed date of Ist April, 2010 and has come into effect (effective date) on 30.11.2011. As per order of amalgamation, the amalgamation has been accounted for under the "pooling of interests" method as prescribed by 'Accounting Standard–14' on 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India. Accordingly, assets, liabilities and reserves/surplus of SIPL at 01.04.2010 (appointed dated) have been incorporated in the financial statements of the Holding Company during the year 2011-12, in the same manner and form as they appear in the financial statements of SIPL at their carrying amount. Further, the income accruing and expenses incurred by erstwhile 'SIPL' during the period 1st April, 2010 (appointed date) to 31st March, 2011 resulting in net loss of Rs. 0.09 million have also been incorporated in these accounts, as during the period between the appointed date and the effective date, SIPL carried on the existing business in "trust" on behalf of the Holding Company.

4. Due to fire at Sikkim unit on 25.09.2011, stock (finished stock, stock-in-process, stock-in-trade, packing material and store & spares) valued at Rs 30.65 million was destroyed and fixed assets (Building Shed, Plant & machinery, Furniture & fixtures and other equipments) having book value of Rs. 6.86 million (original cost: Rs. 16.45 million less accumulated depreciation: Rs. 9.60 million) were damaged. Insurance claim had been lodged and the management was reasonably confident of its recovery, accordingly the stock and fixed assets of Rs. 30.65 million and Rs. 6.86 million had been reduced from the 'Inventory' and 'Fixed Assets' respectively and shown as "Insurance Claim Receivable" under "Other Current Assets as at the year end (at 31.03.2012).

Prior to the year 2011-12 i.e. till 31.03.2011, insurance claims were accounted for on receipt basis and therefore the claims of Rs. 143.34 million received against the fire occurred in the earlier years had been accounted as income during the year 2011-12 at the time of its receipt. From the year 2011-12 onwards, the Company has changed the method of accounting of the same to accrual basis, where no significant uncertainty exists as to its realization. The management considered that the revised methodology was more appropriate and gave fairer presentations of the results and the financial position of the Company. Had the earlier practice followed, the profit for the year 2011-12 would have been lower by Rs. 37.50 million.

For the purpose of these restated statements, the claim receipt of Rs. 143.34 million during 2011-12 (against the fire occurred till 31.03.2011) has been appropriately adjusted in the audited opening balance of net surplus in the statement of profit and loss for the year 2011-12 i.e. as at 01.04.2011 to ensure the accounting of the same on accrual basis as per the amended accounting policy.

5. **Operating Lease**

The company has taken various properties under cancelable lease. The lease agreements are normally renewed on expiry. There are no restrictions placed upon the Company by entering into these lease and there are no subleases. Lease payments included in 'Rent' in Annexure – II.9 and debited to the Statement of Profit and Loss is as below:

(Rs.in Million)

Particulars	**For the year ended March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Lease rent	9.21	16.45	16.44	21.23	11.44
Total	**9.21**	**16.45**	**16.44**	**21.23**	**11.44**

6. **Deferred Tax Liabilities (Net)**

Components of deferred tax liability (net) are as follows:

(Rs.in Million)

Timing Difference on account of	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Deferred tax liabilities					
Tax effect of items constituting Deferred Tax Liabilities					
On differences between book and tax depreciation	94.12	79.33	85.66	85.92	60.11
Less: Tax effect of items constituting Deferred Tax Assets					
- Expenses allowable on payment basis	1.33	3.36	2.34	1.07	2.28
- Provision for Doubtful Debts	--	0.29	0.18	0.09	0.49
- Provision for product warranties	--	--	--	--	5.52
- Provision for employee benefits	35.56	27.99	25.91	19.47	12.95
- Disallowance u/s 35D	0.06	0.20	0.33	0.50	0.38
- Others	--	--	--	0.01	0.14
Net Deferred tax liabilities	**57.17**	**47.49**	**56.90**	**64.78**	**38.35**

7. **Earnings Per Share**

Particulars	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Restated Profit as per Restated Statement of Profit & Loss-(Rs. In Million)	902.20	344.40	250.05	240.33	81.12
Basic/Diluted weighted average number of equity shares outstanding during the year (Note-1)	4,87,82,808	4,87,82,808	4,87,82,808	4,87,82,808	4,95,88,020
Nominal value of Equity Share (Rs.)	5.00	5.00	5.00	5.00	5.00
Restated Basic/Diluted Earnings per Share (Rs.)	18.49	7.06	5.13	4.93	1.64

Note-1: After considering the impact of the split up of face value of equity shares from Rs. 10 each to Rs. 5 each and the issue of bonus shares in the ratio of 1 bonus share for 2 fully paid up equity shares of face value of Rs. 5 each to the existing equity shareholders, an issue without consideration, and treating the said issue as if it had occurred prior to the beginning of the year 2011-12, the earliest period reported.

8. **Employee Benefits**:-

- **Defined Benefit Scheme**:

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

- **Defined Contribution Scheme**

  Company's employees are covered by Provident Fund and Employees State Insurance to which the Company makes a defined contribution measured as a fixed percentage of salary. Following amount in respective years has been charged to the Statement of Profit & Loss towards contribution to above schemes/benefits.

(Rs.in Million)

Particulars	**For the year ended March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Contribution to Provident Fund & Employees State Insurance	41.49	35.00	33.37	27.28	20.58

- **Other Long term Benefits**

  Employees of the Company are entitled to accumulate their earned/privilege leave up to a maximum of 120 days except 30 days upto 31st March, 2012 which is payable/encashable as per the policy on their separation. Year wise amount charged to the Statement of Profit and Loss towards provision for the said benefits based on actuarial valuation are as under :-

(Rs.in Million)

	For the year ended March 31				
Particulars	**2016**	**2015**	**2014**	**2013**	**2012**
No. of encashable leaves (in Days)	120	120	120	120	30
Amount charged to the Statement of Profit and Loss	10.63	6.53	8.17	8.51	1.88

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

(i) Change in present value of obligation:

(Rs. In Million)

Particulars	Gratuity				
	2015-16	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Present Value of obligation at the beginning of year	66.52	62.30	49.43	40.78	31.61
Interest cost	5.32	5.30	3.96	3.26	2.69
Current Service Cost	8.12	6.77	6.60	5.29	3.90
Benefit Paid	(5.40)	(1.33)	(4.39)	(1.29)	(0.84)
Net actuarial (Gain) / Loss on obligation	6.68	(6.52)	6.70	1.38	(0.22)
Present value of the defined benefit at the end of year	81.24	66.52	62.30	49.43	37.14

(Rs. In Million)

Particulars	Leave Encashment				
	2015-16	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Present Value of obligation at the beginning of year	15.84	13.92	10.58	4.78	3.79
Interest cost	1.27	1.18	0.85	0.38	0.32
Current Service Cost	3.21	2.51	2.49	1.92	0.29
Benefit Paid	(4.96)	(4.60)	(4.83)	(2.71)	(2.87)
Net actuarial (Gain) / Loss on obligation	6.15	2.84	4.83	6.21	1.24
Present value of the defined benefit at the end of year	21.51	15.84	13.92	10.58	2.77

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

(Rs. In Million)

Particulars	Gratuity				
	2015-16	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Current Service Cost	8.12	6.77	6.60	5.29	3.90
Interest cost on benefit obligation	5.32	5.30	3.96	3.26	2.69
Expected return on plan assets	-	-	-	-	-
Net actuarial (Gain) / Loss	6.68	(6.52)	6.70	1.38	(0.22)
Amount recognised in Statement of Profit and Loss	20.12	5.55	17.26	9.93	6.37

(Rs. In Million)

Particulars	Leave Encashment				
	2015-16	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Current Service Cost	3.21	2.51	2.49	1.92	0.29
Interest cost on benefit obligation	1.27	1.18	0.85	0.38	0.32
Expected return on plan assets	-	-	-	-	-
Net actuarial (Gain) / Loss	6.15	2.84	4.83	6.21	1.24
Amount recognised in Statement of	10.63	6.53	8.17	8.51	1.85

Particulars	Leave Encashment				
	2015-16	2014-15	2013-14	2012-13	2011-12
Profit and Loss					

- **Disclosure of the current year and for the previous four years as required by paragraph 120(n) of AS-15.**

(Rs. in Million)

Particulars/Year	2015-16	2014-15	2013-14	2012-13	2011-12
Gratuity					
Present Value of obligation at the end of year	81.24	66.52	62.30	49.43	37.14
Fair Value of Plan assets at the end of year	-	-	-	-	-
Difference i.e. Assets/ (Liabilities)	(81.24)	(66.52)	(62.30)	(49.43)	(37.14)
Net Assets / (Liability) recognised in the Balance Sheet	(81.24)	(66.52)	(62.30)	(49.43)	(37.14)
Experience Adjustment arising on :					
a) The Plan Liabilities / PVO	(6.68)	(10.45)	(10.77)	(1.38)	(0.12)
b) The Plan Assets	N.A. as there are no plan assets				
Leave Encashment					
Present Value of obligation at the end of year	21.51	15.84	13.92	10.58	2.77
Fair Value of Plan assets at the end of year	--	--	--	--	--
Difference i.e. Assets/ (Liabilities)	(21.51)	(15.84)	(13.92)	(10.58)	(2.77)
Net Assets / (Liability) recognised in the Balance Sheet	(21.51)	(15.84)	(13.92)	(10.58)	(2.77)
Experience Adjustment arising on :					
c) The Plan Liabilities / PVO	(6.15)	(1.89)	(5.74)	(6.21)	(1.26)
The Plan Assets	N.A. as there are no plan assets				

- **Actuarial Assumptions**:

Principal assumptions used for actuarial valuation are:

Particulars	Gratuity				
	2015-16	2014-15	2013-14	2012-13	2011-12
Method used		Projected unit credit method			
Discount rate	8.00%	8.00%	8.50%	8.00%	8.50%
Salary Escalation	5.00%	5.00%	5.00%	5.00%	5.50%
Mortality Rate	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (1994-96)	LIC (1994-96)ultimate/ modified
Withdrawal rate up to 30/44 and above 44 years	3%/2%/1%				
Rate of return on plan assets	N.A., as there are no plan assets				

Particulars	Leave Encashment				
	2015-16	2014-15	2013-14	2012-13	2011-12
Method used		Projected unit credit method			
Discount rate	8.00%	8.00%	8.50%	8.00%	8.50%
Salary Escalation	5.00%	5.00%	5.00%	5.00%	5.50%
Mortality Rate	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (1994-96)	LIC(1994-96)ultimate/modified
Withdrawal rate up to 30/44 and above 44 years	3%/2%/1%				
Rate of return on plan assets	N.A., as there are no plan assets				

9. Value of Imports (on CIF basis)

(Rs. In Million)

Particulars	For the year ended March 31				
	2016	2015	2014	2013	2012
Raw Materials	1,742.77	2,155.75	2,228.76	1,939.58	1,465.46
Packing Materials, Stores and Spare Parts & Components etc.	72.34	77.46	86.64	48.44	60.76
Capital Goods	95.45	115.60	73.54	47.23	86.70
Total	**1,910.56**	**2,348.81**	**2,388.94**	**2,035.25**	**1,612.92**

10. Earnings in Foreign Exchange

(Rs. in Million)

Particulars	For the year ended March 31				
	2016	2015	2014	2013	2012
Export of goods (at F.O.B.)	161.00	145.37	141.95	146.72	140.69
Export of services (at F.O.B.)	39.60	37.59	--	--	--
Total	**200.60**	**182.96**	**141.95**	**146.72**	**140.69**

11. Expenditure in Foreign Exchange (on accrual basis)

(Rs. in Million)

Particulars	For the year ended March 31				
	2016	2015	2014	2013	2012
Travelling Expenses	0.62	1.31	0.96	0.95	0.56
Sales & Business Promotion	2.77	2.40	1.02	0.26	4.56
Schemes	-	--	--	--	2.52
Interest to banks	2.02	3.50	7.37	8.71	3.50
Consultancy Charges	2.67	0.02	3.13	4.83	--
Total	**8.08**	**7.23**	**12.48**	**14.75**	**11.14**

12. Financial and Derivative Instruments:

(i) Derivative contracts entered into by the Company and outstanding as at year end for hedging Currency and Interest Rate Related Risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding as at year end and its Category wise break up is given below:

(Rs. in Million)

Sr. No.	Particulars	For the year ended March 31				
		2016	2015	2014	2013	2012
1.	Interest Rate Swaps	--	21.60	21.60	21.60	--
2.	Forward Contracts	292.41	48.17	152.06	43.62	--
	TOTAL	**292.41**	**69.77**	**173.66**	**65.22**	**--**

(ii) Foreign currency exposures that are not hedged by derivative instruments as at year end are as under :-

(Rs. in Million)

Particulars	**For the year ended March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Unhedged foreign currency exposures	333.70	154.73	21.69	452.73	400.66
TOTAL	**333.70**	**154.73**	**21.69**	**452.73**	**400.66**

13. Corporate Social Responsibility:

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company during the financial year 2014-15. 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 year 2015-16 is as under:

(Rs. in Million)

	Particulars	**Amount spent during the current year 2015-16**	**Amount pending for spending as at 31.03.2016**	**Total Amount**
-	Gross Amount lying pending for the earlier year as at 01.04.2015			4.80
-	Gross Amount required to be spent during the current year			7.27
-	Amount spent during the year on :			
	(iii) Construction/acquisition of any asset	-	-	-
	(iv) Contribution to Trusts / NGOs / Societies	12.24	-	12.24

14. Segment Reporting

The Company is engaged in the manufacturing of the products of same type/class and has no overseas operations/units and as such there is no reportable segment as per Accounting Standard (AS-17) dealing with the segment reporting.

15. Comments in the Audit Report in accordance with the provisions of Companies (Auditor's Report) Order,2016, 2015 and 2003

Following are the comments of the Statutory Auditors, on the matters specified under paragraphs 4 and 5 of the Companies (Auditor's Report) Orders, 2016 applicable for 2015-16 and the Companies (Auditor's Report) Orders, 2015 applicable for 2014-15 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013 and 'the Companies (Auditor's Report) Orders, 2003 applicable for 2011-12 to 2013-14 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956.

(a) Regarding Statutory Dues:

(i) In the Auditors Report of the financial statement for the financial years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 the following comments have been given regarding payment of Statutory Dues:

"According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities *though there has been a delay in few cases."*

(ii) The following dues are outstanding for deposit in respect of Central Excise, Central Sales Tax, Sales Tax and Income Tax, however, as informed, the Company is contesting these demands and the management including its experts are of the view that these demands shall not be sustainable at the appellate level.

Financial year ended March 31, 2016

Name of the Statute	Nature of the dues	Amount (Rs. in Million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	72.71	2003-14	Central Excise and Service Tax Appellate Tribunals
		5.19	2011-13	Commissioner (Appeal)
		0.13	2009-10	Superintendent –Excise
Central Sales Tax and Sales Tax Act of various states	Sales Tax	4.60	2003-05	Appellate Authority – Supreme Court
		44.44	1999-2002	Appellate Authority - High Court
		0.13	2012-16	Appellate Authority –Tribunal
		2.34	2003-16	Joint Commissioner –Appeal
	Entry Tax	8.38	2001-14	Appellate Authority -Supreme Court
Income Tax Act, 1961	Income Tax	21.52	2004-13	Commissioner of Income Tax (Appeals)
		7.80	2003-12	Income Tax Appellate Tribunal

Financial year ended March 31, 2015

Name of the Statute	Nature of the dues	Amount (Rs. in Million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	34.13	2003-13	Central Excise and Service Tax Appellate Tribunals
		9.07	2008-13	Commissioner (Appeal)
Central Sales Tax and Sales Tax Act of various states	Sales Tax	56.56	1999-14	Appellate Authority - High Court
		0.07	2012-13	Appellate Authority –Tribunal
		4.55	2003-15	Joint Commissioner –Appeal
		0.90	2010-11	Additional Commissioner - Appeal
	Entry Tax	8.89	2001-15	Appellate Authority -Supreme Court
Income Tax Act, 1961	Income Tax	48.82	2004-12	Commissioner of Income Tax (Appeals)
		12.44	2003-08	Income Tax Appellate Tribunal

Financial year ended March 31, 2014

Name of the Statute	Nature of the dues	Amount (Rs. In Million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	34.13	2003-13	Central Excise and Service Tax Appellate Tribunals
		0.26	2009-10	Commissioner Appeal
Central Sales Tax and Sales Tax Act of various states	Sales Tax	65.10	1996-00	Supreme Court
		12.80	2003-04	
		0.67	2003-04	Appellate Authority - Tribunal
		2.62	2009-11	
		0.07	2012-13	
		4.96	2003-05	Appellate Authority – High Court
		31.90	1999-00	
		19.70	2012-14	
	Entry Tax	8.11	2001-14	Appellate Authority – Supreme

Name of the Statute	Nature of the dues	Amount (Rs. In Million)	Period to which the amount relates	Forum where dispute is pending
				Court
		1.85	2013-14	Joint Commissioner - Appeal
Income Tax Act, 1961	Income Tax	188.64	2004-12	Commissioner of Income Tax (Appeals)
		12.44	2003-08	Income Tax Appellate Tribunal

Financial year ended March 31, 2013

Name of the Statute	Nature of the dues	Amount (Rs. In Million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	21.80	2000-08	Central Excise and Service Tax Appellate Tribunals
Central Sales Tax and Sales Tax Act of various states	Sales Tax	65.10	1996-00	Supreme Court
		12.80	2003-04	Supreme Court
		0.67	2003-04	Appellate Authority - Tribunal
		4.96	2003-04 & 2004-05	Appellate Authority – High Court
		31.90	1999-00	Appellate Authority – High Court
	Entry Tax	5.23	2001-12	Appellate Authority – Supreme Court
Income Tax Act, 1961	Income Tax	12.35	2003-05	Commissioner of Income Tax (Appeals)
		16.21	2004-05	Commissioner of Income Tax (Appeals)
		0.94	2006-08	Income Tax Appellate Tribunal

Financial year ended March 31, 2012

Name of the Statute	Nature of the dues	Amount (Rs. In Million)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	21.75	2000-08	Central Excise and Service Tax Appellate Tribunals
Central Sales Tax and Sales Tax Act of various states	Sales Tax	65.10	1996-00	Jt. Commissioner-Commercial Tax
		12.80	2003-04	Jt. Commissioner-Commercial Tax
		0.67	2003-04	Appellate Authority - Tribunal
		31.90	1999-00	Appellate Authority – High Court
	Entry Tax	5.50	2001-12	Appellate Authority – Supreme Court
Income Tax Act, 1961	Income Tax	12.35	2003-05	Commissioner of Income Tax (Appeals)
		0.55	2008-09	Commissioner of Income Tax (Appeals)
		0.94	2006-08	Income Tax Appellate Tribunal

b) Regarding Internal Audit System:

In the Auditors Report of the financial statement for the financial year ended March 31, 2014, March 31, 2013 and March 31, 2012 the following comments have been given regarding Internal Audit System.

March 31, 2014

"The Company during the year engaged a firm of chartered accountants for internal audit, wherein the scope of work as laid down has been covered by them, *which needs to be further enlarged and strengthened*".

March 31, 2013 and March 31, 2012

"The Company has set up its in-house internal audit system. In our opinion and according to the information and explanation given to us, *the internal audit system needs to be further strengthened to be commensurate with the size and nature of the Company's business*."

The above comments has been given regarding improvement and strengthening of the internal audit system for the Company for the financial years ended March 31, 2014, March 31, 2013 and March 31, 2012; however as the Company has taken the required necessary steps; therefore there is no comment regarding this in the Auditors Report of subsequent financial year ended March 31, 2016 and March 31, 2015.

The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV and 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure – V.

Annexure – VII : Restated Standalone Statement of Contingent Liabilities and Commitments

Restated Contingent liabilities and Commitments:

(Rs. in Million)

Sr. No.	Particulars	As at March 31				
		2016	**2015**	**2014**	**2013**	**2012**
(i)	**Contingent Liabilities (to the extent not provided for)**					
a	Guarantees to Banks and Financial Institutions against credit facilities extended to Subsidiary Companies	855.59	956.13	567.39	476.71	629.30
b	Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards (Note-1) :					
	- Sales tax	52.19	63.05	138.55	115.53	110.47
	- Entry tax	10.45	10.45	12.80	10.45	5.50
	- Income tax	50.13	94.69	232.01	39.77	13.84
	- Excise Duty	83.97	47.65	38.49	21.85	21.75
c	Guarantees given by the Bankers on behalf of the Company to third parties	7.85	8.61	20.89	24.76	26.09
d	Others	7.50	--	--	--	--
(ii)	**Commitments**					
a	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	53.28	187.26	115.45	90.06	46.00
	TOTAL	**1,120.96**	**1,367.84**	**1,125.58**	**779.13**	**852.95**

Notes :

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

2) The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies to the Restated Standalone Financial Statements’ appearing in Annexure – IV, ‘Statement of Material Adjustments to the Standalone Financial Statements’ appearing in Annexure - V and ‘Notes to the Restated Standalone Financial Statements’ appearing in Annexure – VI.

Annexure - VIII : Restated Standalone Statement of Accounting Ratios

(Rs. in Million)

Particulars	**For the years ended March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Restated net profit after tax attributable to equity shareholders (Rs. in Million)	**902.20**	**344.40**	**250.05**	**240.33**	**81.12**
Weighted number of equity shares outstanding during the year (Note-3)	4,87,82,808	4,87,82,808	4,87,82,808	4,87,82,808	4,95,88,020
Basic and diluted earnings per share (EPS) in Rs. – of Face value Rs. 5/- per share – (Note 1.a & 1.b)	18.49	7.06	5.13	4.93	1.64
Restated Net Worth (Rs. in Million)	**3,105.34**	**2,203.14**	**1,858.74**	**1,608.68**	**1,347.15**
Return on Net Worth (refer note below) (Note 1.c & 3)	29.05%	15.63%	13.45%	14.94%	6.02%
Net asset value per equity share of Face value Rs. 5/- per share (Note 1.d)	63.66	45.16	38.10	32.98	27.17

Notes:

1) The ratios have been computed as below:

   a) Basic earnings per share (Rs.) = Restated Net Profit after tax attributable to equity shareholders / Weighted number of equity shares outstanding during the year

   b) Diluted earnings per share (Rs.) = Restated net profit after tax attributable to equity shareholders / Weighted number of diluted potential equity shares outstanding during the year

   c) Return on net worth (%) = Restated net profit after tax attributable to equity shareholders / Net worth X 100.

   d) Restated Net Asset Value per equity share (Rs.) = Restated Net worth as at the end of the year / Total number of equity shares outstanding at the end of the year.

2) The company does not have any revaluation reserves or extra ordinary items.

3) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion to total number of days during the year. Further, number of shares are after considering the impact of the split up of face value of equity shares from Rs. 10 each to Rs. 5 each and the issue of bonus shares in the ratio of 1 bonus share for 2 fully paid up equity shares of face value of Rs. 5 each to the existing equity shareholders, an issue without consideration, and treating the said issue as if it had occurred prior to the beginning of the year 2011-12, the earliest period reported.

4) Net worth for ratios mentioned in note 1(c) and 1(d) above is = Equity share capital + Reserves and surplus (including surplus in the Statement of Profit and Loss)

5) Earnings per share calculations are in accordance with Accounting Standard 20 – Earnings per share, notified under the Companies (Accounting Standards) Rules 2006, as amended.

6) The figures disclosed above are based on the Restated Standalone Financial Statements of the Company.

7) The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies to the Restated Standalone Financial Statements’ appearing in Annexure – IV, ‘Statement of Material Adjustments to the Standalone Financial Statements’ appearing in Annexure - V and ‘Notes to the Restated Standalone Financial Statements’ appearing in Annexure – VI.

Annexure – IX : Restated Standalone Capitalization Statement

(Rs. in Million)

Particulars	**Pre issue as at March 31, 2016 (Rs. in Million)**	**As adjusted for Issue** (Note 2)
Debt		
Short Term debt (A)	408.38	-
Long term debt (B) (Note – 3)	55.61	-
Total Debt (C=A+B)	**463.99**	
Shareholder's funds		
Share Capital	162.61	-
Reserves & Surplus	2,942.73	-
Total Shareholder's funds (D)	**3,105.34**	
Total debt / Shareholder's funds (C/D)	**0.15:1**	
Long-term debt / Shareholder's funds (B/D)	**0.02:1**	

Notes:

1) The above has been computed on the basis of the Restated Standalone Summary Statements of Assets & Liabilities of the Company as at March 31, 2016.

2) The corresponding figures (As adjusted for issue) are not determinable at this stage pending the completion of book building process and hence have not been furnished.

3) Long-term debts are borrowings other than short-term borrowings and also includes current maturities of long-term debt included in other current liabilities.

4) *The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.*

Annexure – X : Restated Standalone Tax Shelter Statement

(Rs. in Million)

	Particulars	**For the years ended March 31**				
		2016	**2015**	**2014**	**2013**	**2012**
A	**Restated Profit before tax**	**1323.75**	**456.08**	**316.45**	**332.69**	**120.13**
	Short - term capital gains at normal rate	-	-	-	-	-
	Short - term capital gains at special rate	-	-	-	-	-
	Long - term capital gain	-	-	-	11.81	-
B	**Normal tax rate**	34.608%	33.99%	33.99%	32.445%	32.445%
	Short-term capital gain rate at normal rate	--	--	--	--	--
	Short-term capital gain rate at special rate	--	--	--	--	--
	Long-term capital gain	--	--	--	21.63%	--
C	**Tax thereon (including surcharge and education cess)**					
	Tax on normal profit	458.12	155.02	107.56	104.08	38.98
	Short - term capital gains at normal rate	-	-	-	-	-
	Short-term capital gain rate at special rate	-	-	-	-	-
	Long - term capital gain	-	-	-	2.56	-
	Others	-	-	-	-	-
	Total	**458.12**	**155.02**	**107.56**	**106.63**	**38.98**
D	**Permanent differences**					
	Deductions allowed under Income tax Act	(160.00)	(102.99)	(201.05)	(98.81)	(28.38)
	Disallowance of expenses under Income tax Act	26.59	9.72	76.99	55.71	12.21
	Exempt Income	--	--	--	--	--
	Allowances under Income tax Act	(14.72)	(0.77)	(0.30)	(69.75)	(49.17)
	Total	**(148.13)**	**(94.04)**	**(124.36)**	**(112.85)**	**(65.34)**
E	**Timing differences**					
	Difference in book depreciation and depreciation under Income Tax Act	(6.88)	(11.99)	11.19	(36.84)	(41.32)
	Other timing differences	21.40	6.12	15.27	15.33	15.03
	Restatement adjustments	--	--	--	--	--
	Total	**14.52**	**(5.87)**	**26.46**	**(21.51)**	**(26.29)**
F	**Net adjustments (D+E)**	**(133.61)**	**(99.91)**	**(97.90)**	**(134.34)**	**(91.63)**
G	**Tax expenses / (saving) thereon (F X B)**	**(46.24)**	**(33.93)**	**(33.28)**	**(43.59)**	**(29.73)**
H	**Total Current Tax (C + G)**	**411.88**	**121.09**	**74.28**	**63.04**	**9.25**
I	**Tax as per Minimum Alternate Tax under Sec. 115 JB of the Income Tax, Act**	**282.51**	**95.60**	**66.33**	**66.54**	**31.54**
J	**Net tax expense (Higher of H and I)**	**411.88**	**121.09**	**74.28**	**66.54**	**31.54**
K	**MAT Credit entitlement**	**--**	**--**	**--**	**3.50**	**22.29**
L	**Total current tax expense**	**411.88**	**121.09**	**74.28**	**63.04**	**9.25**

Notes:

1) The aforesaid Tax Shelters Statement has been prepared as per Restated Standalone Summary Statement of Profit and Loss of the Company.
2) The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies to the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure – XI : Restated Standalone Statement of Related Party Transactions

A. List of related parties and their relationship :

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Subsidiaries					
	Joyce Foam Pty Ltd., Australia	Joyce Foam Pty Ltd., Australia	Joyce Foam Pty Ltd., Australia	Joyce Foam Pty Ltd., Australia	Joyce Foam Pty Ltd., Australia
	Divya Software Solutions (P) Ltd. (w.e.f. 01.12.14)	Divya Software Solutions (P) Ltd. (w.e.f. 01.12.14)	-	-	Auora Foam Pvt. Ltd.
	-	-	-	-	Kanpav Overseas Pvt. Ltd.
	-	-	-	-	SNB Bedding International Pvt. Ltd.
	-	-	-	-	RG Pillow (India) Pvt. Ltd.
	-	-	-	-	Starlite (India) Pvt. Ltd.
Joint Venture					
	-	-	Sheela Woodbridge Urethanes Pvt. Ltd	Sheela Woodbridge Urethanes Pvt. Ltd	Sheela Woodbridge Urethanes Pvt. Ltd
Entities in which Key Management Personnel or their Relatives have significance influence					
	Polyflex Marketing Pvt. Ltd. (Note-1)	Polyflex Marketing Pvt. Ltd. (Note-1)	Polyflex Marketing Pvt. Ltd. (Note-1)	Polyflex Marketing Pvt. Ltd. (Note-1)	Polyflex Marketing Pvt. Ltd. (Note-1)
	Rangoli Resorts Pvt. Ltd.	Rangoli Resorts Pvt. Ltd.	Rangoli Resorts Pvt. Ltd.	Rangoli Resorts Pvt. Ltd.	Rangoli Resorts Pvt. Ltd.
	Core Moulding Pvt. Ltd.	Core Moulding Pvt. Ltd.	Core Moulding Pvt. Ltd.	Core Moulding Pvt. Ltd.	Core Moulding Pvt. Ltd.
	Sleepwell Foundation (Trust)	Sleepwell Foundation (Trust)	Sleepwell Foundation (Trust)	Sleepwell Foundation (Trust)	Sleepwell Foundation (Trust)
	Sleepwell Enterprises Pvt. Ltd.	-	-	-	-
Associates					
	-	Sleepwell Enterprises Pvt. Ltd.	Sleepwell Enterprises Pvt. Ltd.	Sleepwell Enterprises Pvt. Ltd.	Sleepwell Enterprises Pvt. Ltd.

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Key Managerial Personnel					
	Mr. Rahul Gautam (Managing Director) (Note-1)	Mr. Rahul Gautam (Managing Director) (Note-1)	Mr. Rahul Gautam (Managing Director) (Note-1)	Mr. Rahul Gautam (Managing Director) (Note-1)	Mr. Rahul Gautam (Managing Director) (Note-1)
	Mr. Rakesh Chahar (Wholetime Director)	Mr. Rakesh Chahar (Wholetime Director)	Mr. Ravindra Sharma(Wholetime Director)	Mr. Ravindra Sharma(Wholetime Director)	Mr. Ravindra Sharma(Wholetime Director)
			Mr. Rakesh Chahar (Wholetime Director)	Mr. Rakesh Chahar (Wholetime Director)	Mr. Rakesh Chahar (Wholetime Director)
Relatives of Key Management Personnel					
	Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) (Note-1)	Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) (Note-1)	Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) (Note-1)	Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) (Note-1)	Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) (Note-1)
	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam) (Note-1)	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam) (Note-1)	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam) (Note-1)	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam) (Note-1)	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam) (Note-1)
	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam) (Note-1)	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam) (Note-1)	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam) (Note-1)	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam) (Note-1)	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam) (Note-1)
	Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)	Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)	Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)	Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)	Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)
	Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)	Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)	Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)	Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)	Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)
			Mrs. Rinku Sharm (Wife of Mr. Ravindra Sharma)	Mrs. Rinku Sharm (Wife of Mr. Ravindra Sharma)	Mrs. Rinku Sharm (Wife of Mr. Ravindra Sharma)

Note –1 : These parties are also Key Promoters / Shareholders of the Group.

B. Details of Transactions with related parties

(i) For the year ended March 31, 2016

(Rs. in Million)

	Transactions	Subsidiary	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
(i)	**Transactions during the period:**				
a.	Purchase of Material/ Capital Goods	4.35	--	--	--
b.	Sale of Material/ Capital Goods	3.33	0.07	--	--
c.	Sale of I T Support Services	39.60	--	--	--
d.	Rent received	0.02	0.06	--	--
e.	Royalty paid	--	1.00	--	--
f.	Investment made	126.82	--	--	--
g.	Investment sold	--	--	--	4.00
h.	Loans & Advances given	68.26	--	--	--
i.	Loans & Advances Recd. back	100.39	1.36	--	--
j.	Inter Corporate Deposit (ICD)/Deposit recd.	--	--	--	2.00
k.	Inter Corporate Deposit(ICD) /Deposit repaid	--	--	0.23	--
l.	Remuneration including Performance Incentives	--	--	39.75	21.79
m.	Interest received	4.82	3.36	--	--
n.	Interest paid	--	--	0.01	0.26
o.	Rent paid	--	0.02	--	--
p.	Donation under CSR	--	10.00	--	--
(ii)	**Closing balance as at March 31, 2016 :**				
a.	Trade Receivables	39.22	--	--	--
b.	Loans & Advances receivable	--	28.92	--	--
c.	Inter Corporate Deposit(ICD)/Deposit Payable	--	--	--	4.50
d.	Investment	425.58	--	--	--

(ii) For the year ended March 31, 2015

	Transactions	Subsidiary	Related Entities	Key Management Personnel	Relatives of Key Management Personnel
(i)	**Transactions during the period:**				
a.	Purchase of Material/ Capital Goods	1.55	--	--	--
b.	Sale of Material/ Capital Goods	1.62	0.14	--	--
c.	Sale of I T Support Services	37.59	--	--	--
d.	Rent received	--	0.06	--	--
e.	Royalty paid	--	0.50	--	--
f.	Investment made	68.10	--	--	--
h.	Loans & Advances given	31.02	--	--	--
i.	Loans & Advances Recd. back	--	1.44	--	--
j.	Inter Corporate Deposit (ICD)/Deposit recd.	--	--	--	0.50
k.	Inter Corporate Deposit(ICD) /Deposit repaid	--	--	--	0.38
l.	Remuneration including	--	--	94.35	17.30

	Performance Incentives				
m.	Interest received	1.21	3.09	--	--
n.	Interest paid	--	--	0.02	0.20
o.	Rent paid	--	0.02	--	--
(ii)	**Closing balance as at March 31, 2015 :**				
a.	Trade Receivables	53.25	--	--	--
b.	Loans & Advances receivable	32.13	27.25	--	--
c.	Inter Corporate Deposit(ICD)/Deposit Payable	--	--	0.23	2.50
d.	Investment	298.76	0.04	--	--

(iii) For the year ended March 31, 2014

(Rs. in Million)

	Transactions	Subsidiary	Associates and Related Entities	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel
(i)	**Transactions during the period:**					
a.	Purchase of Material/ Capital Goods	3.78	--	22.28	--	--
b.	Sale of Material/ Capital Goods	1.90	--	0.18	--	--
c.	Rent Received	--	0.06	3.82	--	--
d.	Royalty Paid	--	0.25	--	--	--
e.	Investment Sold	--	--	76.35	--	--
f.	Balance Written off	--	--	20.88	--	--
g.	Loans & Advances Given	--	--	5.00	18.00	--
h.	Loans & Advances Recd. Back	--	3.95	53.50	--	--
i.	Inter Corporate Deposit (ICD)/Deposit Recd.	--	6.50	--	--	4.50
j.	Inter Corporate Deposit(ICD) /Deposit Repaid	--	6.94	--	--	25.40
k.	Remuneration including Performance Incentives	--	--	--	16.77	17.42
l.	Interest Received	--	3.24	--	--	--
m.	Interest Paid	--	0.49	--	0.02	1.78
n.	Rent Paid	--	0.02	--	--	--
o.	Training Fee Paid	--	--	50.00	--	--
p.	Other Misc. Income	--	--	0.46	--	--
(ii)	**Closing balance as at March 31, 2014 :**					
a.	Trade Receivables balance as at year end	49.67	--	--	--	--
b.	Loans & Advance balance as at year end	--	25.90	--	18.00	--
c.	Inter Corporate Deposit(ICD)/ Deposit balance as at year end	--	--	--	0.21	2.20

(iv) For the year ended March 31, 2013

(Rs. in Million)

	Transactions	Subsidiary	Associates and Related Entities	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel
(i)	**Transactions during the period:**					
a.	Purchase of Material/ Capital Goods	2.27	--	25.08	--	--
b.	Sale of Material/ Capital Goods	8.16	--	0.87	--	--
c.	Rent Received	--	0.06	3.82	--	--
d.	Royalty Paid	--	0.25	--	--	--
e.	Investment Made	--	--	22.15	--	--
f.	Loans & Advances Given	--	--	7.09	--	--
g.	Loans & Advances Recd. Back	--	--	30.39	--	--
h.	Inter Corporate Deposit (ICD)/Deposit Recd.	--	21.30	--	--	7.91
i.	Inter Corporate Deposit(ICD) /Deposit Repaid	--	1.00	--	--	0.29
j.	Remuneration including Performance Incentives	--	--	--	22.44	17.01
k.	Interest Received	--	5.20	6.52	--	--
l.	Interest Paid	--	--	--	0.02	1.88
m.	Rent Paid	--	0.02	--	--	--
n.	Other Misc. Income	--	--	0.46	--	--
(ii)	**Closing balance as at March 31, 2013 :**					
a.	Trade Receivables balance as at year end	51.56	--	--	--	--
b.	Loans & Advance balance as at year end	--	28.33	74.89	--	--
c.	Inter Corporate Deposit(ICD)/ Deposit balance as at year end	--	--	--	0.19	21.50

(v) For the year ended March 31, 2012

(Rs. in Million)

	Transactions	Subsidiaries	Associates and Related Entities	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel
a.	Purchase of Material/ Capital Goods	55.28	--	18.41	--	--
b.	Sale of Material/ Capital Goods	403.36	--	1.78	--	--
c.	Rent Received	0.05	--	4.23	--	--
d.	Royalty Paid	--	0.20	--	--	--
e.	Investment Made	2.52	--	2.00	--	--
f.	Debtors	95.56	--	--	--	--
g.	Loans & Advances Given	56.94	0.31	54.58	--	--
h.	Inter Corporate Deposit(ICD)/Deposit Recd.	18.63	--	--	--	1.91
i.	Inter Corporate Deposit(ICD)/ Deposit Repaid	20.76	7.49	--	--	2.23
j.	Remuneration including Performance Incentives	--	--	--	22.44	17.01
k.	Interest Received	3.28	10.29	--	--	--
l.	Interest Paid	2.38	0.85	--	0.02	1.14
m.	Rent Paid	--	0.02	--	--	--
n.	Loans Given outstanding	54.08	114.16	16.05	--	--
o.	Other Misc. Income	--	0.96	0.96	--	--
p.	Advance received	25.40	3.00	--	--	--

C. **Detail of party wise related party transactions:**

(Rs. in Million)

			For the year ended March 31, (Rs. in Million)				
Sr. No.	**Transactions**	**Related Party relation**	**2016**	**2015**	**2014**	**2013**	**2012**
a.	**Remuneration including Performance Incentives**						
	Mr. Rahul Gautam (Managing Director)	Key Management Personnel	22.53	8.63	8.40	8.18	8.18
	Mr. Ravindra Sharma (Wholetime Director)	Key Management Personnel	-	-	1.20	7.18	7.18
	Mr. Rakesh Chahar (Wholetime Director)	Key Management Personnel	17.22	85.72	7.18	7.07	7.07
	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam)	Relatives of Key Management Personnel	8.56	8.38	8.17	7.98	7.98
	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam)	Relatives of Key Management Personnel	12.26	8.03	7.85	7.68	7.68
	Mrs. Rinku Sharma (Wife of Mr. Ravindra Sharma)	Relatives of Key Management Personnel	-	-	0.60	0.62	0.62
	Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)	Relatives of Key Management Personnel	0.97	0.89	0.81	0.73	0.73
b.	**Purchase of Material/ Capital Goods**						
	Joyce Foam Pty Ltd., Australia	Subsidiary	4.35	1.55	3.78	2.27	9.68
	Auora Foams Pvt. Ltd	Subsidiary	-	-	-	-	3.83
	SNB Bedding International Pvt. Ltd	Subsidiary	-	-	-	-	41.77
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	22.28	25.08	18.41
c.	**Sale of Material/ Capital Goods**						
	Joyce Foam Pty Ltd., Australia	Subsidiary	3.33	1.62	1.90	8.16	2.69
	Auora Foams Pvt. Ltd	Subsidiary	-	-	-	-	268.83
	SNB Bedding International Pvt. Ltd	Subsidiary	-	-	-	-	131.84
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	0.18	0.87	1.78
	Rangoli Resorts Pvt. Ltd.	Related Entity	0.02	0.13	-	-	-
	Sleepwell Foundation(Trust)	Related Entity	0.05	0.01	-	-	-
d.	**Royalty Paid**						
	Sleepwell Enterprises Pvt. Ltd.	Related Entity	1.00	0.50	0.25	0.25	0.20
e.	**Investment made**						
	Divya Software Solutions (P) Ltd.	Subsidiary	126.82	68.10	-	-	-
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	-	22.15	2.00
	Kanpav Overseas Pvt. Ltd.	Subsidiary					0.27
	Auora Foams Pvt. Ltd.	Subsidiary					0.08
	SNB Bedding International Pvt. Ltd	Subsidiary					0.67

			For the year ended March 31, (Rs. in Million)				
Sr. No.	**Transactions**	**Related Party relation**	**2016**	**2015**	**2014**	**2013**	**2012**
	Starlite India Pvt. Ltd.	Subsidiary					1.00
	RG Pillow (India) Pvt. Ltd.	Subsidiary					0.50
f.	**Investment Sold**						
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	76.35	-	-
	Tushaar Gautam	Relative of Key Management Personnel	4.00	-	-	-	-
	Balance Written off						
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	20.88	-	-
g.	**Loans & Advances given**						
	Divya Software Solutions (P) Ltd.	Subsidiary	68.26	31.02	-	-	-
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	5.00	7.09	54.58
	Mr. Ravindra Sharma (Wholetime Director)	Key Management Personnel	-	-	18.00	-	-
	SNB Bedding International Pvt. Ltd.	Subsidiary	-	-	-	-	56.94
	Rangoli Resorts Pvt. Ltd.	Related Entity	-	-	-	-	0.31
h.	**Loans & Advances received back**						
	Divya Software Solutions (P) Ltd.	Subsidiary	100.39	-	-	-	-
	Core Moulding Pvt. Ltd.	Related Entity	1.36	1.44	2.15	-	-
	Rangoli Resorts Pvt. Ltd.	Related Entity	-	-	1.80	-	3.00
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	53.50	30.39	-
	Polyflex Marketing Pvt. Ltd.	Related Entity	-	-	-	-	-
	SNB Bedding International Pvt. Ltd.	Subsidiary	-	-	-	-	25.40
i.	**Training Fee Paid**						
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	50.00	-	-
j.	**Interest Received**						
	Core Moulding Pvt. Ltd.	Related Entity	0.11	0.17	0.48	0.74	-
	Rangoli Resorts Pvt. Ltd.	Related Entity	3.25	2.92	2.76	3.96	4.26
	Polyflex Marketing Pvt. Ltd.	Related Entity	-	-	-	0.50	-
	Divya Software Solutions (P) Ltd.	Subsidiary	4.82	1.21	-	-	-
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	-	6.52	6.04
	SNB Bedding International Pvt. Ltd.	Subsidiary	-	-	-	-	3.28
k.	**Interest Paid**						
	Polyflex Marketing Pvt. Ltd.	Related Entity	-	-	0.49	-	-
	Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam)	Relatives of Key Management Personnel	0.23	0.18	0.18	0.14	0.11

			For the year ended March 31, (Rs. in Million)				
Sr. No.	**Transactions**	**Related Party relation**	**2016**	**2015**	**2014**	**2013**	**2012**
	Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)	Relatives of Key Management	0.03	0.02	0.02	0.02	0.08
	Mr. Rahul Gautam (Managing Director) & Ravi Dhariwal	Key Management Personnel	0.01	0.02	0.02	0.02	0.02
	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	-	1.58	1.72	0.94
	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	-	-	-	0.01
	Sleepwell Enterprises Pvt. Ltd.	Associate	-	-	-	-	0.85
	Kanpav Overseas Pvt. Ltd.	Subsidiary	-	-	-	-	2.38
l.	**Donation under CSR**						
	Sleepwell Foundation (Trust)	Related Entity	10.00	-	-	-	-
m.	**Inter Corporate Deposit (ICD)/Deposit Recd.**						
	Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam)	Relatives of Key Management Personnel	0.50	0.50	0.50	0.07	0.40
	Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)	Relatives of Key Management	1.50	-	-	0.25	0.71
	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam)	Relatives of Key Management	-	-	4.00	7.59	-
	Polyflex Marketing Pvt. Ltd.	Related Entity	-	-	6.50	3.30	-
	Core Moulding Pvt. Ltd.	Related Entity	-	-	-	2.50	-
	Rangoli Resorts Pvt. Ltd.	Related Entity	-	-	-	15.50	-
	Kanpav Overseas Pvt. Ltd.	Subsidiary	-	-	-	-	18.63
	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	-	-	-	0.80
n.	**Inter Corporate Deposit (ICD)/Deposit Repaid**						
	Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	0.16	0.19	0.09	1.40
	Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	0.22	0.04	0.02	0.01
	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	-	25.17	0.18	0.01
	Mr. Rahul Gautam (Managing Director) &Ravi Dhariwal	Key Management Personnel	0.23	-	-	-	-
	Rangoli Resorts Pvt. Ltd.	Related Entity	-	-	-	1.00	-
	Polyflex Marketing Pvt. Ltd.	Related Entity	-	-	6.94	-	-
	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	-	-	-	0.81
	Sleepwell Enterprises Pvt. Ltd.	Associate	-	-	-	-	7.49
	Kanpav Overseas Pvt. Ltd.	Subsidiary	-	-	-	-	20.76

D. Balance due from / to the related Parties:

1. As at 31st March, 2016:

(Rs. in Million)

	Particulars	Subsidiaries	Relatives of Key Management Personnel	Related Entity/ Group Companies	Total
1	Trade receivables	39.22 *	--	--	**39.22**
2	Deposit Payable	--	4.50 #	--	**4.50**
3	Loans & Advances receivable	--	--	28.92 +	**28.92**

* Receivable from Joyce Foam Pty Ltd., Australia

Deposits received from Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) : Rs. 3.00 million and Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam) : Rs. 1.50 million. There are no stipulation regarding repayment of principal and interest and the same can be recalled and are unsecured. These deposits carry rate of interest of 9%. per annum.

\+ The said loan has been given to 'Rangoli Resorts Pvt. Ltd.', a Related Entity towards meeting its working capital requirements and carries an interest rate of 12% p.a..

2. As at 31st March, 2015:

(Rs. in Million)

	Particulars	Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Related Entity/ Group Companies	Total
1	Trade receivables	53.25 *	-	-	-	**53.25**
2	Deposit Payable	-	0.23 #	2.50 #	-	**2.73**
3	Loans & Advances receivable	32.13 **	-		27.25 +	**59.38**

* Receivable from Joyce Foam Pty Ltd., Australia

Deposits received from Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) : Rs. 2.50 million and Mr. Rahul Gautam : Rs. 0.23 million. There are no stipulation regarding repayment of principal and interest and the same are unsecured. These deposits carry rate of interest of 9%. per annum.

\+ These loan has been given to 'Rangoli Resorts Pvt. Ltd.' : Rs. 25.99 million and 'Core Moulding Pvt. Ltd': Rs. 1.26 million, the Related Entities/ Group Companies towards meeting their working capital requirements and carries an interest rate of 12% p.a.

** The said loan has been given to 'Divya Software Solutions (P) Ltd., Subsidiary Company towards meeting its working capital requirements and carries an interest rate of 12% p.a.

3. As at 31st March, 2014:

(Rs. in Million)

	Particulars	Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Related Entity/Group Companies	Total
1	Trade receivables	49.67 *	-	-	-	**49.67**
2	Deposit Payable	-	0.21 #	2.20 #	-	**2.41**
3	Loans & Advances receivable	-	18.00 $	-	25.90 +	**43.90**

* Receivable from Joyce Foam Pty Ltd., Australia

\# Deposits received from Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) : Rs. 2.00 million, Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam) : Rs. 0.20 million and Mr. Rahul Gautam : Rs. 0.21 million. There are no stipulation regarding repayment of principal and interest and the same are unsecured. These deposits carry rate of interest of 9%. per annum.

\+ These loan has been given to 'Rangoli Resorts Pvt. Ltd.' : Rs. 23.36 million and 'Core Moulding Pvt. Ltd': Rs. 2.54 million, the Related Entities/ Group Companies towards meeting their working capital requirements and carries an interest rate of 12% p.a.

$ This loan has been given to Mr. Ravindra Sharma, Wholetime Director towards his personal requirements and carries an interest rate of 12% p.a.

4. As at 31st March, 2013:

(Rs. in Million)

	Particulars	Subsidiaries	Joint Venture	Key Management Personnel	Relative of Key Management Personnel	Related Entity/ Group Companies	Total
1	Trade receivables	51.56 *	-	-	-	-	**51.56**
2	Deposit Payable	-	-	0.19 #	21.50 #	-	**21.69**
3	Loans & Advances receivable	-	74.89 ++	-	-	28.33 +	**103.22**

* Receivable from Joyce Foam Pty Ltd., Australia

\# Deposits received from Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) : Rs. 1.53 million, Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam) : Rs. 0.22 million, Mrs. Namita Gautam (Wife of Mr. Rahul Gautam) : Rs. 19.75 million and Mr. Rahul Gautam : Rs. 0.19 million. There are no stipulation regarding repayment of principal and interest and the same are unsecured. These deposits carry rate of interest of 9%. per annum.

\+ These loans have been given to 'Rangoli Resorts Pvt. Ltd.': Rs. 22.68 million, 'Core Moulding Pvt. Ltd': Rs. 4.25 million, and "Polyflex Marketing Pvt. Ltd' : Rs. 1.40 million. the Related Entities/ Group Companies towards meeting their working capital requirements and carries an interest rate of 12% p.a.

++ This loan has been given to a Sheela Woodbridge Urethanes Pvt. Ltd., Joint Venture, towards meeting their working capital requirements and carries an interest rate of 12% p.a..

5. As at 31st March, 2012:

(Rs. in Million)

	Particulars	Subsidiaries	Joint Venture	Key Management Personnel	Relative of Key Management Personnel	Related Entity/ Group Companies	Total
1	Trade receivables	95.56 *	-	-	-	-	**95.56**
2	Deposit Payable	-	-	0.18 #	12.54 #	-	**12.72**
3	Loans & Advances receivable	54.08 **	96.59 ++	-	-	33.62 +	**184.29**

* Receivable from the Subsidiary Company: Joyce Foam Pty Limited, Australia – Rs. 43.19 million, Auora Foam Pvt. Ltd.- Rs.19.73 million and SNB Bedding International Pvt. Ltd. – Rs. 32.64

million.

\# Deposits received from Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) : Rs. 1.43 million, Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam) : Rs. 0.20 million, Mrs. Namita Gautam (Wife of Mr. Rahul Gautam) : Rs. 10.91 million and Mr. Rahul Gautam : Rs. 0.18 million. There are no stipulation regarding repayment of principal and interest and the same are unsecured. These deposits carry rate of interest of 9%. per annum.

\+ This loan has been given to 'Rangoli Resorts Pvt. Ltd.', the Related Entities/ Group Companies towards meeting their working capital requirements and carries an interest rate of 12% p.a.

++ This loan has been given to a Sheela Woodbridge Urethanes Pvt. Ltd., Joint Venture, towards meeting their working capital requirements and carries an interest rate of 12%.

** This loan has been given to SNB Bedding International Pvt. Ltd., Subsidiary Company, towards meeting their working capital requirements and carries an interest rate of 12%.

The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

Annexure – XII : Restated Standalone Statement of Dividend

(Rs. in Million)

Particulars	**For the year ended as at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Share capital					
Equity share capital	162.61	162.61	162.61	162.61	165.29
Dividend on equity shares					
Dividend in %	NIL				
Interim dividend					

Notes :

1) The figures disclosed above are based on the Restated Standalone Financial Statements of the Company.

2) The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Standalone Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Standalone Financial Statements' appearing in Annexure - V and 'Notes to the Restated Standalone Financial Statements' appearing in Annexure – VI.

INDEPENDENT AUDITOR'S REPORT ON EXAMINATION OF RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors,
Sheela Foam Limited
(Formerly Sheela Foam Private Limited)
C-55, Preet Vihar, Vikas Marg,
New Delhi - 110092

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of **Sheela Foam Limited** (Formerly Sheela Foam Private Limited and hereinafter referred to as 'the Company'), its Subsidiaries and its interest in Associate Company (hereinafter together with the Company referred to as 'the Group'), as approved by the Board of Directors of the Company in their meeting on June 7, 2016, prepared by the management of the Company in terms of the requirements of Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the 'SEBI Regulations'), the Guidance Note on 'Reports in Company's Prospectuses (Revised)' issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable ('Guidance Note'), and in terms of our engagement agreed with you in accordance with our engagement letter dated May 31, 2016 in connection with the proposed issue of Equity Shares of the Company by way of an offer for sale by the existing shareholders.

2. These Restated Consolidated Financial Information (included in Annexures I to XI to this report), which have been extracted by the management of the Company from the Company's Consolidated Audited Financial Statements (of the Company, its Subsidiaries and its interest in the Associate Company) for the years ended March 31, 2016, 2015, 2014, 2013 and 2012, which have been approved by Board of Directors at their meetings held on May 6, 2016 (for the year ended March 31, 2016), September 2, 2015 (for the year ended March 31, 2015) and June 7, 2016 (for the years ended March 31, 2014, 2013 and 2012), and books of accounts underlying those financial statements and other records of the Company, to the extent considered necessary for the preparation of the Restated Summary Statements, are the responsibility of the Company's management. The consolidated financial statements of the Group for the financial years ended March 31, 2016, 2015, 2014, 2013 and 2012 have been audited by us, and we have issued unqualified reports for these years.

3. In accordance with the requirements of Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations; the Guidance Note, as amended from time to time and in terms of our engagement agreed with you, we further report that:

   (i) The Restated Consolidated Summary Statement of Assets and Liabilities as at March 31, 2016, 2015, 2014, 2013 and 2012, examined by us, as set out in Annexures – I (along with Annexures - I.1 to I.17) to this report, read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI are after making such adjustments and regroupings/re-classifications as in our opinion were appropriate and are more fully described in the Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V. As a result of these adjustments, the amounts reported in the above mentioned Statement are not necessarily the same as those appearing in the audited financial statements of the Company and its Subsidiaries and Associate Company for the relevant financial years.

   (ii) The Restated Consolidated Summary Statement of Profit and Loss for the years ended March 31, 2016, 2015, 2014, 2013 and 2012,examined by us, as set out in Annexure - II (along with Annexures - II.1 to II.9) to this report, read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI are after making such adjustments and regroupings/re-classifications as in our opinion were appropriate and are more fully described in the Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V. As a result of these adjustments, the amounts reported in the above mentioned Statement are not necessarily the same as those appearing in the audited financial statements of the Company and its Subsidiaries and Associate Company for the relevant financial years.

(iii) The Restated Consolidated Summary Statement of Cash Flows for the years ended March 31, 2016, 2015, 2014, 2013 and 2012, examined by us, as set out in Annexure - III to this report, read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI are after making such adjustments and regroupings/re-classifications as in our opinion were appropriate and are more fully described in the Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V. As a result of these adjustments, the amounts reported in the above mentioned Statement are not necessarily the same as those appearing in the audited financial statements of the Company and its Subsidiaries and Associate Company for the relevant financial years.

(iv) The financial statements of various Subsidiaries and the Associate Company included in the Restated Consolidated Financial Statements of the Group for the financial years ended March 31, 2016 (2 subsidiaries), March 31, 2015 (2 subsidiaries), March 31, 2014 (1 subsidiary), March 31, 2013 (1 subsidiary and 1 Associate Company) and March 31, 2012 (6 subsidiaries and 1 Associate Company), were audited by their respective auditors as set out in Appendix - I to this examination report, whose reports have been furnished to us and accordingly relied upon by us for our examination of the Restated Consolidated Financial Information.

4. Based on the above, and to the best of our information and according to the explanations given to us, we are of the opinion that the Restated Consolidated Financial Information:

   (i) have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the changed accounting policy for all the reporting periods based on the significant accounting policies adopted by the Group as at March 31, 2016;

   (ii) have been made after incorporating adjustments for prior period and other material amounts in the respective financial years to which they relate to; and

   (iii) do not contain any extra-ordinary items that need to be disclosed separately other than those presented in the Restated Consolidated Financial Information and do not contain any qualifications requiring adjustments.

5. We have also examined the following restated consolidated financial information as set out in the Annexures to this report and forming part of the Restated Consolidated Financial Information, prepared by the management of the Company and approved by the Board of Directors on June 7, 2016, relating to the Group for the years ended March 31, 2016, 2015, 2014, 2013 and 2012:

   (i) Restated Consolidated Statement of Share Capital included in Annexure – I.1;
   (ii) Restated Consolidated Statement of Reserves and Surplus included in Annexure – I.2;
   (iii) Restated Consolidated Statement of Long Term Borrowings included in Annexure – I.3;
   (iv) Restated Consolidated Statement of Deferred Tax Liability/Assets (net) included in Annexure – I.4;
   (v) Restated Consolidated Statement of Other Long Term Liabilities included in Annexure – I.5;
   (vi) Restated Consolidated Statement of Long Term Provisions included in Annexure – I.6;
   (vii) Restated Consolidated Statement of Short Term Borrowings included in Annexure – I.7;
   (viii) Restated Consolidated Statement of Other Current Liabilities included in Annexure – I.8;
   (ix) Restated Consolidated Statement of Short Term Provisions included in Annexure – I.9;
   (x) Restated Consolidated Statement of Non Current Investments included in Annexure – I.10;
   (xi) Restated Consolidated Statement of Long Term Loans and Advances included in Annexure – I.11;

(xii) Restated Consolidated Statement of Other Non Current Assets included in Annexure – I.12;
(xiii) Restated Consolidated Statement of Inventories included in Annexure – I.13;
(xiv) Restated Consolidated Statement of Trade Receivables included in Annexure – I.14;
(xv) Restated Consolidated Statement of Cash and Bank Balances included in Annexure – I.15;
(xvi) Restated Consolidated Statement of Short Term Loans and Advances included in Annexure – I.16;
(xvii) Restated Consolidated Statement of Other Current Assets included in Annexure – I.17;
(xviii) Restated Consolidated Statement of Revenue from Operations included in Annexure – II.1;
(xix) Restated Consolidated Statement of Other Income included in Annexure – II.2:
(xx) Restated Consolidated Statement of Cost of Material Consumed included in Annexure – II.3:
(xxi) Restated Consolidated Statement of Purchase of Stock–in–Trade included in Annexure – II.4:
(xxii) Restated Consolidated Statement of Other Manufacturing Expenses included in Annexure – II.5:
(xxiii) Restated Consolidated Statement of Changes in Inventories included in Annexure – II.6:
(xxiv) Restated Consolidated Statement of Employee Benefits Expenses included in Annexure – II.7;
(xxv) Restated Consolidated Statement of Finance Cost included in Annexure – II.8;
(xxvi) Restated Consolidated Statement of Other Expenses included in Annexure – II.9;
(xxvii) Restated Consolidated Statement of Contingent Liabilities and Commitments, included in Annexure – VII;
(xxviii) Restated Consolidated Statement of Accounting Ratios, included in Annexure – VIII;
(xxix) Restated Consolidated Capitalization Statement, included in Annexure – IX;
(xxx) Restated Consolidated Statement of Related Party Transactions, included in Annexure -X; and
(xxxi) Restated Consolidated Statement of Dividend, included in Annexure - XI.

6. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as an opinion on any of the financial statements referred to herein.

7. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

8. In our opinion, the above Restated Consolidated Financial Information contained in Annexures - I to XI to this report read along with the 'Basis of Preparation and Significant Accounting Policies (Refer Annexure - IV) and Notes to Restated Consolidated Financial Information (Refer Annexure - VI) are prepared after making adjustments and regroupings/re-classifications as considered appropriate and have been prepared in accordance with Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, to the extent applicable, SEBI Regulations, the Guidance note issued in this regard by the ICAI, as amended from time to time, and in terms of our engagement as agreed with you.

9. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of Equity Shares of the Company by way of an offer for sale by the existing shareholders. Our report should not be used, referred to or distributed for any other purpose except with our consent in writing.

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

Pawan K. Gupta
Partner
Membership No.: 092529

New Delhi
June 7th , 2016

APPENDIX - I
TO THE REPORT OF THE INDEPENDENT AUDITOR ON THE EXAMINATION OF RESTATED CONSOLIDATED FINANCIAL INFORMATION

Audited financial statements of the Subsidiaries and Associate Company considered in the Restated Consolidated Financial Information of the Group for the financial years ended March 31, 2016, 2015, 2014, 2013 and 2012 which were audited by other auditors as set out below.

Sr. No.	Name of Subsidiaries/ Associate	Year ended	Total Assets as included in Restated Consolidated Financials (Rs. in million)	Total Revenue/ Income as included in Restated Consolidated Financials (Rs. in million)	Net Movement in cash and cash equivalents included in Restated Consolidated Financials (Rs. in million)	Name of the Auditor
Subsidiaries						
1	Joyce Foam Pty Limited and Controlled Entities, Australia	March 31, 2012	1,821.91	2.639.37	19.11	GDC Chartered Accountants, Sydney
		March 31, 2013	1,736.91	2,647.92	158.63	
		March 31, 2014	1,873.91	2,692.09	66.83	
		March 31, 2015	1,584.43	2,821.96	24.49	
		March 31, 2016	1,738.70	2,857.40	20.86	
2	Divya Software Solutions Private Limited, India	March 31, 2015	29.63	-	0.08	S. Agarwal & Co., Chartered Accountants, New Delhi
		March 31, 2016	123.67	0 .02	6.89	
3	Kanpav Overseas Private Limited, India	March 31, 2012	31.20	3.62	2.02	Gupta & Gupta, Chartered Accountants, New Delhi
4.	RG Pillow India Private Limited, India	March 31, 2012	0.35	-	0.02	
5.	Auora Foams Private Limited, India	March 31, 2012	59.44	280.98	1.23	
6.	Starlite India Private Limited, India	March 31, 2012	0.82	-	0.02	
7	SNB Bedding International Private Limited, India	March 31, 2012	121.33	299.71	4.68	T. R. Chadha & Co., New Delhi
Associate Company						
1	Sleepwell Enterprises Private Limited, India	March 31, 2012	3.82	0.44	2.73	Gupta & Gupta, Chartered Accountants, New Delhi
		March 31, 2013	4.03	0.36	0.03	

SHEELA FOAM LIMITED
(Formerly Sheela Foam Private Limited)
Annexure I - Restated Consolidated Summary Statement of Assets and Liabilities

(Rs. in Million)

	Particulars	Annexure No.	As at March 31				
			2016	**2015**	**2014**	**2013**	**2012**
	Equity and Liabilities						
(1)	**Shareholder's funds**						
	(a) Share Capital	I.1	162.61	162.61	162.61	162.61	161.97
	(b) Reserves and surplus	I.2	3,221.74	2,287.78	1,803.04	1,532.58	1,215.56
			3,384.35	**2,450.39**	**1,965.65**	**1,695.19**	**1,377.53**
	Minority Interest		--	--	--	--	12.80
(2)	**Non-current liabilities**						
	(a) Long-term borrowings	I.3	346.28	726.44	866.32	1,122.36	1,235.33
	(b) Deferred tax liabilities/(assets) (Net)	I.4	19.42	23.86	6.14	(3.68)	(24.34)
	(c) Other Long term liabilities	I.5	342.13	274.88	217.86	174.11	113.74
	(d) Long-term provisions	I.6	106.41	102.24	97.59	80.78	73.79
			814.24	**1,127.42**	**1,187.91**	**1,373.57**	**1,398.52**
(3)	**Current liabilities**						
	(a) Shot-term borrowings	I.7	788.27	538.74	828.83	943.81	1,206.64
	(b) Trade payables		1,126.21	1,139.62	988.51	810.15	802.23
	(c) Other current liabilities	I.8	1,463.50	1,394.04	1,190.12	752.68	523.50
	(d) Short-term provisions	I.9	306.49	144.73	90.84	89.01	80.01
			3,684.47	**3,217.13**	**3,098.30**	**2,595.65**	**2,612.38**
	Total		**7,883.06**	**6,794.94**	**6,251.86**	**5,664.41**	**5,401.23**
	Assets						
(4)	**Non-current assets**						
	Fixed assets						
	(a) Tangible assets		2,807.23	2,790.73	2,518.93	2,672.72	2,278.62
	(b) Goodwill		71.06	71.92	3.38	3.44	3.23
	(c) Capital work-in-progress		97.00	83.26	167.80	14.57	410.48
			2,975.28	**2,945.91**	**2,690.11**	**2,690.73**	**2,692.33**
	(d) Non-current investments	I.10	100.04	0.04	0.04	76.39	54.24
	(e) Long-term loans and advances	I.11	145.86	113.66	73.86	72.18	69.57
	(f) Other non-current assets	I.12	14.54	9.32	4.28	5.62	3.57
			3,235.72	**3,068.93**	**2,768.29**	**2,844.92**	**2,819.71**
(5)	**Current assets**						
	(a) Inventories	I.13	1,046.13	1,181.59	1,241.24	1,161.93	917.36
	(b) Trade receivables	I.14	1,170.69	1,144.99	1,200.83	1,044.43	1,153.55
	(c) Cash and bank balances	I.15	2,171.60	1,169.84	768.43	322.10	205.86
	(d) Short-term loans and advances	I.16	190.05	171.20	213.30	227.35	233.16
	(e) Other current assets	I.17	68.87	58.39	59.77	63.68	71.59
			4,647.34	**3,726.01**	**3,483.57**	**2,819.49**	**2,581.52**
	Total		**7,883.06**	**6,794.94**	**6,251.86**	**5,664.41**	**5,401.23**

Note:
The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure- IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure-V and 'Notes to the Consolidated Financial Statements' appearing in Annexure- VI.

SHEELA FOAM LIMITED
(Formerly Sheela Foam Private Limited)
Annexure II - Restated Consolidated Summary Statement of Profit and Loss

(Rs. in Million)

	Particulars	Annexure No.	For the years ended March 31				
			2016	2015	2014	2013	2012
A	**Income**						
	Revenue from operations	II.1	16,961.87	15,533.10	13,964.43	12,644.84	11,282.55
	Less: Excise duty		1,461.97	1,356.42	1,253.49	1,154.69	833.57
			15,499.90	14,176.68	12,710.94	11,490.15	10,448.98
	Other income	II.2	168.13	105.75	5.59	124.39	59.09
	Total Revenue		**15,668.03**	**14,282.43**	**12,716.53**	**11,614.54**	**10,508.07**
B	**Expenses**						
	Cost of materials consumed	II.3	8,088.75	8,550.08	7,693.17	6,962.32	6,555.34
	Purchase of stock-in-trade	II.4	143.17	116.39	94.59	67.99	66.47
	Other manufacturing expenses	II.5	742.10	630.30	473.96	384.91	356.34
	Changes in inventories of finished goods, stock-in-process and stock-in-trade	II.6	43.82	44.72	(35.00)	(92.63)	(136.34)
	Employee benefits expenses	II.7	1,394.09	1,284.91	1,193.81	1,031.59	925.46
	Finance costs	II.8	116.69	161.93	191.60	231.20	242.65
	Depreciation & amortization expenses		292.68	279.54	300.00	314.48	252.02
	Other expenses	II.9	3,326.51	2,639.44	2,443.03	2,318.39	2,126.16
	Total		**14,147.81**	**13,707.31**	**12,355.16**	**11,218.25**	**10,388.11**
C	**Restated profit before tax (A - B)**		**1,520.22**	**575.12**	**361.37**	**396.29**	**119.96**
D	**Tax expense**						
	Current tax		474.91	136.45	74.34	63.04	10.41
	Deferred tax		(2.55)	11.94	8.63	24.75	31.35
E	**Restated Profit after tax, before extraordinary item (C - D)**		**1,047.86**	**426.73**	**278.40**	**308.50**	**78.20**
F	Loss of Subsidiary on amalgamation		-	-	-	-	**0.09**
G	**Restated Profit for the year before adjusting Minority Interest (E - F)**		**1,047.86**	**426.73**	**278.40**	**308.50**	**78.11**
H	Share of Profit transferred to Minority Interest		-	-	-	-	**0.74**
I	**Restated Net Profit for the years (G -H)**		**1,047.86**	**426.73**	**278.40**	**308.50**	**77.37**

Note:

The above statement should necessarily be read with the ‘Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements’ appearing in Annexure- IV, ‘Statement of Material Adjustments to the Consolidated Financial Statements’ appearing in Annexure-V and ‘Notes to the Consolidated Financial Statements’ appearing in Annexure- VI.

SHEELA FOAM LIMITED
(Formerly Sheela Foam Private Limited)
Annexure III - Restated Consolidated Summary Statement of Cash Flows

(Rs. in Million)

Particulars	For the years ended March 31				
	2016	2015	2014	2013	2012
A. Cash flows from operating activities					
Net Profit before tax as per Restated Statement of Profit and Loss Adjustments for:	**1,520.22**	**575.12**	**361.37**	**396.29**	**119.96**
Depreciation and amortisation expense	292.68	279.54	300.00	314.48	252.02
Loss/(Profit) on sale of investment	(3.96)	-	76.35	-	-
Finance costs	116.69	161.93	191.60	231.20	242.65
Provision for doubtful debts and advances	4.95	2.68	0.52	0.30	0.50
Provision for warranty claim and sales return	28.00	6.00	5.00	8.00	2.00
Advances/balances written off	-	-	-	-	2.22
Liabilities/provisions no longer required written back	-	-	-	-	(0.95)
Preliminary Expenses written off	-	-	-	-	0.02
Amalgamation Expenses written off	-	-	-	0.93	1.44
Unrealised foreign exchange loss/(gain) (net)	(7.03)	2.96	(1.16)	(9.81)	(2.92)
Interest income	(96.97)	(66.04)	(39.43)	(24.17)	(12.52)
Assets written off (net)	3.83	1.39	3.18	0.30	-
Loss/(Profit) on sale of fixed assets (net)	(13.95)	7.66	2.84	(12.94)	(0.29)
	324.24	**396.12**	**538.90**	**508.29**	**484.17**
	1,844.46	**971.24**	**900.27**	**904.58**	**604.13**
Operating profit before working capital changes Adjustment for working capital changes:					
Inventories	135.44	59.68	(79.32)	(244.57)	(342.41)
Trade and other receivables	(65.61)	56.76	(134.94)	126.96	7.21
Trade payable and other liabilities and provisions	321.81	409.32	554.54	246.23	532.81
	391.64	**525.76**	**340.28**	**128.62**	**197.61**
	2,236.10	**1,497.00**	**1,240.55**	**1,033.20**	**801.74**
Cash Generated from Working Capital Changes Cash generated from operations					
Income Tax paid	(362.58)	(81.92)	(57.06)	(63.14)	(103.55)
Translation gain/(loss)	(109.93)	58.01	60.78	2.46	(100.28)
	(472.51)	**(23.91)**	**3.72**	**(60.68)**	**(203.83)**
Net Cash from Operating Activities –A	**1,763.59**	**1,473.09**	**1,244.27**	**972.52**	**597.91**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets including capital work in progress	(373.80)	(583.41)	(307.66)	(322.07)	(643.28)
(Purchase) / Sale of Investments (net)	(96.00)	-	-	(22.15)	580.95
Sale of fixed assets	61.23	39.01	2.24	21.79	11.47
Interest income	71.94	58.11	36.10	24.25	12.52
Net Cash from Investing Activities-B	**(336.63)**	**(486.29)**	**(269.32)**	**(298.18)**	**(38.34)**
C. CASH FLOW FROM FINANCING ACTIVITIES					
Proceed / (Repayment) of Secured long term borrowings	(552.88)	(64.52)	(139.72)	(50.02)	101.95
Proceeds/ (Repayment) of Unsecured long term borrowings	(1.86)	(67.24)	(11.60)	(24.25)	104.41
Proceeds / (Repayment) from Secured short term borrowings	262.06	(224.99)	(151.44)	(207.24)	144.24
Proceeds/(Repayments) of Unsecured short term borrowings	(12.53)	(65.10)	36.48	(55.60)	(202.81)
Adjustment in Share Capital due to Consolidation	-	-	-	0.63	-

Particulars	For the years ended March 31				
	2016	2015	2014	2013	2012
Adjustments on amalgamation of Subsidiaries	-	-	(68.73)	6.06	(555.78)
Finance costs	(119.99)	(163.54)	(193.61)	(227.68)	(228.94)
Net Cash from Financing Activities-C	**(425.20)**	**(585.39)**	**(528.62)**	**(558.10)**	**(636.93)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**1,001.76**	**401.41**	**446.33**	**116.24**	**(77.36)**
Cash and bank balances (Opening Balance)	**1,169.84**	**768.43**	**322.10**	**205.86**	**283.22**
Cash and bank balances (Closing Balance)	**2,171.60**	**1,169.84**	**768.43**	**322.10**	**205.86**

Note to Cash flow statement:

(Rs. in Million)

Cash and bank balances consists of cash and cash equivalents and other bank balances as under :	For the years ended March 31				
	2016	2015	2014	2013	2012
i) Cash and cash equivalents					
- Balance with Banks	370.55	165.87	300.92	250.88	194.39
- Cash on Hand	7.59	7.65	7.81	6.33	5.68
- Deposit with original maturity less than 3 months	230.00	910.00	100.00	-	-
	608.14	**1,083.52**	**408.73**	**257.21**	**200.07**
ii) Other bank balances					
- Deposits with banks held as margin money	43.96	51.04	5.04	3.14	2.39
- Deposits with HSBC bank as Lien marked	-	28.00	-	57.02	-
- Deposits with original maturity of more than 3 months but less than 12 months	1,469.50	3.21	352.96	-	-
- Deposits with original maturity of more than 12 months	50.00	4.07	1.70	4.74	3.40
	1,563.46	**86.32**	**359.70**	**64.90**	**5.79**
	2,171.60	**1,169.84**	**768.43**	**322.10**	**205.86**

Notes:

1) The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 (AS-3) issued by the Institute of Chartered Accountants of India.

2) The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements’ appearing in Annexure – IV, ‘Statement of Material Adjustments to the Consolidated Financial Statements’ appearing in Annexure - V and ‘Notes to the Restated Consolidated Financial Statements’ appearing in Annexure – VI.

Annexure I.1: Restated Consolidated Statement of Share Capital

(Rs. in Million)

Particulars	For the years ended March 31									
	2016		2015		2014		2013		2012	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Share Capital										
Authorised Share Capital										
Equity Shares of Rs.10/- each	4,40,10,500	440.11	4,40,10,500	440.11	4,40,10,500	440.11	4,40,10,500	440.11	3,05,00,000	305.00
Total	**4,40,10,500**	**440.11**	**4,40,10,500**	**440.11**	**4,40,10,500**	**440.11**	**4,40,10,500**	**440.11**	**3,05,00,000**	**305.00**
Issued, Subscribed and Fully Paid up:										
Equity Shares of Rs.10/- each	1,62,60,936	162.61	1,62,60,936	162.61	1,62,60,936	162.61	1,62,60,936	162.61	1,61,97,640	161.97
Total	**1,62,60,936**	**162.61**	**1,62,60,936**	**162.61**	**1,62,60,936**	**162.61**	**1,62,60,936**	**162.61**	**1,61,97,640**	**161.97**

I.1.1 Right, preferences and restrictions attached to shares:

The Company has one class of equity shares having a par value of Rs. 10 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.

I.1.2 Reconciliation of the number of shares outstanding:

(Rs. in Million)

Particulars	For the years ended March 31									
	2016		2015		2014		2013		2012	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	1,62,60,936	162.61	1,62,60,936	162.61	1,62,60,936	162.61	1,61,97,640	161.97	2,40,95,200	240.95
Add: Addition during the year	-	-	-	-	-	-	63,296	0.64	2,100	0.02
Less: Cancellation during the year	-	-	-	-	-	-	-	-	75,67,960	75.68
Less: Adjustment on Consolidation	-	-	-	-	-	-	-	-	3,31,700	3.32
At the end of year	**1,62,60,936**	**162.61**	**1,62,60,936**	**162.61**	**1,62,60,936**	**162.61**	**1,62,60,936**	**162.61**	**1,61,97,640**	**161.97**

I.1.3 During 2012-13, 63,296 equity shares and during 2011-12, 2,100 equity shares of Rs. 10/- each, fully paid up were allotted without payment being received in cash.

I.1.4 Details of Shareholders holding more than 5% shares:

(Rs. in Million)

Name of the Shareholder	**As at March 31**									
	2016		**2015**		**2014**		**2013**		**2012**	
	No. of Shares	**% held**	**No. of Shares**	**% held**	**No. of Shares**	**% held**	**No. of Shares**	**% held**	**No. of Shares**	**% held**
Sh. Rahul Gautam	33,18,473	20.41	33,18,465	20.41	33,17,265	20.40	33,17,265	20.40	32,93,640	19.93
Smt. Namita Gautam	19,05,293	11.72	19,05,293	11.72	19,05,293	11.72	19,05,293	11.72	18,93,480	11.46
Smt. Sheela Gautam and Sh. Tushaar Gautam	58,53,960	36.00	58,53,960	36.00	58,53,960	36.00	58,53,960	36.00	58,53,960	35.42
M/s. Polyflex Marketing Private Limited	45,12,558	27.75	45,12,558	27.75	45,12,558	27.75	45,12,558	27.75	44,92,712	27.18

I.1.5 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group

I.1.6 'The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure I.2: Restated Consolidated Statement of Reserves and Surplus

(Rs. in Million)

Particulars	**For the years ended March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Capital Reserve					
As per last account	157.79	165.63	172.54	146.89	8.64
Add: Exchange gain/(loss) on Reserve	(24.96)	(7.84)	(6.91)	(7.21)	146.89
Add/(Less): Adjusted on amalgamation of Subsidiaries	-	-	-	32.86	(8.64)
	132.83	**157.79**	**165.63**	**172.54**	**146.89**
Securities Premium Reserve					
As per last account	-	-	-	-	27.61
Add: Transfer on amalgamation of Subsidiaries	-	-	-	-	548.24
Less: Adjusted on amalgamation of Subsidiaries	-	-	-	-	575.85
	-	-	-	-	-
General Reserve					
As per last account	252.93	252.93	252.93	252.93	700.00
Less: Adjusted on amalgamation of Subsidiaries	-	-	-	-	447.07
	252.93	**252.93**	**252.93**	**252.93**	**252.93**
Exchange Translation Reserve					
As per Last account	63.73	(2.11)	(69.80)	(46.61)	-
Add: Exchange gain on fixed assets	45.80	118.90	15.06	62.98	145.77
Add: Exchange gain/(Loss) on others	(130.78)	(53.06)	52.63	(86.17)	(192.38)
	(21.25)	**63.73**	**(2.11)**	**(69.80)**	**(46.61)**
Surplus					
As per last account	1,813.33	1,386.60	1,176.92	862.35	781.70
Add/(Less): Transfer (net) on amalgamation of subsidiaries	-	-	-	(8.97)	3.27
Less : Adjustment on Sale of investment in Associate Company	3.96	-	-	-	-
Add/(Less) : Adjustment in case of Sale/Purchase of Subsidiary	-	-	(68.72)	15.04	-
Add: Restated Profit for the year	1047.86	426.73	278.40	308.50	77.37
	2,857.23	**1,813.33**	**1,386.60**	**1,176.92**	**862.35**
Total	**3,221.74**	**2,287.78**	**1,803.04**	**1,532.58**	**1,215.56**

Notes:

I.2.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.2.2 'The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.3 Restated Consolidated Statement of Long Term Borrowings

(Rs. in Million)

Particulars	Note No.	As at March 31									
		2016		2015		2014		2013		2012	
		Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
(i) Secured											
Term loans from:											
- Banks	I.3.3	307.26	9.38	684.84	185.10	760.85	174.00	996.22	72.33	1,093.31	28.13
- Others	I.3.4	3.91	2.00	3.04	2.44	1.37	3.74	5.11	6.02	4.49	3.77
		311.17	11.38	687.88	187.54	762.22	177.74	1,001.33	78.35	1,097.80	31.90
(ii) Unsecured											
Deferred Sales Tax Liability	I.3.5	5.61	5.22	10.83	3.64	14.47	5.34	19.80	-	19.80	7.74
Deposits (from Shareholders)		-	-	0.23	-	22.50	-	21.92	-	22.95	-
Inter Corporate Deposits	I.3.6	25.00	-	25.00	-	63.63	-	56.69	-	81.43	-
Loans and advances from related parties :											
- Directors' and their relatives	I.3.7	4.50	-	2.50	-	3.50	-	22.62	-	13.35	-
		35.11	5.22	38.56	3.64	104.10	5.34	121.03	-	137.53	7.74
Total		**346.28**	**16.60**	**726.44**	**191.18**	**866.32**	**183.08**	**1,122.36**	**78.35**	**1,235.33**	**39.64**
Less: Amount disclosed under the head "Other current liabilities" (Refer Note I.8)		-	16.60	-	191.18	-	183.08	-	78.35	-	39.64
Net amount		**346.28**	**-**	**726.44**	**-**	**866.32**	**-**	**1,122.36**	**-**	**1,235.33**	**-**

Notes:

I.3.1 During the year 2012-13, there was part prepayment of Rs. 80 million out of the outstanding loan taken from Central Bank of India, and during 2015-16 outstanding loan amount of Rs. 187.85 million taken from Central Bank of India was of prepaid. These prepayments were made without payment of any prepayment charges.

I.3.2 There were no re-schedulements or defaults in the repayment of loans taken by the Group.

I.3.3 Term Loans from Banks referred above to the extent of :

Holding Company (Sheela Foam Private Limited)- Rs. 9.38 million

a) Rs. 9.38 million from Axis Bank Limited are secured by pari-passu second charge by way of equitable mortgage on Land and Building and hypothecation of movable fixed assets of the Company, present and future, excluding equipments and vehicles exclusively charged to other lenders. Further, this loan is additionally secured by the personal guarantee of some key promoter/directors i.e. Smt. Sheela Gautam, Sh. Rahul Gautam and Smt. Namita Gautam. This term loan carry rate of interest of 12.40% p.a. and entire amount is payable in July, 2016. The prepayment of this loan is subject to terms and conditions to be decided by the bank.

Foreign Subsidiary (Joyce Foam Pty. Ltd.) - Rs. 307.26 million

a) Rs. 25.08 million 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 500 bps over 6 months BBSW with quarterly rests , charged on monthly basis and the balance is repayable in 49 equal monthly installments of Rs. 0.50 million each and last installment of Rs. 0.48 million due in April'21.

b) Rs. 200.84 million as demand loan from Bank of Baroda, Sydney is secured by way of irrevocable and unconditional bank guarantee of Central Bank of India of AUD 8.00 million. This term loan carries rate of interest of 300 bps over 6 months BBSW with quarterly rest, charged on monthly basis and the balance is repayable in 2 equal annual installments of Rs. 100.42 million each and last instalment due in year 2018-19.

c) Rs. 81.34 million 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 additionally secured by Corporate Guarantee of holding company M/s Sheela Foam Pvt. 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 500 bps above BBSW with quarterly rests, charged on monthly basis and the balance is repayable in 28 equal monthly installments of Rs. 2.89 million each and last installment of Rs. 0.51 million due in June 2023.

I.3.4 Term Loans of Rs. 5.91 million from Kotak Mahindra Prime Limited are secured against specific vehicles, repayable in monthly installments comprising not more than 48 installments in the case of each loan and carry rate of interest ranging from 9.72 % to 10.35 % p.a.. The maturity profile of non-current portion is as under:

Rate of Interest (P.A.)	Maturity Profile	
	1-2 Years	**2-3 Years**
09.72 % - 10.00 %	1.56	-
10.01 % - 10.35 %	2.18	0.17
	3.74	**0.17**

I.3.5 Deferred sales tax liability consists of sales tax deferment availed under the scheme framed by Govt. of Andhra Pradesh. The deferment of sales tax (based on capital investment) was allowed for Rs. 21.96 million for the period April, 1996 to April, 2010 and for Rs. 23.33 million (based on production over and above base production) for June, 1998 to June, 2012. These are non interest bearing and are payable after the end of 14 years from the year of deferment. The maturity profile of non-current portion is as under:

Maturity Period	1-2 Years	2-3 Years
Amount due for repayment (Rs. in Million)	0.14	5.47
	0.14	**5.47**

I.3.6 Inter Corporate Deposits (ICD) have been taken from others ('Protech Consultants Pvt. Ltd. - Rs. 12.50 million' and 'Protech Financials Pvt. Ltd - Rs. 12.50 million'). These ICDs carry interest rate of 9% p.a., however, there are no stipulations as to the term of repayment of the same. As there are no stipulation regarding repayment, the same can be recalled at any time.

I.3.7 These loans are taken from key promoter Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam, key promoter/director) - Rs. 3.00 million' and 'Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam, key promoter/director) - Rs. 1.50 million'. These loans carry interest rate of 9% p.a., however, there are no stipulations as to the term of repayment of the same. As there are no stipulation regarding repayment, the same can be recalled at any time.

I.3.8 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.3.9 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.4 Restated Consolidated Statement of Deferred Tax Liability/(assets) (net):

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Deferred Tax Liability:					
-Depreciation:	94.12	79.41	85.67	85.85	57.16
Deferred Tax Assets:					
-Expenses allowable on Payment basis	39.14	27.07	53.11	69.46	62.16
-Provision for Doubtful Debts	-	0.29	0.18	0.10	0.49
-Provision for product warranties	-	-	-	-	5.51
-Provision for employee benefits	35.56	27.99	25.91	19.47	12.95
-Disallowances u/s 35DD	-	0.20	0.33	0.50	0.39
	(74.70)	(55.55)	(79.53)	(89.53)	(81.50)
Net Deferred Tax Liabilities/(assets)	**19.42**	**23.86**	**6.14**	**(3.68)**	**(24.34)**

I.4.1 The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Group.

I.4.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.5 Restated Consolidated Statement of Other Long Term Liabilities

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Security Deposits	342.13	274.88	217.86	174.11	113.74
TOTAL	**342.13**	**274.88**	**217.86**	**174.11**	**113.74**

Notes:

I.5.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.5.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements’ appearing in Annexure – IV, ‘Statement of Material Adjustments to the Consolidated Financial Statements’ appearing in Annexure - V and ‘Notes to the Restated Consolidated Financial Statements’ appearing in Annexure – VI.

Annexure: I.6 Restated Consolidated Statement of Long Term Provisions

(Rs. in Million)

Particulars	**For the years ended March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Provision for employee benefits:					
-Gratuity	76.96	62.19	58.14	44.40	36.29
-Leave encashment	29.45	40.05	39.45	36.38	37.50
TOTAL	**106.41**	**102.24**	**97.59**	**80.78**	**73.79**

Notes:

I.6.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.6.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.7 Restated Consolidated Statement of Short Term Borrowings

(Rs. in Million)

Particulars	**For the years ended March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
(i) Secured					
Working Capital Loans from Banks (refer Note I.7.1)	772.63	510.56	735.56	887.00	1,094.24
(ii) Unsecured					
Demand Loan from Bank	-	-	60.91	-	-
Book overdraft	0.58	2.16	2.00	11.81	7.26
Others	15.06	26.02	30.36	45.00	105.14
TOTAL	**788.27**	**538.74**	**828.83**	**943.81**	**1,206.64**

Notes:

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

Holding Company (Sheela Foam Private Limited) - Rs. 407.80 million

(a) All loans are secured by pari-passu first charge by way of hypothecation on stocks i.e. raw material, stock-in-process, finished goods, stores and spares and receivables, book debts and all other current assets of the Company both present and future. Further, these loans are additionally secured by the personal guarantee of some key promoter/Directors i.e. Smt. Sheela Gautam, Sh. Rahul Gautam and Smt. Namita Gautam.

(b) Loan of Rs. 74.09 million from Central Bank of India is additionally secured by way of equitable mortgage on Land and Building of the Company located at Kala Amb, Erode, Talwada, Greater Noida, Surajpur, Hyderabad, Delhi and Sahibabad. This loan is subject to penal interest in case of delay in submission of MSOD/QIS statement.

(c) Loan of Rs. 294.42 million from Yes Bank is additionally secured by pari-passu second charge on all movable and immovable fixed assets of the Company both present and future. This loan is subject to submission of certificates in respect of unhedged foreign currency exposure, failing which the rate of commission is subject to additional 25% of document commission.

(d) Loan of Rs. 39.29 million from Citi Bank is secured by way of pari-passu second charge on all movable and immovable fixed assets of the Company both present and future. This loan is subject to additional interest @ 4% p.a. on overdues/delays/defaults in payments. The prepayment penalty is 2% of the sanctioned amount or principal outstanding, whichever is higher at the discretion of the bank.

(e) The above loans carries varied floating interest rates.

Foreign Subsidiary (Joyce Foam Pty. Limited)- Rs. 364.83 million

(a) Loan of Rs. 259.89 million 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 Pvt. 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 500 bps over 6 months BBSW with quarterly rests, charged on monthly basis.

(b) Rs. 4.52 million 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. also by way of personal guarantees of , Directors of Joyce Foam 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 500 bps over 6 months BBSW with quarterly rests, charged on monthly basis.

(c) Rs. 100.42 million as demand loan from Bank of Baroda, Sydney is secured by way of irrevocable and unconditional bank guarantee of Central Bank of India of AUD 8.00 million. This term loan carries rate of interest of 300 bps over 6 months BBSW with quarterly rest, charged on monthly basis.

(d) In case of non/delayed submission of stock statements, balance sheet / profit and loss account, late payment of instalments/interest or non-compliance of any terms and conditions of the sanction, a penal interest @ 2% p.a. shall be charged by the bank.

I.7.2 There were no re-schedulements or defaults in the repayment of loans taken by the Group.

I.7.3 There were no penalties in repayment of loans taken by the group.

I.7.3 Includes Deposit / loan of Rs. 15.06 million as at March 31, 2016, received from Mr. Frank Van Gogh, CEO & Director of the Subsidiary Company, Joyce Foam Pty Ltd, Australia. It is repayable on recall and is unsecured. The interest payable equates to the lender's cost of borrowings plus a margin that does not exceed the cost charged by the lender bank of the Subsidiary.

I.7.4 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.7.5 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.8 Restated Consolidated Statement of Other Current Liabilities

(Rs. in Million)

Particulars	Note No.	For the years ended March 31				
		2016	**2015**	**2014**	**2013**	**2012**
Current maturities of Long term borrowings	I.3	16.60	191.18	183.08	78.35	39.64
Interest accrued but not due on borrowings		0.33	0.41	0.34	1.68	2.21
Interest accrued and due on borrowings		0.03	3.25	4.93	5.62	1.56
Advance from Customers		423.60	209.00	180.50	142.16	106.31
Statutory liabilities		80.16	44.10	61.20	55.80	67.34
Accrued expenses		583.89	681.98	456.57	53.80	53.20
Creditors for assets		10.64	19.46	8.13	8.06	26.02
Creditors for expense		250.49	156.66	172.85	123.86	98.61
Other liabilities	I.8.1	97.76	88.00	122.52	283.35	128.61
TOTAL		**1,463.50**	**1,394.04**	**1,190.12**	**752.68**	**523.50**

Notes:

I.8.1 Other Liabilities comprise of advance received from others etc.

I.8.2 There is no amount due and outstanding to be credited to Investors Education & Protection Fund.

I.8.3 The Holding Company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 as per its vendor registration system. Hence disclosures, if any, relating to amounts unpaid at the yearend together with interest paid/payable as required under the said Act are not applicable/ascertainable. Further, the provisions of the said Act are not applicable to the Foreign Subsidiary (Joyce Foam Pty. Ltd.).

I.8.4 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.8.5 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements’ appearing in Annexure – IV, ‘Statement of Material Adjustments to the Consolidated Financial Statements’ appearing in Annexure - V and ‘Notes to the Restated Consolidated Financial Statements’ appearing in Annexure – VI.

Annexure: I.9 Restated Consolidated Statement of Short Term Provisions

(Rs. in Million)

Particulars	**Note No.**	**As at March 31**				
		2016	**2015**	**2014**	**2013**	**2012**
Provision for employee benefits:						
-Gratuity		4.28	4.33	4.17	5.04	4.50
-Leave Encashment		76.20	52.15	50.75	54.19	55.02
Medical welfare fund		-	-	5.92	4.78	3.49
		80.48	56.48	60.84	64.01	63.01
Warranty Claims	I.9.1	64.00	36.00	30.00	25.00	17.00
Provision for Income Tax (Net of Advance Taxes)		162.01	52.25	-	-	-
TOTAL		**306.49**	**144.73**	**90.84**	**89.01**	**80.01**

I.9.1 **Provision for Warranty Claims:**

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

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Opening Balance	36.00	30.00	25.00	17.00	15.00
Less : Amount utilized during the year	35.02	27.87	-	-	-
	0.98	2.13	25.00	17.00	15.00
Add: Provision made during the year	63.02	33.87	5.00	8.00	2.00
Closing Balance	**64.00**	**36.00**	**30.00**	**25.00**	**17.00**

I.9.2 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.9.3 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.10 Restated Consolidated Statement of Non Current Investments

(Rs. in Million)

Particulars	**As at March 31**									
	2016		**2015**		**2014**		**2013**		**2013**	
	Nos.	**Amount**	**Nos.**	**Amount**	**Nos.**	**Amount**	**Nos.**	**Amount**	**Nos.**	**Amount**
(A) Trade Investments										
(a) In Equity Shares of Joint venture Company - Unquoted, fully paid up										
Sheela woodbridge urethanes private limited of Rs. 10/- each	-	-	-	-	-	-	7,634,940	76.35	5,419,940	54.20
		-		-		-				
Total Trade Investments (A)		**-**		**-**		**-**		**76.35**		**54.20**
(B) Other Investments										
(a) In Bonds & Debentures of Other Company - fully paid up										
IDBI Investment Deposit Account Scheme,1986 (Unquoted)		0.04		0.04		0.04		0.04		0.04
Secured Rated Fully Redeemable Index Linked Non-convertible Debentures of Citi Corp Finance (India) Limited of Rs. 1,00,000/- each (Quoted)	1,000	100.00		-		-		-		-
Total Other Investments (B)		**100.04**		**0.04**		**0.04**		**0.04**		**0.04**
Total Restated Non Current Investments (A + B)		**100.04**		**0.04**		**0.04**		**76.39**		**54.24**
Aggregate amount of Quoted Investments		100.00		-		-		-		-
Market value of Quoted Investments		101.27		-		-		-		-
Aggregate amount of Unquoted investments		0.04		0.04		0.04		76.39		54.24
Aggregate provision for diminution in value of Unquoted investments		Nil		Nil		Nil		Nil		Nil
Total Restated Non Current Investments		**100.04**		**0.04**		**0.04**		**76.39**		**54.24**

Notes:

I.10.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.10.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.11 Restated Consolidated Statement of Long Term Loans and Advances

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
(Unsecured, considered good)					
Capital Advances	128.55	92.71	53.62	31.13	21.76
Inter-corporate loans (Interest bearing) (Refer Note No. I.11.1)	-	-	-	-	10.34
Security Deposits	13.85	17.13	15.24	22.70	20.27
Advance to Distributors/Dealers					
- For Vehicles	2.50	1.80	1.45	-	-
- For Mattress Service Centres	-	1.12	0.18	-	-
	2.50	2.92	1.63	-	-
Loans to Staff	0.96	0.89	0.67	3.19	3.02
Advance Taxes (Net of Provisions)	-	-	2.70	15.16	14.18
TOTAL	**145.86**	**113.66**	**73.86**	**72.18**	**69.57**

Notes:

I.11.1 Amounts due from Related parties are as under:

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Core Moulding Pvt. Ltd., Related Entity	-	-	-	-	6.08
Polyflex Marketing Pvt. Ltd., Related Entity	-	-	-	-	4.26

I.11.2 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.11.3 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.12 Restated Consolidated Statement of Other Non-Current Assets

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
(Unsecured, considered good)					
Margin money deposits with Banks	5.09	0.33	0.33	2.09	3.01
Deposits with Banks	9.43	8.89	3.77	2.77	-
Interest accrued but not due on margin money deposits with banks.	0.02	0.10	0.18	0.77	0.56
TOTAL	**14.54**	**9.32**	**4.28**	**5.62**	**3.57**

Notes:

I.12.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.12.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.13 Restated Consolidated Statement of Inventories

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Raw Materials	334.30	373.70	432.71	404.02	313.80
- in Transit	111.03	166.60	127.18	94.86	75.28
	445.33	**540.30**	**559.89**	**498.88**	**389.08**
Stock-in-process	325.72	362.75	381.61	354.52	248.96
Finished Goods	91.02	96.27	122.35	104.32	110.19
Waste & Scrap	-	-	-	-	0.55
Stock-in-trade	0.28	1.83	1.60	11.72	18.23
Packing Material	48.22	48.53	42.67	57.33	39.09
- in Transit	3.04	1.23	2.12	1.64	1.49
	51.26	**49.76**	**44.79**	**58.97**	**40.58**
Stores and Spares	127.62	127.10	125.69	130.24	109.16
- in Transit	4.90	3.58	5.31	3.28	0.61
	132.52	**130.68**	**131.00**	**133.52**	**109.77**
TOTAL	**1,046.13**	**1,181.59**	**1,241.24**	**1,161.93**	**917.36**

Notes:

I.13.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.13.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.14 Restated Consolidated Statement of Trade Receivables

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Outstanding for a period exceeding six months :					
-Unsecured, considered good	18.35	22.86	63.63	57.67	50.07
-Unsecured, considered doubtful	7.70	3.29	0.82	0.30	2.77
	26.05	26.15	64.45	57.97	52.84
Less: Provisions for doubtful debt	7.70	3.29	0.82	0.30	2.77
	18.35	22.86	63.63	57.67	50.07
Others	1,152.34	1,122.13	1,137.20	986.76	1,103.49
TOTAL	**1,170.69**	**1,144.99**	**1,200.83**	**1,044.43**	**1,153.55**

Notes:

I.14.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.14.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.15 Restated Consolidated Statement of Cash and Bank Balances

(Rs. in Million)

	Particulars	**As at March 31**				
		2016	**2015**	**2014**	**2013**	**2012**
(i)	Cash and cash equivalents					
	a. Balance with banks	370.55	165.87	300.92	250.88	194.39
	b. Cash on hand	7.59	7.65	7.81	6.33	5.68
	c. Deposits with original maturity of less than 3 months	230.00	910.00	100.00	-	-
		608.14	**1,083.52**	**408.73**	**257.21**	**200.07**
(ii)	Other bank balances					
	a. Deposits with Banks held as margin money	43.96	51.04	5.04	3.14	2.39
	b. Deposits with HSBC Bank as lien marked	-	28.00	-	57.02	-
	c. Deposits with original maturity of more than 3 months but less than 12 months	1,469.50	3.21	352.96	-	-
	d. Deposits with original maturity of more than 12 months	50.00	4.07	1.70	4.74	3.40
		1,563.46	**86.32**	**359.70**	**64.90**	**5.79**
	TOTAL	**2,171.60**	**1,169.84**	**768.43**	**322.10**	**205.86**

Notes:

I.15.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.15.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.16 Restated Consolidated Statement of Short Terms Loans and Advances

(Rs. in Million)

Particulars	**Note No.**	**As at March 31**				
		2016	**2015**	**2014**	**2013**	**2012**
(Unsecured, considered good)						
Loans and advances to related parties:	I.16.1					
- Joint ventures		-	-	-	74.89	96.59
- Associates Companies		28.92	27.25	25.90	28.33	33.62
		28.92	**27.25**	**25.90**	**103.22**	**130.21**
Advance to contractors/suppliers		41.86	42.92	27.94	24.90	10.67
Balances with Statutory/Government authorities:						
- Excise & Custom		46.61	37.57	76.35	47.15	34.72
- VAT/Sales Tax		19.71	17.57	28.56	23.77	25.71
Others		-	-	0.14	0.29	0.14
		66.32	**55.14**	**105.05**	**71.21**	**60.57**
Prepaid Expenses		37.97	34.99	37.81	9.49	9.06
Loans to Staff		3.09	1.60	7.11	-	-
Advance to Distributors/Dealers						
- For Vehicles		2.75	2.22	1.84	-	-
- For Mattress Service Centres		5.71	3.02	3.94	-	-
		8.46	**5.24**	**5.78**	**-**	**-**
Other Loans & Advances	I.16.2	3.44	4.04	3.71	18.55	22.66
TOTAL		**190.05**	**171.20**	**213.30**	**227.35**	**233.16**

Notes:

I.16.1 Amounts due from Related parties are as under:

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Rangoli Resorts Pvt. Ltd., Related Entity	28.92	25.99	23.36	22.68	33.62
Core Moulding Pvt. Ltd., Related Entity	-	1.26	2.54	4.25	-
Sheela Woodbridge Urethanes Pvt. Ltd., Joint Venture	-	-	-	74.89	96.59
Polyflex Marketing Pvt. Ltd., Related Entity	-	-	-	1.40	-

I.16.2 Others Loans & Advances comprise of staff advances for expenses, other party advances etc.

I.16.3 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.16.4 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: I.17 Restated Consolidated Statement of Other Current Assets

(Rs. in Million)

Particulars	**As at March 31**				
	2016	**2015**	**2014**	**2013**	**2012**
Subsidy receivable	13.91	13.90	13.91	13.91	13.91
Insurance claim receivable	-	-	-	0.35	37.50
Interest accrued but not due on fixed deposits/Bonds	36.61	11.78	3.87	0.55	0.41
Income tax refund	9.14	9.17	9.17	9.14	9.14
Excise Duty Refundable	0.36	0.99	0.05	-	-
Mat credit entitlement	-	-	-	4.76	-
Margin money deposit with Bank	-	-	13.32	10.87	9.64
TDS Recoverable	-	-	-	-	0.02
Discount receivable	8.85	22.55	19.45	24.11	0.97
TOTAL	**68.87**	**58.39**	**59.77**	**63.68**	**71.59**

Notes:

I.17.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Assets and Liabilities of Group.

I.17.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: II.1 Restated Consolidated Statement of Revenue From Operations

(Rs. in Million)

Particulars	**Note No.**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Sale of products (Gross):						
- Finished Goods (Own Manufactured)	II.1.1.a	16,712.13	15,324.92	13,847.60	12,564.22	11,208.97
- Traded Goods	II.1.1.b	236.48	191.34	105.82	71.35	66.44
		16,948.61	**15,516.27**	**13,953.41**	**12,635.56**	**11,275.41**
Other operating revenue:						
- Duty drawback		0.40	0.61	1.21	0.61	1.06
- Sale of process scrap		12.86	16.22	9.81	8.67	6.08
		13.26	**16.83**	**11.02**	**9.28**	**7.14**
TOTAL		**16,961.87**	**15,533.10**	**13,964.43**	**12,644.84**	**11,282.55**

Notes:

II.1.1 Detail of sale of products:

(Rs. in Million)

	Particulars		**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
a	Finished Goods (Own Manufactured):						
	- PU Foam sheets/mattresses/rolls/bolster/pillows etc.		16,712.13	15,324.92	13,847.60	12,564.22	11,208.97
			16,712.13	**15,324.92**	**13,847.60**	**12,564.22**	**11,208.97**
b	Traded Goods						
	- PU Foam/Spring/Coir mattresses etc.		236.48	191.34	105.82	71.35	66.44
			236.48	**191.34**	**105.82**	**71.35**	**66.44**
	TOTAL		**16,948.61**	**15,516.27**	**13,953.41**	**12,635.56**	**11,275.41**

II.1.2 The figures disclosed above are based on the Restated Consolidated Summary Statement of Profit and Loss of the Group.

II.1.3 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements’ appearing in Annexure – IV, ‘Statement of Material Adjustments to the Consolidated Financial Statements’ appearing in Annexure - V and ‘Notes to the Restated Consolidated Financial Statements’ appearing in Annexure – VI.

Annexure: II.2 Restated Consolidated Statement of Other Income

(Rs. in Million)

Particulars	**Recurring/ Non-recurring Activity (Note No. II.2.1)**	**Business/Non-Business Activity (Note No. II.2.1)**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Interest income :	Recurring	Non-Business					
- Bank deposits			90.42	53.41	28.64	3.24	1.15
- Others			6.55	12.63	10.79	20.93	11.37
			96.97	**66.04**	**39.43**	**24.17**	**12.52**
Liabilities/provisions no longer required written back	Non-Recurring	Business	-	-	-	-	0.95
Rent	Recurring	Non-Business	0.69	1.47	3.96	4.10	5.39
Insurance claim realised	Non-Recurring	Non-Business	-	0.28	0.02	34.13	-
Profit/(loss) on sale of fixed assets (net)	Non-Recurring	Non-Business	13.95	(7.66)	(2.84)	12.94	0.29
Profit/(loss) on sale of Investments in Associates/Joint Venture	Non-Recurring	Non-Business	3.96	-	(76.35)	-	-
Sale of non-process scrap	Recurring	Non-Business	47.37	37.42	35.52	34.39	31.30
Other miscellaneous income	Non-Recurring	Non-Business	5.20	8.20	5.85	14.66	8.64
TOTAL			**168.13**	**105.75**	**5.59**	**124.39**	**59.09**

Notes:

II.2.1 The classification of other income as recurring/non-recurring, related/not related to business activity is based on the current operations and business activity of the Group as determined by the management.

II.2.2 The figures disclosed above are based on the Restated Consolidated Summary Statement of Profit and Loss of the Group

II.2.3 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements’ appearing in Annexure – IV, ‘Statement of Material Adjustments to the Consolidated Financial Statements’ appearing in Annexure - V and ‘Notes to the Restated Consolidated Financial Statements’ appearing in Annexure – VI.

Annexure: II.3 Restated Consolidated Statement of Cost of Material Consumed

(Rs. in Million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Raw material					
Opening Stock	373.70	432.71	404.02	313.80	265.89
Purchases (less returns)	7,710.27	8,147.26	7,350.14	6,748.65	6,384.96
	8,083.97	8,579.97	7,754.16	7,062.45	6,650.85
Less : Sales	106.62	85.78	0.80	13.75	63.27
Less : Closing Stock	334.30	373.70	432.71	404.02	313.80
	7,643.05	**8,120.49**	**7,320.65**	**6,644.68**	**6,273.78**
Packing Material					
Opening Stock	48.53	42.67	57.33	39.09	30.68
Purchases (less returns)	458.64	443.14	362.01	337.15	294.16
	507.17	485.81	419.34	376.24	324.84
Less : Sales	13.25	7.67	4.15	1.27	1.21
Less: Stock Lost/Destroyed in Fire	-	-			2.98
Less : Closing Stock	48.22	48.53	42.67	57.33	39.09
	445.70	**429.61**	**372.52**	**317.64**	**281.56**
TOTAL	**8,088.75**	**8,550.10**	**7,693.17**	**6,962.32**	**6,555.34**

II.3.1 Value of imported and indigenous Raw material and Packing material consumed and the percentage of each to the total consumption:

(Rs. in Million)

Particulars	2015-16		2014-15		2013-14		2012-13		2011-12	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
(a) Raw material - imported	2,915.06	38.14%	3,213.28	39.57%	3,210.11	43.85%	2,862.53	43.08%	1,559.04	24.85%
Raw material - indigenous	4,727.99	61.86%	4,907.21	60.43%	4,110.54	56.15%	3,782.15	56.92%	4,714.74	75.15%
Total	**7,643.05**	**100.00%**	**8,120.49**	**100.00%**	**7,320.65**	**100.00%**	**6,644.68**	**100.00%**	**6,273.78**	**100.00%**
(a) Packing material - imported	30.46	6.83%	30.00	6.99%	11.39	3.06%	0.83	0.26%	0.60	0.21%
Packing material - indigenous	415.24	93.17%	399.61	93.01%	361.13	96.94%	316.81	99.74%	280.96	99.79%
Total	**445.70**	**100.00%**	**429.61**	**100.00%**	**372.52**	**100.00%**	**317.64**	**100.00%**	**281.56**	**100.00%**
Total	**8,088.75**		**8,550.10**		**7,693.17**		**6,962.32**		**6,555.34**	

II.3.2 Detail of raw material consumed

(Rs. in Million)

Particulars	2015-16		2014-15		2013-14		2012-13		2011-12	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
- T.D.I	1,743.38	22.81%	2,110.52	25.99%	2,098.83	28.67%	2,073.80	31.21%	1,471.20	23.45%
- Polyol	3,712.99	48.58%	4,074.05	50.17%	3,456.08	47.21%	2,924.32	44.01%	2,970.01	47.34%
- Others (includes coir sheets, catalyst, cloth, chemicals etc	2,186.68	28.61%	1,935.92	23.84%	1,765.74	24.12%	1,646.56	24.78%	1,832.57	29.21%
Total	**7,643.05**	**100.00%**	**8,120.49**	**100.00%**	**7,320.65**	**100.00%**	**6,644.68**	**100.00%**	**6,273.78**	**100.00%**

II.3.3 The figures disclosed above are based on the Restated Consolidated Summary Statement of Profit and Loss of the Group.

II.3.4 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: II.4 Restated Consolidated Statement of Purchase of Stock-in-Trade

(Rs. in Million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Traded goods - PU Foam/Spring/Coir mattresses etc.	143.17	116.39	94.59	67.99	66.47
TOTAL	**143.17**	**116.39**	**94.59**	**67.99**	**66.47**

Notes:

II.4.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Profit and Loss of the Group.

II.4.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: II.5 Restated Consolidated Statement of Other Manufacturing Expenses

(Rs. in Million)

Particulars	**Note No.**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Stores consumed	II.5.1	319.69	266.11	156.07	110.53	135.34
Power & fuel		105.92	111.86	117.24	104.52	83.27
Repair and maintenance:						
-Buildings		32.20	10.25	11.96	8.81	10.26
-Plant & machinery		107.19	94.86	78.39	72.39	69.53
Processing & other charges		177.10	147.22	110.30	88.66	57.94
TOTAL		**742.10**	**630.30**	**473.96**	**384.91**	**356.34**

II.5.1 Value of imported and indigenous stores consumed and the percentage of each to the total consumption:

(Rs. in Million)

Particulars	**2015-16**		**2014-15**		**2013-14**		**2012-13**		**2011-12**	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Stores - imported	16.50	5.16%	27.41	10.30%	57.84	37.06%	36.45	32.98%	41.98	31.02%
Stores - indigenous	303.19	94.84%	238.70	89.70%	98.23	62.94%	74.08	67.02%	93.36	68.98%
Total	**319.69**	**100.00%**	**266.11**	**100.00%**	**156.07**	**100.00%**	**110.53**	**100.00%**	**135.34**	**100.00%**

II.5.2 The figures disclosed above are based on the Restated Consolidated Summary Statement of Profit and Loss of the Group.

II.5.3 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: II.6 Restated Consolidated Statement of Changes in Inventories of Finished Goods, Stock-in-Process and Stock -in – Trade

(Rs. in Million)

Particulars	**Note No.**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Inventories at the end of the year						
Finished goods		91.02	96.27	122.35	104.32	110.74
Stock-in-trade		0.28	1.83	1.60	11.72	18.23
Stock-in-process	II.6.1	325.72	362.75	381.61	354.52	248.96
		417.02	**460.84**	**505.56**	**470.56**	**377.93**
Inventories at the beginning of the year						
Finished goods		96.27	122.35	104.32	110.74	84.92
Stock-in-trade		1.83	1.60	11.72	18.23	3.46
Stock-in-process		362.75	381.61	354.52	248.96	179.25
		460.84	**505.56**	**470.56**	**377.93**	**267.63**
Less: Inventories lost in fire during the year						
Finished goods		-	-	-	-	1.40
Stock-in-trade		-	-	-	-	0.20
Stock-in-process		-	-	-	-	24.44
		-	**-**	**-**	**-**	**26.04**
TOTAL		**43.82**	**44.72**	**(35.00)**	**(92.63)**	**(136.34)**

Notes:

II.6.1 Detail of stock-in-process:

(Rs. in Million)

Particulars	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
- Foam Blocks	325.72	362.75	381.61	354.52	248.96
TOTAL	**325.72**	**362.75**	**381.61**	**354.52**	**248.96**

II.6.2 The figures disclosed above are based on the Restated Consolidated Summary Statement of Profit and Loss of the Group.

II.6.3 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: II.7 Restated Consolidated Statement of Employee Benefits Expenses

(Rs. in Million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Salaries, wages, bonus, gratuity, allowances etc.	1,250.86	1,145.20	1,017.80	942.69	856.71
Contribution to provident, ESI and other funds etc.	41.49	35.00	30.65	25.28	20.56
Workmen & staff welfare expenses	101.74	104.71	145.36	63.62	48.19
TOTAL	**1,394.09**	**1,284.91**	**1,193.81**	**1,031.59**	**925.46**

II.7.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Profit and Loss of the Group.

II.7.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: II.8 Restated Consolidated Statement of Finance Costs

(Rs. in Million)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Interest Expense on :					
- Term loans	16.76	47.52	63.58	66.51	102.46
- Working capital loans	7.99	9.67	9.51	35.31	72.92
- Loans from others	0.93	3.14	8.46	11.53	3.67
- Advance income tax	5.27	0.71	1.67	-	9.92
- Others	68.60	77.92	88.09	85.17	23.57
	99.55	**138.96**	**171.31**	**198.52**	**212.54**
Bank Charges	17.14	22.97	20.29	32.68	30.11
TOTAL	**116.69**	**161.93**	**191.60**	**231.20**	**242.65**

II.8.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Profit and Loss of the Group.

II.8.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure: II.9 Restated Consolidated Statement of Other Expenses

(Rs. in Million)

Particulars	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Rent	148.02	145.60	149.82	156.78	145.22
Insurance	39.11	40.61	46.53	47.34	40.29
Rates & taxes	35.85	33.87	42.03	37.93	27.72
Repair & maintenance others	49.78	42.15	40.68	35.76	24.25
Advertisement expenses	681.02	493.21	365.10	321.59	278.12
Travelling and conveyance	81.87	73.27	66.40	62.36	58.18
Payment to Auditors:					
- Audit Fees	2.76	2.29	2.13	3.28	3.56
- Taxation matters	-	0.18	-	0.10	0.28
- Certification work	0.83	-	0.05	0.03	0.02
- Reimbursement of expenses	0.14	0.30	0.40	0.15	0.12
	3.73	**2.77**	**2.58**	**3.56**	**3.98**
Contributions towards CSR	12.24	1.23	-	-	-
Advances/Balances/Bad debts written off	-	-	-	-	2.22
Preliminary Expenses written off	-	-	-	-	0.02
Provision for doubtful debts and advances	4.95	2.68	0.52	0.30	0.50
Provision for warranty claims	28.00	6.00	5.00	8.00	2.00
Selling & promotional expenses	310.53	200.68	217.54	157.31	176.83
Sales promotion schemes	641.81	517.61	424.77	423.32	240.56
Freight & cartage (net)	300.61	290.61	311.49	306.53	391.21
Incentives & Rebates	734.59	589.56	496.49	567.28	580.03
Exchange fluctuation loss (net)	4.52	5.76	92.30	37.12	29.82
Loss/(profit) on settlement of insurance claims of:					
Inventories	-	-	-	12.60	-
Fixed assets	-	-	-	(12.10)	-
	-	**-**	**-**	**0.50**	**-**
Amalgamation expenses written off	-	-	-	0.93	1.44
Assets written off (net)	3.83	1.39	3.18	0.30	-
Miscellaneous expenses	246.05	192.44	178.60	151.48	123.77
TOTAL	**3,326.51**	**2,639.44**	**2,443.03**	**2,318.39**	**2,126.16**

II.9.1 The figures disclosed above are based on the Restated Consolidated Summary Statement of Profit and Loss of the Group.

II.9.2 The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies of the Restated Consolidated Financial Statements’ appearing in Annexure – IV, ‘Statement of Material Adjustments to the Consolidated Financial Statements’ appearing in Annexure - V and ‘Notes to the Restated Consolidated Financial Statements’ appearing in Annexure – VI.

Annexure IV: Basis of Preparation and Significant Accounting Policies of Restated Consolidated Financial Statements for the years ended March 31, 2016, 2015, 2014, 2013 and 2012

1. General Information

Sheela Foam Limited (hereinafter referred to as 'the Holding Company') is an ISO 9001:2000 Company pioneered in the manufacturing of polyurethane foams in India. The Company has 11 manufacturing units using the state-of-the-art technology at strategic locations across the country and five manufacturing units in Australia, owned by its Foreign Subsidiary Joyce Foam Pty Limited and its Controlled Entities.

2. Details of Subsidiaries

(i) The accompanying Restated Consolidated Financial Information include the audited financial statements of 'Sheela Foam Limited ("the Holding Company") and its following Subsidiaries and its share of interest in Associate Company, collectively referred to as 'the Group'.

Name of the company	Country of origin	% of Holding				
		March 31,				
		2016	2015	2014	2013	2012
Subsidiaries						
Joyce Foam Pty Limited and Controlled Entities	Australia	100 %	100 %	100 %	100 %	100 %
Divya Software Solutions Private Limited	India	100 %	100 %	-	-	-
Kanpav Overseas Private Limited (Note-1)	India	-	-	-	-	78.10 %
RG Pillow India Private Limited (Note-1)	India	-	-	-	-	82.00 %
Auora Foams Private Limited (Note-1)	India	-	-	-	-	71.14 %
Starlite India Private Limited (Note-1)	India	-	-	-	-	90.50 %
SNB Bedding International Private Limited (Note-1)	India	-	-	-	-	100%
Associate Company		-				
Sleepwell Enterprises Private Limited (Note-3)	India	-	38%	38%	38%	38%

Note-1 In accordance with the Scheme of Amalgamation approved by Hon'ble High Court of Delhi on 15 March, 2013, five Subsidiaries i.e. Kanpav Overseas Private Limited, RG Pillow India Private Limited, Auora Foams Private Limited, Starlite India Private Limited and SNB Bedding International Private Limited were merged with the Holding Company with effect from the appointed date i.e. 01 April, 2012. As per order of amalgamation, the amalgamation had been accounted for under the "pooling of interests" method as prescribed by 'Accounting Standard–14' on 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India. Accordingly, assets, liabilities and reserves/surplus of these Subsidiaries at 01 April, 2012 (appointed date) had been incorporated in the financial statements of Holding Company in the same manner and form as they appear in the financial statements of Subsidiaries at their carrying amount.

Note-2 In accordance with the Scheme of Amalgamation approved by The Hon'ble High Court of Delhi vide order dated 18th October, 2011, the Subsidiary company 'Serta India Pvt. Ltd.' (SIPL), engaged in trading of poly-urethane products, was merged with the Holding Company during 2011-12, as the amalgamation was operative from the appointed date of Ist April, 2010 and has come into effect (effective date) on 30.11.2011.

As per order of amalgamation, the amalgamation has been accounted for under the "pooling of interests" method as prescribed by 'Accounting Standard–14' on 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India. Accordingly, assets, liabilities and reserves/surplus of SIPL at 01.04.2010 (appointed dated) have been incorporated in the financial statements of the Holding Company during the year 2011-12, in the same manner and form as they appear in the financial statements of SIPL at their carrying amount. Further, the income accruing and expenses incurred by erstwhile 'SIPL' during the period 1st April, 2010 (appointed date) to 31st March, 2011 resulting in net loss of Rs. 0.09 million have also been incorporated in these accounts, as during the period between the appointed date and the effective date, SIPL carried on the existing business in "trust" on behalf of the Holding Company.

Note-3 Till 31.03.2012, the 'Sleepwell Enterprises Private Limited' was the Associate Company of the Group, due to significance influence and shareholding held by two Subsidiaries, and during 2012-13, due to merger of these Subsidiaries with the Holding Company, the said Company became the Associate Company of Holding Company. Accordingly the share of interest in the said Company has been considered in the Consolidated Financial Statements from 2012-13 to 2014-15 and due to sale of investment in the said Company during 2015-16, it is no longer an Associate Company of the Group, and therefore has not been considered in the Consolidated Financial Statements for 2015-16.

Note-4 The Restated Consolidated Financial Information, have been prepared, by consolidation of the Holding Company, with its Subsidiaries and its interest in Associate Company, and have been combined in accordance with the Accounting Standard (AS) 21 "Consolidated Financial Statements", on a line- by-line basis by adding the book values of like items of assets, liabilities, income and expenses, after eliminating intra -group balances / transactions and unrealised profits / losses in full in the case of Subsidiaries and in accordance with Accounting Standard-23 on "Accounting for Investments in Associates in Consolidated Financial Statements". Further the following joint venture has not been consolidated considering the same as jointly controlled entity in terms of the Accounting Standard (AS) 27 "Joint Venture". However appropriate disclosure has been given in Para 1 of Annexure VI to the Restated Consolidated Financial Statements.

Name of Entity	Relationship with the Company	Period of Relationship during Financial Years ended March 31, 2016, 2015, 2014, 2013 and 2012
Sheela Woodbridge Urethanes Private Limited	Joint Venture	2011-12, 2012-13 & 2013-14

3. Basis of Preparation of 'Restated Consolidated Summary Financial Information'

The Restated Consolidated Summary Statement of Assets and Liabilities of the Group as at March 31, 2016, 2015, 2014, 2013, and 2012 and the related Restated Consolidated Summary Statement of Profit and Loss and Cash Flows for the years ended March 31, 2016, 2015, 2014, 2013 and 2012 (collectively referred to as the 'Restated Consolidated Summary Financial Information') have been prepared specifically for the purpose of inclusion in the Draft Red Herring Prospectus (hereinafter referred to as 'DRHP') to be filed by the Holding Company with the Securities and Exchange Board of India (SEBI) in connection with the proposed Initial Public Offering (hereinafter referred to as 'IPO').

The Restated Consolidated Summary Financial Information has been prepared by applying necessary adjustments to the audited consolidated financial statements ('financial statements') of the Group for the years ended March 31, 2016, 2015, 2014, 2013 and 2012. The financial statements are prepared and presented under the historical cost convention, except for certain financial instruments which are measured at fair values, using the accrual system of accounting in accordance with the generally accepted accounting principles in India ('Indian GAAP'), the provisions of the Companies Act, 1956 (up to March 31, 2014), and notified sections, schedules and rules of the Companies Act, 2013 (with effect from April 01, 2014), including the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014), to the extent applicable. The financial statements of foreign Subsidiary have been prepared in accordance with the Generally Accepted Accounting Principles of its Country of incorporation.

The financial statements are prepared in Indian rupees except in the case of foreign Subsidiary where the financial statements are prepared in the respective functional currency of the country of incorporation i.e. AUD.

The financial statements of the Subsidiaries and Associate Company are drawn upto the same reporting date as that of the Holding Company, i.e. March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012.

Operating Cycle:

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalent.

4. Principles of consolidation

The Restated Consolidated financial Statements of the Group include the financial statements of the Holding Company and its Subsidiaries and its share of investment in the Associate Company, and have been combined in accordance with the Accounting Standard (AS) 21 "Consolidated Financial Statements", on a line- by-line basis by adding the book values of like items of assets, liabilities, income and expenses, after eliminating intra -group balances / transactions and unrealised profits / losses in full in the case of Subsidiaries and in accordance with Accounting Standard-23 on "Accounting for Investments in Associates in Consolidated Financial Statements".

In case of foreign Subsidiary, being non-integral foreign operations, revenue items are consolidated at the average exchange rates prevailing during the year. All assets and liabilities are converted at the exchange rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Exchange Fluctuation Reserve.

The Restated Consolidated financial Statements of the Group have been prepared using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies, in the same manner as the Holding Company's separate financial statements except as otherwise stated in the Significant Accounting Policies. One of the Subsidiary Company namely Joyce Foam Pty Ltd, Australia and the Associate Company namely Sleepwell Enterprises Pvt. Ltd., India had been following straight line method for charging depreciation since their inception, which is different from the written down value method used by Holding Company and other Subsidiaries. As explained by the management, it is impractical to follow the similar depreciation method for all the Companies in the Group, however, as the depreciation in both the cases is provided over the estimated useful life of the assets, there will be no material impact/variation therein.

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The excess / deficit of cost to the Holding Company of its investment over its portion of equity in the Subsidiaries at the respective dates on which investment in subsidiaries was made is recognised in the Consolidated Financial Statements as "Goodwill on Consolidation"/ "Capital Reserve". The said goodwill is not amortised, however, it is tested for impairment at each balance sheet date and the impairment loss, if any, is provided for.

Minority interest in the net assets of the consolidated Subsidiaries consist of:

(i) The amount of equity attributable to minorities as at the date on which the investment in a subsidiary is made and,

(ii) The minorities share of movements in equity since the date the parent-subsidiary relationship came into existence.

The losses applicable to the minority in excess of the minority interest in the equity of the subsidiary and further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to and is able to make good the losses. If the subsidiaries subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

Minority interest is presented separately from the liabilities or assets and the equity of the shareholders in the Consolidated Statement of Assets and Liabilities. Minority interest in the income or loss of the company is separately presented.

Subsidiaries acquired / sold /merged during the period have been consolidated from / up to the respective date of their acquisition / disposal / merger. The difference between the proceeds from sale / disposal of investment in a subsidiary or the amalgamation and the carrying amount of assets less liabilities as of the date of sale / disposal / merger is recognized in the Consolidated Restated Statement of Profit and Loss as profit or loss on sale / disposal / amalgamation of subsidiary.

5. Use of Estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of consolidated financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. On an ongoing basis, estimates are evaluated based on historical experience and on various other assumptions that are believed to be reasonable, the results of which forms the basis for making judgments about the carrying value of assets and liabilities. Actual results could differ from those estimates. Any revision to estimates or difference between the actual result and estimates are recognised in the period in which the results are known/ materialized.

6. Statement of significant accounting policies

6.1 Fixed Assets

(i) Fixed assets are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any.

(ii) Expenditure on renovation/ modernization relating to existing fixed assets is added to the cost of such assets where it increases its performance/life significantly.

(iii) Cost of leasehold land is amortized over the period of lease.

6.2 Depreciation

In the case of the Holding Company (Sheela Foam Limited) and Subsidiary (Divya Software Solutions Private Limited)

(i) Depreciation on fixed assets is provided on written down value basis over the estimated useful life of the assets, in the manner prescribed in Schedule II of the Companies Act, 2013. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

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

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

(ii) Depreciation on addition or on sale/discard of an asset is calculated pro-rata from / up to the date of such addition or sale/discard.

(iii) The assets costing up to Rs. 5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value.

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

(i) The depreciable amount of all fixed assets including capitalised lease assets, is depreciated on a straight line basis over the estimated useful lives to the Company commencing from time the assets is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The estimated useful lives for various categories of assets varies as follows:

Asset	Useful life as assessed/estimated by the Company (No. of Years)
Machinery	10 - 15
Vehicles	4 - 6
Furniture, fittings and equipment	3 - 5

In the case of Associate (Sleepwell Enterprises Private Limited)

(i) Depreciation on fixed assets is provided on straight line method over the estimated useful life of the assets, in the manner prescribed in Schedule II of the Companies Act, 2013.

(ii) Pursuant to the notification of Schedule II of the Companies Act, 2013, effective 1st April, 2014, based on internal technical evaluation and internal assessment of usage pattern, the useful lives of the assets have been re-estimated. Accordingly the carrying amount as at 1st April, 2014 is being depreciated over the remaining useful life of the assets. 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	60	59
IT Equipment	3	6
Office Equipment	5	20
Electrical Fittings	10	20

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

6.3 Revenue Recognition

(i) Sale Revenue is recognized net of trade discount, on transfer of the significant risks and rewards of ownership of the goods to the buyer and it is reasonable to expect ultimate collection. Sale revenue is inclusive of excise duty but excludes the sales tax/VAT which is recoverable from the buyer. Sale also includes excise duty charged on inter unit transfers, but excludes the transaction value of the inter unit transfers and sales return including under warranty.

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

(iii) Interest income is recognised on time proportion basis.

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

6.4 Provision and contingent liabilities

(i) The Company creates a provision when there is a present obligation arising as result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balances sheet date and are not discounted to its present value.

(ii) A disclosure for a contingent liability is made when there is a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

6.5 Government Grants / Subsidy

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

6.6 Investments

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

6.7 Inventory Valuation

(i) Inventories are valued at the lower of cost and net realisable value.

(ii) In respect of raw material, packing material and stores & spares, cost is computed on first in first out basis.

(iii) Finished goods and stock-in-process include cost of input conversion and other costs including manufacturing overheads incurred in bringing them to their present location and condition.

(iv) Obsolete, defective and unserviceable stocks are provided for, wherever required.

(v) Excise duty on finished goods manufactured is accounted for on clearance of goods from factory premises.

6.8 Impairment of Assets

The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impaired loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal An impairment loss for an asset is reversed, if and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized, the carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss being recognized for the asset in prior year/s.

6.9 Employee Benefits

In the case of the Holding Company (Sheela Foam Private Limited)

(i) Liability towards Gratuity is considered as the defined benefit scheme and is recognized on the basis of actuarial valuation on projected unit credit method at balance sheet date.

(ii) Earned Leave which is encashable is considered as long term benefit and is provided on the basis of actuarial valuation on projected unit credit method at balance sheet date. In the case of foreign Subsidiary such leaves are provided based on the present value of the estimated future cash outflows for the said benefit.

(iii) The benefits in the form of contribution to Provident Fund and Employee State Insurance are considered as the defined contribution schemes and are recognized on the basis of the amount paid or payable for the period during which services are rendered by the employees.

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

(i) 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.

6.10 Borrowing costs:

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

6.11 Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at balance sheet date are translated at the year end exchange rates. Exchange rate differences arising on settlement of transaction and translation of monetary items are recognized as income or expenses in the year in which they arise. Premium or discount on forward exchange contract is amortised as income or expense over the life of the contract. Exchange difference on such contract is recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expenditure during the period.

6.12 Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to fair value of the leased property or the present value of minimum lease payments, including any guaranteed residuals values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognized as a liability and amortised on a straight-line basis over the Financial Instruments.

6.13 Goodwill

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

6.14 Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when the feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on systematic basis matched to the future economic benefits over useful life of the project.

6.15 Transactions with Group Companies

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

6.16 Taxation

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

6.17 Earnings per Share:

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

The above should necessarily be read with the 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure – V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure - V : Material Adjustments to the Consolidated Financial Statements

1. The summary of results of restatement made in the consolidated financial statements for the respective years and its impact on the profit/ (loss) of the Group is as follows:

(Rs. in Million)

Particulars	For the years ended March 31,				
	2016	2015	2014	2013	2012
(A) Net consolidated profit after tax as per audited consolidated financial statements	**1,047.13**	**423.22**	**260.80**	**283.16**	**177.83**
(B) Material amounts related to adjustments for previous years :					
Add/(less): Sundry balances/advances written off	1.66	3.33	21.21	4.76	3.93
Add /(less): Provisions no longer required written back	(0.66)	(0.26)	(0.33)	(10.06)	(2.62)
Add/(less): Expense pertaining to previous period/s	0.11	1.65	(1.58)	0.71	(0.82)
Add/(less): Insurance claim received	-	-	-	-	(143.34)
Add/(less): Short/excess provision of income taxes of earlier years and MAT	-	(0.02)	4.77	(5.12)	2.18
(C) Net Restated consolidated profit before Tax Adjustments (A+B)	**1,048.24**	**427.92**	**284.87**	**273.45**	**37.16**
(D Tax Implications / Adjustments					
- Add/(less): Current tax implications	(0.38)	(1.19)	(6.47)	2.65	47.38
- Add/(less): Deferred tax implications / adjustments	-	-	-	32.40	(7.17)
Net Restated Consolidated profit for the year (A+B+D)	**1,047.86**	**426.73**	**278.40**	**308.50**	**77.37**

2. Notes on Material Adjustments pertaining to prior years

(a) Sundry balances / advances written off

During the years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012, the Company had written off certain trade receivables and other advances which were no longer expected to be recoverable. For the purpose of this statement, such write off of these receivables / advances have been appropriately adjusted in the respective year/s to which they relate and in audited opening balance figures in the net surplus in the statement of profit and loss for the year 2011-12 i.e. as at 01.04.2011 for the impact upto 31.03.2011.

(b) Provisions no longer required, written-back

During the years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012, certain liabilities which were recorded in earlier year/s were written-back. For the purpose of this statement, the said liabilities have been appropriately adjusted in the respective financial statement captions, in the year/s in which the liabilities were originally recorded and in the audited opening balance figures in the net surplus in the statement of profit and loss for the year 2011-12 i.e. as at 01.04.2011 for the impact upto 31.03.2011.

(c) Expense recorded pertaining to previous period/s

During the years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012, certain item of expenses have been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in the respective year/s to which such expenses relate and in the audited opening balance figures in the net surplus in the statement of profit and loss for the year 2011-12 i.e. as at 01.04.2011 for the impact upto 31.03.2011.

(d) Insurance claim received

During the year ended March 31, 2012, the Holding Company had received the insurance claim against loss by fire occurred upto the period ended March 31, 2011. Upto March 31, 2011, insurance claims were accounted for on receipt basis and from 2011-12, the Company had changed the method of accounting of the same to accrual basis, where no significant uncertainty exists as to its realization as the management considered that the revised methodology was more appropriate and gave fairer presentations of the results and the financial position of the Company. For the purpose of this statement, the claim receipt has been appropriately adjusted in the respective year/period in which the loss was incurred to ensure the accounting of the same on accrual basis as per the amended accounting policy.

(e) Short/excess provision of income taxes and reversal of MAT of earlier year/s

The Statement of Profit and Loss for the years ended March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 include amounts paid / provided for or refunded / written back, in respect of shortfall / excess current tax arising upon filing of tax returns, assessments etc. which have now been adjusted in the respective year/s to which they relate.

During the year ended March 31, 2013, the Company had recognized MAT credit entitlement which was reversed subsequently during the year ended March 31, 2014, in the absence of convincing evidence that the Company will pay normal income tax during the specified period. Accordingly, such reversal of MAT credit entitlement has been adjusted in the respective year to which it relates.

(f) Current tax impact on adjustments / Earlier year/s

The tax implications of the adjustment /restatement has been computed and adjusted in the respective year/s and in the audited opening balance figures in the net surplus in the statement of profit and loss for the year 2011-12 i.e. as at April 1, 2011 for the impact upto March 31, 2011.

(g) Deferred tax impact on adjustments / Earlier year/s

Deferred tax has been computed on adjustments made as detailed above and has been adjusted in the restated statement of profit and loss for the years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 and the balance brought forward in the Restated Statement of Profit and Loss as at 1 April, 2011.

During the year ended March 31, 2013, the Company has performed a reconciliation of the deferred tax liability (net). Based on such reconciliation, unrecorded liabilities pertaining to earlier years in respect of depreciation has been restated to the years in which these should have been originally recorded and in the balance brought forward in the Restated Statement of Profit and Loss as at April 1, 2011 for the impact upto March 31, 2011.

3. Material re groupings

Appropriate adjustments have been made in the Restated Consolidated Financial Information, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company as at and for the year ended March 31, 2016, prepared in accordance with Schedule III of the Act and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended). Accordingly, the Company has presented the Restated Summary Financial Information as at and for the years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 following the requirements of Schedule III of the Act.

Restatement adjustments made in the audited balance of Surplus in the Statement of Assets and Liabilities as at April 1, 2011 are as under:

Particulars	Rs. in Million
Net Surplus in Consolidated Statement of Assets and Liabilities as at April 1, 2011	**728.42**
Adjustments:	
- Sundry balances/advances written off / back	(34.89)
- Provisions no longer required written back	13.93
- Expenses pertaining to previous period	(0.07)
- Short / Excess provision of Income Tax of earlier years and reversal of MAT	(1.81)
- Insurance Claims received	143.34
Total adjustments	**120.50**
Current Income Tax	(41.99)
Deferred tax	(25.23)
Net Restated Surplus in the Restated Consolidated Summary Statement of Assets and Liabilities as at April 1, 2011	**781.70**

The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies to the Restated Consolidated Financial Statements' appearing in Annexure – IV and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure VI : Statement of Notes to Restated Consolidated Summary Statements of Asset and Liabilities, Profit and Loss and Cash Flows for the years ended March 31, 2016, 2015, 2014, 2013 and 2012

1. Joint Venture (AS-27) :

During 2012-13 and 2013-14, the Company had non-current investment of Rs. 76.35 million representing 50% of the total share capital in an Indian Company 'Sheela Woodbridge Urethanes (P) Ltd.' (SWUPL), however, as SWUPL was in losses since inception and its net worth had eroded, therefore, the Company decided to exit the joint venture on 31.03.2014 and the entire investment was sold at a consideration of Re.1/- w.e.f. 31.03.2014 in terms of the share purchase agreement dated 12.04.2014 to the other joint venture partner 'Woodbridge Foam International Ltd.' resulting in loss of Rs. 76.35 million, which was charged to expenses. During the year 2013-14, the Company utilized the expertise of SWUPL for imparting technical training to its employees and paid a fee of Rs. 56.18 million to SWUPL, which was treated as 'Workmen & staff welfare expenses. Further, accumulated interest of Rs. 14.61 million on loan (net of recovery of principal amount of Rs. 50 million during the year) and Rs. 6.39 million in terms of lease rentals due from SWUPL was written off as considered no longer recoverable during 2013-14.

Disclosures related to Company's interests in jointly controlled entity as required by AS-27 are as under:

(Rs. In Million)

Particulars	As at March 31, 2014 / For the year 2013-14 (Rs. in Million) (Note -1)	As at March 31, 2013 / For the year 2012-13 (Rs. in Million)	As at March 31, 2012 / For the year 2011-12 (Rs. In Million)
EQUITY AND LIABILITIES			
Shareholders' funds	Nil	5.41	5.87
Non-current liabilities	Nil	77.85	1,00.28
Current liabilities	Nil	106.76	119.93
Total Equity and Liabilities	**Nil**	**190.02**	**226.08**
ASSETS			
Non-current assets			
- Fixed assets	Nil	80.24	91.10
- Other non-current assets	Nil	42.59	27.45
Current assets	Nil	67.19	107.54
Total Assets	**Nil**	**190.02**	**226.08**
INCOME			
Revenue from operations	Nil	173.88	115.07
Other Income	Nil	0.18	0.39
Total Revenue	**Nil**	**174.06**	**115.46**
EXPENSES			
Cost of materials and other manufacturing expenses	Nil	132.26	82.14
Finance and administration expense	Nil	64.68	53.41
Depreciation and amortization expense	Nil	13.91	15.32
Total Expenses	**Nil**	**210.85**	**150.87**
Loss before tax	**Nil**	**36.79**	**35.41**
Current/Deferred Tax	Nil	(14.18)	(4.36)
Loss after tax	**Nil**	**22.61**	**31.05**

Note-1 : As the Holding Company has exited the Joint Venture w.e.f. 31.03.2014, there is no interest in jointly controlled entity as at 31.03.2014 onwards, however, various transactions with the Joint Venture have been disclosed under related parties transactions in Annexure - X.

2. Due to fire at Sikkim unit on 25.09.2011 at Holding Company, stock (finished stock, stock-in-process, stock-in-trade, packing material and store & spares) valued at Rs 30.65 million was destroyed and fixed assets (Building Shed, Plant & machinery, Furniture & fixtures and other equipments) having book value of Rs. 6.86 million (original cost: Rs. 16.45 million less accumulated depreciation: Rs. 9.59 million) were damaged. Insurance claim has been lodged and as the management was reasonably confident of its recovery, the stock and fixed assets of Rs. 30.65 million and Rs. 6.86 million had been reduced from the 'Inventory' and 'Fixed Assets' respectively and shown as "Insurance Claim Receivable" under "Other Current Assets" as at the year end (at 31.03.2012).

Prior to the year 2011-12 i.e. till 31.03.2011, insurance claims were accounted for on receipt basis and therefore the claims of Rs. 143.34 million received against the fire occurred in the earlier years had been accounted as income during the year 2011-12 at the time of its receipt. From the year 2011-12 onwards, the Holding Company has changed the method of accounting of the same to accrual basis, where no significant uncertainty exists as to its realization. The management considered that the revised methodology was more appropriate and gave fairer presentations of the results and the financial position of the Company. Had the earlier practice followed, the profit for the year 2011-12 would have been lower by Rs. 37.50 million.

For the purpose of these restated statements, the claim receipt of Rs. 143.34 million during 2011-12 (against the fire occurred till 31.03.2011) has been appropriately adjusted in the audited opening balance of net surplus in the statement of profit and loss for the year 2011-12 i.e. as at 01.04.2011 to ensure the accounting of the same on accrual basis as per the amended accounting policy.

3. Capital and Leasing Commitments:

Holding Company:

The Holding Company has taken various properties under cancelable lease. The lease agreements are normally renewed on expiry. There are no restrictions placed upon the Company by entering into these lease and there are no subleases. Lease payments included in 'Rent' in Annexure – II.9 and debited to the Restated Consolidated Statement of Profit and Loss is as below:

(Rs. In Million)

Particulars	**For the year ended March 31,**				
	2016	**2015**	**2014**	**2013**	**2012**
Lease rent	9.21	16.45	16.44	21.23	11.44
Total	**9.21**	**16.45**	**16.44**	**21.23**	**11.44**

Foreign Subsidiary Company : Joyce Foam Pty. Ltd.

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

(Rs. In Million)

Particulars	**As at March 31, 2016 (Rs. In Million)**	**As at March 31, 2015 (Rs. In Million)**
Payable-minimum lease payments		
- not later than 12 months	161.08	101.09
- between 12 months and five years	380.85	189.29
- greater than five years	111.27	80.81
TOTAL	**653.20**	**371.19**

4. Deferred Tax Liabilities/(assets) (Net)

Components of deferred tax liability/(assets) (net) are as follows:

(Rs. in Million)

Timing Difference on account of	As at March 31				
	2016	**2015**	**2014**	**2013**	**2012**
Deferred tax liabilities					
Tax effect of items constituting Deferred Tax Liabilities					
On differences between book and tax depreciation	94.12	79.41	85.67	85.85	57.16
Less: Tax effect of items constituting Deferred Tax Assets					
- Expenses allowable on payment basis	39.14	27.07	53.11	69.45	62.02
- Provision for Doubtful Debts	-	0.29	0.18	0.10	0.49
- Provision for product warranties	-	-	-	-	5.51
- Others	-	-	-	0.01	0.14
- Provision for employee benefits	35.56	27.99	25.91	19.47	12.95
- Disallowance u/s 35D	-	0.20	0.33	0.50	0.39
Net Deferred tax liabilities/(assets)	**19.42**	**23.86**	**6.14**	**(3.68)**	**(24.34)**

5. Earnings Per Share

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Net Profit as per Restated Consolidated Statement of Profit & Loss - (Rs. In Million)	1,047.86	426.73	278.40	308.50	77.37
Basic/Diluted weighted average number of equity shares outstanding during the year (Note-1)	4,87,82,808	4,87,82,808	4,87,82,808	4,87,82,808	4,85,92,920
Nominal value of Equity Share(Rs.)	5.00	5.00	5.00	5.00	5.00
Basic/Diluted Earnings per Share(Rs.)	21.48	8.75	5.71	6.32	1.59

Note-1: After considering the impact of the split up of face value of equity shares from Rs. 10 each to Rs. 5 each and the issue of bonus shares in the ratio of 1 bonus share for every 2 fully paid up equity shares of face value of Rs. 5 each to the existing equity shareholders, an issue without consideration, and treating the said issue as if it had occurred prior to the beginning of the year 2011-12, the earliest period reported.

6. Employee Benefits:-

(i) Defined Benefit Scheme:

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

(ii) Defined Contribution Scheme

Group's employees are covered by Provident Fund and Employees State Insurance to which the Company makes a defined contribution measured as a fixed percentage of salary. Following amount in respective years has been charged to the Restated Consolidated Statement of Profit & Loss towards contribution to above schemes/benefits.

(Rs. in Miliion)

Particulars	For the year ended March 31				
	2016	**2015**	**2014**	**2013**	**2012**
Contribution to Provident Fund & Employees State Insurance	41.49	35.00	33.37	27.28	21.51

(iii) Other Long term Benefits

Employees of the Group are entitled to accumulate their earned / privilege leave up to a maximum of 120 days except 30 days in the year 2011-12 which is payable/encashable as per the policy on their separation. Year wise amount charged to the Restated Consolidated Statement of Profit and Loss towards provision for the said benefits based on actuarial valuation are as under:-

(Rs. in Million)

Particulars	For the year ended March 31				
	2016	**2015**	**2014**	**2013**	**2012**
No. of encashable leaves (in Days)	120	120	120	120	30
Amount charged to the Statement of Profit and Loss	10.63	6.53	8.17	8.51	1.94

(iv) Other disclosures as required under AS–15 (Revised 2005) on "Employee Benefits" (to the extent as available in the respective financial statements of the Group Companies) are as under:-

(a) Change in present value of obligation:

(Rs. in Million)

Particulars	Gratuity				
	2015-16	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Present Value of obligation at the beginning of year	66.52	62.31	49.44	40.79	33.83
Interest cost	5.32	5.30	3.96	3.26	2.88
Current Service Cost	8.12	6.77	6.60	5.30	5.34
Benefit Paid	(5.40)	(1.33)	(4.39)	(1.29)	(0.84)
Net actuarial (Gain) / Loss on obligation	6.68	(6.52)	6.70	1.38	(0.42)
Present value of the defined benefit at the end of year	81.24	66.52	62.31	49.44	40.79

(Rs. in Million)

Particulars	Leave Encashment				
	2015-16	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Present Value of obligation at the beginning of year	15.84	13.92	10.57	4.78	3.79
Interest cost	1.27	1.18	0.85	0.38	0.32
Current Service Cost	3.21	2.51	2.49	1.92	0.29
Benefit Paid	(4.96)	(4.60)	(4.83)	(2.71)	(2.87)
Net actuarial (Gain) / Loss on obligation	6.15	2.84	4.83	6.21	1.24
Present value of the defined benefit at the end of year	21.51	15.84	13.92	10.57	2.77

(b) Expense recognized in the Statement of Profit and Loss.

(Rs. in Million)

Particulars	Gratuity				
	2015-16	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Current Service Cost	8.12	6.77	6.60	5.30	5.34
Interest cost on benefit obligation	5.32	5.30	3.96	3.26	2.88
Expected return on plan assets	-	-	-	-	-
Net actuarial (Gain) / Loss	6.68	(6.52)	6.70	1.38	(0.42)
Amount recognised in Statement of Profit and Loss	20.12	5.55	17.26	9.95	7.80

(Rs. in Million)

Particulars	Leave Encashment				
	2015-16	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Current Service Cost	3.21	2.51	2.49	1.92	0.29
Interest cost on benefit obligation	1.27	1.18	0.85	0.38	0.32
Expected return on plan assets	-	-	-	-	-
Net actuarial (Gain) / Loss	6.15	2.84	4.83	6.21	1.24
Amount recognised in Statement of Profit and Loss	10.63	6.53	8.17	8.51	1.85

(c) Disclosure of the current year and for the previous four years as required by paragraph 120(n) of AS-15.

(Rs. in Million)

Particulars/Year	2015-16	2014-15	2013-14	2012-13	2011-12
Gratuity					
Present Value of obligation at the end of year	81.24	66.52	62.31	49.44	40.79
Fair Value of Plan assets at the end of year	-	-	-	-	-
Difference i.e. Assets/ (Liabilities)	(81.24)	(66.52)	(62.31)	(49.44)	(40.79)
Net Assets / (Liability) recognised in the Balance Sheet	(81.24)	(66.52)	(62.31)	(49.44)	(40.79)
Experience Adjustment arising on :					
a) The Plan Liabilities / PVO	(6.68)	(10.45)	(10.77)	(1.38)	(0.12)
b) The Plan Assets	N.A. as there are no plan assets				
Leave Encashment					
Present Value of obligation at the end of year	21.51	15.84	13.92	10.57	2.77
Fair Value of Plan assets at the end of year	--	--	--	--	--
Difference i.e. Assets/ (Liabilities)	(21.51)	(15.84)	(13.92)	(10.57)	(2.77)
Net Assets / (Liability) recognised in the Balance Sheet	(21.51)	(15.84)	(13.92)	(10.57)	(2.77)
Experience Adjustment arising on :					
a) The Plan Liabilities / PVO	(6.15)	(1.89)	(5.74)	(6.21)	(1.26)
b) The Plan Assets	N.A. as there are no plan assets				

(d) Actuarial Assumptions:

Principal assumptions used for actuarial valuation are:

Particulars	Gratuity				
	2015-16	2014-15	2013-14	2012-13	2011-12
Method used		Projected unit credit method			
Discount rate	8.00%	8.00%	8.50%	8.00%	7.50%/8.50%
Salary Escalation	5.00%	5.00%	5.00%	5.00%	5%/5.50%/6%
Mortality Rate	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (1994-96)	LIC(1994-96)ultimate /modified
Withdrawal rate up to 30/44 and above 44 years	3%/2%/1%				
Rate of return on plan assets	N.A., as there are no plan assets				

Particulars	Leave Encashment				
	2015-16	2014-15	2013-14	2012-13	2011-12
Method used		Projected unit credit method			
Discount rate	8.00%	8.00%	8.50%	8.00%	8.50%
Salary Escalation	5.00%	5.00%	5.00%	5.00%	5.50%
Mortality Rate	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (1994-96)	LIC(1994-96)ultimate /modified
Withdrawal rate up to 30/44 and above 44 years	3%/2%/1%				
Rate of return on plan assets	N.A., as there are no plan assets				

7. 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 during the financial year 2014-15. 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 year 2015-16 is as under:

(Rs. in Million)

Particulars	Amount spent during the current year (2015-16)	Amount pending for spending as at 31.03.2016	Total Amount
Gross Amount lying pending for the earlier year as at 01.04.2015			4.80
Gross Amount required to be spent during the current year			7.27
Amount spent during the year on :			
a. Construction/acquisition of any asset	-	-	-
b. Contribution to Trusts / NGOs / Societies	12.24	-	12.24

8. **Segment Reporting**

(i) Primary Segment

Business Segment: The Group has considered business segment as the primary segment for disclosure. The Group is primarily engaged in the manufacturing of the products of same type/class and as such there is no reportable segment as per Accounting Standard (AS-17) dealing with the segment reporting.

(ii) 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	**(Rs. in Million)**		
	Within India	**Outside India**	**Total**
For the year ended March 31, 2016			
Net Sales/Income from Operations	12,647.16	2,852.74	15,499.90
Total Assets	6,182.11	1,700.95	7,883.06
Cost incurred during the period to acquire fixed assets	359.91	51.28	411.19
For the year ended March 31, 2015			
Net Sales/Income from Operations	11,356.36	2,820.32	14,176.68
Total Assets	5,115.33	1,679.61	6,794.94
Cost incurred during the period to acquire fixed assets	520.09	52.21	572.30
For the year ended March 31, 2014			
Net Sales/Income from Operations	10,023.53	2,687.41	12,710.94
Total Assets	4,428.36	1,823.50	6,251.86
Cost incurred during the period to acquire fixed assets	150.48	22.14	172.62
For the year ended March 31, 2013			
Net Sales/Income from Operations	8,866.20	2,623.95	11,490.15
Total Assets	3,995.93	1,668.48	5,664.41
Cost incurred during the period to acquire fixed assets	646.82	11.15	657.97
For the year ended March 31, 2012			
Net Sales/Income from Operations	7,822.93	2,626.05	10,448.98
Total Assets	3,639.04	1,762.19	5,401.23
Cost incurred during the period to acquire fixed assets	662.63	31.46	694.09

The above Statement should necessarily be read with the ‘Basis of Preparation and Significant Accounting Policies’ appearing in Annexure - IV and ‘Statement of Material Adjustments to the Consolidated Financial Statements’ appearing in Annexure - V.

Annexure – VII : Restated Consolidated Statement of Contingent Liabilities and Commitments

Restated Contingent liabilities and Commitments:

(Rs. in Million)

Sr. No.	Particulars	As at March 31				
		2016	**2015**	**2014**	**2013**	**2012**
(i)	**Contingent Liabilities (to the extent not provided for)**					
a	Guarantees to Banks and Financial Institutions against credit facilities extended	855.59	956.13	567.39	476.71	629.30
b	Guarantees given by the Bankers on behalf of the Group to third parties	7.85	8.61	20.89	24.76	26.09
c	Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards (Note-1) :					
	- Sales tax	52.19	63.05	138.55	115.53	110.47
	- Entry tax	10.45	10.45	12.80	10.45	5.50
	- Income tax	50.13	94.69	232.01	39.77	13.84
	- Excise Duty	83.97	47.65	38.49	21.85	21.80
	- Others	7.50	-	-	-	-
(ii)	**Commitments**					
a	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	136.06	187.26	115.45	90.06	46.00
	TOTAL	**1,203.74**	**1,367.84**	**1,125.58**	**779.13**	**853.00**

Notes :

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

2) The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies to the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure VIII : Restated Consolidated Statement of Accounting Ratios

Particulars	For the years ended March 31				
	2016	**2015**	**2014**	**2013**	**2012**
Restated net profit after tax attributable to equity shareholders (Rs. In Million)	**1,047.86**	**426.73**	**278.40**	**308.50**	**77.37**
Weighted number of equity shares outstanding during the year (Note-3)	4,87,82,808	4,87,82,808	4,87,82,808	4,87,82,808	4,85,92,920
Basic and diluted earnings per share (EPS) in Rs. – of Face value Rs. 5/- per share – (Note 1.a & 1.b)	21.48	8.75	5.71	6.32	1.59
Restated Net worth (Rs. in Million)	**3,384.35**	**2,450.39**	**1,965.65**	**1,695.19**	**1,377.53**
Return on Net Worth (refer note below) (Note 1.c & 3)	30.96%	17.42%	14.16%	18.20%	5.62%
Net asset value per equity share of Face value Rs. 5 per share (Note 1.d)	69.38	50.23	40.29	34.75	28.35

Notes:

1. The ratios have been computed as below:

    (i) Basic earnings per share (Rs.) = Restated net profit after tax attributable to equity shareholders / Weighted number of equity shares outstanding during the year
    (ii) Diluted earnings per share (Rs.) = Restated net profit after tax attributable to equity shareholders / Weighted number of diluted potential equity shares outstanding during the year
    (iii) Return on net worth (%) = Restated net profit after tax attributable to equity shareholders /Net worth x 100
    (iv) Restated net asset value per equity share (Rs.) = Restated Net worth as at the end of the year / Total number of equity shares outstanding at the end of the year.

2. The Group does not have any revaluation reserves or extra ordinary items.

3. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion to total number of days during the year. Further, number of shares are after considering the impact of the split up of face value of equity shares from Rs. 10 each to Rs. 5 each and the issue of bonus shares in the ratio of 1 bonus share for every 2 fully paid up equity shares of face value of Rs. 5 each to the existing equity shareholders, an issue without consideration, and treating the said issue as if it had occurred prior to the beginning of the year 2011-12, the earliest period reported.

4. Net worth for ratios mentioned in note 1(c) and 1(d) is = Equity share capital + Reserves and surplus (including surplus in the Statement of Profit and Loss).

5. Earnings per share calculations are in accordance with Accounting Standard 20 – Earnings per share, notified under the Companies (Accounting Standards) Rules 2006, as amended.

6. The figures disclosed above are based on the Restated Consolidated Financial Statements of the Group.

The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies to the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure – IX : Restated Consolidated Capitalization Statement

Particulars	**Pre issue as at March 31, 2016 (Rs. in million)**	**As adjusted for Issue (Note - 2)**
Debt		
Short Term debt (A)	788.27	-
Long term debt (B) (Note – 3)	362.88	-
Total Debt (C=A+B)	**1,151.15**	
Shareholder's funds		
Share Capital	162.61	-
Reserves & Surplus	3,221.74	-
Total Shareholder's funds (D)	**3,384.35**	
Total debt / Shareholder's funds (C/D)	**0.34:1**	
Long-term debt / Shareholder's funds (B/D)	**0.11:1**	

Notes:

1) The above has been computed on the basis of the Restated Consolidated Summary Statements of Assets & Liabilities of the Group.

2) The corresponding figures (As adjusted for issue) are not determinable at this stage pending the completion of book building process and hence have not been furnished.

3) Long-term debts are borrowings other than short-term borrowings and also includes current maturities of long-term debt included in other current liabilities.

The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies to the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure – X : Restated Consolidated Statement of Related Party Transactions

A. List of related parties and their relationship :

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Joint Venture :					
	-	-	Sheela Woodbridge Urethanes Pvt. Ltd	Sheela Woodbridge Urethanes Pvt. Ltd	Sheela Woodbridge Urethanes Pvt. Ltd
Entities in which Key Management Personnel or their Relatives have significance influence :					
	Polyflex Marketing Pvt. Ltd. (Note-1)	Polyflex Marketing Pvt. Ltd. (Note-1)	Polyflex Marketing Pvt. Ltd. (Note-1)	Polyflex Marketing Pvt. Ltd. (Note-1)	Polyflex Marketing Pvt. Ltd. (Note-1)
	Rangoli Resorts Pvt. Ltd.	Rangoli Resorts Pvt. Ltd.	Rangoli Resorts Pvt. Ltd.	Rangoli Resorts Pvt. Ltd.	Rangoli Resorts Pvt. Ltd.
	Core Moulding Pvt. Ltd.	Core Moulding Pvt. Ltd.	Core Moulding Pvt. Ltd.	Core Moulding Pvt. Ltd.	Core Moulding Pvt. Ltd.
	Sleepwell Foundation (Trust)	Sleepwell Foundation (Trust)	Sleepwell Foundation (Trust)	Sleepwell Foundation (Trust)	Sleepwell Foundation (Trust)
	Sleepwell Enterprises Pvt. Ltd.	-	-	-	-
Key Managerial Personnel :					
	Mr. Rahul Gautam (Managing Director) (Note-1)	Mr. Rahul Gautam (Managing Director) (Note-1)	Mr. Rahul Gautam (Managing Director) (Note-1)	Mr. Rahul Gautam (Managing Director) (Note-1)	Mr. Rahul Gautam (Managing Director) (Note-1)
	Mr. Rakesh Chahar (Wholetime Director)	Mr. Rakesh Chahar (Wholetime Director)	Mr. Ravindra Sharma (Wholetime Director)	Mr. Ravindra Sharma(Wholetime Director)	Mr. Ravindra Sharma(Wholetime Director)
	-	-	Mr. Rakesh Chahar (Wholetime Director)	Mr. Rakesh Chahar (Wholetime Director)	Mr. Rakesh Chahar (Wholetime Director)
	Mr, Frank Van Gogh(CEO and Director, of Subsidiary)	Mr, Frank Van Gogh(CEO and Director, of Subsidiary)	Mr, Frank Van Gogh(CEO and Director, of Subsidiary)	Mr, Frank Van Gogh(CEO and Director, of Subsidiary)	Mr, Frank Van Gogh(CEO and Director, of Subsidiary)

Note – 1: These parties are also Key Promoters / Shareholders of the Group.

B. Details of transactions with related parties:

(i) For the year ended March 31, 2016

(Rs. in Million)

S. No.	Transactions	Related Entity	Key Management Personnel	Relatives of Key Management Personnel
(i)	**Transactions during the period:**			
a.	Sale of Material/ Capital Goods	0.07	--	--
b.	Investment sold	--	--	4.00
c.	Loans & Advances Recd. back	1.36	--	--
d.	Deposit recd.	--	--	2.00
e.	Deposit repaid	--	0.23	-
f.	Remuneration including Performance Incentives	--	39.75	21.79
g.	Interest received	3.36	--	--
h.	Interest paid	--	1.14	0.26
i.	Donation under CSR	10.00	--	--
(ii)	**Closing balance as at March 31, 2016 :**			
a.	Loans & Advances receivable	28.92	--	--
b.	Inter Corporate Deposit(ICD)/Deposit Payable	--	15.06	4.50

(ii) For the year ended March 31, 2015

(Rs. in Million)

S. No.	Transactions	Related Entity	Key Management Personnel	Relatives of Key Management Personnel
(i)	**Transactions during the period:**			
a.	Sale of Material/ Capital Goods	0.14	--	--
b.	Loans & Advances Recd. back	1.44	--	--
c.	Deposit recd.	--	--	0.50
d.	Deposit repaid	--	--	0.40
e.	Remuneration including Performance Incentives	--	94.35	17.30
f.	Interest received	3.09	--	--
g.	Interest paid	--	1.20	0.20
(ii)	**Closing balance as at March 31, 2015 :**			
a.	Loans & Advances receivable	27.25	--	--
b.	Inter Corporate Deposit(ICD)/Deposit Payable	--	14.42	2.50
c.	Investment	0.04	--	--

(iii) For the year ended March 31, 2014

(Rs. in Million)

S. No.	Transactions	Related Entities	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel
(i)	**Transactions during the period:**				
a.	Purchase of Material/ Capital Goods	--	22.28	--	--
b.	Sale of Material/ Capital Goods	--	0.18	--	--
c.	Rent Received	--	3.82	--	--
d.	Investment Sold	--	76.35	--	--
e.	Balance Written off	--	20.88	--	--
f.	Loans & Advances Given	--	5.00	18.00	--
g.	Loans & Advances Recd. Back	3.95	53.50	--	--
h.	Inter Corporate Deposit (ICD)/Deposit Recd.	6.50	--	--	4.50
i.	Inter Corporate Deposit(ICD) /Deposit Repaid	6.94	--	--	25.40
j.	Remuneration including Performance Incentives	--	--	16.77	17.42
k.	Interest Received	3.24	--	--	--
l.	Interest Paid	0.49	--	1.31	1.78
m.	Training Fee Paid	--	50.00	--	--
n.	Other Misc. Income	--	0.46	--	--
(ii)	**Closing balance as at March 31, 2014:**				
a.	Loans & Advance balance as at year end	25.90	--	18.00	--
b.	Inter Corporate Deposit(ICD)/ Deposit balance as at year end	--	--	16.77	2.20

(iv) For the year ended March 31, 2013

(Rs. in Million)

S. No.	Transactions	Related Entities	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel
(i)	**Transactions during the period:**				
a.	Purchase of Material/ Capital Goods	--	25.08	--	--
b.	Sale of Material/ Capital Goods	--	0.87	--	--
c.	Rent Received	--	3.82	--	--
d.	Investment Made	--	22.15	--	--
e.	Loans & Advances Given	--	7.09	--	--
f.	Loans & Advances Recd. Back	--	30.39	--	--
g.	Inter Corporate Deposit (ICD)/Deposit Recd.	21.30	--	--	7.91
h.	Inter Corporate Deposit(ICD) /Deposit Repaid	1.00	--	--	0.29
i.	Remuneration including Performance Incentives	--	--	22.44	17.01
j.	Interest Received	5.20	6.52	--	--
k.	Interest Paid	--	--	1.28	1.88
l.	Other Misc. Income	--	0.46	--	--
(ii)	**Closing balance as at March**				

S. No.	Transactions	Related Entities	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel
	31, 2014 :				
a.	Loans & Advance balance as at year end	28.33	74.89	--	--
b.	Inter Corporate Deposit(ICD)/ Deposit balance as at year end	--	--	17.06	21.50

(v) For the year ended March 31, 2012

(Rs. in Million)

S. No.	Transactions	Related Entities	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel
a.	Purchase of Material/ Capital Goods	--	18.41	--	--
b.	Sale of Material/ Capital Goods	--	1.78	--	--
c.	Rent Received	--	4.17	--	--
d.	Investment Made	2.00	--	--	--
e.	Loans & Advances Given	0.31	54.58	--	--
f.	Deposit Recd.	--	--	15.83	1.91
g.	Inter Corporate Deposit(ICD)/Deposit Repaid	7.50	--	--	2.23
h.	Remuneration including Performance Incentives	--	--	22.44	17.01
i.	Interest Received	10.29	--	--	--
j.	Interest Paid	0.85	--	0.76	1.14
k.	Loans Given outstanding	114.16	16.05	--	--
l.	Other Misc. Income	0.96	0.96	--	--
m.	Advance received	3.00	--	--	--

C. Details of party wise related parties transactions:

Sr. No.	Transactions	Related Party relation	For the year ended March 31, (Rs. In Million)				
			2016	2015	2014	2013	2012
a.	**Remuneration including Performance Incentives :**						
	Mr. Rahul Gautam (Managing Director)	Key Management Personnel	22.53	8.63	8.40	8.18	8.18
	Mr. Ravindra Sharma (Wholetime Director)	Key Management Personnel	-	-	1.20	7.18	7.18
	Mr. Rakesh Chahar (Wholetime Director)	Key Management Personnel	17.22	85.72	7.18	7.07	7.07
	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam)	Relatives of Key Management Personnel	8.56	8.38	8.17	7.98	7.98
	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam)	Relatives of Key Management Personnel	12.26	8.03	7.85	7.68	7.68
	Mrs. Rinku Sharma (Wife of Mr. Ravindra Sharma)	Relatives of Key Management Personnel	-	-	0.60	0.62	0.62
	Mrs. Lisa Chahar (Wife of Mr. Rakesh Chahar)	Relatives of Key Management Personnel	0.97	0.89	0.81	0.73	0.73
b.	**Purchase of Material/ Capital Goods**						
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	22.28	25.08	18.41

Sr. No.	Transactions	Related Party relation	For the year ended March 31, (Rs. In Million)				
			2016	2015	2014	2013	2012
c.	**Sale of Material/ Capital Goods**						
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	0.18	0.87	1.78
	Rangoli Resorts Pvt Ltd	Related Entity	0.02	0.13	-	-	-
	Sleepwell Foundation (Trust)	Related Entity	0.05	0.01	-	-	-
d.	**Investment made**						
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	-	22.15	2.00
e.	**Investment Sold**						
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	76.35	-	-
	Tushaar Gautam	Relative of Key Managerial Personnel	4.00	-	-	-	-
f.	**Balance Written off**						
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	20.88	-	-
g.	**Loans & Advances given**						
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	5.00	7.09	54.58
	Mr. Ravindra Sharma (Wholetime Director)	Key Management Personnel	-	-	18.00	-	-
	Rangoli Resorts Pvt. Ltd.	Related Entity	-	-	-	-	0.31
h.	**Loans & Advances received back**						
	Core Moulding Pvt. Ltd.	Related Entity	1.36	1.44	2.15	-	-
	Rangoli Resorts Pvt. Ltd.	Related Entity	-	-	1.80	-	3.00
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	53.50	30.39	-
	Polyflex Marketing Pvt. Ltd.	Related Entity	-	-	-	-	-
i.	**Training Fee Paid**						
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	50.00	-	-
j.	**Interest Received**						
	Core Moulding Pvt. Ltd.	Related Entity	0.11	0.17	0.48	0.74	-
	Rangoli Resorts Pvt. Ltd.	Related Entity	3.25	2.92	2.76	3.96	4.26
	Polyflex Marketing Pvt. Ltd.	Related Entity	-	-	-	0.50	-
	Sheela Woodbridge Urethanes Pvt. Ltd.	Joint Venture	-	-	-	6.52	6.04
k.	**Interest Paid**						
	Polyflex Marketing	Related Entity	-	-	0.49	-	-

Sr. No.	Transactions	Related Party relation	For the year ended March 31, (Rs. In Million)				
			2016	2015	2014	2013	2012
	Pvt. Ltd.						
	Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam)	Relatives of Key Management Personnel	0.23	0.18	0.18	0.14	0.11
	Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)	Relatives of Key Management	003	0.02	0.02	0.02	0.08
	Mr. Frank Van Gogh (CEO and Director of Subsidiary Company, Joyce Foam Pty. Ltd. Australia)	Key Managerial Personnel	1.13	1.18	1.29	1.26	0.74
	Mr. Rahul Gautam (Managing Director) & Ravi Dhariwal	Key Management Personnel	0.01	0.02	0.02	0.02	0.02
	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	-	1.58	1.72	0.94
	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	-	-	-	0.01
l.	**Donation under CSR**						
	Sleepwell Foundation (Trust)	Related Entity	10.00	-	-	-	-
m.	**Inter Corporate Deposit (ICD)/Deposit Recd.**						
	Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam)	Relatives of Key Management Personnel	0.50	0.50	0.50	0.07	0.40
	Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)	Relatives of Key Management	1.50	-	-	0.25	0.71
	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	-	4.00	7.59	-
	Polyflex Marketing Pvt. Ltd.	Related Entity	-	-	6.50	3.30	-
	Core Moulding Pvt. Ltd.	Related Entity	-	-	-	2.50	-
	Rangoli Resorts Pvt. Ltd.	Related Entity	-	-	-	15.50	-
	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	-	-	-	0.80
	Mr. Frank Van Gogh (CEO and Director of Subsidiary Company, Joyce Foam Pty. Ltd., Australia)	Key Managerial Personnel	-	-	-	-	15.83
n.	**Inter Corporate Deposit (ICD)/Deposit Repaid**						
	Mrs. Sheela Gautam (Mother of Mr.	Relatives of Key Management	-	0.16	0.19	0.09	1.40

Sr. No.	Transactions	Related Party relation	For the year ended March 31, (Rs. In Million)				
			2016	2015	2014	2013	2012
	Rahul Gautam)	Personnel					
	Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	0.22	0.04	0.02	0.01
	Mrs. Namita Gautam (Wife of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	-	25.17	0.18	0.01
	Mr. Rahul Gautam (Managing Director) & Ravi Dhariwal	Key Management Personnel	0.23	-	-	-	-
	Polyflex Marketing Pvt. Ltd.	Related Entity	-	-	6.94	-	-
	Mr. Tushaar Gautam (Son of Mr. Rahul Gautam)	Relatives of Key Management Personnel	-	-	-	-	0.81
	Rangoli Resorts Pvt. Ltd.	Related Entity	-	-	-	1.00	-

D. Balance due to/ from related parties:

1. As at March 31, 2016

Sr. No.	Particulars	(Rs. in Million)				
		Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Related Entities	Total
1	Deposit Payable	--	15.06 *	4.50 #	--	**19.56**
2	Loans & Advances receivable	--	--	--	28.92 +	**28.92**

Deposits received from Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) : Rs. 3.00 million and Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam) : Rs. 1.50 million. There are no stipulation regarding repayment of principal and interest and the same are unsecured. These deposits carry rate of interest of 9%. per annum.

* Deposit / loan received of Rs. 15.06 million from Mr. Frank Van Gogh, CEO & Director of the Subsidiary Company, Joyce Foam Pty Ltd, Australia. There is no stipulation regarding repayment of principal and interest and it can be recalled and is unsecured. The interest payable equates to the lender's cost of borrowings plus a margin that does not exceed the cost charged by the lender bank of the Subsidiary.

\+ The said loan has been given to 'Rangoli Resorts Pvt. Ltd.', a Related Entity towards meeting its working capital requirements and carries an interest rate of 12% p.a.

2. As at March 31, 2015

Sr. No.	Particulars	(Rs. in Million)				
		Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Related Entities	Total
1	Deposit Payable	--	14.42 *	2.50 #	-	**16.92**
2	Loans & Advances receivable	--	-	-	27.25 +	**27.25**

Deposits received from Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) : Rs. 2.50 million and there are no stipulation regarding repayment of principal and interest and the same are unsecured. These deposits carry rate of interest of 9%. per annum.

* Deposit / loan received of Rs.14.19 million from Mr. Frank Van Gogh, CEO & Director of the Subsidiary Company, Joyce Foam Pty Ltd, Australia. There is no stipulation regarding repayment of principal and interest and it can be recalled and is unsecured. The interest payable equates to the lender's cost of borrowings plus a margin that does not exceed the cost charged by the lender bank of the Subsidiary. Deposit received from Mr. Rahul Gautam is Rs. 0.23 million.

\+ These loan has been given to 'Rangoli Resorts Pvt. Ltd.' : Rs. 25.99 million and 'Core Moulding Pvt. Ltd': Rs. 1.26 million, the Related Entities towards meeting their working capital requirements and carries an interest rate of 12% p.a.

3. As at March 31, 2014

Sr. No.	Particulars	(Rs. in Million)				
		Joint Venture (upto 31.03.2014)	Key Management Personnel	Relatives of Key Management Personnel	Related Entities	Total
1	Inter Corporate Deposit (ICD)/Deposit Payable	--	16.77*	2.20 #	--	18.97
2	Loans & Advances receivable	--	18.00 $	--	25.90 +	43.90

\# Deposits received from Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) : Rs. 2.00 million, Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam) : Rs. 0.20 million and. There are no stipulation regarding repayment of principal and interest and the same are unsecured. These deposits carry rate of interest of 9%. per annum.

* Deposit / loan of Rs. 16.56 million received from Mr. Frank Van Gogh, CEO & Director of the Subsidiary Company, Joyce Foam Pty Ltd, Australia. There is no stipulation regarding repayment of principal and interest and it can be recalled and is unsecured. The interest payable equates to the lender's cost of borrowings plus a margin that does not exceed the cost charged by the lender bank of the Subsidiary and Deposit received from Mr. Rahul Gautam is Rs. 0.21 million.

\+ These loan has been given to 'Rangoli Resorts Pvt. Ltd.' : Rs. 23.36 million and 'Core Moulding Pvt. Ltd': Rs. 2.54 million, the Related Entities towards meeting their working capital requirements and carries an interest rate of 12% p.a..

$ This loan has been given to Mr. Ravindra Sharma, Whole time Director towards his personal requirements and carries an interest rate of 12% p.a..

4. As at March 31, 2013

Sr. No.	Particulars	(Rs. in Million)				
		Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Related Entities	Total
1	Inter Corporate Deposit (ICD)/Deposit Payable	--	17.06 *	21.50 #	--	**38.56**
2	Loans & Advances receivable	74.89 ++	--	--	28.33 +	**103.22**

\# Deposits received from Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) : Rs. 1.53 million, Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam) : Rs. 0.22 million, Mrs. Namita Gautam (Wife of Mr. Rahul Gautam) : Rs. 19.75 million. There are no stipulation regarding repayment of principal and interest and the same are unsecured. These deposits carry rate of interest of 9%. per annum.

* Deposit / loan received of Rs. 16.87 million from Mr. Frank Van Gogh, CEO & Director of the Subsidiary Company, Joyce Foam Pty Ltd, Australia. There is no stipulation regarding repayment of principal and interest and it can be recalled and is unsecured. The interest payable equates to the lender's cost of borrowings plus a margin that does not exceed the cost charged by the lender bank of the Subsidiary and Deposit received from Mr. Rahul Gautam is Rs. 0.19 million.

\+ These loans have been given to 'Rangoli Resorts Pvt. Ltd.': Rs. 22.68 million and 'Core Moulding Pvt. Ltd': Rs. 4.25 million and Polyflex Marketing Pvt. Ltd Rs.1.40 million the Related Entities towards meeting their working capital requirements and carries an interest rate of 12% p.a.

++ This loan has been given to a Sheela Woodbridge Urethanes Pvt. Ltd., Joint Venture, towards meeting their working capital requirements and carries an interest rate of 12% p.a..

5. As at March 31, 2012

Sr. No.	Particulars	(Rs. in Million)				
		Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Related Entities	Total
1	Inter Corporate Deposit (ICD)/Deposit Payable	--	16.01 *	12.54 #	--	**28.55**
2	Loans & Advances receivable	96.59++	--	--	33.62 +	**130.21**

* Deposit / loan received of Rs. 15.83 million from Mr. Frank Van Gogh, CEO & Director of the Subsidiary Company, Joyce Foam Pty Ltd, Australia. There is no stipulation regarding repayment of principal and interest and it can be recalled and is unsecured. The interest payable equates to the lender's cost of borrowings plus a margin that does not exceed the cost charged by the lender bank of the Subsidiary and Deposit of Rs. 0.18 million is received from Rahul Gautam.

Deposits received from Mrs. Sheela Gautam (Mother of Mr. Rahul Gautam) : Rs. 1.43 million, Mrs. Rajul Devendra (Sister of Mr. Rahul Gautam) : Rs. 0.20 million, Mrs. Namita Gautam (Wife of Mr. Rahul Gautam) : Rs. 10.91 million There are no stipulation regarding repayment of principal and interest and the same are unsecured. These deposits carry rate of interest of 9%. per annum.

\+ These loan has been given to 'Rangoli Resorts Pvt. Ltd.', the Related Entities towards meeting their working capital requirements and carries an interest rate of 12% p.a.

++ This loan has been given to a Sheela Woodbridge Urethanes Pvt. Ltd., Joint Venture, towards meeting their working capital requirements and carries an interest rate of 12% p.a..

The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies to the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

Annexure – XI : Restated Consolidated Statement of Dividend

Particulars	For the year ended March 31				
	2016	2015	2014	2013	2012
Share capital					
Equity share capital	162.61	162.61	162.61	162.61	161.97
Dividend on equity shares					
Dividend in %	**NIL**				
Interim dividend					

Note :

1) The figures disclosed above are based on the Restated Consolidated Financial Statements of the Group.

The above statement should necessarily be read with the 'Basis of Preparation and Significant Accounting Policies to the Restated Consolidated Financial Statements' appearing in Annexure – IV, 'Statement of Material Adjustments to the Consolidated Financial Statements' appearing in Annexure - V and 'Notes to the Restated Consolidated Financial Statements' appearing in Annexure – VI.

SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

Our financial statements are currently prepared in accordance with Indian GAAP, which differs in certain material respects from IND AS. The following table summarizes certain areas in which differences between Indian GAAP and IND AS could be significant to our financial position and results of operations. This summary should not be taken as an exhaustive list of all the differences between Indian GAAP and IND AS. No attempt has been made to identify all recognition and measurement, disclosures, presentation or classification differences that would affect the manner in which transactions or events are presented in our consolidated financial statements (or notes thereto). Certain principal differences between Indian GAAP and IND AS that may have a material effect on our consolidated financial statements are summarized below. Our management has not quantified all of the effects of the differences discussed below. Accordingly, no assurance can be provided to investors that our consolidated financial statements would not be materially different if prepared in accordance with IND AS. Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and IND AS and how those differences might affect the financial information disclosed in this Draft Red Herring Prospectus.

Sr. No.	Ind AS	Particulars	Indian GAAP	Ind AS
1.	Ind AS 1	Presentation	**Other Comprehensive Income & Statement of Changes in Equity:** There is no concept of 'Other Comprehensive Income' and 'Statement of changes in equity' under Indian GAAP.	**Other Comprehensive Income:** Ind AS 1 introduces the concept of Other Comprehensive Income ("OCI"). Items of income and expenses that are not recognized in profit and loss as required or permitted by other Ind ASs are presented under OCI. **Statement of Changes in Equity:** On the face of the Statement of Changes in Equity, it should be disclosed: a. Total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non- controlling interest. b. For each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from: (i) Profit or Loss, (ii) Each item of Other comprehensive Income, (iii) Transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control, (iv) Any item recognized directly in equity such as bargain purchase gain recognized directly in capital reserve in accordance with Ind AS 103 Business

Sr. No.	Ind AS	Particulars	Indian GAAP	Ind AS
				Combinations.
			Extraordinary items: Under Indian GAAP, Company discloses extraordinary items separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	**Extraordinary items:** Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.
2.	Ind AS 8	Accounting Policy, Change in Accounting Estimate and Errors	**Change in Accounting Policies:** Under Indian GAAP, Company discloses changes in accounting policies by presenting in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same is appropriately disclosed.	**Change in Accounting Policies:** Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
3.	Ind AS 16	Property, plant and equipment – reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides Depreciation on written down value basis over the estimated useful life of the assets.	Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively. Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS.

Sr. No.	Ind AS	Particulars	Indian GAAP	Ind AS
4.	Ind AS 12	Deferred Taxes	Under Indian GAAP, the Company account for Deferred Tax resulting from “timing differences” between taxable and accounting income using the tax rates and laws that have been substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future	As per Ind AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base. Using the balance sheet approach, there could be additional deferred tax charge/income on account of: i. All Ind AS opening balance sheet adjustments. ii. Actuarial gain and losses accounted in Other Comprehensive Income. iii. Indexation of freehold land. iv. Fair valuation adjustments (employee loans, security deposits etc.)
5.	Ind AS 19	Accounting for Employee Benefits	Currently under Indian GAAP, the Company recognizes its liability for Employee Benefits as given below: (iv) Liability towards Gratuity is considered as the defined benefit scheme and is recognized on the basis of actuarial valuation on projected unit credit method at balance sheet date. (v) Earned Leave which is encashable is considered as long term benefit and is provided on the basis of actuarial valuation on projected unit credit method at balance sheet date. (vi) The benefits in the form of contribution to Provident Fund and Employee State Insurance are considered as the defined contribution schemes and are recognized on the basis of the amount paid or payable for the period during which	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re- measurements and the change in asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re- measurements are to be recognized directly in Other Comprehensive Income.

Sr. No.	Ind AS	Particulars	Indian GAAP	Ind AS
			services are rendered by the employees. Therefore, the Company recognizes all short term and long term employee benefits in the Statement of profit and loss.	
6.	Ind AS 113	Fair Value Measurement	Under Indian GAAP, there is no framework for measuring fair value for financial reporting.	Under IND AS , Company should requires the following to be considered in fair value measurement : (a) The particular asset or liability that is subject of the measurement, (b) The principal market for the asset or liability, (c) The market participant; and (d) The price. In addition, there are specific consideration for the fair value measurement of: (a) Non- financial assets, (b) Liabilities, (c) Equity, and (d) Financial instruments.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our Company's financial condition and results of operations is based on, and should be read in conjunction with, our Restated Consolidated Financial Statements as of and for the years ended March 31, 2016, 2015 and 2014, prepared in accordance with the Companies Act, Indian GAAP and the SEBI ICDR Regulations and the schedules, notes and significant accounting policies thereto and the reports thereon, included in the section titled "Financial Information" beginning on page 187. Unless other specified, all amounts in this section are stated on a restated consolidated basis.

Our Restated Consolidated Financial Statements and Restated Standalone Financial Statements have been derived from our audited consolidated and standalone financial statements prepared in accordance with Indian GAAP and the Companies Act, 2013, and restated in accordance with SEBI Regulations. Indian GAAP differs in certain material respects with IFRS and U.S. GAAP.

This discussion contains forward-looking statements and reflects the current views of our Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors", "Forward Looking Statements", "Our Business" and elsewhere in this Draft Red Herring Prospectus.

Our fiscal year ends on March 31 of each year, so all references to a particular "Fiscal Year" and "Fiscal" are to the 12-month period ended March 31 of that fiscal year.

OVERVIEW

We are a leading manufacturer of mattresses in India marketed under our flagship brand "*Sleepwell*". In addition, we manufacture other foam-based home comfort products targeted primarily at Indian retail consumers, as well as technical grades of polyurethane foam ("**PU Foam**") for end use in a wide range of industries. As part of our international footprint, we manufacture PU Foam in Australia through our wholly owned subsidiary, Joyce Foam Pty Ltd. According to CRISIL, based on revenues, *Sleepwell* branded mattresses constituted a share of around 20-23% of the organised Indian mattress market as of 2015-2016. Furthermore, we are among the leading manufacturers of flexible PU Foam in India (*Source: CRISIL Report*).

As part of our home comfort range, we offer a product portfolio that appeals to consumers of widely differing attributes and preferences. Our home comfort line comprises of products such as mattresses, furniture-cushioning, pillows, cushions, sofa-cum-beds as well as PU foam cores utilised for manufacturing finished home comfort products. Our mattress line, offered under our *Sleepwell* range, encompasses pure foam mattresses as well as hybrids of spring and coir with foam that are capable of bespoke customisation as per the requirements of consumers. Our furniture-cushioning line, offered under *Sleepwell* and *Feather Foam* brands, comprises PU Foam that constitutes upholstery material of varying densities to ensure greater comfort and durability. Our home comfort portfolio also includes pillows, bolsters and cushions that are intended to provide varying physiological and comfort solutions, sofa-cum-beds and comfort accessories like bed sheets, baby care sheets and mattress protectors. In Fiscal Years 2015 and 2016, our net revenues from the sale of home comfort products aggregated to ₹ 9,160.05 million and ₹ 10,164.96 million, constituting 64.61% and 65.58%, respectively, of our total audited consolidated operating revenues for such periods.

Under our technical grade foam range, we manufacture and supply PU Foam grades to a diverse range of industries, including automotive foam used to manufacture auto parts; reticulated foams utilised in filtration systems; ultra-violet stable foams used for the manufacture of garments, shoes and innerwear; and technical foams that are used in industrial sound absorption systems. Apart from technical foam, through our Australian business, we manufacture PU Foam that is supplied to manufacturers of comfort products and home furniture and industrial PU Foams supplied to manufacturers of auto components, sound absorption systems, medical equipment and food packaging material. In Fiscal Years 2015 and 2016, our net revenues from the sale of technical foam manufactured in India and PU Foams manufactured in Australia aggregated to ₹ 5,016.62 million and ₹ 5,334.93 million, constituting 35.39% and 34.42%, respectively, of our total audited consolidated operating revenues for such periods.

We were incorporated in 1971, and over the last two decades, have developed *Sleepwell* as an overarching brand associated with comprehensive and quality home-comfort solutions. We believe that the recall of our brand has been established by an extensive suite of products that range from baseline bedding and furniture cushioning material to ergonomically tailored offerings, an emphasis on quality control and focused brand building. In respect of our technical foam manufacture business, we believe that "*Sheela Foam*" is a recognised name associated with diverse and sophisticated grades of technical foam.

We commenced manufacture of PU Foam in 1972, and currently own and operate 11 manufacturing facilities in India. All of our facilities are utilized for manufacturing home comfort products, while five of these facilities also manufacture PU Foam. Three of our facilities located in Greater Noida, Talwada and Hyderabad are ISO:9001 certified. We consistently endeavour to adopt sophisticated technology at our facilities, and currently utilise top-of-the-line Hennecke foaming machines in most of our foam manufacture units. Our installed capacity for foam production in India is currently at 123,000 TPA. In addition to our domestic facilities, Joyce operates five manufacturing facilities in Australia that exclusively manufacture PU Foam primarily through variable pressure foaming technology and has a total installed production capacity of 10,500 TPA in Fiscal Year 2016.

We have developed a pan-India distribution network that consists of over 100 exclusive distributors, over 2,000 exclusive retail dealers and over 2,500 multi-brand outlets, as on March 31, 2016. Our home comfort products are sold to retail end-consumers through exclusive distributors, who resell our products at pre-determined margins to retail dealers who either operate exclusive *Sleepwell* brand outlets on a franchisee basis, or sell our products at multi-brand outlets. Exclusive *Sleepwell* branded outlets comprise retail stores and outlets categorised in accordance with their size. As at March 31, 2016, exclusive *Sleepwell* outlets comprised 218 *Sleepwell Worlds,* which average around 1,000 sq. feet per location, 402 *Sleepwell Galleries*, which average around 600 sq. feet per location and 819 *Sleepwell Shoppes* which average around 200 sq. feet per location. Our home-comfort products are also sold by 838 exclusive dealers who operate smaller format *Sleepwell* outlets, and over 2,500 multi-branded outlets. Additionally, we sell technical foams in India directly to manufacturers in the industries that our foam lines cater to and export technical foams to countries in the Middle East, South Asia and Europe and in Australia, the United States, Brazil and Argentina.

Our Company is led by Ms. Sheela Gautam and Mr. Rahul Gautam who have been instrumental in the growth of our business from a small foam producing unit to the position of a leading manufacturer of mattresses and technical PU Foam in India. We believe that our market position has been achieved by adherence to the vision of our Promoters and senior management team and their experience of over four decades in the home comfort and PU Foam industry. Mr. Rahul Gautam, our Promoter and Managing Director, is currently Chairman Emeritus of the Indian Polyurethane Association. We have, over the years, received numerous awards and accolades for our quality business practices, including the CNBC-NASSCOM IT User Award 2008 for 'Best IT adoption in manufacturing – SME Sector', the EDGE award usage of IT for maximising business impact in 2010, 2012 and 2014 and the Dataquest Business Technology Award 2015 for excellence in implementation and use of technology for business benefits in 2015.

From Fiscal Year 2014 to Fiscal Year 2016, as per our Restated Consolidated Financial Statements, (i) our total revenue grew from ₹ 12,716.53 million to ₹ 15,668.03 million, representing a CAGR of 11.00%; (ii) our EBITDA grew from ₹ 852.97 million to ₹ 1,929.59 million, representing a CAGR of 50.40%; (iii) our profit after tax grew from ₹ 278.40 million to ₹ 1,047.86 million, representing a CAGR of 93.90%; and (iv) our consolidated Return On Equity grew from 15.21% to 35.92%.

SIGNIFICANT FACTORS AFFECTING RESULTS OF OUR OPERATIONS

Our results of operations and financial condition are affected by a number of factors, including the following, which are of particular importance:

- Sales of mattresses and other home comfort products;
- Conditions affecting the end user industries and markets for technical PU Foam grades manufactured by us;
- Our distribution network;
- Raw material and employee expenses; and

- Our manufacturing facilities and infrastructure.

Sales of mattresses and other home comfort products

Our principal business is manufacture and sale of *Sleepwell* branded mattresses, as well as other home comfort products in India. Accordingly, we derive a significant portion of our total revenues from the sale of mattresses and other home comfort products. For the fiscal years 2014, 2015 and 2016, we generated net revenues from sale of home comfort products of ₹ 8,085.61 million, ₹ 9,160.05 million and ₹ 10,164.96 million, which constituted 63.58%, 64.14% and 64.88% of our consolidated audited revenues, and 80.01%, 79.64% and 79.03%, of our standalone audited revenues, respectively, for such periods.

Commencing our business with the manufacture of PU Foam, we have achieved our leading position in the organised Indian mattress market primarily by exploiting economies of scale between our businesses of manufacture of home comfort products and the PU Foam that constitute their principal ingredient, emphasising on product innovation and customisation, expanding our manufacturing infrastructure, adopting sophisticated production technology and creating and consolidating an extensive sales and distribution network. We have also, over the last two decades, developed the recall of our *Sleepwell* brand through a consistent emphasis on quality enhancement and innovation in its product portfolio, expansion of its retail footprint through increase in exclusive *Sleepwell* outlets, development of its online recall through our Sleepedia website and focused advertising campaigns. As a result, we believe that we have developed core competencies in the development, manufacture, marketing and sale of a diverse portfolio of home comfort products that range from baseline products sold at lower price points to high-margin bespoke offerings that are tailored to cater to an extensive range of consumer preferences. Our core business competence is complemented by favourable industry trends that estimate the organised Indian mattress market (in which PU Foam mattresses have historically maintained a leading share of around 51%) to grow at a CAGR of between 11-13% and attain a size of around ₹ 50- ₹ 55 billion by 2021 (*Source: CRISIL Report*). Consequently, our results of operation have historically been, and will remain significantly dependent on our revenues from the sale of mattresses and other home comfort products in India.

We sell our home comfort products to our exclusive distributors, who resell such products to a network of dealers operating either in exclusive *Sleepwell* branded outlets, or in multi-brand outlets. The prices at which we sell products to our distributors are revised keeping in mind various considerations, including changes in the cost of raw materials, manufacturing expenses, customisation and enhancements in product attributes, market trends and our competitive advantage. Our sales revenue and pricing position for home comfort products is also affected by our competition, which we face from organised manufacturers and brands such as Kurlon, Duroflex, Centaury Fibre Plates and Peps Industries, as well as from unorganised, unbranded entities running smaller scale operations who constitute, according to CRISIL, around 65-67% of the Indian mattress industry.

Changes in market trends and consumer preferences further influence our sales revenues from home comfort products. The success of our home comfort products business depends on our ability to anticipate and identify changes in consumer preferences in home comfort products and offer products that appeal to consumers on a continuing basis. We constantly emphasise on product innovation to distinguish ourselves from our competitors, and endeavour to introduce niche products and different variants of our existing products, based on consumer preferences and demand. Although we seek to identify consumer trends and introduce new products in a timely manner, we cannot assure you that our products would gain acceptance or that we will be able to successfully compete in these new product segments.

Additionally the emergence of raw materials better suited for manufacture of comfort products than PU Foam could lead to a decline in the demand for foam based home comfort products. Changing consumer preferences could also lead to an increase in demand for pure spring and coir based products as opposed to foam based products, as well as newer or hybrid products. Such consumer and industry shift could necessitate reassessment of synergies derived from our ability to manufacture PU foam and an inability to optimally change our portfolio to address such consumer and industry shifts could adversely affect our revenues from the sale of home comfort products, and consequently, our results of operation, financial condition and profitability.

Conditions affecting the end user industries and markets for technical PU Foam grades manufactured by us

Through our technical foam business, we manufacture numerous grades of technical PU Foam that are utilised in the manufacturing processes of a wide range of end industries. For instance, we manufacture automotive foams that are utilised for the manufacture of auto-components such as seat covers, headliners, sun visors, door trims and lamination systems; reticulated foams that are utilised for manufacture of ceramic foam filters, outdoor furniture and safety fuel tanks; ultra-violet stable foams that are utilised for lining of garments; and silentech foams that are utilised in the sound-proofing industry to manufacture diesel generators, industrial silencers, acoustic enclosures and automobiles. Accordingly, sales of our technical PU Foams are directly dependent on the production and sales of end products by our customers in the automotive, industrial, filtration and garments sector. Further, our business plans envisage upscaling export of technical PU Foam, in line with our customers' requirements in SAARC nations. The end-user industries and geographic markets which our technical PU Foam products are targeted at may be impacted by global economic or industry conditions, including seasonal trends, volatile fuel prices, rising employee costs and challenges in maintaining amicable labour relations as well as compliance with evolving regulatory requirements, government initiatives, trade agreements and other factors. Any significant industry downturns in such industries, as well as economic downturns in our export markets may significantly affect our revenues from sale of technical PU Foam across periods and geographies.

Additionally, through our Australian business, we manufacture comfort PU Foams marketed to manufacturers of comfort products and home furniture and industrial PU Foams sold to manufacturers of automobile components, sound absorption systems, medical equipment and food packaging material. Accordingly, revenues from sale of PU Foams manufactured in Australia and our results of operations is also dependent on favourable market trends and continued demand for foam based products in such end-user industries.

Furthermore, some of our overseas customers to whom we export technical PU Foam are located in countries in the Europe and the USA and some of them were adversely impacted by the recession in some of these economies, disruption in banking and financial systems, economic instability, unfavorable government policies, rising inflation, lowering spending power, customer confidence and political uncertainty. While the global economy has recovered to some extent, we are unable to predict with any degree of certainty the pace or sustainability of economic recovery, the volumes of federal or central, state and local government investment, or the effects of regulatory intervention.

Our distribution network

Our widely developed and geographically dispersed sales network is key to our business and results of operations. As on March 31, 2016, we sell home comfort products through a structured pan-India network of over 100 exclusive distributors, who re-sell our products to a network of over 2,000 exclusive dealers and over 2,500 multi-branded outlets. Our retail dealers either operate exclusive *Sleepwell* branded outlets, which (as on March 31, 2016) constituted of 218 *Sleepwell Worlds,* 402 *Sleepwell Galleries*, 819 *Sleepwell Shoppes* and 838 smaller format *Sleepwell* stores, or operate in multi-branded outlets. Additionally, technical PU Foam grades produced by us are sold directly to industrial manufacturers in India, and exported to manufacturers in the Middle East, South Asia, and Europe and Australia, the United States, Brazil and Argentina.

We intend to leverage our extensive sales network to grow our product reach to under-penetrated geographies, expand the scale of our operations by increase sales of our products in our current markets, and widen the portfolio of our products available in these markets by growing our distribution network. We have consistently invested, and intend to continue investing in our distributor relationships through a mix of direct engagement with our internal sales team and initiatives such as annual distributor meetings and branding and training programmes. We recognise expenses towards such engagement with our distribution network as "selling and promotional expenses", which aggregated, in fiscal years 2014, 2015 and 2016 to ₹ 217.54 million, ₹ 200.68 million and ₹ 310.53 million, respectively. We have also introduced performance based sales incentive and rebate programmes for our distributors and dealers, to encourage them to achieve their sales and collection targets. In fiscal years 2014, 2015 and 2016, we incurred ₹ 496.49 million, ₹ 589.56 million and ₹ 734.59 million, respectively, on such incentives and rebates. We also incentivize certain distributors and dealers by providing them with advances for buying vehicles for distribution of our products and for equipment for altering the size of mattresses at their location. We believe that such initiatives contribute significantly towards maintenance and retention of our distribution reach and selling capabilities, which will continue to be a key factor driving our growth.

Raw material and employee expenses

Our expenditure on materials consumed constitutes the most significant component of our operating expenses. In fiscal years 2014, 2015 and 2016, expenditure on materials consumed constituted 62.27%, 62.38% and 57.17%, respectively, of our total expenses, and 60.49%, 59.89% and 51.63% of our total revenues for such periods. Our financial condition and results of operations are significantly impacted by the availability and cost of our raw materials. In particular, polyol and TDI are our major raw materials in production of PU Foam, and incur the most significant cost to our business. For fiscal year 2016, polyol expenditure aggregated to ₹ 3,712.99 million, or 26.24% of our total expenditure and 23.70% of our total revenues, and TDI expenditure aggregated to ₹ 1,743.38 million, or 12.32% of our total expenditure and 11.13% of our total revenues. In fiscal years 2014, 2015 and 2016, prices paid by us per kilogram of polyol averaged ₹ 137.68, ₹ 149.08 and ₹ 125.83, respectively, while prices paid by us per kilogram of TDI averaged ₹ 163.56, ₹ 150.06 and ₹ 110.71, respectively.

We procure all our major raw materials from a limited number of third party suppliers on a spot basis from India and also import certain quantities of raw materials from overseas suppliers. For fiscal years 2016, 61.86% of our raw material expenditure was attributable to Indian suppliers, while 38.14% was attributable to imports. Most of our suppliers typically extend credit to us for a period ranging from 60 to 90 days. While we are not significantly dependent on any single raw material supplier, supply and pricing of our raw materials can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation, competition, import duties, tariffs and currency exchange rates. We cannot assure you that we will be able to procure adequate supplies of raw materials in the future, as and when we need them on commercially acceptable terms. Further, we usually do not enter into long term supply contracts with any of our raw material suppliers and the absence of long term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require. While we endeavour to pass on all raw material price increase to customers, in the event that we are unable to compensate for or pass on our increased costs to end-consumers, such price increases could have an adverse impact on our result of operations, financial condition and cash flows.

Employee costs comprise our second largest expense after cost of raw materials. In fiscal years 2014, 2015 and 2016, our employee costs represented 9.66%, 9.37% and 9.84% of our total expenses and 9.39%, 9.00% and 8.90% of our total revenues, respectively. We believe that we have sufficient human resources to sustain our current operations and planned growth, particularly at the management level, and we expect to improve our operational efficiency by reducing our employee costs as a percentage of our total income in future periods. As a significant portion of our overall manpower is located in India, rising wages in India as well as any change in applicable laws, may have a material impact on our net income. Our employee costs could significantly be impacted by recent changes, as well as proposed changes to the existing framework of labour laws in India. For instance, a recent amendment to the Payment of Bonus Act, 1965, has, *inter alia*, increased the ceiling for bonus payments to employees of factories and certain other establishments from ₹ 10,000 per month to ₹ 21,000 per month. The GoI also proposes to enact the Code on Industrial Relations Bill, 2015 and the Labour Code on Wages Bill, 2015, which seeks to consolidate all existing labour legislation in the country (including the Minimum Wages Act, 1948) into distinct codes dealing with industrial relations, wages, social security, industrial safety and welfare. Furthermore, a recently introduced amendment to Indian contract labour legislation seeks to increase the minimum wage of contract labourers to ₹ 10,000 per month. Any such changes, if implemented, could adversely affect our operating margins, manufacturing operations, cash flows and results of operations.

Our manufacturing facilities and operations

Our manufacturing operations, developed over four decades of production experience, are key to our business. We operate 11 manufacturing facilities in India, which, as on March 31, 2016, had a combined installed capacity of 123,000 TPA of PU Foam. We are the largest producer of PU Foam in India (*Source*: *CRISIL Report*). We also operate, through Joyce, our wholly owned subsidiary, five manufacturing facilities in Australia with a combined installed capacity of 10,500 TPA of PU Foam in fiscal year 2016.

Our domestic manufacturing facilities are dispersed over all four zones of the country, and located in proximity to our key distributors, dealers and markets. Our Australian manufacturing facilities are also dispersed over the western, southern and eastern regions of Australia. The geographic expanse of our manufacturing infrastructure enables us minimise some of our operating expenses, such as transportation costs for supply of products to our distributors as well as supply of raw materials to us by our key suppliers and labour expenses. We are also benefit from certain fiscal exemptions on account of our wide geographic presence, which allow us to reduce our tax expenditure and provisions.

Additionally, three of our facilities are ISO: 9001 certified, and we continually invest in the latest and specialised infrastructure, plant and machinery in all of our facilities. For instance, we have introduced Hennecke foaming machines at almost all of our foam manufacture units and are in the process of introducing vertical variable foaming machines at our Greater Noida unit. Such technologies and protocols are instrumental to our ability to manufacture an optimal quantity of quality products. We also augment our manufacturing capabilities by continual research and development, which has resulted in introduction of innovative and niche product lines, such as polyester foams, economic HR foams and silentech foams. For further details, see the section titled "*Our Business*" on page 118.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The restated consolidated summary statement of assets and liabilities of the Company and its Subsidiaries as at March 31, 2016, 2015, 2014, 2013, and 2012 and the related restated consolidated summary statement of profit and loss and cash flows for the years ended March 31, 2016, 2015, 2014, 2013 and 2012 (collectively referred to as the "**Restated Consolidated Summary Financial Information**") have been prepared specifically for the purpose of inclusion in the Draft Red Herring Prospectus to be filed by the Company with SEBI in connection with the proposed initial public offering.

The Restated Consolidated Summary Financial Information has been prepared by applying necessary adjustments to the consolidated standalone financial statements ("**financial statements**") of the Company and the Subsidiaries. The financial statements are prepared and presented under the historical cost convention, except for certain financial instruments which are measured at fair values, using the accrual system of accounting in accordance with the generally accepted accounting principles in India ('Indian GAAP'), the provisions of the Companies Act, 1956 (up to March 31, 2014), and notified sections, schedules and rules of the Companies Act, 2013 (with effect from April 01, 2014), including the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014), to the extent applicable.

The financial statements are prepared in Indian rupees except in the case of the foreign subsidiary where the financial statements are prepared in the respective functional currency of the country of incorporation i.e. AUD.

The financial statements of the Subsidiaries are drawn upto the same reporting date as that of the Company, i.e. March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012.

OPERATING CYCLE

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalent.

PRINCIPLES OF CONSOLIDATION

The restated consolidated financial statements of the Company and the Subsidiaries include the financial statements of the Company and its subsidiaries and have been combined in accordance with the Accounting Standard (AS) 21 "Consolidated Financial Statements", on a line- by-line basis by adding the book values of like items of assets, liabilities, income and expenses, after eliminating intra -group balances / transactions and unrealised profits / losses in full.

The financial statements of Subsidiaries are drawn up to the same reporting date as of the Company i.e. March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012. The financial statements of the foreign Subsidiary have been prepared in accordance with the Generally Accepted Accounting Principles of its country of incorporation.

In case of the foreign Subsidiary, being non-integral foreign operations, revenue items are consolidated at the average exchange rates prevailing during the year. All assets and liabilities are converted at the exchange rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Exchange Fluctuation Reserve.

The restated financial statements of the Company and its Subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies, in the same manner as the Company's separate financial statements except as otherwise stated in the Significant Accounting Policies.

The excess/ deficit of cost to the Company of its investment over its portion of equity in the Subsidiaries at the respective dates on which investment in subsidiaries was made is recognised in the Consolidated Financial Statements as "Goodwill on Consolidation"/ "Capital Reserve". The said goodwill is not amortised, however, it is tested for impairment at each balance sheet date and the impairment loss, if any, is provided for.

Minority interest in the net assets of the consolidated Subsidiaries consist of:

a) The amount of equity attributable to minorities as at the date on which the investment in a Subsidiary is made, and

b) The minorities share of movements in equity since the date the parent-subsidiary relationship came into existence.

The losses applicable to the minority in excess of the minority interest in the equity of the subsidiary and further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to and is able to make good the losses. If the subsidiaries subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

Minority interest is presented separately from the liabilities or assets and the equity of the shareholders in the consolidated statement of assets and liabilities. Minority interest in the income or loss of the company is separately presented.

Subsidiaries acquired/ sold/ merged during the period have been consolidated from/ up to the respective date of their acquisition/ disposal/ merger. The difference between the proceeds from sale / disposal of investment in a subsidiary or the amalgamation and the carrying amount of assets less liabilities as of the date of sale/ disposal/ merger is recognized in the consolidated restated statement of profit and loss as profit or loss on sale / disposal / amalgamation of subsidiary.

SIGNIFICANT ACCOUNTING POLICIES

Set forth below is a summary of our significant accounting policies under Indian GAAP.

Fixed assets

a) Fixed assets are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any.

b) Expenditure on renovation/ modernization relating to existing fixed assets is added to the cost of such assets where it increases its performance/life significantly.

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

Depreciation

In the case of the Company (Sheela Foam Limited) and Subsidiary (Divya Software Solutions Private Limited)

a) Depreciation on fixed assets is provided on written down value basis over the estimated useful life of the assets, in the manner prescribed in Schedule II of the Companies Act, 2013. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

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

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

b) Depreciation on addition or on sale/discard of an asset is calculated pro-rata from / up to the date of such addition or sale/discard.

c) The assets costing up to ₹ 5,000/- are fully depreciated during the year of addition after retaining 5% as net residual value.

In the case of the foreign Subsidiary (Joyce Foam Pty. Ltd. and its controlled entities)

a) The depreciable amount of all fixed assets including capitalised lease assets, is depreciated on a straight line basis over the estimated useful lives to the Company commencing from time the assets is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The estimated useful lives for various categories of assets varies as follows:

Asset	Useful life as assessed/estimated by the Company (No. of Years)
Machinery	10 - 15
Vehicles	4 - 6
Furniture, fittings and equipment	3 - 5

Revenue recognition

a) Sale revenue is recognized net of trade discount, on transfer of the significant risks and rewards of ownership of the goods to the buyer and it is reasonable to expect ultimate collection. Sale revenue is inclusive of excise duty but excludes the sales tax/VAT which is recoverable from the buyer. Sale also includes excise duty charged on inter unit transfers, but excludes the transaction value of the inter unit transfers and sales return including under warranty.

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

c) Interest income is recognised on time proportion basis.

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

Provision and contingent liabilities

a) The Company creates a provision when there is a present obligation arising as result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the balances sheet date and are not discounted to its present value.

b) A disclosure for a contingent liability is made when there is a present obligation arising as a result of past event that probably will not require an outflow of resources.

Inventory Valuation

(1) Inventories are valued at the lower of cost and net realisable value.

(2) In respect of raw material, packing material and stores and spares, cost is computed on first in first out basis.

(3) Finished goods and stock-in-process include cost of input conversion and other costs including manufacturing overheads incurred in bringing them to their present location and condition.

(4) Obsolete, defective and unserviceable stocks are provided for, wherever required.

(5) Excise duty on finished goods manufactured is accounted for on clearance of goods from factory premises.

Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at balance sheet date are translated at the year end exchange rates. Exchange rate differences arising on settlement of transaction and translation of monetary items are recognized as income or expenses in the year in which they arise. Premium or discount on forward exchange contract is amortised as income or expense over the life of the contract. Exchange difference on such contract is recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expenditure during the period.

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

Taxation

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

For further information, see the section titled "*Financial Statements*" on page 187.

CHANGES IN ACCOUNTING POLICIES

Except as stated below, in the last five fiscal years, there have been no changes in accounting policies in relation to the financial operations of our Company:

Till March 31, 2011, we accounted for insurance claims on receipt basis. However, with effect from fiscal year 2012, our Company we account for insurance claims (where no significant uncertainty exists as to realisation) on an accrual basis. For further information, see the section titled "*Financial Statements*" on page 187.

COMPONENTS OF INCOME AND EXPENDITURE

The components of our income and expenditure are as set forth below.

Income

Revenue from operations

Our operating income is substantially derived from sale of products (gross), which consists of sales of finished goods manufactured by our Company and sale of traded goods. Sale of finished goods includes revenue from the sale of home comfort products such as mattresses, furniture cushioning material, pillows and bolsters, sale of commercial PU Foam cores and sale of technical grade PU Foam. Sale of traded goods includes revenue from the sale of certain categories of home comfort products, such as fibre and moulded pillows sourced by us from third parties, as well as the sale of low density commercial PU Foam cores manufactured by our distributed manufacturers.

Revenue from operations further includes duty drawback and revenues from sale of process scrap generated from the manufacture of PU Foam.

Other income

Our other income consists of interest income from bank deposits and other sources, write-back of liabilities/ provisions no longer required, rental income, income from realisation of insurance claims, net profit/ (loss) on the sale of fixed assets, profit from investment in associates, sale of non-process scrap and other miscellaneous income.

Expenditure

Our expenditure consists of cost of materials consumed, purchases of stock-in-trade, other manufacturing expenses, changes in inventories of finished goods, stock-in-process and stock-in-trade, other manufacturing expenses, employee benefit expenses, finance costs, depreciation and amortisation expense and other expenses.

Cost of materials consumed

Our expenditure on materials consists of expenditure on raw materials, which primarily include TDI, polyols and other material (such as coir sheets, cloth and chemical additives and catalysts which are utilised in the foam manufacture process) and packing material. We source raw materials as well as packing material from domestic and overseas suppliers.

Purchases of stock-in-trade

Our expenditure on stock-in-trade consists of purchases of certain categories of home comfort products, primarily, fibre pillows, moulded pillows and low density commercial PU Foam cores from distributed manufacturers. Such goods are sold by us as traded goods.

Other manufacturing expenses

Other manufacturing expenses consist of expenditure in relation to our manufacturing process, including expenses on stores consumed, power and fuel, repair and maintenance of our manufacturing facilities and associated plant and machinery, and processing and other charges.

Changes in inventories of finished goods, stock-in-progress and stock-in-trade

Our expenditure in relation to change in inventories consist of our inventory of finished products (such as home comfort products, commercial PU Foam cores and technical grade PU Foam), stock-in-progress (such as foam blocks) and stock-in-trade (such as fibre and moulded pillows and low density PU Foam cores from distributed manufacturers) at the beginning and the end of the year reduced by any inventories lost through fires or industrial accidents in the year.

Employee benefit expenses

Our employee benefit expenses consist of salaries, wages, bonus, gratuity, allowances and other payments to our employees, contribution to provident, ESI and other funds and expenses towards workmen and staff welfare.

Finance costs

Our finance costs consist of interest expenses on term loans and working capital facilities from banks, interest on advance income tax, interest paid on security receipts provided by our exclusive dealers and interest paid to certain of our raw material suppliers based on the terms and conditions of our arrangements with them, and bank charges.

Depreciation and amortization expenses

Our depreciation/amortization expenses relate to depreciation of fixed assets and amortization of intangible assets.

Other expenses

Our other expenses consist primarily of expenses on incentives and rebates, advertisement expenses, expenses on sales promotion schemes, selling and promotional expenses, net cost on freight and cartage, rent, travelling and conveyance expenses and miscellaneous expenses.

Of these, expenses on sales promotion schemes are incurred by us under specific promotional schemes offered either to consumers against purchase of mattresses and home comfort products or to dealers on achievement of specific sales targets. Further, selling and promotional expenses are incurred by us for sales and marketing initiatives involving our distributors and dealers, including for engagement with our dealers through group events such as distributor and dealer meetings and training and branding programmes and expenses incurred for promotional activities for exclusive *Sleepwell* branded outlets.

OUR RESULTS OF OPERATIONS

Set forth below is our audited and restated consolidated profit and loss statement, the components of which are expressed as a percentage of income for the periods indicated. For further information with respect to restatement adjustment, see the section titled "*Financial Statements*" page 187.

Particulars	For the year ended March 31					
	2016		2015		2014	
	In ₹ Million	% of Total Revenue	In ₹ Million	% of Total Revenue	In ₹ Million	% of Total Revenue
Revenue:						
Total revenue from operations (net of excise duty paid)	15,499.90	98.93	14,176.68	99.26	12,710.94	99.96
Other income	168.13	1.07	105.75	0.74	5.59	0.04
Total revenue	**15,668.03**	**100.00**	**14,282.43**	**100.00**	**12,716.53**	**100.00**
Expenses:						
Cost of materials consumed	8,088.75	51.63	8,550.08	59.86	7,693.17	60.50
Purchase of stock-in-trade	143.17	0.91	116.39	0.81	94.59	0.74
Other manufacturing expenses	742.10	4.74	630.30	4.41	473.96	3.73
Changes in inventories of finished goods, stock-in-process and stock-in-trade	43.82	0.28	44.72	0.31	(35.00)	(0.28)
Employee benefit expenses	1,394.09	8.90	1,284.91	9.00	1,193.81	9.39
Finance costs	116.69	0.74	161.93	1.13	191.60	1.51
Depreciation and amortisation expense	292.68	1.87	279.54	1.96	300.00	2.36
Other expenses	3,326.51	21.23	2,639.44	18.48	2,443.03	19.21
Total expenditure	**14,147.81**	**90.30**	**13,707.31**	**95.97**	**12,355.16**	**97.16**
Restated profit before tax	**1,520.22**	**9.70**	**575.12**	**4.03**	**361.37**	**2.84**
Less						
Current year's tax	474.91	3.03	136.45	0.96	74.34	0.58
Deferred tax	(2.55)	(0.02)	11.94	0.08	8.63	0.07
Net profit after tax	**1,047.86**	**6.69**	**426.73**	**2.99**	**278.40**	**2.19**

The table below provides a break-down of our total revenue from operations for the periods indicated.

Particulars	For the Fiscal Year ended March 31		
	2016	2015	2014
	₹ Million		
Sale of products (gross)			
Finished goods (own manufactured)	16,712.13	15,324.92	13,847.60
Traded goods	236.48	191.34	105.82
Other operating revenues			
Duty drawback	0.40	0.61	1.21
Sale of process scrap	12.86	16.22	9.81
Total	16,961.87	15,533.09	13,964.44
Less: Excise duty	(1,461.97)	(1,356.42)	(1,253.49)
Total revenue from operations	**15,499.90**	**14,176.68**	**12,710.94**

Fiscal year 2016 compared to fiscal year 2015

Income

Our total revenue increased by 9.84% from ₹ 14,282.43 million in fiscal year 2015 to ₹ 15,688.03 million in fiscal year 2016, primarily due to an increase in our total revenue from operations by 9.33% from ₹ 14,176.68 million in fiscal year 2015 to ₹ 15,499.90 million in fiscal year 2016.

Revenue from operations

Sale of finished goods. Revenues from sale of finished goods manufactured by our Company increased by 9.05% from ₹ 15,324.92 million in fiscal year 2015 to ₹ 16,712.13 million in fiscal year 2016, primarily due to an increase in the sale of mattresses and other home comfort products.

Sale of traded goods. Our revenues from the sale of traded goods increased by 23.59% from ₹ 191.34 million in fiscal year 2015 to ₹ 236.48 million in fiscal year 2016, primarily due to introduction of our distributed manufacturing initiative and a consequent increase in the sale of low density PU Foam cores purchased from our distributed manufacturers.

Other operating revenues. Our other operating revenues decreased by 21.21% from ₹ 16.83 million in fiscal year 2015 to ₹ 13.26 million in fiscal year 2016, primarily due to decrease in revenues from sale of process scrap by 20.71% from ₹ 16.22 million in fiscal year 2015 to ₹ 12.86 million in fiscal year 2016.

Other income

Our other income increased by 58.99% from ₹ 105.75 million in fiscal year 2015 to ₹ 168.13 million in fiscal year 2016, primarily due to the following:

Interest income. Our interest income increased by 46.84% from ₹ 66.04 million in fiscal year 2015 to ₹ 96.97 million in fiscal year 2016, primarily due to an increase in interest income from bank deposits by 69.29% from ₹ 53.41 million in fiscal year 2015 to ₹ 90.42 million in fiscal year 2016, on account of increased investments in fixed deposits with banks.

Profit on sale of investment in associates. We made a profit on sale of investment in associates of ₹ 3.96 million in fiscal year 2016 from the sale of our equity shareholding in Sleepwell Enterprises Private Limited (one of our erstwhile associate companies) to Mr. Tushaar Gautam.

Profit on sale of fixed assets. Our net profit on sale of fixed assets increased from a loss of ₹ 7.66 million in fiscal year 2015 to a profit of ₹ 13.95 million in fiscal year 2016, primarily due to profits from sale of land owned by us in Kolkata.

Excise duties

We paid excise duties of amounting to ₹ 1,461.97 million in fiscal year 2016, an increase of 7.78% from excise duties amounting to ₹ 1,356.42 million paid in fiscal year 2015, on account of increase in sales of finished goods manufactured by us, resulting in higher excise duties.

Expenditure

Our total expenditure increased by 3.21% from ₹ 13,707.31 million in fiscal year 2015 to ₹ 14,147.81 million in fiscal year 2016.

Cost of materials consumed. Our cost of materials consumed decreased by 5.40% from ₹ 8,550.08 million in fiscal year 2015 to ₹ 8,088.75 million in fiscal year 2016. This decrease was primarily due to decrease in costs incurred for purchase of TDI by 17.39% from ₹ 2,110.52 million in fiscal year 2015 to ₹ 1,743.38 million in fiscal year 2016, and decrease in costs incurred for purchase of polyol by 8.86% from ₹ 4,074.05 million in fiscal year 2015 to ₹ 3,712.99 million in fiscal year 2016 on account of reduction in the prices of TDI and polyol. The average price paid by us for purchase (per kilogram) of TDI decreased by 26.22% from ₹ 150.06 in fiscal year 2015 to ₹ 110.71 in fiscal year 2016, while the average price paid by us for purchase (per kilogram) of polyol decreased by 15.59% from ₹ 149.08 in fiscal year 2015 to ₹ 125.83 in fiscal year 2016.

Purchase of stock-in-trade. Our expenses on purchase of stock-in-trade increased by 23.00% from ₹ 116.39 million in fiscal year 2015 to ₹ 143.17 million in fiscal year 2016, primarily due to purchase of low density PU Foam cores by us from third party manufacturers subsequent to the launch of our distributed manufacturing initiative.

Other manufacturing expenses. Other manufacturing expenses increased by 17.74% from ₹ 630.30 million in fiscal year 2015 to ₹ 742.10 million in fiscal year 2016. This increase was primarily due to an increase in expenses on stores consumed by 20.14% from ₹ 266.11 million in fiscal year 2015 to ₹ 319.69 million in fiscal year 2016 and an increase in expenses on repair and maintenance of buildings, plant and machinery by 32.61% from ₹ 105.11 million in fiscal year 2015 to ₹ 139.39 million in fiscal year 2016 primarily on account of repairs conducted at our manufacturing facility in Hyderabad.

Changes in inventories of finished goods, stock-in-progress and stock-in trade. Our closing inventories of finished goods, stock-in-progress and stock-in-trade were lower by ₹ 43.82 million for fiscal year 2016 compared to our opening inventories for fiscal year 2016. Such decrease in our closing inventories was primarily due to decrease in inventories of finished goods and stock in process.

Employee benefit expenses. Our employee benefit expenses increased by 8.50% from ₹ 1,284.91 million in fiscal year 2015 to ₹ 1,394.09 million in fiscal year 2016, primarily due to increase in salaries, wages, bonus, gratuity and allowances by 9.23% from ₹ 1,145.20 million in fiscal year 2015 to ₹ 1,250.86 million in fiscal year 2016 on account of increase in the number of employees and salary and wage increments.

Finance costs. Our finance costs decreased by 27.94% from ₹ 161.93 million in fiscal year 2015 to ₹ 116.69 million in fiscal year 2016, primarily due to repayment of long term loans and lesser utilisation of working capital borrowings.

Depreciation and amortisation expense. Depreciation and amortisation expenses increased by 4.70% from ₹ 279.54 million in fiscal year 2015 to ₹ 292.68 million in fiscal year 2016, primarily due to increase in our fixed assets, and in particular, in plant and machinery.

Other expenses. Our other expenses increased by 26.03% from ₹ 2,639.44 million in fiscal year 2015 to ₹ 3,326.51 million in fiscal year 2016. This increase was primarily due to:

(a) increase in expenses on incentives and rebates by 24.60% from ₹ 589.56 million in fiscal year 2015 to ₹ 734.59 million in fiscal year 2016 on account of higher sales levels achieved by our distributors and dealers and increased value of incentives offered by us;

(b) increase in advertisement expenses by 38.08% from ₹ 493.21 million in fiscal year 2015 to ₹ 681.02 million in fiscal year 2016 on account of increased advertising by us on television and print media;

(c) increase in expense on sales promotion schemes by 23.99% from ₹ 517.61 million in fiscal year 2015 to ₹ 641.81 million in fiscal year 2016 on account of higher value of gifts and other promotional material offered to our consumers and dealers through our sales promotion schemes; and

(d) increase in selling and promotional expenses by 54.74% from ₹ 200.68 million in fiscal year 2015 to ₹ 310.53 million in fiscal year 2016 on account of increase in our engagement with dealers through group events such as dealer meetings and increase in expenses for promotional activities for exclusive *Sleepwell* branded outlets.

Profit before Tax

Our restated profit before tax increased by 164.33% from ₹ 575.12 million in fiscal year 2015 to ₹ 1,520.22 million in fiscal year 2016. This increase was primarily due to increase in the sale of finished goods and reduction in prices of our raw materials.

Tax Expense

Tax expense increased by 218.32% from ₹ 148.39 million in fiscal year 2015 to ₹ 472.36 million in fiscal year 2016, primarily due to increased profits resulting in higher current taxes.

Profit after Tax

As a result of the above, our restated profit after tax increased by 145.56% from ₹ 426.73 million in fiscal year 2015 to ₹ 1,047.86 million in fiscal year 2016.

Fiscal year 2015 compared to fiscal year 2014

Income

Our total revenue increased by 12.31% from ₹ 12,716.53 million in fiscal year 2014 to ₹ 14,282.43 million in fiscal year 2015, primarily due to an increase in our total revenue from operations by 11.53% from ₹ 12,710.94 million in fiscal year 2014 to ₹ 14,176.68 million in fiscal year 2015.

Revenue from operations

Sale of finished goods. Revenues from sale of finished goods manufactured by our Company increased by 10.67% from ₹ 13,847.60 million in fiscal year 2014 to ₹ 15,324.92 million in fiscal year 2015, primarily due to an increase in the sale of mattresses and other home comfort products and increase in price levels of our home comfort products.

Sale of traded goods. Our revenues from the sale of traded goods increased by 80.82% from ₹ 105.82 million in fiscal year 2014 to ₹ 191.34 million in fiscal year 2015, primarily due to increase in the sale of fibre and moulded pillows.

Other operating revenues. Our other operating revenues increased by 52.72% from ₹11.02 million in fiscal year 2014 to ₹ 16.83 million in fiscal year 2015, primarily due to increase in revenues from sale of process scrap by 65.34% from ₹ 9.81 million in fiscal year 2014 to ₹ 16.22 million in fiscal year 2015.

Other income

Our other income increased by 1,791.77% from ₹ 5.59 million in fiscal year 2014 to ₹ 105.75 million in fiscal year 2015, primarily due to the following:

Interest income. Our interest income increased by 67.49% from ₹ 39.43 million in fiscal year 2014 to ₹ 66.04 million in fiscal year 2015, primarily due to an increase in interest income from bank deposits by 86.49% from ₹ 28.64 million in fiscal year 2014 to ₹ 53.41 million in fiscal year 2015, on account of increased investments in fixed deposits with banks.

Loss on sale of investment in associates in fiscal year 2014. We did not incur any profits or losses on sales of investment in associates in fiscal year 2015, as compared to fiscal year 2014, in which we sustained a loss of ₹ 76.35 million on the divestment of equity shares corresponding to 50% of the paid up share capital in Sheela Woodbridge Urethanes Private Limited ("**SWUPL**"), an erstwhile joint venture between our Company and Woodbridge Foam International Limited. The loss was sustained given that our investment (amounting to ₹ 76.35 million, as on March 31, 2013) in SWUPL was sold in fiscal year 2014 for an aggregate consideration of ₹ 1, in light of the fact that SWUPL had consistently incurred losses since its incorporation, and had negative net-worth prior to such divestment.

Excise duties

We paid excise duties of amounting to ₹ 1,356.42 million in fiscal year 2015, an increase of 8.21% from excise duties amounting to ₹ 1,253.49 million paid in fiscal year 2014, on account of increase in sales of finished goods manufactured by us, resulting in higher excise duties.

Expenditure

Our total expenditure increased by 10.94% from ₹ 12,355.16 million in fiscal year 2014 to ₹ 13,707.31 million in fiscal year 2015.

Cost of materials consumed. Our cost of materials consumed increased by 11.13% from ₹ 7,693.17 million in fiscal year 2014 to ₹ 8,550.08 million in fiscal year 2015. This increase was primarily due to increase in costs incurred for purchase of polyol by 17.88% from ₹ 3,456.08 million in fiscal year 2014 to ₹ 4,074.05 million in fiscal year 2015, a marginal increase in costs incurred for purchase of TDI by 0.55% from ₹ 2,098.83 million in fiscal year 2014 to ₹

2,110.52 million in fiscal year 2015 and increase in costs incurred for purchase of other materials (such as coir sheets, cloth, chemical catalysts and additives) by 9.64% from ₹ 1,765.74 million in fiscal year 2014 to ₹ 1,935.92 million in fiscal year 2015, on account of increase in the amount of raw materials purchased (resulting from increase in volume of our business and manufacture of products), as well as increase in the cost of our raw materials. The average price paid by us for purchase (per kilogram) of polyol increased by 8.28% from ₹ 137.68 in fiscal year 2014 to ₹ 149.08 in fiscal year 2015, which was partially offset by decrease in the average price paid by us for purchase (per kilogram) of TDI by 8.25% from ₹ 163.56 in fiscal year 2014 to ₹ 150.06 in fiscal year 2015.

Purchase of stock-in-trade. Our expenses on purchase of stock-in-trade increased by 23.05% from ₹ 94.59 million in fiscal year 2014 to ₹ 116.39 million in fiscal year 2015, primarily due to increase in sales of traded goods.

Other manufacturing expenses. Other manufacturing expenses increased by 32.99% from ₹ 473.96 million in fiscal year 2014 to ₹ 630.30 million in fiscal year 2015. This increase was primarily due to an increase in expenses on stores consumed by 70.51% from ₹ 156.07 million in fiscal year 2014 to ₹ 266.11 million in fiscal year 2015.

Changes in inventories of finished goods, stock-in-progress and stock-in trade. Our closing inventories of finished goods, stock-in-progress and stock-in-trade were lower by ₹ 44.72 million for fiscal year 2015 compared to our opening inventories for fiscal year 2015. Such decrease in our closing inventories was primarily due to decrease in inventories of finished goods and stock in process.

Employee benefit expenses. Our employee benefit expenses increased by 7.63% from ₹ 1.193.81 million in fiscal year 2014 to ₹ 1,284.91 million in fiscal year 2015, primarily due to increase in salaries, wages, bonus, gratuity and allowances by 12.52% from ₹ 1,017.80 million in fiscal year 2014 to ₹ 1,145.20 million in fiscal year 2015 on account increase in the number of employees and salary and wage increments. Such increase was partially offset by decrease in our workmen and staff welfare expenses by 27.97% from ₹ 145.36 million in fiscal year 2014 to ₹ 104.71 million in fiscal year 2015, primarily on account of the fact that fees of ₹ 56.18 million paid by our Company to SWUPL in lieu of technical training of our employees to SWUPL in fiscal year 2014 were no longer reflected under workmen and staff welfare expenses in fiscal year 2015.

Finance costs. Our finance costs decreased by 15.49% from ₹ 191.60 million in fiscal year 2014 to ₹ 161.93 million in fiscal year 2015, primarily due to repayment of term loans.

Depreciation and amortisation expense. Depreciation and amortisation expenses decreased by 6.82% from ₹ 300.00 million in fiscal year 2014 to ₹ 279.54 million in fiscal year 2015, primarily due to depreciation being charged on written down value of our assets.

Other expenses. Our other expenses increased by 8.04% from ₹ 2,443.03 million in fiscal year 2014 to ₹ 2,639.44 million in fiscal year 2015. This increase was primarily due to:

(a) increase in advertisement expenses by 35.09% from ₹ 365.10 million in fiscal year 2014 to ₹ 493.21 million in fiscal year 2015 on account of increased advertising by us on television and print media;

(b) increase in expenses on incentives and rebates by 18.75% from ₹ 496.49 million in fiscal year 2014 to ₹ 589.56 million in fiscal year 2015 on account of higher sales levels achieved by our distributors and increased value of incentives offered by us; and

(c) increase in expense on sales promotion schemes by 21.86% from ₹ 424.77 million in fiscal year 2014 to ₹ 517.61 million in fiscal year 2015 account of higher value of gifts and other promotional material offered to our consumers and dealers through our sales promotion schemes.

Such increase was partially offset by a decrease in selling and promotional expenses by 7.75% from ₹ 217.54 million in fiscal year 2014 to ₹ 200.68 million in fiscal year 2015, on account of lesser expenses incurred in group events with our dealers.

Profit before Tax

Our restated profit before tax increased by 59.15% from ₹ 361.37 million in fiscal year 2014 to ₹ 575.12 million in fiscal year 2015. This increase was primarily due to increase in our total revenues, and in particular, revenues from sale of finished goods, namely, home comfort products and technical grade PU Foam and other income.

Tax Expense

Tax expense increased by 78.85% from ₹ 82.97 million in fiscal year 2014 to ₹ 148.39 million in fiscal year 2015, primarily due to increased profits resulting in higher current taxes.

Profit after Tax

As a result of the above, our restated profit after tax increased by 53.28% from ₹ 278.40 million in fiscal year 2014 to ₹ 426.73 million in fiscal year 2015.

FINANCIAL CONDITION

Assets

The following table sets forth the principal components of our assets as of March 31, 2014, March 31, 2015 and March 31, 2016.

Particulars	As of March 31, 2016	As of March 31, 2015	As of March 31, 2014
	In ₹ Million		
Fixed Assets			
Tangible assets	2,807.23	2,790.73	2,518.93
Goodwill	71.06	71.92	3.38
Capital work in progress	97.00	83.26	167.80
Non-current investments	100.04	0.04	0.04
Long term loans and advances	145.86	113.66	73.86
Other non-current assets	14.54	9.32	4.28
Current Assets			
Inventories	1,046.13	1,181.59	1,241.24
Trade receivables	1,170.69	1,144.99	1,200.83
Cash and bank balances	2,171.60	1,169.84	768.43
Short term loans and advances	190.05	171.20	213.30
Other current assets	68.87	58.39	59.77
Total	**7,883.06**	**6,794.94**	**6,251.86**

Our total assets increased by 16.01% from ₹ 6,794.94 million as of March 31, 2015 to ₹ 7,883.06 million as of March 31, 2016. Key elements of this increase were increase in cash and bank balances and increase in non-current investments, reflected by investments of ₹ 100.00 million in secured, redeemable index linked non-convertible debentures.

Our total assets increased by 8.69% from ₹ 6,251.86 million as of March 31, 2014 to ₹ 6,794.94 million as of March 31, 2015. A key element of this increase was increase in cash and bank balances.

Liabilities

The following table sets forth the principal components of our liabilities as of March 31, 2014, March 31, 2015 and March 31, 2016.

Particulars	As of March 31, 2016	As of March 31, 2015	As of March 31, 2014
	In ₹ Million		
Equity and Liabilities			
Shareholders' funds			
Share capital	162.61	162.61	162.61
Reserve and surplus	3,221.74	2,287.78	1,803.04
Non-current liabilities			
Long term borrowings	346.28	726.44	866.32
Deferred tax liabilities (net)	19.42	23.86	6.14
Other long term liabilities	342.13	274.88	217.86
Long term provisions	106.41	102.24	97.59
Current liabilities			
Short term borrowings	788.27	538.74	828.83
Trade payables	1,126.21	1,139.62	988.51
Other current liabilities	1,463.50	1,394.04	1,190.12
Short term provisions	306.49	144.73	90.84
Total	**7,883.06**	**6,794.94**	**6,251.86**

Our total liabilities increased by 16.01% from ₹ 6,794.94 million as of March 31, 2015 to ₹ 7,883.06 million as of March 31, 2016. A key element of this increase was increase in reserves and surplus and short term borrowings reflected by increase in working capital loans from banks.

Our total liabilities increased by 8.69% from ₹ 6,251.86 million as of March 31, 2014 to ₹ 6,794.94 million as of March 31, 2015. A key element of this increase was increase in reserves and surplus and trade payables.

CAPITAL EXPENDITURE

Capital expenditures represent our fixed assets plus changes in capital work-in-progress (i.e., expenses incurred in relation to work-in-progress but not capitalized). Our Company has historically sourced funding for capital expenditures through internally-generated funds and long-term borrowings. The principal investments in fixed assets we have made related to the expansion of our operations are classified as follows:

Particulars	As of March 31, 2016	As of March 31, 2015	As of March 31, 2014
	In ₹ Million		
Assets			
Land	1.20	88.18	-
Buildings	149.95	177.45	17.43
Plant and machinery	218.99	250.46	129.11
Others (including office equipment and vehicles)	41.05	56.14	26.07
Total	**411.19**	**572.23**	**172.61**
Capital work-in-progress			
Tangible capital work-in-progress	13.74	(84.54)	153.23
Total	**13.74**	**(84.54)**	**153.23**

We expect to fund our budgeted capital expenditures principally through cash from operations and from borrowings. As such, however, our historical expenditures, including the figures stated above, may not be indicative of our future capital expenditures.

INDEBTEDNESS

For information of our financial indebtedness as on June 30, 2016, see the section titled "*Financial Indebtedness*" on page 354.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Our Company's contractual obligations as of March 31, 2016 consisted of an estimated amount of ₹ 136.06 million for contracts remaining to be executed on capital account (net of advances). We expect that such obligations and commitments will not have any material effect on our liquidity and cash flows in future periods. We also have certain lease obligations with respect to the land on which certain of our manufacturing facilities are situated.

The following table sets forth our Company's contractual obligations and commitments as of March 31, 2016.

Particulars	**Payments due by period**				
	Total (*In ₹ million*)	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long term borrowings	340.67	4.5	286.08	24.10	25.99
Deferred payment liabilities	5.61	0.14	5.47	-	-
Short term borrowings	788.28	788.28	-	-	-
Operating leases	708.43	170.28	208.84	208.84	120.47
Contracts remaining to be executed on capital account and not provided for (net of advance)	136.06	136.06	-	-	-
Total	**1,979.05**	**1,099.26**	**500.39**	**232.94**	**146.46**

CONTINGENT LIABILITIES NOT PROVIDED FOR

For details of our contingent liabilities for fiscal years 2012, 2013, 2014, 2015 and 2016, see the section titled "*Financial Statements – Annexure VII - Restated Standalone Statement of Contingent Liabilities and Commitments*" and "*Financial Statements – Annexure VII - Restated Consolidated Statement of Contingent Liabilities and Commitments*" on pages 240 and 314, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2016, our Company does not have any off-balance sheet arrangements, derivative instruments or other relationships with any entities that would have been established for the purpose of facilitating off balance sheet arrangements.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs have been to finance our working capital needs and capital expenditure. We have financed our operations primarily by way of cash flow from operations and long-term and short-term borrowings in the form of cash credits.

We had cash and bank balances of ₹ 2,171.60 million and ₹ 1,169.84 million as of March 31, 2016 and March 31, 2015, respectively. Our anticipated cash flows are however dependent on several factors beyond our control. See the section titled "*Risk Factors*" on page 17. Set forth below is a summary of our cash flow data for the periods indicated.

Particulars	**Year ended March 31,**		
	2016	**2015**	**2014**
	In ₹ Million		
Cash and bank balances at the beginning of the year	1,169.84	768.43	322.10
Net cash from/(used in) operating activities	1,763.59	1,473.09	1,244.27
Net cash from/(used in) investing activities	(336.63)	(486.29)	(269.32)
Net cash from/(used in) financing activities	(425.20)	(585.39)	(528.62)
Cash and cash equivalent at the end of the year/period	2,171.60	1,169.84	768.43

Cash Flow from/ (used in) Operating Activities

Our net cash from operating activities for fiscal year 2016 was ₹ 1,763.59 million. While our restated profit before tax was ₹ 1,520.22 million for fiscal year 2016, we had operating profit before working capital changes of ₹

1,844.46 million, primarily as a result of adjustments made for non-cash items such as depreciation and amortization expense, finance costs, interest income and provisions for warranty claims and sales returns. Our working capital adjustments to our net cash generated from operations for fiscal year 2016 included decrease in inventories of ₹ 135.44 million and increase in trade and other receivables of ₹ 65.61 million and increase in trade payables and other liabilities and provisions of ₹ 321.81 million.

Our net cash from operating activities for fiscal year 2015 was ₹ 1,473.09 million. While our restated profit before tax was ₹ 575.12 million for fiscal year 2015, we had operating profit before working capital changes of ₹ 971.24 million, primarily as a result of adjustments made for non-cash items such as depreciation and amortization expense, finance costs and interest income. Our working capital adjustments to our net cash from operations for fiscal year 2015 included decrease in inventories of ₹ 59.68 million, increase in trade payables and other liabilities and provisions of ₹ 409.32 million and decrease in trade and other receivables of ₹ 56.76 million.

Our net cash from operating activities for fiscal year 2014 was ₹ 1,240.55 million. While our restated profit before tax was ₹ 361.37 million for fiscal year 2014, we had operating profit before working capital changes of ₹ 900.27 million, primarily as a result of adjustments made for non-cash items such as depreciation and amortization expense, finance costs, interest income and loss on sale of investment. Our working capital adjustments to our net cash from operations for fiscal year 2014 included increase in inventories of ₹ 79.32 million and increase in trade payables and other liabilities and provisions ₹ 554.54 million and increase in trade and other receivables of ₹ 134.94 million.

Cash Flow from/ (used in) Investing Activities

Our net cash used in investing activities for the fiscal year 2016 was ₹ 336.63 million, reflecting payments for purchase of fixed assets and capital work in progress of ₹ 373.80 million and purchase of investments (net) of ₹ 96.00 million, partially offset by sale of fixed assets of ₹ 61.23 million and interest income of ₹ 71.94 million.

Our net cash used in investing activities for the fiscal year 2015 was ₹ 486.29 million, reflecting payments for purchase of fixed assets and capital work in progress of ₹ 583.41 million and partially offset by sale of fixed assets of ₹ 39.01 million and interest income of ₹ 58.11 million.

Our net cash used in investing activities for the fiscal year 2014 was ₹ 269.32 million, reflecting payments for purchase of fixed assets and capital work in progress of ₹ 307.66 million and partially offset by sale of fixed assets of ₹ 2.24 million and interest income of ₹ 36.10 million.

Cash Flow from/ (used in) Financing Activities

Our net cash used in financing activities for fiscal year 2016 was ₹ 425.20 million, reflecting repayment of secured long-term borrowings of ₹ 552.88 million, repayment of unsecured short-term borrowings of ₹ 12.53 million, repayment of unsecured long-term borrowings of ₹ 1.86 million and finance costs of ₹ 119.99 million, partially offset by proceeds of secured short term borrowings of ₹ 262.06 million.

Our net cash used in financing activities for fiscal year 2015 was ₹ 585.39 million, reflecting repayment of secured long-term borrowings of ₹ 64.52 million, repayment of unsecured short-term borrowings of ₹ 65.10 million, repayment of unsecured long-term borrowings of ₹ 67.24 million, repayment of secured short term borrowings of ₹ 224.99 million and finance costs of ₹ 163.54 million.

Our net cash used in financing activities for fiscal year 2014 was ₹ 528.62 million, reflecting repayment of secured long-term borrowings of ₹ 139.72 million, repayment of unsecured long-term borrowings of ₹ 11.60 million, repayment of secured short-term borrowings of ₹ 151.44 million, adjustments for amalgamation of our subsidiaries of ₹ 68.73 million and finance costs of ₹ 193.61 million, marginally offset by the proceeds from unsecured short-term borrowings of ₹ 36.48 million.

Our Company expects to meet its working capital, capital expenditure and investment requirements for the next 12 months primarily from internal accruals. It may also from time to time seek other sources of funding, which may include debt or equity financings, including rupee-denominated loans from Indian banks, depending on its financing needs and market conditions.

QUANTITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET RISK

We are exposed to market risks that are related to the normal course of our operations such as interest rate, liquidity risk, foreign exchange risk and reputational risk, which may affect economic growth in India and the value of our financial liabilities, our cash flows and our results of operations.

Interest Rate Risk

Our Company's exposure to interest rate risk relates primarily to its long term and short term debt. As of June 30, 2016, our Company has outstanding secured loans of ₹ 648.07 million, all of which bore interest at floating rates. Therefore, fluctuations in interest rates could have the effect of increasing the interest due on our Company's outstanding debt and increases in such rates could make it more difficult for our Company to procure new debt on attractive terms. Our Company currently does not, and has no plans to engage in, interest rate derivative or swap activity.

Liquidity Risk

Our Company faces the risk that it will not have sufficient cash flows to meet its operating requirements and its financing obligations when they come due. Our Company manages its liquidity profile through the efficient management of existing funds and effective forward planning for future funding requirements.

Going forward, and to the extent it is able to do so, our Company intends to primarily use internally generated funds to meet its financing requirements.

Foreign Exchange Risk

We are exposed to exchange rate risk. A certain portion of polyol and TDI, which are our key raw materials, is imported by us in U.S. dollars. For fiscal year 2016, the CIF value of imports was ₹ 1,910.57 million (including raw material and capital goods). We also received ₹ 160.99 million from outside India from export of technical PU Foam outside India and ₹ 2,857.40 million as contribution to our consolidated revenues from Joyce, our wholly owned Australian subsidiary which reports its results in AUD. In addition, our future capital expenditures, including any imported equipment and machinery, and borrowings may be denominated in currencies other than Rupees. In such circumstances, declines in the value of the Rupee against U.S. dollar or other foreign currencies would increase the Rupee cost of servicing and repaying those borrowings and their value in our balance sheet. The exchange rate between the Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. Although we currently enter into certain hedging arrangements against currency exchange rate risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in currency exchange rates. Adverse movements in foreign exchange rates may adversely affect our results of operations and financial condition.

Reputational Risk

We believe that the recognition and reputation of our "*Sleepwell*" brand for our home comfort products among end-consumers have contributed significantly to the growth and success of our business. Maintaining and enhancing the recognition and reputation of our brand is, therefore, critical to our business and competitiveness. If we fail to maintain our reputation, enhance our brand recognition or increase positive awareness of our services and products, it may be difficult to maintain and grow our consumer base, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

Related Party Transactions

We have engaged in the past, and may engage in future, in transactions with related parties, including with our affiliates and certain key management members on an arm's lengths basis. Such transactions are ordinarily for the sale and purchase of services, lease rental of assets or purchase of properties or investments. For further information, see the sections titled "*Financial Statements – Annexure X – Restated Consolidated Statement of Related Party*

Transactions" and "*Financial Statements – Annexure XI - Restated Standalone Statement of Related Party Transactions*" on pages 317 and 244, respectively.

Known Trends or Uncertainties

Other than as described in this Draft Red Herring Prospectus, particularly above and in "*Risk Factors*" on page 17, to our knowledge, there are no trends or uncertainties that have had or are expected to have a material adverse impact on our income from continuing operations, on our results of operations or financial condition.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no events or transactions that may be described as "unusual" or "infrequent".

Seasonality of Business

While we do not characterize our business as seasonal, our income and profits may vary from quarter to quarter depending on factors including the festival/ wedding seasons where a larger volume of gifts are likely to be purchased by our end-consumers.

Future Relationship between Costs and Income

Other than as described above and in the section titled "*Risk Factors*" on page 17, to our knowledge, there are no known factors which will have a material adverse impact on our operations and finances.

Significant Dependence on a Single or Few Customers

Although we have a wide customer base and our business is not dependent on any single or few clients, a majority of our end-consumers are in the retail sector. For more information, see the section titled "*Our Business*" on page 118.

Increase in our revenue

Increase in the volume of our business and the introduction of any new products in the ordinary course of our business would be expected to contribute to increase our revenues.

New Products or Business Segment

Apart from the recent business initiatives discussed in "*Our Business – Our Strategy*" on page 122, we currently have no plans to develop new products or establish new business segments.

Significant Regulatory Changes

Except as described in the section titled "*Regulations and Policies*" on page 138, there have been no significant regulatory changes that could affect our income from continuing operations.

Competitive Conditions

For information on our competitive conditions and our competitors, see the sections titled "*Risk Factors*" and "*Our Business*" on pages 17 and 118, respectively.

TAXES

For details regarding taxation and the regulatory environment in which our Company operates, see the sections titled "*Statement of Tax Benefits*" and "*Regulations and Policies*" on pages 101 and 138, respectively.

SIGNIFICANT DEVELOPMENTS

Except as stated below, to our knowledge, no circumstances have arisen since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect our operations or profitability, the value of our assets, our capital structure, or our ability to pay our material liabilities within the next twelve months.

(i) On account of an outbreak of fire in the curing and storage area of our manufacturing facility in Greater Noida on May 20, 2016, we experienced disruptions at this facility for one day. We have filed an insurance claim of ₹ 430.90 million in respect of losses to stocks, building, plant and machinery, office equipment and furniture and fixtures occasioned from this fire, which is currently outstanding.

(ii) By a resolution of our Board of Directors dated May 6, 2016, and a special resolution of our shareholders dated May 31, 2016, the nominal value of our Equity Shares was changed from ₹ 10 to ₹ 5. For further information, see the section titled "*Capital Structure*" on page 76.

(iii) We have, on June 7, 2016, allotted 16,260,936 bonus Equity Shares by capitalization of our free reserves and surplus to our existing shareholders such that one bonus Equity Share was allotted for every two Equity Shares held by our shareholders on May 15, 2016, the record date for the bonus issue. For further information, see the section titled "*Capital Structure*" on page 76.

(iv) By a resolution of our Board of Directors dated May 6, 2016 and a special resolution of our shareholders dated May 31, 2016, our Company has adopted the Sheela Foam Employees Stock Options Scheme 2016, or ESOS 2016. 2,400,000 Equity Shares are slated to be granted upon exercise of options under ESOS 2016. For further information, see the section titled "*Capital Structure – Notes to Capital Structure - Employee Stock Option Scheme*" on page 92.

FINANCIAL INDEBTEDNESS

Our Company avails loans and bank facilities in the ordinary course of its business. As on date such loans are primarily for working capital requirements. Our Company has obtained necessary consents required under relevant loan documentations for undertaking the Offer including for change in its capital structure, shareholding pattern, amendment to its constitutional documents and conversion into a public limited company.

Pursuant to a resolution dated May 31, 2016 passed by our shareholders, our Board has been authorised to borrow any sum or sums of monies for and on behalf of our Company, from time to time provided that the sum or sums of monies so borrowed together with monies, if any, already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves provided further that the total amount up to which the monies may be borrowed shall not exceed ₹ 5,000 million at any point of time.

Set forth below is a brief summary of our aggregate borrowings on a consolidated basis as of June 30, 2016:

Facilities obtained by our Company

Category of borrowing	Sanctioned / Loaned amount (in ₹ million)	Outstanding amount (in ₹ million) as on June 30, 2016
Working Capital Facilities**		
- *Secured*	1,000.00	246.01
- *Unsecured*	100.00	3.87
Bank Guarantees	498.00	302.99
Letter of Credit	100.00	93.65
Others***	35.90	33.42
Total	**1,733.90**	**679.94**

** *Working Capital Facilities typically include sub-limits for other facilities like Buyers' credit, Packing credit, Letter of Credit, Overdraft facility, Cash Credit and Usance letter of credit, including others.*
*** *Includes vehicle loans, loans from one of our Promoters, a member of our Promoter Group and inter-corporate deposits.*

Facilities obtained by Joyce Foam Pty Ltd

Category of borrowing	Sanctioned / Loaned amount (in AUD million)	Outstanding amount (in AUD million) as on June 30, 2016
Working Capital Facility	5.00	0.55
Term Loans	2.56	2.38
Demand Loan/ Bank Guarantee	8.86	5.52
Foreign Letter of Credit	0.50	0.00
Total	**16.92**	**8.46**

For details of the outstanding loan obligations of our Company for the last five Fiscal Years, please see the section titled "*Financial Statements*" on page 187.

Principal terms of the borrowings availed by us:

1. ***Interest:*** The interest rate for our facilities is typically the base rate of a specified lender and plus a specified spread per annum, subject to a minimum interest rate. The spread varies among different loans and typically ranges from 1% to 5%.

2. ***Tenor:*** The tenor of the facilities availed by us typically ranges from 6 months to 12 months.

3. ***Security:*** In terms of our borrowings where security needs to be created, we are typically required to:

   a) Create security by way of hypothecation on our Company's present and future book-debts;
   b) Create charge on our movable assets and immovable assets, both present and future; and

c) Execute a demand promissory note for a specified amount in the form approved by the relevant lender.

In most cases, security created in favour of a lender is on a pari passu basis with the other lenders.

In addition to above, some of our Promoters and Directors, typically Ms. Sheela Gautam, Mr. Rahul Gautam, Ms. Namita Gautam and Mr. Tushaar Gautam provide personal guarantees to our lenders. Additionally, our Company has guaranteed certain facilities availed by our Subsidiary Joyce Foam Pty Ltd.

The details above are indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. ***Re-payment:*** The working capital facilities are typically repayable either on the last business day of the term for which such advance was drawn down, or on demand by the lender. The two term loans availed by our Subsidiary Joyce Foam Pty Ltd are repayable in 40 quarterly instalments and 60 monthly instalments, respectively.

5. ***Prepayment:*** The loans availed by our Company typically have prepayment provisions which allows for prepayment of the outstanding loan amount at any given point in time, subject such prepayment penalties as may be decided by the lender at the time of such prepayment. The prepayment penalty is typically 2% of the amount being prepaid.

6. ***Penalty:*** The loans availed by our Company contain provisions prescribing penalties for prepayment as well as delayed payment or default in the repayment obligations of our Company or delay in creation of the stipulated security, which typically range from 1% to 4% of the outstanding principal amount.

7. ***Events of Default:*** Borrowing arrangements entered into by our Company contain standard events of default, including:

(a) Non-payment or default of any amounts due on the facility or loan obligation;
(b) Breach of any representation, warranty or undertaking by our Company;
(c) Initiation of enforcement and distress proceedings, proceedings relating to winding up/ liquidation/ bankruptcy being initiated against our Company;
(d) Appointment of a receiver over any of our Company’s properties;
(e) Occurrence of any circumstances that would, in the opinion of the lender, imperil repayment of the loan or constitute a material adverse effect on our Company’s ability to repay the facility amount;
(f) Any substantial change in the constitution or management of our Company effected without the prior written consent of the lender;
(g) Non-performance or non-compliance of terms of the borrowing arrangements;
(h) Seizure, nationalisation of substantial assets or properties of our Company and its interests by the authority of the Government;
(i) In case our Company suspends, ceases or threatens to cease to carry on its business;
(j) Misuse of facilities by our Company; and
(k) Cross default by our Company on amounts due to/ facilities extended by any other lender.

Additionally our Company is required to ensure that the aforementioned events of default and other events of default, as specified under the various binding documents and agreements entered into by our Company for the purpose of availing of loans are not triggered.

Further, for details of financial and other covenants required to be complied with, by our Company, in relation to our loan obligations, please see the section titled “*Risk Factors – Inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business and results of operations*” on page 29.

SECTION VI – LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there is no outstanding (i) criminal litigation involving our Company, Subsidiaries Directors, Promoters or Group Companies; (ii) action by statutory or regulatory authorities involving our Company, Subsidiaries, Directors, Promoters or Companies; or (iii) claim involving our Company, Subsidiaries, Directors, Promoters or Group Companies for any direct or indirect tax liabilities.

Further, except as stated in this section, there are no (i) outstanding proceedings initiated for economic offences against our Company; (ii) pending defaults or non-payment of statutory dues by our Company; (iii) material fraud against our Company in the last five years immediately preceding this Draft Red Herring Prospectus; (iv) inquiry, inspection or investigation initiated or conducted under the Companies Act against our Company or Subsidiaries during the last five years immediately preceding the year of this Draft Red Herring Prospectus; (v) prosecutions filed (whether pending or not); compounding of offences or fines imposed under the Companies Act against our Company and its Subsidiaries, in the last five years immediately preceding the year of this Draft Red Herring Prospectus; (vi) litigation or legal action, pending or taken, against our Promoters by any ministry or Government department or statutory authority during the last five years immediately preceding this Draft Red Herring Prospectus; (vii) other pending litigations involving our Company, Subsidiaries, Directors, Promoters, Group Companies or any other person, as determined to be material by our Board of Directors, in accordance with the SEBI Regulations; or (viii) outstanding dues to creditors of our Company as determined to be material by our Board of Directors, in accordance with the SEBI Regulations; and (ix) outstanding dues to small scale undertaking and other creditors; and (x) overdues or defaults to banks or financial institutions by our Company.

*Our Board, in its meeting held on June 7, 2016 has adopted a policy for identification of Group Companies, material creditors and material legal proceedings (**"Materiality Policy")**. For the purposes of disclosure, pursuant to the SEBI Regulations and the Materiality Policy, (i) all pending litigation involving our Company, Subsidiaries, Directors, Promoters and Group Companies, other than criminal proceedings and statutory or regulatory actions, would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of either 1% of the profit after taxes of our Company as per the Restated Consolidated Financial Statements for the Fiscal Year ended March 31, 2016 or ₹ 5.00 million, (Rupees Five Million), whichever is lower, or (ii) pending proceedings involving the abovementioned persons whose outcome may have a bearing on the business, operations or prospects or reputation of our Company, are considered 'material', and disclosed in this Draft Red Herring Prospectus.*

It is clarified that for the purposes of the above, pre-litigation notices (other than those issued by statutory or regulatory authorities) received by our Company, Subsidiaries, Directors, Promoters or the Group Companies shall, unless otherwise decided by the Board, not be considered as litigation until such time that our Company or any of its Subsidiaries, Directors, Promoters or its Group Companies, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.

I. Litigation involving our Company

1. Outstanding criminal litigation involving our Company

Criminal proceedings against our Company

Except as set forth in the section titled "- *Pending action by statutory or regulatory authorities against our Company*" on page 357, which discloses proceedings initiated by regulatory authorities that are of a criminal nature, there are no criminal proceedings pending against our Company.

Criminal proceedings by our Company

As on the date of this Draft Red Herring Prospectus, there are no pending criminal proceedings that have been initiated by our Company.

2. *Material outstanding litigation involving our Company*

Civil proceedings against our Company

Except as disclosed below, there are no material civil proceedings initiated against our Company.

1. A group of individuals (**"Plaintiffs"**) instituted suit dated September 1, 2005 before the II Additional District Judge, Ranga Reddy district, Telangana (**"ADJ"**) for declaration of claim and recovery of possession of property against a part of the premises over which our manufacturing facility in Hyderabad is located. The ADJ *vide* order dated April 29, 2014 (**"Order"**) dismissed the suit on the ground that the plaintiffs failed to establish their legal rights over the claimed properties. The Plaintiffs filed an appeal against the Order before the High Court of Hyderabad (**"Court"**), wherein the Court *vide* an interim order dated June 8, 2015 restrained our Company from alienating or effecting transfer of the disputed land without the permission of the Court. The matter is currently pending.

2. Praduman Patel (**"Plaintiff"**) filed defamation suit dated May 19, 2016 (**"Suit"**) against our Company, Mr. Rahul Gautam and Ms. Sheela Gautam (**"Defendants"**) before the High Court of Delhi (**"Court"**). In the Suit, the Plaintiff alleged that the Defendants caused wilful disrepute to the Plaintiff's image in the society by issuing certain incriminatory and defamatory complaint letters (**"Letters"**) to Registrar of Companies, Hyderabad and banks. The Plaintiff further alleged that the contents of the Letters wherein the Defendants alleged that the Plaintiff perpetrated fraud against the Defendants by filing false documents and forging signatures of one of the Defendant's employee to incorporate a new company, Fortune Foam Private Limited, were false and were inspired by malice which caused irreparable loss to the Plaintiff's reputation in the PU foam industry, amongst his employees and his bankers (**"Allegations"**). In pursuance of these Allegations, the Plaintiff prayed for an order directing the Defendants to refrain from defaming the Plaintiff and grant damages amounting to ₹ 22 million along with the cost of the Suit. The matter is currently pending.

Civil proceedings by our Company

Except as disclosed below, there are no pending material civil proceedings initiated by our Company.

Our Company instituted a civil suit dated September 12, 2003 ("**Suit"**) against Kurlon Limited (**"Kurlon"**) before the High Court of Delhi. In the Suit, our Company alleged that Kurlon had dishonestly adopted and malafidely imitated our trademark 'RESTWELL' in respect of its similar manufactured goods, namely mattresses, pillows, etc. and accordingly passed off its goods as our Company's. Our Company prayed for a decree of permanent injunction restraining Kurlon for trading in goods bearing the mark 'RESTWELL' and rendition of accounts earned by Kurlon by use of the 'RESTWELL' mark. Kurlon *vide* written statement dated October 3, 2003 denied all the allegations made by us. The matter is currently pending.

3. *Pending action by statutory or regulatory authorities against our Company*

Except as disclosed below, there are no pending actions by statutory or regulatory authorities against our Company.

Dinesh Kumar Gautam *vide* complaint dated May 2, 2000 to the Conservator of Forests, Dadra and Nagar Haveli, alleged that Feather Foam Enterprises Private Limited ("**Feather Foam**"), which subsequently amalgamated into our Company, had encroached upon forest land situated in Umerkui Road, Silvassa. Subsequent to the investigation by the Range Forest Officer and Forest Surveyor and Survey and Settlement Officer, a forest officer report dated May 31, 2001 was filed and a chargesheet dated September 2, 2003 was submitted to the Chief Judicial Magistrate, Dadra & Nagar Haveli, Silvassa ("**Magistrate**") charging Ms. Namita Gautam, Ms. Renu Pradyuman Patel, Ms. Ridhi Indrajit Chana, Mr. Prashant Sharma and Mr. Radhey Shyam Sharma under the provisions of the Indian Forest Act 1927, Wildlife (Protection) Act, 1972 and Forest Conservation Act, 1980. An application for discharge against the chargesheet was made by Ms. Namita Gautam, Ms. Renu Pradyuman Patel and Ms. Ridhi Indrajit Chand under the provisions of the Code of Criminal Procedure, 1973 ("**CrPC**"), which was heard and subsequently rejected by the Chief Judicial Magistrate, Silvassa by an order dated July 14, 2005. Thereafter, Ms. Namita Gautam and Ms. Renu Pradyuman Patel applied for revision of the order against discharge under the provisions of the CrPC. The Chief Judicial Magistrate, Dadra & Nagar Haveli, Silvassa dismissed the revision application and directed the accused to appear before the Trial Court for trial. During the proceedings in the trial court, our Company *vide* letter dated October 14, 2013 informed the Deputy Conservator of Forest, Dadra and Nagar Haveli, Silvassa, *inter alia*, that it has vacated the disputed land and undertaken necessary plantation activities. The matter is currently pending.

4. Tax proceedings against our Company

Provided below is a summary of direct and indirect taxation proceedings pending against our Company.

Nature of tax involved	**Number of cases outstanding**	**Amount involved in such proceedings (in ₹ million)**
Direct tax		
Sub-total (A)	7	29.48
Indirect tax		
Sub-total (B)	23	155.01
Total (A+B)	30	184.49

Except as disclosed below, there are no tax proceedings involving amounts exceeding ₹ 5.00 million against our Company, as on the date of this Draft Red Herring Prospectus.

1. Our Company received show cause notices dated May 30, 2014 and December 22, 2014 (**"SCNs"**) issued by Commissioner, Central Excise, Noida in respect of our manufacturing facility in Greater Noida. Pursuant to the SCNs, the Commissioner *vide* order dated May 29, 2015 (**"Order"**) disallowed CENVAT credit of ₹ 9.09 million availed by us from 2010-11 to June 2014. Additionally, the Commissioner imposed a penalty of ₹ 9.09 million on our Company under the provisions of CENVAT Credit Rules, 2004 and Central Excise Act, 1944. Our Company *vide* application dated August 6, 2015 filed an appeal against the Order before the Customs Excise & Service Tax Appellate Tribunal, New Delhi. The matter is currently pending.

2. Our Company received a show cause notice dated November 1, 2007 ("**SCN**") issued by Commissioner, Customs, Central Excise & Service Tax, Noida (**"Commissioner"**) with respect to our manufacturing facility in Greater Noida. Under the SCN, it was alleged that our Company had contravened provisions of the Central Excise Valuation (Determination of Price of Exercisable Goods) Rules, 2000 read with the Central Excise Act, 1933 and the CENVAT Credit Rules, 2004 to evade payment of excise duties during the period from April 1, 2003 to March 31, 2007. The Commissioner *vide* order dated June 23, 2008 (**"Order"**) confirmed certain demands of duty, levied interest on the duty and imposed penalties on our Company, which our Company accepted partially and filed an appeal against balance penalties amounting to ₹ 21.75 million before the Customs Excise & Service Tax Appellate Tribunal, New Delhi (**"CESTAT"**). The CESTAT *vide* order dated October 15, 2008 stayed the Order. The matter is currently pending.

3. Our Company received a show cause notice dated November 30, 2012 ("**SCN**") from the Commissioner Central Excise, Kolkata (**"Commissioner"**) with respect to our erstwhile manufacturing facility in Dankuni, Hooghly. Under the SCN, it was alleged that our Company had contravened provisions of Central Excise Rules, 2002, CENVAT Credit Rules, 2004 and evaded payment of Central Excise duty by not paying the applicable higher excise duty @ 5% *ad valorem* under Notification 2/2011-CE dated March 1, 2011 and @6% *ad valorem* under Notification No. 19 dated March 17, 2012 for the period from July 2011 till August 2012. Pursuant to the SCN, the Commissioner *vide* order dated April 25, 2013 (**"Order"**) confirmed a demand of duty amounting to ₹ 5.89 million, disallowed CENVAT credit of ₹ 0.3 million, demanded interest on the

disallowed amount and imposed a penalty of ₹ 6.19 million on our Company. Our Company filed an appeal dated July 9, 2013 against the Order before the Customs Excise & Service Tax Appellate Tribunal, Kolkata (**"CESTAT"**). The CESTAT *vide* order dated April 20, 2015 stayed the Order. The matter is currently pending.

4. Our Company received a show cause notice dated October 14, 2013 ("**SCN**") issued by Additional Commissioner, Customs Central Excise & Service Tax, Noida (**"Commissioner"**) with respect to our unit in Habibpur, Greater Noida, Uttar Pradesh. Under the SCN, it was alleged that our Company contravened provisions of CENVAT Credit rules, 2004 and had adopted a modus operandi to utilize CENVAT credit illegally by availing CENVAT credit on machines that was not used for manufacturing. Pursuant to the SCN, the Joint Commissioner *vide* order dated January 30, 2015 (**"Order"**) confirmed the demand of duty of ₹ 3.19 million, interest on the duty and imposed a penalty amounting to ₹ 3.19 million on our Company, against which our Company filed an appeal before the Commissioner (Appeals), Noida. The Commissioner (Appeals), Noida *vide* order dated September 29, 2015 set aside the Order and remitted the matter back to the Commissioner for fresh adjudication. The matter is currently pending.

5. A show cause notice dated February 27, 2014 ("**SCN**") was issued by Commissioner, Central Excise & Service Tax, Vapi (**"Commissioner"**) to SNB Bedding Private International Limited ("**SNB Bedding**") (which subsequently merged with our Company) with respect to one of our manufacturing facilities in Silvassa. Under the SCN, it was alleged that SNB Bedding did not value goods in terms of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000 for a period from June 1, 2009 to March 31, 2011. Pursuant to the SCN, the Principal Commissioner *vide* order dated August 13, 2015 (**"Order"**) imposed a demand of central excise duty, interest on the demanded amount and penalty amounting to ₹ 22.02 million. Additionally, the Commissioner *vide* Order imposed penalties of ₹ 0.5 million on Mr. Rahul Gautam and Mr. Tushaar Gautam, respectively. Our Company appealed against the Order *vide* appeal dated October 30, 2015 before the Customs Excise & Service Tax Appellate Tribunal, Ahmedabad. The matter is currently pending.

6. The Income-Tax Department (**"IT Department"**) passed an reassessment order dated March 28, 2013 (**"Order"**) against our Company for the assessment year 2005-06 and subsequently, under a notice of demand under Section 156 of the Income-Tax Act, 1961 demanded a sum of ₹ 16.20 million from our Company. Subsequently, our Company *vide* appeal dated May 2, 2013 filed an appeal against the Order before the Commissioner of Income Tax (Appeals), New Delhi. During the pendency of this appeal, the Deputy Commissioner of Income-Tax issued a rectification notice dated July 1, 2013 under Section 154 of the Income Tax Act, 1961 to our Company, wherein it increased the demand to ₹ 20 million. The matter is currently pending.

7. Pursuant to our Company's acquisition of its manufacturing facility in Greater Noida, our Company applied to the Additional Director, Greater Noida Industrial Development Authority (**"Additional Director"**) for grant of exemption from trade tax under Section 4-A of the Uttar Pradesh Trade Tax Act, 1948. The Additional Director *vide* order dated November 13, 2001 (**"Order"**) rejected our application stating that our Company did not have any ownership rights of the fixed capital investment made by the seller. Against this order, our Company filed appeal no. 158 of 2001 before the Trade Tax Tribunal, Uttar Pradesh (**"Trade Tax Tribunal"**). The Trade Tax Tribunal *vide* order dated April 29, 2002 (**"Order 2"**) set aside the Order and remitted back the matter to the Greater Noida Industrial Development Authority for fresh consideration within three months from the receipt of Order 2. Subsequently, due to the delay in granting a decision on the matter, our Company *vide* letter dated April 1, 2009 requested the Additional Chief Executive Officer, Greater Noida Industrial Development Authority, Greater Noida to consider the matter and grant the exemptions. The amount under dispute is ₹ 31.9 million. The matter is currently pending.

8. Soft Foam Industries Private Limited (**"Soft Foam"**) (which subsequently merged with our Company) approached the Commissioner of Industries, Andhra Pradesh for grant of certain

industrial incentives, including deferment of sales tax from June 10, 1998 to June 9, 2012 conditional upon annual base production of 2,034 tonnes of foam. The Commercial Tax Officer, Basheerbagh Circle, Hyderabad (**"CTO")** *vide* assessment orders dated April 26, 2001, March 28, 2002 and March 31, 2003 (**"Assessments"**) granted deferment of tax for assessment years 1998-99, 2000-01 and 2001-02. Subsequently, the CTO revised its own Assessments and passed reassessment orders dated November 14, 2003 (**"Reassesments"**) wherein it disallowed the deferred tax amounting to ₹ 12.50 million. Soft Foam challenged the Reassessments before the Appellate Deputy Commissioner, Secunderabad division, Hyderabad who *vide* order dated February 19, 2004 (**"ADC Order"**) allowed the appeal and remanded the matter back to CTO. Our Company instituted a second appeal before the Sales Tax Appellate Tribunal which *vide* order dated August 4, 2004 (**"STAT Order 1"**) set aside the ADC Order and held that the CTO did not have any power to reopen its previous assessment in absence of fresh material. The Government of Andhra Pradesh instituted an appeal against STAT Order 1 before the Hyderabad High Court, which dismissed the appeal. Thereafter, the Additional Commissioner (Commercial Tax) (Legal) (**"Revisional Authority"**) in its fresh scrutiny, once again *vide* orders dated April 29, 2005, March 23, 2006 and February 9, 2007 (**"Revision Orders"**) withdrew the deferment of tax, against which Soft Foam instituted an appeal before the Sales Tax Appellate Tribunal, Andhra Pradesh (**"STAT"**). The STAT *vide* common order dated November 26, 2007 (**"STAT Order 2"**) allowed the appeals and set aside the Revision Orders. An appeal was instituted against STAT Order 2 by the Government of Andhra Pradesh before the Andhra Pradesh High Court. The matter is currently pending.

9. The Commercial Tax Department, Ghaziabad levied entry tax demand on our Company amounting to ₹ 10.45 million for a period from 2001-02 to 2011-12, which were subsequently confirmed by the Commercial Tax Tribunal, Ghaziabad. Our Company filed writ petition No. 1592 of 2009 (**"Writ Petition"**) before the Allahabad High Court (**"High Court"**) against the State of Uttar Pradesh, Commissioner of Commercial Taxes, Lucknow and Joint Commissioner, Ghaziabad against the orders confirmed by the Commercial Tax Tribunal Ghaziabad, wherein it challenged the validity of U.P. Tax on Entry of Goods into Local Areas Act, 2007 (**"Act"**). In the Writ Petition, our Company has challenged the Act on various grounds, including the lack of legislative competence, and violation of freedom of trade and commerce guaranteed under Article 301 of the Constitution of India. The High Court *vide* order dated December 23, 2011 (**"Order"**) upheld the validity of the Act, in response to which our Company filed a civil appeal before the Supreme Court of India. The Supreme Court of India *vide* interim order dated January 23, 2012 issued a stay on the Order till final disposal on the condition that our Company deposit 50% of the tax liabilities and furnish bank guarantees for the remaining tax liabilities. The matter is currently pending.

5. Proceedings initiated against our Company for economic offences

As on the date of this Draft Red Herring Prospectus, there are no proceedings that have been initiated against our Company for any economic offences.

6. Default and non – payment of statutory dues

Our Company does not owe any statutory dues and has not made any defaults or committed any acts involving non-payments of its statutory dues, except for certain minor delays in payment of such dues occasioned primarily by delays in bank payment portals. See the section titled "*Summary Financial Information - Observations made by our Auditors*" on page 64.

7. Material frauds against our Company

No material frauds have been committed against our Company during the past five years.

8. Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956

No inspection, inquiry or investigation have been initiated or conducted against our Company under the Companies Act, 2013 or the Companies Act 1956 during the past five years.

9. Outstanding dues to small scale undertakings or any other creditors

In terms of the Materiality Policy, our Company considers creditors to whom the amount due exceeds 5.00% of our consolidated trade payables as per our Restated Consolidated Financial Statements for the Fiscal Year ended March 31, 2016, as 'material' for the purpose of disclosures in this Draft Red Herring Prospectus.

As of March 31, 2016, as per our Restated Consolidated Financial Statements, we had 272 creditors, to whom a total amount aggregating to ₹ 1,126.22 million was outstanding. Of these, five were material creditors in terms of the Materiality Policy, and the total amount due to such material creditors was ₹ 576.82 million.

Complete details of outstanding dues to our creditors as on March 31, 2016 are available at http://www.sheelafoam.com/pdf/investor/consolidated_creditors_list_march_2016.pdf.

Further, our Company has not received any intimation from any of our creditors regarding their status as micro or small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

Information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, www.sheelafoam.com, would be doing so at their own risk.

10. Outstanding litigation against any other persons or companies whose outcome could have an adverse effect on our Company.

Except as described in the sub-section titled "- *Civil proceedings against our Company"* on page 357, there is no outstanding litigation against any other persons or companies whose outcome could have an adverse effect on our Company.

11. Details of prosecutions filed (whether pending or not); fines imposed or compounding of offences effected in the last five years.

1. Our Company filed an application dated March 05, 2012 before the RoC for compounding of offences under Section 297 of the Companies Act, 1956 since it failed to obtain prior approval of the Central Government before entering into transactions (involving purchase of raw materials and sale of goods) in Fiscal Years 2009, 2010, 2011 and 2012 with Sheela Woodbridge Urethanes Private Limited ("**SWUPL**"), a former joint venture and a related party at the time of entry into such transactions. The Company Law Board, New Delhi ("**CLB**") issued an order dated January 11, 2013 for compounding the offence on payment of ₹ 35,000 by our Company and ₹ 20,000 each by our directors and manager and ₹ 10,000 by our company secretary.

2. Our Company and SNB Bedding International Private Limited ("**SNB**"), our erstwhile subsidiary (which subsequently merged with our Company) filed applications dated March 5, 2012, respectively, before the RoC for compounding of offences under Section 297 of the Companies Act, 1956 since they failed to obtain prior approval of the Central Government before entering into transactions (involving sale and purchase of goods) during Fiscal Years 2009, 2010, 2011 and 2012. With respect to the application filed by our Company, the CLB issued an order dated January 11, 2013 for compounding the offence on payment of ₹ 25,000 by our Company, ₹ 15,000 each by our directors and manager and ₹ 8,000 by our company secretary. With respect to the application filed by SNB, the CLB issued an order dated January 11, 2013 for compounding the

offence on payment of ₹ 30,000 by SNB, ₹ 20,000 each by the directors of SNB and ₹ 8,000 each by three of SNB's former directors.

II. Litigation involving our Subsidiaries

1. Outstanding litigation involving our Subsidiaries

Criminal proceedings against our Subsidiaries

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings pending against our Subsidiaries.

Criminal proceedings by our Subsidiaries

As on the date of this Draft Red Herring Prospectus, there are no pending criminal proceedings initiated by our Subsidiaries.

2. Material outstanding litigation involving our Subsidiaries

Civil proceedings against our Subsidiaries

As on the date of this Draft Red Herring Prospectus, there are no material civil proceedings pending against our Subsidiaries.

Civil proceedings by our Subsidiaries

As on the date of this Draft Red Herring Prospectus, there are no pending material civil proceedings initiated by our Subsidiaries.

3. Pending action by statutory or regulatory authorities against our Subsidiaries

As on the date of this Draft Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Subsidiaries.

4. Tax proceedings against our Subsidiaries

As on the date of this Draft Red Herring Prospectus, there are no pending tax proceedings against our Subsidiaries.

5. Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 against our Subsidiaries in the last five years.

6. Details of prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last five years.

There have been no prosecutions filed, fines imposed or compounding of offences done involving our Subsidiaries, in the last five years.

III. Litigation involving our Directors

1. Outstanding criminal litigation involving our Directors

Criminal proceedings against our Directors

Except as described in the sub-section titled "- *Pending action by statutory or regulatory authorities against our Company"* on page 357, there are no criminal proceedings against any of our Directors.

Criminal proceedings by our Directors

As on the date of this Draft Red Herring Prospectus, there are no pending criminal proceedings initiated by any of our Directors.

2. Material outstanding litigation involving our Directors

Civil proceedings against our Directors

Except as described in case number 2 in the sub-section titled "- *Civil proceedings against our Company"* on page 357, there are no civil proceedings against any of our Directors.

Civil proceedings by our Directors

Except as disclosed below, there are no material civil proceedings that have been initiated by our Directors.

Mr. Rahul Gautam instituted a civil suit bearing no. CS (OS) 1524/2015, dated April 23, 2015 before the High Court of Delhi alleging defamation and damages to his business and reputation against Mr. Praduman Patel, formerly, a whole time director and past shareholder of our Company. Mr. Rahul Gautam has alleged that statements made by Mr. Patel in a notice dated January 2, 2015 sent by him to members of the management of our Company and Joyce, and to a Mr. Charanjit Grover, an acquaintance of Mr. Rahul Gautam were malicious, incorrect and defamatory in nature. The notice had been sent by Mr. Patel subsequent to the institution of a complaint by our Company on August 2, 2014 with the Registrar of Companies, Andhra Pradesh requesting for investigation into alleged collusion between Mr. Ravindra Sharma, a former director on our Board and Mr. Praduman Patel through which a company with competing interests from ours had been set up by the two, and signatures of one of our directors was forged in documents pertaining to such company. Pursuant to a direction of the High Court of Delhi dated July 16, 2015, Mr. Praduman Patel filed a written statement dated September 28, 2015, wherein all the allegations levied by the Mr. Rahul Gautam were denied by him. In response to Mr. Praduman Patel's preliminary objections made in the written statement, Mr. Rahul Gautam has filed a replication to the written statement dated October 28, 2015 wherein he has reiterated his previous submissions and furnished additional documents. The matter is currently pending.

3. Tax proceedings against our Directors

The following is the amount involved in the tax proceedings outstanding against our Directors:

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings (in ₹ million)
Indirect tax		
Total	1	1.00

4. Pending action by statutory or regulatory authorities against our Directors

As on the date of this Draft Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Directors.

5. Other material outstanding litigation involving our Directors

As on the date of this Draft Red Herring Prospectus, there is no other pending litigation involving our Directors, determined to be material by our Board.

IV. Litigation involving our Promoters

1. Outstanding criminal litigation involving our Promoters

Criminal proceedings against our Promoters

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings pending against our Promoters.

Criminal proceedings by our Promoters

As on the date of this Draft Red Herring Prospectus, there are no pending criminal proceedings initiated by our Promoters.

2. Material outstanding litigation involving our Promoters

Civil proceedings against our Promoters

Except as described in case number 1 in the sub-section titled "- *Civil proceedings against our Company"* on page 357, there are no civil proceedings against any of our Promoters.

Civil proceedings by our Promoters

Except as described in the sub-section titled "- *Civil proceedings by our Directors"* on page 363, there are no civil proceedings against any of our Promoters.

3. Tax proceedings against our Promoters

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings (in ₹ million)
Indirect tax		
Total**	1	0.50

** *The aggregate number of cases and amounts involved include proceedings (and amounts involved therein) against Mr. Rahul Gautam, one of our Promoters and Directors, which has also been included in the disclosure of aggregate number of cases and amounts involved in respect of taxation proceedings involving our Directors under the sub-section titled " – Tax proceedings against our Directors" on page 363.*

4. Pending action by statutory or regulatory authorities against our Promoters

As on the date of this Draft Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Promoters.

5. Other material outstanding litigation involving our Promoters

As on the date of this Draft Red Herring Prospectus, there is no other pending litigation involving our Promoters, determined to be material by our Board of Directors.

6. Litigation or legal action by the Government of India or any statutory authority in last five years

There is no litigation or legal action pending or taken by a ministry, department of the government or statutory authority during the last five years preceding the date of this Draft Red Herring Prospectus against our Promoters and no direction has been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.

V. Litigation involving our Group Companies

1. Outstanding criminal litigation involving our Group Companies

Criminal proceedings against our Group Companies

As on the date of this Draft Red Herring Prospectus, there are no pending criminal proceedings against our Group Companies.

Criminal proceedings by our Group Companies

As on the date of this Draft Red Herring Prospectus, there are no pending criminal proceedings initiated by our Group Companies.

2. Material outstanding litigation involving our Group Companies

Civil proceedings against our Group Companies

As on the date of this Draft Red Herring Prospectus, there are no material civil proceedings pending against our Group Companies.

Civil proceedings by our Group Companies

Except as disclosed below, there are no material civil proceedings initiated by our Group Companies.

Rangoli Resorts Private Limited ("**Rangoli Resorts**") and Pradeep Mathur ("**Petitioners**") filed writ petition dated August 30, 2014 against the Lieutenant Governor of NCT ("**LG**"), Revenue Department NCT ("**RD**") and the Department of Forests and Wildlife NCT ("**DFW**") under the provisions of the Constitution of India, 1949, before the High Court of Delhi. Through the petition before the Court, the Petitioners sought a writ of mandamus against LG and RD, directing them to implement notification No.F.22(1)/Consolidation/96/667 dated November 15, 1996 ("**Notification 1**") notified by the Government of Delhi under Section 14(1) of the East Punjab Holdings (Consolidation and Prevention of Fragmentation Act), 1948. The Government of India issued the aforementioned notification to compulsorily consolidate and prevent fragmentation of the agricultural holdings in village Asola, Delhi. The petitioners have alleged that the notification was not given effect to by the government or the revenue department for eighteen years, leading to disputes over ownership of land between officials of the Forest and Wildlife Department and the petitioners. The High Court of Delhi *vide* order dated September 3, 2014 requested the LG and the DFW to decide upon the issue within three months. Pursuant to the Court's order dated September 3, 2014, the Office of the Secretary (Revenue) and Divisional Commissioner, *vide* a subsequent notification No.F.22(1)/Cons./85/6720-25 dated February 13, 2015 ("**Notification 2**") revoked Notification 1 and declared that the proposed consolidation shall not be carried out in public interest. Consequently, being aggrieved by Notification 2, the Petitioners preferred a writ petition dated April 2, 2016 before the Court, against the LG, RD and DFW challenging Notification 2 and seeking a writ of certiorari to quash Notification 2 along with seeking a writ of mandamus for implementation of the proposed consolidation under Notification 1. Further, the Petitioners also filed a civil miscellaneous petition dated April 2, 2016 before the Court, seeking ad-interim relief against the LG, RD and DFW from modifying, changing or realigning the boundary walls of the residents of the village of Asola or from dispossessing the Petitioners from any portion of its Property, till the pendency of this matter. The matter is currently pending.

3. Tax proceedings against our Group Companies

As on the date of this Draft Red Herring Prospectus, there are no pending tax proceedings against our Group Companies.

4. Pending action by statutory or regulatory authorities against our Group Companies

As on the date of this Draft Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Group Companies.

5. Other material outstanding litigation involving our Group Companies

As on the date of this Draft Red Herring Prospectus, there are no other material pending litigation involving our Group Companies.

VI. Material developments since the last balance sheet date

Except as disclosed in the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 331, to our knowledge, no circumstances have arisen since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect, our operations or profitability , the value of our assets, our capital structure, or our ability to pay our material liabilities within the next twelve months.

GOVERNMENT AND OTHER APPROVALS

On the basis of list of material approvals listed below, our Company can undertake this Offer and our Company and our Subsidiaries mentioned below can undertake their respective current business activities. Except as mentioned below, no further material approvals from any governmental or regulatory authority or any other entity are required to undertake this Offer or continue such business activities. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see the section titled "*Regulations and Policies*" on page 138.

A. Approvals relating to the Offer

1. The Board, pursuant to its resolution dated May 6, 2016, authorised the Offer;

2. The shareholders of our Company have, pursuant to their resolution dated May 31, 2016, approved the Offer;

3. In-principle approval from the NSE dated [●]; and

4. In-principle approval from the BSE dated [●].

B. Approvals relating to Offer for Sale

1. Polyflex Marketing Private Limited has approved its participation in the Offer for Sale pursuant to a resolution of its board of directors dated May 16, 2016 and has provided its consent to offer up to [●] Equity Shares by its consent letter dated July 25, 2016.

2. The IPO Committee has approved this Draft Red Herring Prospectus pursuant to its resolution dated July 28, 2016.

C. Corporate Approvals

1. Certificate of incorporation dated June 18, 1971 issued by the RoC in the name of Sheela Foam Private Limited.

2. Fresh certificate of incorporation dated June 6, 2016, consequent upon conversion of our Company to a public limited Company as Sheela Foam Limited issued by the RoC.

3. Corporate Identification Number U74899DL1971PLC005679 issued by the RoC, Ministry of Corporate Affairs, Government of India.

4. Importer exporter code 0588139645 issued by the Office of the Additional Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India.

5. Permanent Account Number AAACS0189B issued by the Income Tax Department, Government of India.

6. Tax Deduction Account Number DELS21008B issued by the Income Tax Department, Government of India.

D. Business Approvals

We have received the following significant approvals pertaining to our business.

I. Manufacturing facilities

As of the date of this Draft Red Herring Prospectus, we operate 11 manufacturing facilities in India. These are located at Greater Noida (Uttar Pradesh), Rajpura (Punjab), Kala Amb (Himachal Pradesh), Surajpur

(Himachal Pradesh), Hyderabad (Telangana), Erode (Tamil Nadu), Talwada (Gujarat), Jalpaigudi (West Bengal) and Rangpo (Sikkim), and two facilities are located in Silvassa (Union Territory of Dadra & Nagar Haveli). Additionally, while we also have a manufacturing facility located at Sahibabad (Uttar Pradesh), we currently utilise this facility as a warehouse. For further details of our manufacturing facilities, see the section titled "*Our Business – Manufacturing Facilities*" on page 131.

Various approvals, licenses and registrations under several central or state-level acts, rules and regulations are required to operate our manufacturing facilities. The key approvals typically required for the operation of our manufacturing facilities are:

1. *Registration under the Factories Act:* For most of our facilities, we are required to obtain and maintain a license to operate a factory under the Factories Act and rules framed thereunder by relevant state governments. The terms of this license typically provide for the maximum number of persons that may be employed in the facility on a daily basis and the maximum motive power that may be utilised in the facility (on a regular or standby basis). This license is generally valid for periods ranging from one year to three years, depending on the rules under the Factories Act of the state where the facility is located.

2. *Registration under the Contract Labour Act:* We employ contract labour at most of our manufacturing facilities and accordingly, such facilities are required to obtain a registration as a "principal employer" in terms of the Contract Labour Act and the rules made thereunder. The registration typically sanctions the employment of contract labour only for the activity being stated by the applicant as being carried out in the establishment. The terms of this license also records the names of the contractors, the maximum number of contract labourers to be employed on a daily basis, and other relevant particulars and may also contain other conditions, such as requiring the relevant facility to maintain its license to operate a factory under the Factories Act at all times. This license is generally valid for periods ranging from one year to three years, depending on the rules under the Contract Labour Act of the state where the facility is located.

3. *Environmental approvals:* We are required to obtain consents from the pollution control board of the relevant state to establish and operate each of our manufacturing facilities, subject to conditions specified by the pollution control board, in terms of provisions of the Air Act and Water Act. The terms of a consent to operate under the Air Act typically include provisions that regulate permissible limits for gas emissions through industrial appliances like boilers, furnaces and heaters as well as in respect of concentration of pollutants in ambient air along the industrial premises. Terms under a consent under the Water Act typically include provisions that regulate permissible limits for discharge of industrial, sewage and domestic effluents and requisite effluent disposal infrastructure. These consents also provide for general compliance conditions, such as compliance with the EPA, routine inspections by officers of the relevant Pollution Control Board and annual reporting requirements, and are typically valid for periods ranging from one year to three years.

4. *Labour welfare approvals:* Our manufacturing facilities are required to be registered as establishments covered under the Employees State Insurance Act and the Employees Provident Fund Act for making contributions towards insurance and provident fund entitlements of individuals employed in the facilities.

5. *Tax registrations:* Various registrations are required to be obtained from the state commissioners or departments under central or state-level tax legislations, including for payment of central excise, value added tax, sales tax and professional tax as applicable, as well as permission under the service tax for providing services under different categories.

Pending approvals and applications

From time to time, certain approvals may lapse in their normal course. Our Company has either made an application to the appropriate authorities for renewal of such licenses, approvals or registrations, or is in the process of making such applications.

As of July 25, 2016, we currently hold all aforementioned key approvals as required for all our manufacturing facilities, except the following approvals for which applications are currently pending before the relevant authorities:

S. No.	Location of facility	Registration/ Renewal	Authority	Date of Application
1.	Erode, Tamil Nadu	Renewal of registration as a principal employer under the Contract Labour Act	Inspector of Factories, Tamil Nadu	June 1, 2016

Apart from above licenses, approvals and registrations, we have also received accreditations in relation to certain of our services as well as products. For details of such accreditations, see the section titled "*History and Certain Corporate Matters – Awards and Accreditations*" on page 147.

II. ***Other offices***

In addition to our manufacturing facilities, we also operate four offices in Indore, Kanpur, Hyderabad and Guwahati, where we liaise with our distributed manufacturers. For details of our distributed manufacturing initiative, see the section titled "*Our Business*" on page 118. The key approvals required by such trading units are taxation approvals for payment of value added tax, central sales tax and service taxes as applicable, which, as on the date of this Draft Red Herring Prospectus, are all in force.

III. ***Joyce***

As on the date of this Draft Red Herring Prospectus, Joyce has obtained the following material licences and major approvals under Australian laws to conduct its current business:

1. Registered Australian Proprietary Company
2. Goods & Services Tax (GST) Registration
3. Business Name Registration
4. Payroll Tax Registration
5. NSW EPA License (the only state where we produce foam) License number 3099
6. Notification of Hazardous chemicals on premises – NDG 028701
7. Pressure Vessel Registration

Additionally, Joyce NSW has, as on the date of this Draft Red Herring Prospectus, obtained registration as a registered Australian proprietary company, and goods and services tax (GST) registration.

E. **Intellectual property related approvals**

Trademarks

We have registered the "Sleepwell" and "Feather Foam" trademarks under various classes with the Registrar of Trademarks in India under the Trade Marks Act, 1999. Our Sleepwell trademarks are currently registered in the name of Sleepwell Enterprises Private Limited, one of our Promoter Group companies, and licensed to our Company as a permitted user, pursuant to a long-term license agreement dated May 6, 2016 for a period of ten years, in lieu of payment of annual license fees of ₹ 0.50 million. Furthermore, by a similar agreement, Sleepwell Enterprises has licensed the use of various trademarks, brands and label marks that are currently pending registration to us as a permitted user for a period of ten years, in lieu of annual license fees of ₹ 0.50 million. For further details of our intellectual properties, see the section titled "*Our Business – Intellectual Property*" on page 136.

Sleepwell

As on the date of this Draft Red Herring Prospectus, Sleepwell Enterprises Private Limited has obtained registrations over numerous trademarks, including for "Sleepwell Flexi PUF", "Sleepwell Flexi PUF Sofa'n'Bed", "Sleepwell Flexi PUF Pillow" (label), "Sleepwell for years" and "Zero Turn".

Additionally, Sleepwell Enterprises Private Limited has made applications for registration of 115 trademarks (in various classes), including "Sleepwell" (word and logo), "Sleepwell MEDCARE" (logo), "Perfect Match", "Sleepwell Gallery", "Sleepwell Shoppe", "Sleepwell World", "Sleepwell Perfect Match", "Sleepedia", "Sleepwell My Mattress" and "Sleepwell Zero Gravity".

Other trademarks

In addition to Sleepwell marks, as on the date of this Draft Red Herring Prospectus, our Company has obtained registrations over numerous trademarks, including for our corporate logo, "Feather Foam", "Viscoform" (logo), "Joyce" and "Lamiflex".

Additionally, we have made applications for registration of 18 trademarks (in various classes), including "Cool Gel-S" (logo), "Sleepwell Spring Fresh" (label), "Anmol Bandhan", "Feather Foam" (in colour), "Amaze" and "Joyce" (logo).

Additionally, we have registered "Sleepwell" as a trademark in Oman, and applied for trademark registration over "Sleepwell" in Qatar and Bahrain. We had applied for registration for "Sleepwell" as a trademark in Saudi Arabia, which was rejected on account of a similar trademark being already registered due to similar/ identical citations to a previously registered trademark.

Copyrights

We currently have our Company has obtained copyright protection over the text of our vision statement (reference no. L61199/2015) and over "Starlite" (reference no. A-5968/2001). Sleepwell Enterprises Private Limited has also obtained copyright protection over "Durafim Firm Back Support Mattress" (reference no. A-62391/2002).

Except as disclosed herein above, we have not entered into any agreements/ licenses pursuant to which we are entitled to use any intellectual property, including trademarks registered in the name of third parties.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Offer

- Our Board has authorised the Offer pursuant to its resolution dated May 6, 2016.
- The shareholders of our Company have authorised the Offer by a special resolution at the AGM held on May 31, 2016 and authorized the Board to take decisions in relation to this Offer.
- Polyflex Marketing Private Limited has consented to participate in the Offer for Sale by offering up to [●] Equity Shares aggregating up to ₹ 5,100 million by its board resolution dated May 16, 2016 and consent letter dated July 25, 2016.
- Our Board and the IPO Committee have approved this Draft Red Herring Prospectus pursuant to their resolutions dated July 21, 2016 and July 28, 2016, respectively.
- In-principle approval for the listing of our Equity Shares from the NSE dated [●].
- In-principle approval for the listing of our Equity Shares from the BSE dated [●].

Prohibition by SEBI or other Governmental Authorities

We confirm that our Company, Promoters, members of the Promoter Group, Directors, Group Companies, the persons in control of our Company and the natural persons in control of our Corporate Promoter have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority. The Selling Shareholder confirms that it has not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority in India.

None of our Directors are associated with the securities market in any manner, including securities market related business and no action has been initiated by SEBI against our Directors with respect to entities with which our Directors are associated as promoters or directors.

Other Confirmations

None of our Company, the Selling Shareholder, our Directors, our Promoters, relatives of our Promoters (as defined in the Companies Act, 2013), members of our Promoter Group, Subsidiaries or Group Companies have been identified as wilful defaulters by any bank or financial institutions or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI. Further, there have been no violations of securities laws committed by any of them in the past or are currently pending against them.

Eligibility for the Offer

Our Company is an unlisted company, eligible for the Offer in accordance with the eligibility criteria provided in Regulation 26(1) of the SEBI Regulations and complying with the conditions specified therein in the following manner:

- Our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each);
- Our Company has a minimum average pre-tax operating profit of ₹ 150 million, calculated on a restated basis during the three most profitable years out of the immediately preceding five years;
- Our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- The aggregate size of the proposed Offer and all previous issues made in the same financial years in terms of issue size is not expected to exceed five times the pre-Offer net worth of our Company as per the audited balance sheet of the preceding financial year; and
- Our Company did not change its name in the last Fiscal Year and revenue for the last Fiscal Year was earned by our Company under the name ‘Sheela Foam Private Limited’. The name of our Company was changed to ‘Sheela Foam Limited’ in Fiscal Year 2017 upon conversion into a public limited company pursuant to a special resolution of the shareholders of our Company dated April 30, 2016 and a fresh certificate of incorporation being issued by the RoC on June 6, 2016. However, there has not been any corresponding change in the business activities of our Company.

Our Company's net worth, net tangible assets and average pre-tax operating profit derived from the Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus as at and for the five years ended Financial Year 2016, 2015, 2014, 2013 and 2012 are set forth below:

(₹ in million, except percentage values)

Particulars	Fiscal				
	2016	2015	2014	2013	2012
Net Worth[(1)]	3,384.35	2,450.39	1,965.65	1,695.19	1,377.53
Net Tangible assets[(2)]	2,807.23	2,790.73	2,518.93	2,672.72	2,278.62
Pre-Tax Operating Profit[(3)]	1,472.74	631.30	568.38	503.10	303.52
Average pre-tax operating profit based on the three most profitable years out of the immediately preceding five years (Average of Fiscals 2016, 2015 and 2014)	890.81				

(1) *'Net worth' has been defined as the aggregate of the paid-up share capital, securities premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of the miscellaneous expenditure (to the extent not adjusted or written-off) and the debit balance of the profit and loss account.*

(2) *'Net tangible assets' means the sum of all net assets of our Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.*

(3) *'Pre-tax Operating Profit' is defined as the restated profit before tax but after adjusting other income, loss on sale of investment, lease rentals written off, interest income written off and finance costs.*

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000 failing which the entire application money shall be refunded. In case of delay, if any, in refund within such timeline as prescribed under applicable laws, our Company and the Selling Shareholder shall be liable to pay interest on the application money in accordance with applicable laws.

Our Company is in compliance with the following conditions specified under Regulation 4(2) of the SEBI Regulations:

(a) Our Company, the Selling Shareholder, our Promoters, the members of our Promoter Group, our Directors and the persons in control of our Company are not debarred from accessing the capital markets under any order or direction passed by SEBI;

(b) The companies with which our Promoters, our Directors or persons in control of our Company are or were associated as promoter, directors or persons in control are not debarred from accessing capital markets under any order or direction passed by SEBI;

(c) Our Company has applied to the BSE and the NSE for obtaining their in-principle approvals for listing of the Equity Shares under this Offer and has received the in-principle approvals from the BSE and the NSE pursuant to their letters dated [●] and [●], respectively. For the purposes of this Offer, the [●] shall be the Designated Stock Exchange;

(d) Our Company along with the Registrar to the Offer has entered into tripartite agreements dated June 7, 2016 and May 11, 2016 with the NSDL and CDSL, respectively, for dematerialisation of the Equity Shares; and

(e) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Draft Red Herring Prospectus.

Given that the Offer is through an Offer for Sale by the Selling Shareholder and the Offer Proceeds will not be received by our Company, Clause VII C (1) of Part A of Schedule VIII of the SEBI Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the Offer and existing identifiable internal accruals) does not apply.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING

PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, EDELWEISS FINANCIAL SERVICES LIMITED AND ICICI SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE SELLING SHAREHOLDER ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS, EDELWEISS FINANCIAL SERVICES LIMITED AND ICICI SECURITIES LIMITED, ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHARHEOLDER DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, EDELWEISS FINANCIAL SERVICES LIMITED AND ICICI SECURITIES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 29, 2016 WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALIZATION OF THIS DRAFT RED HERRING PROSPECTUS DATED JULY 29, 2016 PERTAINING TO THE SAID OFFER;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDER, WE CONFIRM THAT:**

   (A) THIS DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;

   (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

   (C) THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT 1956, TO THE EXTENT APPLICABLE, THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - <u>NOTED FOR COMPLIANCE</u>**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF EQUITY SHARES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THIS DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THIS DRAFT RED HERRING PROSPECTUS.**

6. **WE CERTIFY THAT REGULATION 33 OF THE SEBI REGULATIONS, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS. – COMPLIED WITH AND NOTED FOR COMPLIANCE**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. – NOT APPLICABLE**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – COMPLIED WITH TO THE EXTENT APPLICABLE**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY AND THE SELLING SHAREHOLDER SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE. ALL MONIES RECEIVED FROM THE OFFER SHALL BE CREDITED/ TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER SECTION 40(3) OF THE COMPANIES ACT, 2013, AS NOTIFIED.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. - NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER HAVE TO BE ISSUED IN DEMATERIALISED FORM ONLY.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

(B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI REGULATIONS WHILE MAKING THE OFFER. – <u>NOTED FOR COMPLIANCE</u>

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC. – <u>REFER TO THE DUE DILIGENCE PROCESS NOTE ENCLOSED AS ANNEXURE A</u>.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRHP WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY – <u>REFER TO THE CHECKLIST ENCLOSED AS ANNEXURE B.</u>

16. WE ENCLOSE A STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE OFFER)', AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR –<u>REFER TO ANNEXURE C.</u>

17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – <u>COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, IN ACCORDANCE WITH ACCOUNTING STANDARD 18, CERTIFIED BY M/S S.P. CHOPRA & CO, CHARTERED ACCOUNTANTS, PURSUANT TO ITS CERTIFICATE DATED JULY 27, 2016.</u>

18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THE SEBI REGULATIONS. (IF APPLICABLE). – <u>NOT APPLICABLE</u>

The filing of this Draft Red Herring Prospectus does not, however, absolve any person who has authorised the issue of this Draft Red Herring Prospectus from any liabilities under Section 34 or Section 36 of Companies Act, 2013, or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed Offer. SEBI further reserves the right to take up at any point of time, with the BRLMs, any irregularities or lapses in this Draft Red Herring Prospectus.

The filing of this Draft Red Herring Prospectus does not absolve the Selling Shareholder from any liability to the extent the statements made by it with respect to the Equity Shares being offered by it under the Offer for Sale, under Sections 34 or 36 of the Companies Act, 2013.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30, 32, 33(1) and 33(2) of the Companies Act, 2013.

Price information of past issues handled by the Book Running Lead Managers

A. Edelweiss

1. Price information of past issues handled by Edelweiss Financial Services Limited.

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Thyrocare Technologies Limited	4,792.14	446.00	May 9, 2016	665.00	36.85% [5.09%]	Not applicable	Not applicable
2	Equitas Holdings Limited	21,766.85	110.00	April 21, 2016	145.10	34.64% [-2.05%]	57.91% [7.79%]	Not applicable
3	Healthcare Global Enterprises Limited	6,496.40	218.00	March 30, 2016	210.20	-15.3% [1.45%]	-19.98% [4.65%]	Not applicable
4	Alkem Laboratories Limited@	13,477.64	1,050.00	December 23, 2015	1,380.00	30.34%; [-7.49%]	28.60% [-2.06%]	31.91% [4.74%]
5	Coffee Day Enterprises Limited	11,500.00	328.00	November 2, 2015	317.00	-21.42%; [-1.19%]	-20.76%; [-6.15%]	-20.98% [-2.50%]
6	Prabhat Dairy Limited^	3,561.88	115.00	September 21, 2015	113.00	11.78% ; [3.57%]	30.83% [-1.79%]	-5.48% [-4.67%]
7	Sadbhav Infrastructure Project Limited	4,916.57	103.00	September 16, 2015	111.00	-2.28%, [3.55%]	-5.63%; [-3.15%]	-14.56% [-4.56%]
8	Navkar Corporation Limited	6,000.00	155.00	September 9,2015	152.00	0.97%, [3.97%]	26.00% [-0.68%]	6.29% [-4.26%]
9	Inox Wind Limited*	10,205.34	325.00	April 9, 2015	400.00	28.54%, [-6.68%]	42.42%, [-3.05%]	11.20%, [-7.51%]
10	Monte Carlo Fashions Limited	3,504.30	645.00	December 19, 2014	584.00	-26.20%, [3.96%]	-23.57%, [5.60%]	-20.88%, [-2.16%]

Source: www.nseindia.com

@ Alkem Laboratories Limited - Discount of Rs. 100 per equity share offered to eligible employees. All calculations are based on offer price of Rs. 1,050.00 per equity share.

**Inox Wind Ltd - Discount of Rs. 15 per equity share offered to retail investors and eligible employees. All calculations are based on issue price of Rs. 325.00 per equity share.*

^ Prabhat Dairy Ltd - Discount of Rs. 5 per equity share offered to retail investors. All calculations are based on issue price of Rs. 115.00 per equity share.

Notes

(a). Based on date of listing.

(b). % of change in closing price on 30th/ 90th / 180th calendar day from listing day is calculated vs Issue price. % change in closing benchmark index is calculated based on closing index on listing

day vs closing index on 30th/ 90th / 180th calendar day from listing day.
(c). Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
(d). The Nifty 50 index is considered as the Benchmark Index
(e). Not Applicable. – Period not completed
(f). Disclosure in Table-1 restricted to 10 issues.

2. Summary statement of price information of past issues handled by Edelweiss Financial Services Limited.

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016 - 17^	2	26,558.99	-	-	-	-	*2*	-	-	-	-	-	-	-
2015 - 16	7	56,157.83	-	-	3	-	2	2	-	-	3	-	1	2
2014 - 15	3	8,835.40	-	1	-	2	-	-	-	-	1	2	-	-

^The information is as on the date of the document
1. Based on date of listing.
2. Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
3. The Nifty 50 index is considered as the Benchmark Index

For the financial year 2016-17 – none of the issues completed 180 days
For the financial year 2015-16 – 180 days period completed for 6 issues
For the financial year 2014-15 total 3 issues were completed. However, disclosure under Table-1 is restricted to 10 issues.

B. I-Sec

1. Price information of past issues handled by ICICI Securities Limited:

Sr. No.	Issue Name	Issue Size (Rs. million)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Wonderla Holidays Limited	1,812.50	125.00	09-May-14	160.00	+72.92%, [+11.60%]	+78.96%, [+11.86%]	+162.32%, [+21.57%]
2	Shemaroo Entertainment Limited	1,200.00	170.00 (1)	01-Oct-14	180.00	-5.74%, [+2.81%]	-5.88%, [+3.79%]	+5.85%, [+6.88%]
3	VRL Logistics Limited	4,678.78	205.00	30-Apr-15	288.00	+50.90%, [+3.08%]	+85.49%, [+1.90%]	+100.90%, [+0.97%]
4	PNC Infratech Limited	4,884.41	378.00	26-May-15	387.00	+0.32%, [+0.26%]	+14.66%, [-6.36%]	+42.72%,[-5.88%]
5	Manpasand Beverages Limited	4,000.00	320.00	09-Jul-15	300.00	+23.20%, [+2.83%]	+36.53%, [-2.11%]	+58.34%,[-6.45%]
6	Sadbhav Infrastructure Project Limited	4,916.57	103.00	16-Sep-15	111.00	-2.28%, [+3.55%]	-5.63, [-3.15]	-14.56%,[-4.56%]
7	Teamlease Services Limited	4,236.77	850.00	12-Feb-16	860.00	+15.34%, [+7.99%]	+5.38, [+12.43]	-
8	Quick Heal Technologies Limited	4,512.53	321.00	18-Feb-16	305.00	-31.56%, [+5.74%]	-20.05%,[+9.72%]	-
9	Equitas Holdings Limited	21,766.85	110.00	21-Apr-16	145.10	+34.95%, [-1.63%]	+57.91,[+7.79]	-
10	Thyrocare Technologies Limited	4,792.14	446.00	09-May-16	665.00	+36.85%, [+5.09%]	-	-
11	Ujjivan Financial Services Limited	8,824.96	210.00	10-May-16	231.90	+72.38%, [+4.88%]	-	-
12	Quess Corp Limited	4,000.00	317.00	12-Jul-16	500.00	-	-	-
13	Larsen & Toubro Infotech Limited	12,363.75	710.00(2)	21-Jul-16	667.00	-	-	-

(1) Discount of Rs. *17 per equity share offered to retail investors. All calculations are based on Issue Price of ₹170.00 per equity share*
(2) Discount of Rs. 10 per equity share offered to retail investors. All calculations are based on Issue Price of ₹710.00 per equity share

Notes:
1. All data sourced from www.nseindia.com
2. Benchmark index considered is NIFTY

3. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading day.

Remark: *Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.*

2. Summary statement of price information of past issues handled by ICICI Securities Limited:

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016-17*	5	51,747.70	-	-	-	1	2	-	-	-	-	-	-	-
2015-16	6	27,229.06	-	1	1	1	-	3	-	-	1	2	1	-
2014-15	2	3,012.50	-	-	1	1	-	-	-	-	-	1	-	1

** The information is as on the date of the draft red herring prospectus.*

Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs, as set forth in the table below:

Sr. No	Name of the BRLM	Website
1.	Edelweiss	http://www.edelweissfin.com
2.	I-Sec	http://www.icicisecurities.com

Disclaimer from our Company, the Selling Shareholder, our Directors and the Book Running Lead Managers

Our Company, the Selling Shareholder, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance. It is clarified that the Selling Shareholder, its directors, affiliates, associates, and officers accept no responsibility for any statements made other than those specifically made by the Selling Shareholder in relation to such Selling Shareholder and the Offered Shares. Anyone placing reliance on any other source of information, including our Company's website www.sheelafoam.com or the respective websites of any of our Promoters, Promoter Group, Subsidiaries, Group Companies or of any affiliate of our Company and the Selling Shareholder, would be doing so at his or her own risk.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholder and our Company.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

None among our Company, the Selling Shareholder or any of the Syndicate Members is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and that they shall not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The Book Running Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholder, Promoters, members of our Promoter Group, Subsidiaries, or their respective affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company, Selling Shareholder, Promoters, members of our Promoter Group, Group Companies or their respective directors, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), or trusts under applicable trust law and who are authorised under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDA, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI and permitted Non-Residents including FPIs, FIIs and Eligible NRIs, AIFs, FVCIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at New Delhi, India only.

This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to purchase Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company and the Selling Shareholder from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to its filing with the RoC.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to its filing with the RoC.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at the Securities and Exchange Board of India, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the Registrar of Companies and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with the Registrar of Companies situated at the address mentioned below:

The Registrar of Companies, NCT of Delhi and Haryana
4th Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019, India
Telephone: +91 11 2623 5707
Facsimile: +91 11 2623 5702

Listing

The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. The [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholder will forthwith repay, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholder and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges are taken within six Working Days from the Bid/Offer Closing Date or within such other period as may be prescribed. The Selling Shareholder confirms that it shall extend complete cooperation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date.

Consents

Consents in writing of (a) the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, the Book Running Lead Managers, Auditors, legal counsels, Bankers to our Company, CRISIL, our Statutory Auditors and the Registrar to the Offer have been obtained; and consents in writing of (b) the Syndicate Members, the Escrow Collection Bank(s) and Refund Bank(s) to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013. Further, consents received prior to filing of this Draft Red Herring Prospectus have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus with SEBI.

Expert to the Offer

Except as stated herein, our Company has not obtained any expert opinions.

Our Company has received written consent from the Auditors namely M/s S.P. Chopra & Co., Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of their reports on the Restated Financial Statements, each dated June 7, 2016 and the report on the statement of tax benefits dated July 20, 2016 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, underwriting and lead management fees, selling commissions, SCSBs’ commissions/ fees, printing and distribution expenses, legal fees, Offer related advertisements and publicity, registrar and depository fees and listing fees.

All Offer related expenses, other than listing fees, shall be borne by the Selling Shareholder, in accordance with applicable law. Any payments by our Company in relation to the Offer related expenses on behalf of the Selling Shareholder shall be reimbursed by the Selling Shareholder to our Company.

The estimated Offer expenses are as under:

S. No.	Activity	Estimated amount* (₹ in million)	As a % of total estimated Offer Expenses*	As a % of Offer Size*
1.	Payment to BRLMs (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
2.	Commission and processing fees for SCSBs (1)	[●]	[●]	[●]
3.	Brokerage and selling commission for Registered Brokers, RTAs and CDPs (2)	[●]	[●]	[●]
4.	Fees payable to the Registrar to the Offer	[●]	[●]	[●]
5.	Others: vi. Listing fees, SEBI filing fees, book building software fees and other regulatory expenses; vii. Printing and stationery expenses; viii. Advertising and marketing for the Offer; and ix. Miscellaneous	[●]	[●]	[●]
Total Estimated Offer Expenses		[●]	[●]	[●]

* *To be incorporated in the Prospectus after finalisation of the Offer Price.*

(1) *SCSBs will be entitled to a processing fee of ₹ [●] per ASBA Form, for processing the ASBA Form procured by the members of the Syndicate, the Registered Brokers, RTAs or CDPs from Retail Individual Bidders and Non-Institutional Bidders and submitted to the SCSBs.*

(2) *Registered Brokers, RTAs and CDPs will be entitled to a commission of ₹ [●] per valid ASBA Form submitted to them and uploaded on the electronic bidding system of the Stock Exchanges.*

Selling commission on the portion for Retail Individual Bidders and the portion for Non-Institutional Investors which are procured by Syndicate Members (including their sub Syndicate Members) would be as follows:

*Portion for Retail Individual Bidders**	*[●]% of the Amount Allotted*
*Portion for Non-Institutional Investors**	*[●]% of the Amount Allotted*

* *Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

Further, the Members of Syndicate, RTAs and CDPs will be entitled to bidding charges of ₹ [●] per valid ASBA Form directly procured by them and submitted to SCSB for processing. The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges payable to the relevant RTAs/CDPs.

See the section titled "*Objects of the Offer*" on page 96.

Fees, Brokerage and Selling Commission Payable to the Book Running Lead Managers and the Syndicate Members

The total fees payable to the Book Running Lead Managers and the Syndicate Members (including underwriting commission, brokerage and selling commission and reimbursement of their out-of-pocket expenses) will be as per the stated in the engagement letter dated March 3, 2016 executed amongst our Company, the Selling Shareholder, Edelweiss and I-Sec, and as per the Syndicate Agreement, copies of which will be available at the Registered Office and our Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer for processing of application, data entry, printing of Allotment Advice/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar Agreement, a copy of which is available for inspection at our Registered Office and our Corporate Office from 10.00 am to 4.00 pm on Working Days.

The Registrar to the Offer shall be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/speed post/ordinary post.

Public or rights issues by our Company during the last five years

Our Company has not made any public or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of securities otherwise than for cash

Except as disclosed in the "*Capital Structure*" on page 76, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Performance vis-à-vis objects

Our Company has not undertaken any public or rights issue during the last ten years preceding the date of this Draft Red Herring Prospectus. Accordingly, the requirement to disclose performance vis-à-vis objects in respect of earlier offerings does not apply to our Company.

Performance vis-à-vis objects – Last issue of Group Companies, Subsidiaries or Associates

Neither our Subsidiaries nor our Group Companies have undertaken any public or rights issue in the ten years preceding the date of this Draft Red Herring Prospectus. Accordingly, the requirement to disclose performance vis-à-vis objects in respect of earlier offerings does not apply to our Subsidiaries or our Group Companies.

Our Company does not have any associates as on the date of this Draft Red Herring Prospectus.

Underwriting commission, brokerage and selling commission paid on previous issues of the Equity Shares

Since this is an initial public offer of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

Previous capital issue during the previous three years by listed Group Companies and Subsidiaries/associates of our Company

None of our Subsidiaries or Group Companies are listed on any stock exchange in India or overseas. Accordingly, the requirement to disclose details of previous issues by listed Group Companies or Subsidiaries does not apply.

Our Company does not have any associates as on the date of this Draft Red Herring Prospectus

Outstanding debentures, bonds, redeemable preference shares or other instruments

Our Company does not have any outstanding debentures, bonds, redeemable preference shares or other instruments as of the date of this Draft Red Herring Prospectus.

Outstanding Preference Shares

Our Company does not have any outstanding preference shares as on date of this Draft Red Herring Prospectus.

Partly Paid-up Shares

Our Company does not have any partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least three years from the date of commencement of trading of the Equity Shares, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances, other than of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder.

Further, the investor shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as name of the sole or first Bidder, Anchor Investor Application Form number, Bidder DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLM where the Anchor Investor Application Form was submitted by the Anchor Investor.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs, Syndicate Members, RTA, CDPs including any defaults in complying with its obligations under applicable SEBI Regulations.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 15 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee comprising Mr. Som Mittal, Mr. Anil Tandon and Mr. Rakesh Chahar, as members. For details, see "*Our Management*" on page 156.

Our Company has appointed Mr. Md. Iquebal Ahmad as the Company Secretary and Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems at the following address:

Sheela Foam Limited
37/2, Site-IV, Sahibabad Industrial Area,
Ghaziabad – 201 010,
Uttar Pradesh, India
Tel: +91 120 4162 200
Fax: +91 120 4162 282
E-mail: iquebal.ahmad@sheelafoam.com

Disposal of investor grievances by listed companies under the same management

As on the date of this Draft Red Herring Prospectus, none of our Subsidiaries or Group Companies are listed on any stock exchange. Accordingly, the requirement to disclose details of investor grievances by listed companies under the same management as our Company does not apply.

Changes in Auditors

Except as stated below, there have been no changes in the auditors of our Company during the last three years preceding the date of this Draft Red Herring Prospectus.

Our joint statutory auditors, M/s. Gupta & Gupta, Chartered Accountants, resigned as auditors of our Company, which was noted by our Board by a resolution dated September 4, 2013. Subsequently, M/s. S P Chopra & Co, Chartered Accountants were appointed as the sole Statutory Auditors of our Company by our shareholders at the AGM held on September 30, 2013.

Capitalisation of Reserves or Profits

Except for issuance of Equity Shares pursuant to a bonus issue, as disclosed in the section titled "*Capital Structure*" on page 76, our Company has not capitalised its reserves or profits at any time during the last five years preceding the date of this Draft Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets at any time during the five years preceding the date of this Draft Red Herring Prospectus.

SECTION VII – OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered and transferred pursuant to this Offer are subject to the provisions of the Companies Act, the SCRA, SCRR, SEBI Regulations, our Memorandum and Articles, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, CAN, the Allotment Advice, the SEBI Listing Regulations and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities offered from time to time by the SEBI, the GoI, the Stock Exchanges, the RoC, the RBI, the FIPB and/or other authorities, as in force on the date of this Offer and to the extent applicable or such other conditions as may be prescribed by such governmental, regulatory or statutory authority while granting its approval for the Offer.

Offer for Sale

The Offer comprises an offer for sale of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ 5,100 million by the Selling Shareholder. All Offer related expenses, other than listing fees (which shall be borne by the Company), shall be borne by the Selling Shareholder, in accordance with applicable law. Any payments by our Company in relation to the Offer related expenses on behalf of the Selling Shareholder shall be reimbursed by the Selling Shareholder to our Company.

Ranking of the Equity Shares

The Equity Shares being offered and transferred in the Offer shall be subject to the provisions of the Companies Act, our Memorandum and Articles and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to shareholders of our Company as per the provisions of the Companies Act, 2013, our Memorandum and Articles, the SEBI Listing Regulations and other applicable law. All dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer. For further details in relation to dividends, see the sections titled *"Dividend Policy"* and *"Main Provisions of the Articles of Association"* on pages 186 and 444, respectively.

Face Value and Offer Price

The face value of the Equity Shares is ₹ 5 each. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share. The Price Band and minimum Bid lot size for the Offer will be decided by our Company, in consultation with the BRLMs, and advertised in [●] editions of [●] and [●] editions of [●], being an English and a Hindi national daily newspaper (Hindi being the regional language in the state where our Company's Registered Office is located), each with wide circulation, respectively, at least five Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their website. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges. The Offer Price shall be determined by our Company, in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the equity shareholders of our Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy or 'e-voting';
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares, subject to applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under applicable law, including the Companies Act, 2013, the terms of the SEBI Listing Regulations, and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see the section titled "*Main Provisions of the Articles of Association*" on page 444.

Option to receive Equity Shares in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares offered through the Red Herring Prospectus can be applied for in the dematerialised form only.

Market Lot and Trading Lot

Further, the trading of our Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. See *"Offer Procedure – Part B – General Information Document for Investing in Public Issues - Allotment Procedure and Basis of Allotment"* on page 433.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

The courts of New Delhi will have exclusive jurisdiction in relation to this Offer.

Period of operation of subscription list

See the section titled "*Offer Structure – Bid/Offer Programme*" on page 393.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debenture)

Rules, 2014, as amended, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered Office or with the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If investors wish to change their nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

The requirement of minimum subscription is not applicable to the Offer in accordance with SEBI Regulations. However, in the event our Company does not receive the subscription in the Offer equivalent to minimum number of securities as specified under Rule 19(2)(b)(ii) of the SCRR, as applicable, including through devolvement to the Underwriters, our Company shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund within such timeline as prescribed under applicable laws, our Company and the Selling Shareholder shall be liable to pay interest on the application money as prescribed under the Companies Act, 2013, the SEBI Regulations and other applicable law. The Selling Shareholder shall reimburse to our Company, any expense incurred by our Company on its behalf with regard to refunds, interest for delays, etc., for the Equity Shares being offered in the Offer.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restriction on transfer and transmission of shares

Except for the lock-in of the pre-Offer Equity Shares, the minimum Promoters' contribution and Allotments made to Anchor Investors pursuant to the Offer, as detailed in the section titled "*Capital Structure*" on page 76 and except as provided in our Articles, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. See the section titled "*Main Provisions of the Articles of Association*" at page 444.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

OFFER STRUCTURE

Initial public offering of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ 5,100 million, through an Offer for Sale by the Selling Shareholder. The Offer would constitute up to [●]% of the post-Offer paid-up capital of our Company.

The Offer is being made through the Book Building Process.

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment / Allocation [(2)]	Not more than [●] Equity Shares.	Not less than [●] Equity Shares or Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than [●] Equity Shares or Offer less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Percentage of Offer available for Allotment/allocation	Not more than 50% of the Offer shall be available for allocation to QIB Bidders. However, 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available for allocation to QIBs.	Not less than 15% of the Offer or the Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Offer or the Offer less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Basis of Allotment if respective category is oversubscribed[(3)]	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. Our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis, out of which at least one-third will be available for allocation to Mutual Funds only.	Proportionate.	Allotment to each Retail Individual Bidders shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For further details, see the section titled "*Offer Procedure – Part B – General Information Document for Investing in Public Issues – Allotment Procedure and Basis of Allotment – Allotment to RIIs*" on page 433.
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000.	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the size of the Offer, subject to applicable	Such number of Equity Shares not exceeding the size of the Offer, subject to	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000.

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
	limits.	applicable limits.	
Mode of Allotment	Compulsorily in dematerialised form.		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Share, subject to availability in the Retail Portion.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply[(3)]	Mutual Funds, Venture Capital Funds, AIFs, FVCIs, FPIs (other than Category III FPIs) public financial institution as defined in Section 2(72) of the Companies Act, 2013, a scheduled commercial bank, multilateral and bilateral development financial institution, state industrial development corporation, insurance company registered with the Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, National Investment Fund, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals and Category III FPIs.	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs.
Terms of Payment	The entire Bid Amount shall be payable at the time of submission of Anchor Investor Application Form by Anchor Investors. [(4)] In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the ASBA Form.		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).	Only through the ASBA process.	Only through the ASBA process.

(1) *Our Company, in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. For details, see "Offer Procedure" beginning on page 395.*

(2) *Subject to valid Bids being received at or above the Offer Price. The Offer is being made in terms of Rule 19(2)(b)(ii) of the SCRR read with Regulation 41 of the SEBI Regulations. The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers. Our Company may, in consultation with the BRLMs allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received from them at or above the Offer Price.*

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in *consultation with the BRLMs, and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.*

(3) *In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.*

(4) *Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid, provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.*

Bid/Offer Programme*

FOR ALL BIDDERS	**OFFER OPENS ON [●]**
FOR QIBs**	**OFFER CLOSES ON [●]**
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS	**OFFER CLOSES ON [●]**

**Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion, i.e. [●] Equity Shares, to Anchor Investors on a discretionary basis, in accordance with the SEBI Regulations. Anchor Investors shall Bid on the Anchor Investor Bidding Date.*
***Our Company may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI Regulations.*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account	[●]
Credit of the Equity Shares to depository accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchanges	[●]

The above timetable is indicative and does not constitute any obligation on our Company, the Selling Shareholder or the BRLMs. While our Company and Selling Shareholder shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such period as may be prescribed, the timetable may change due to various factors, such as extension of the Bid/ Offer Period by our Company and the Selling Shareholder, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholder confirms that it shall extend complete cooperation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time ("**IST**")) during the Bid/Offer Period (except on the Bid/Offer Closing Date) at the Bidding Centres as mentioned on the Bid cum Application Form except that:

(i) on the QIB Bid/Offer Closing Date, in case of Bids by QIBs under the Net QIB Portion, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. (IST);

(ii) on the Bid/Offer Closing Date:

a. in case of Bids by Non-Institutional Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 4.00 p.m. (IST); and

b. in case of Bids by Retail Individual Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. (IST), which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by BRLMs to the Stock Exchanges.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system will be rejected.

Due to limitation of the time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under this Offer. Bids will only be accepted on Working Days. Investors may please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. Neither our Company, nor the Selling Shareholder, nor any member of the Syndicate is liable for any failure in uploading or downloading the Bids due to faults in any software / hardware system or otherwise.

Our Company, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI Regulations. In such an event, the Cap Price shall not be more than 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price, as advertised at least five Working Days before the Bid/Offer Opening Date.

In case of any revision in the Price Band, the Bid/Offer Period shall be extended for at least three Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members, as required under the SEBI Regulations.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

OFFER PROCEDURE

*All Bidders should review the 'General Information Document for Investing in Public Issues' prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("**General Information Document**") included below under sub-section titled "– Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI Regulations. The General Information Document has been updated to reflect various enactments and regulations as well as amendments to existing regulations, to the extent applicable to the Offer. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant portions of the General Information Document which are applicable to this Offer.*

Our Company, the Selling Shareholder and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

PART A

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs. Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received from them at or above the Offer Price. Subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis, subject to applicable law. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. In accordance with Rule 19(2)(b)(ii) of the SCRR, a minimum Offer size of at least such percentage of Equity Shares equivalent to a value of ₹ 4,000 million (calculated at the Offer Price) is being offered to the public.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

All Bidders (other than Anchor Investors) are required to mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

Copies of the ASBA Forms and the Abridged Prospectus will be available with the Designated Intermediaries at the Bidding Centres and at our Registered Office and Corporate Office. Electronic copies of the ASBA Forms will also be available for download on the websites of the Stock Exchanges, namely, NSE (www.nseindia.com) and BSE (www.bseindia.com), at least one day prior to the Bid/Offer Opening Date. Anchor Investor Application Forms shall be available at the offices of the BRLMs at least one day prior to the Anchor Investor Bidding Date.

All Bidders (other than Anchor Investors) shall ensure that their Bids are made on ASBA Forms bearing the stamp of a Designated Intermediary and submitted at the Bidding centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Additionally, ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and ASBA Forms that do not contain such details are liable to be rejected. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for various categories of Bidders is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis **	[●]
Non-Residents including Eligible NRIs, FVCIs, FPIs and registered multilateral and bilateral development financial institutions applying on a repatriation basis **	[●]
Anchor Investors***	[●]

* *Excluding electronic Bid cum Application Forms.*
** *Electronic Bid cum Application forms will also be available for download on the website of the NSE (www.nseindia.com) and the BSE (www.bseindia.com).*
*** *Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs.*

Designated Intermediaries (other than SCSBs) shall submit/ deliver ASBA Forms to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or the Escrow Collection Bank.

Who can Bid?

In addition to the category of Bidders set forth in the sub-section titled "*– Part B – General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue*" on page 412, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- FPIs, other than Category III FPIs;
- Category III FPIs who are foreign corporates or foreign individuals only under the Non-Institutional Portion
- Scientific and/or industrial research organizations in India, which are authorized to invest in equity shares; and
- Any other person eligible to Bid in this Offer, under the laws, rules, regulations, guidelines and polices applicable to them.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Participation by associates and affiliates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Members may subscribe to or purchase Equity Shares in the Offer, in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders. Such Bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Other than mutual funds sponsored by entities related to the BRLMs, the BRLMs, the Syndicate Members, the Promoters, members of the Promoter Group and any persons related to them cannot apply in the Offer under the Anchor Investor Portion.

Bids by Mutual Funds

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid in whole or in part, in either case, without assigning any reason thereof.

No Mutual Fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of ASBA Forms from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs Bidding on a repatriation basis should authorise their SCSB to block their Non-Resident External ("**NRE**") or Foreign Currency Non-Resident ("**FCNR**") accounts, maintained with banks authorized by the RBI under the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000. Eligible NRIs Bidding on a repatriation basis should authorise their SCSB to block their NRE or FCNR accounts for the full Bid Amount, while Eligible NRIs Bidding on a non-repatriation basis should authorise their SCSB to block their NRO Accounts for the full Bid Amount.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form for non-residents, while Eligible NRIs Bidding on a non-repatriation basis are advised to use the Bid cum Application Form for residents.

Bids by FPIs and FIIs

On January 7, 2014, SEBI notified the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 ("**SEBI FPI Regulations**") pursuant to which the existing classes of portfolio investors, namely, FIIs and QFIs were subsumed under a new category namely 'foreign portfolio investors' or 'FPIs'. Furthermore, RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII

Regulations. Accordingly, such FIIs can participate in this Offer in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a QFI who had not obtained a certificate of registration as an FPI could only continue to buy, sell or otherwise deal in securities until January 6, 2015. Hence, such QFIs who have not registered as FPIs under the SEBI FPI Regulations shall not be eligible to participate in this Offer.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board, followed by a special resolution passed by the shareholders of our Company and subject to prior intimation to RBI. For calculating the aggregate holding of FPIs in our company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. In terms of the above-mentioned provisions of the FEMA Regulations, the existing individual and aggregate investment limits for an FII or sub account in our Company is 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments ("**ODIs**"). Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments held in the underlying company.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the GoI from time to time. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents. FPIs are required to Bid through the ASBA process to participate in the Offer.

An FPI shall issue ODIs only to those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III FPI and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors

The SEBI FVCI Regulations and the SEBI AIF Regulations *inter-alia* prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI.

The holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, initial public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up.

Further, according to the SEBI Regulations, the shareholding of VCFs, category I AIFs and FVCIs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing a draft offer document with SEBI.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason therefor.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers is prescribed in Regulation 5 of the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (the "**IRDA Investment Regulations**") are set forth below:

(i) equity shares of a company: the lower of 10% of the investee company's outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/ investment assets in case of a general insurer or a reinsurer;

(ii) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(iii) the industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or general insurance or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (a), (b) or (c) above, as the case may be.

Insurer companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDA from time to time to time.

Bids by provident funds/ pension funds

In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid, without assigning any reason thereof.

Bids by Anchor Investors

In accordance with the SEBI Regulations, the key terms for participation by Anchor Investors are provided below.

(i) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

(ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.

(iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

(iv) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date, *i.e.*, the Anchor Investor Bidding Date, and will be completed on the same day.

(v) Our Company, in consultation with the BRLMs will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:

(a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;

(b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and

(c) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million, subject to minimum allotment of ₹ 50 million per Anchor Investor.

(vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchange.

(vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(viii) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Offer Price.

(ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.

(x) The BRLMs, our Promoter, members of the Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the BRLMs) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the BRLMs and made available as part of the records of the BRLMs for inspection by SEBI.

(xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

(xii) For more information, see *"Offer Procedure - Part B: General Information Document for Investing in Public Issues - Section 7: Allotment Procedure and Basis of Allotment – Allotment to Anchor Investor"* on page 434.

Payment by Anchor Investors into the Escrow Account

Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT) for payment of their Bid Amounts in the Escrow Account in favour of:

(a) In case of resident Anchor Investors: [●]

(b) In case of non-resident Anchor Investors: [●]

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections from Anchor Investors.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholder reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA Bids.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund, provident funds with minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

Our Company and the Selling Shareholder in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney with the Bid cum Application Form, subject to such terms and conditions that our Company, the Selling Shareholder and the BRLMs deem fit, without assigning any reasons therefore.

In accordance with existing regulations, OCBs cannot participate in the Offer.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement in [●] editions of [●] and [●] editions of [●], being an English and a Hindi national daily newspaper (Hindi being the regional language in the state where our Company's registered office is located), each with wide circulation, respectively. In the pre- Offer advertisement, we shall state the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

The above information is given for the benefit of Bidders. Our Company and the Selling Shareholder, our Directors, the officers of our Company and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Information for Bidders

In addition to the instructions provided to Bidders set forth in the sub-section titled "*– Part B – General Information Document for Investing in Public Issues*" on page 409, Bidders are requested to note the following additional information in relation to the Offer.

1. The relevant Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an acknowledgement slip ("**Acknowledgement Slip**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three Acknowledgement Slips for each Bid cum Application Form. It is the Bidder's responsibility to obtain the Acknowledgment Slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/ Allotted. Such Acknowledgement will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised Acknowledgment Slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

2. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the Selling Shareholder, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

3. In the event of an upward revision in the Price Band, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price). The revised Bids must be submitted to the same Designated Intermediary to whom the original Bid was submitted. If the total amount (i.e., the original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion. If, however, the Retail Individual Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder and the Retail Individual Bidder is deemed to have approved such revised Bid at Cut-off Price.

4. In the event of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price may revise their Bid; otherwise, the excess amount paid at the time of Bidding would be unblocked after Allotment is finalized.

5. Any revision of the Bid shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Bid.

In addition to the information provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Interest and Refunds - Mode of refund*" on page 437.

Signing of the Underwriting Agreement and the RoC Filing

Our Company and the Selling Shareholder intend to enter into an Underwriting Agreement with the Underwriters on or immediately after the finalisation of the Offer Price. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

GENERAL INSTRUCTIONS

In addition to the general instructions provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues*" on page 409, Bidders are requested to note the additional instructions provided below.

***Do's*:**

1. Check if you are eligible to apply as per the Red Herring Prospectus and under applicable law;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Bid cum Application Form, bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time.
6. With respect to the ASBA Bids, ensure that the ASBA Form is signed by the account holder in case the applicant is not the ASBA Account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form;
7. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
8. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;
9. Ensure that you request for and receive a stamped Acknowledgement Slip of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary as proof of registration of the Bid cum Application Form;
10. Ensure that you have funds equal to the Bid Amount in the ASBA Account with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;
11. Instruct your respective banks to not release the funds blocked in the ASBA Account under the ASBA process until six Working Days from the Bid/ Offer Closing Date;
12. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgement Slip;
13. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the State of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, are exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/ bilateral institutions, which are exempted from specifying, may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for the Central or the

State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

14. Ensure that the Demographic Details are updated, true and correct in all respects;
15. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
16. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;
17. Ensure that you tick the correct investor category and the investor status, as applicable, in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
18. Ensure that for Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
19. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
20. Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the electronic system of the Stock Exchanges by the relevant Designated Intermediary match with the DP ID, Client ID and PAN available in the Depository database;
21. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;
22. Ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in).
23. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form; and
24. In relation to the ASBA Bids, ensure that you have correctly signed the authorization/undertaking box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid or revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
4. Do not pay the Bid Amount by cheques and demand drafts or in cash, by money order or by postal order or by stockinvest;
5. Do not send ASBA Forms by post. Instead submit the same to only a Designated Intermediary;
6. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;
7. Anchor Investors should not Bid through the ASBA process;
8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
9. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
11. Do not submit the GIR number instead of the PAN;
12. Do not submit the Bids without instructions to block funds equivalent to the Bid Amount in the ASBA Account;

13. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
14. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
15. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date;
16. If you are a Non-Institutional Bidder or Retail Individual Bidder, do not submit your Bid after 3.00 p.m. on the Bid/Offer Closing Date;
17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872;
18. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
19. Do not submit more than five ASBA Forms per ASBA Account;
20. Do not submit ASBA Bids to a Designated Intermediary at a location other than the Bidding Centres;
21. Do not submit ASBA Bids to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the ASBA Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in); and

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

In addition to the instructions for completing the Bid cum Application Form provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Applying in the Issue – Instructions for filing the Bid cum Application Form/ Application Form*" on page 413, Bidders are requested to note the additional instructions provided below.

1. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Bids must be in single name or in joint names (not more than three, and in the same order as their Depository Participant details).

2. ASBA Bids must be made in a single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant), and completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the ASBA Form.

3. Bids on a repatriation basis shall be in the names of individuals, or in the name of Eligible NRIs, FIIs or FPIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Designated Date and Allotment

(a) Our Company will ensure that the Allotment and credit to the successful Bidder's depositary account will be completed within six Working Days, or such period as may be prescribed by SEBI, of the Bid/Offer Closing Date or such other period as may be prescribed.

(b) Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act, 2013 and the Depositories Act.

Grounds for Technical Rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Issue Procedure in Book Built Issue – Rejection and Responsibility for Upload of Bids – Grounds for Technical Rejections*" on page 430, Bidders are requested to note that Bids may be rejected on the following additional technical grounds.

1. Bid submitted without payment of the entire Bid Amount;
2. Bids submitted by Retail Individual Bidders which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids by HUFs not mentioned correctly as given in the sub-section titled " – *Who can Bid?*" on page 396;
5. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
6. Bids submitted without the signature of the First Bidder or sole Bidder;
7. With respect to ASBA Bids, the ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
8. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are 'suspended for credit' in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;
9. GIR number furnished instead of PAN;
10. Bids by Retail Individual Bidders with Bid Amount for a value of more than ₹ 200,000;
11. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
12. Bids by Bidders (who are not Anchor Investors) accompanied by cheques or demand drafts;
13. Bids accompanied by stockinvest, money order, postal order or cash;
14. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/Offer Closing Date, and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Bid/Offer Closing Date, unless extended by the Stock Exchanges.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer:

1. Agreement dated June 7, 2016 among NSDL, our Company and the Registrar to the Offer.
2. Agreement dated May 11, 2016 among CDSL, our Company and Registrar to the Offer.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1. That if our Company and/or the Selling Shareholder does not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

2. That if the Selling Shareholder withdraws the entire portion of the Offer after the Bid/Offer Closing Date, our Company shall be required to file an updated offer document or a fresh offer document with the RoC/ SEBI, as the case may be, in the event our Company or the Selling Shareholder (or any other selling shareholder) subsequently decides to proceed with the Offer;

3. That the complaints received in respect of the Offer shall be attended to by the Company expeditiously and satisfactorily;

4. That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed;

5. If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 15 days from the Bid/Offer Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Bidders at the rate of 15% per annum for the delayed period;

6. That where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within 15 days from the Bid/Offer Closing Date or such lesser time as specified by SEBI, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit for the refund;

7. That the certificates of the securities or refund orders to Eligible NRIs shall be despatched within specified time; and

8. That except any allotment of Equity Shares pursuant to exercise of options under our Company's ESOP scheme, no further offer of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.

UNDERTAKINGS BY THE SELLING SHAREHOLDER

The Selling Shareholder undertakes the following:

1. That if the Selling Shareholder withdraws the entire portion of the Offer after the Bid/Offer Closing Date, it shall, forthwith, inform our Company of the same. The Selling Shareholder and our Company shall be required to file an updated offer document or a fresh offer document with the RoC/ SEBI, as the case may be, in the event our Company or the Selling Shareholder (or any other selling shareholder) subsequently decides to proceed with the Offer;

2. That it is the legal and beneficial owners of the Offered Shares;

3. That the Offered Shares (a) have been held by it for a minimum period as specified in Regulation 26(6) of the SEBI Regulations; and (b) are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances; and (c) shall be in dematerialised form at the time of transfer;

4. That it shall deposit its Equity Shares offered in the Offer in an escrow account opened with the Registrar to the Offer at least three days prior to filing of the Red Herring Prospectus with the RoC;

5. That it shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals from all the Stock Exchanges where listing is proposed have been obtained;

6. That it shall provide all reasonable cooperation as requested by the Company in relation to the completion of the Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders (as applicable) to the requisite extent of the Equity Shares offered by it pursuant to the Offer;

7. That it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;

8. That it shall not further transfer Equity Shares during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted and Equity Shares to be Allotted pursuant to the Offer;

9. That it shall take all such steps as may be required to ensure that the Equity Shares being sold by it pursuant to the Offer for Sale are available for transfer in the Offer for Sale, free and clear of any encumbrance, within the timelines specified under applicable law; and

10. That it has authorised our Company to redress any complaints received from Bidders in respect of the Offered Shares and it shall extend assistance to our Company in this regard.

Utilisation of Offer proceeds

Our Company and the Selling Shareholder specifically confirm and declare that all monies received out of this Offer shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

Withdrawal of the Offer

Our Company, in consultation with the BRLMs, reserve the right not to proceed with the entire or portion of the Offer for any reason at any time after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the same newspapers, in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date, providing reasons for not proceeding with the Offer. Further, the Stock Exchanges shall be informed promptly in this regard by our Company. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. In the event of withdrawal of the Offer and subsequently, plans of a fresh offer by our Company, a fresh draft red herring prospectus will be submitted again to SEBI.

Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days or such other period as may be prescribed, and the final RoC approval of the Prospectus after it is filed with the RoC and the Stock Exchanges.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, as amended or replaced by the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations, 2009").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus ("RHP")/Prospectus filed by the Issuer with the Registrar of Companies ("RoC"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Offer is available on the websites of stock exchanges, on the website(s) of the BRLMs to the Offer and on the website of Securities and Exchange Board of India ("SEBI") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section "Glossary and Abbreviations".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956 (the "Companies Act") as amended or replaced by the Companies Act, 2013, the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues - Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process **("Book Built Issue")** or undertake a Fixed Price Issue **("Fixed Price Issue").** An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre- Offer advertisement was given at least five Working Days before the Bid/ Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/ Offer Opening Date, in case of an FPO.

The Floor Price or the Offer Price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

2.5 OFFER PERIOD

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/ Offer Period. Details of Bid/ Offer Period are also available on the website of Stock Exchange(s).

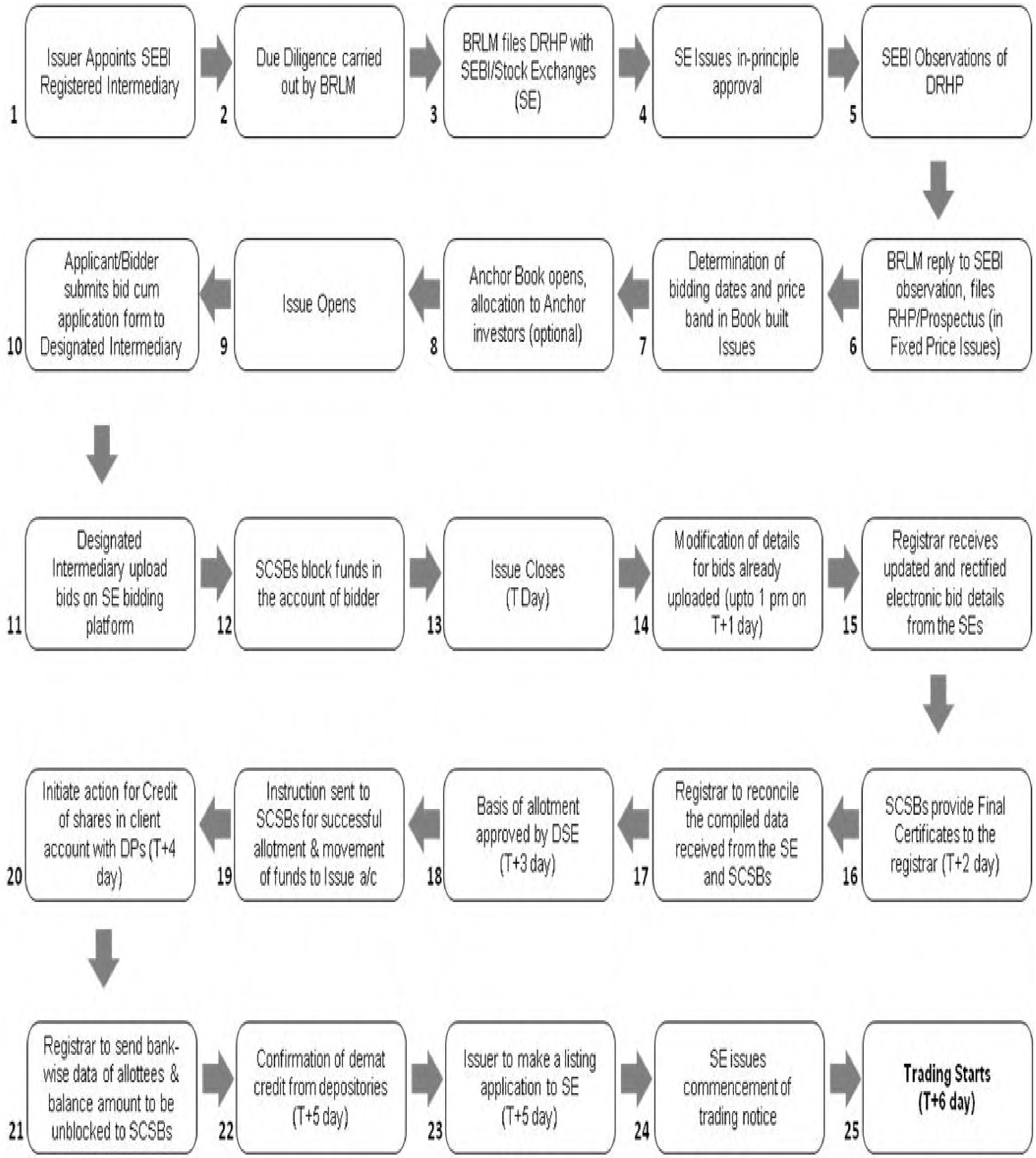
In case of a Book Built Issue, the Issuer may close the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/ Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLMs, and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Offer other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

  (i) Step 7 : Determination of Offer Date and Price
  (ii) Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchanges (SE)
4 SE Issues in-principle approval
5 SEBI Observations of DRHP
6 BRLM reply to SEBI observation, files RHP/Prospectus (in Fixed Price Issues)
7 Determination of bidding dates and price band in Book built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits bid cum application form to Designated Intermediary
11 Designated Intermediary upload bids on SE bidding platform
12 SCSBs block funds in the account of bidder
13 Issue Closes (T Day)
14 Modification of details for bids already uploaded (upto 1 pm on T+1 day)
15 Registrar receives updated and rectified electronic bid details from the SEs
16 SCSBs provide Final Certificates to the registrar (T+2 day)
17 Registrar to reconcile the compiled data received from the SE and SCSBs
18 Basis of allotment approved by DSE (T+3 day)
19 Instruction sent to SCSBs for successful allotment & movement of funds to Issue a/c
20 Initiate action for Credit of shares in client account with DPs (T+4 day)
21 Registrar to send bank-wise data of allottees & balance amount to be unblocked to SCSBs
22 Confirmation of demat credit from depositories (T+5 day)
23 Issuer to make a listing application to SE (T+5 day)
24 SE issues commencement of trading notice
25 Trading Starts (T+6 day)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law.

Furthermore, certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs, QFIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta.* The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*." Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- FPIs (other than Category III FPIs) bidding in the QIBs category;
- Category III FPIs bidding in the Non Institutional Bidders category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Bid/Apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in the Offer.

SECTION 4: APPLYING IN THE OFFER

Book Built Issue: Bidders should only use the specified Bid cum Application Form (*i.e.,* in case of Anchor

Investors, the Anchor Investor Application Form, and in case of Bidders other than Anchor Investors, the ASBA Forms) either bearing the stamp of a Designated Intermediary or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/ Offer Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified cum Bid cum Application Form, bearing the stamp of the Designated Intermediary or downloaded from the websites of the Stock Exchanges. Application Forms are available with Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub- Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB) and FPIs	Blue
Anchor Investors (where applicable)	As specified by the Issuer

Securities issued in an IPO can only be in dematerialised form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM / APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : .... Contact Details: .... CIN No	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	Bid Price 3 | 2 | 1	Retail Discount 3 | 2 | 1	Net Price 3 | 2 | 1	"Cut-off" (Please ✓ tick)
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians - NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VCF
☐ Alternative Investment Funds - AIF
☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue 1) 2) 3)	
Date :		

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

ASBA Bank A/c No.

Bank & Branch

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

Address : .... Contact Details: .... CIN No ....

FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

NRI Non-Resident Indian(s) (Repatriation basis)

FII FII or Sub-account not a Corporate/Foreign Individual

FIISA FII Sub-account Corporate/Individual

FVCI Foreign Venture Capital Investor

FPI Foreign Portfolio Investors

OTH Others (Please Specify)______

7. PAYMENT DETAILS

PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER

Date : ________

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED

INITIAL PUBLIC ISSUE - NR

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures) | Bank & Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile | Email

Stamp & Signature of SCSB Branch

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No. ________

Bank & Branch ________

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

4.1.1 **FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT**

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer and the Designated Intermediaries only for correspondence(s) related to the Offer and for no other purposes.

(c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders

(d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who –

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or
(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialised form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 **FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST BIDDER/APPLICANT**

(a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and demographic details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to the Offer.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 **FIELD NUMBER 4: BID OPTIONS**

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/ Offer Opening Date in case of an IPO, and at least one Working Day before Bid/ Offer Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))

(c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot:** The Issuer, in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer and the Selling Shareholder on basis of such minimum application value.

(e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.

In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

(b) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.

(d) RII may revise or withdraw their bids till closure of the bidding period. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

(e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bidding Date and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer

Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Offer size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the highest number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e))

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

(i) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

(ii) For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

(i) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

(ii) Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

(iii) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5: CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Offer are RIIs, NIIs and QIBs.

(b) Upto 60% of the QIB Category can be allocated by the Issuer and the Selling Shareholder, on a discretionary basis subject to the criteria of minimum and maximum number of anchor investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in the Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FIIs, QFIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the Bidder's ASBA Account based on the authorisation provided by the Bidder in the ASBA Form. If the Discount is applicable in the Offer, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked in respect of the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.

(c) QIBs and NIIs can participate in the Offer only through the ASBA mechanism.

(d) All Bidders (except Anchor Investors) are required to Bid through the ASBA process.

(e) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a BRLM.

(b) Payments by Anchor Investors are required to be made through direct credit, RTGS or NEFT.

(c) The Escrow Collection Bank shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2 **Payment instructions for ASBA Bidders**

(a) Bidders may submit the ASBA Form either

(i) in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

(iii) in physical mode to a Designated Intermediary at a Bidding Centre.

(b) ASBA Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by an ASBA Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bid cum Application Forms can be submitted.

(f) Bidders should submit the Bid cum Application Form only at a Bidding Centre i.e to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

(g) ASBA Bidders bidding through a Designated Intermediary other than an SCSB should note that the ASBA Forms submitted to the Designated Intermediary may not be accepted by the Designated Intermediary, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary to deposit Bid cum Application Forms.

(h) **ASBA Bidders bidding directly through the SCSBs** should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids on the Stock Exchange platform and such bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each ASBA Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the

Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/ Offer Closing Date.

4.1.7.3 **Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.7.4 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.

(c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

(a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the relevant Designated Intermediary for submission of the ASBA Form.

(b) All communications in connection with Bids/Applications made in the Offer should be addressed as under:

(i) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Offer.

(ii) In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.

(iii) In case of queries relating to uploading of Bids by a Designated Intermediary other than an SCSB, the Bidders/Applicants should contact the relevant Designated Intermediary.

(iv) Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLMs in case of any other complaints in relation to the Offer.

(d) The following details (as applicable) should be quoted while making any queries –

(i) full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount blocked on application.

(ii) name and address of the Designated Intermediary where the Bid was submitted; and

(iv) The ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/ Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

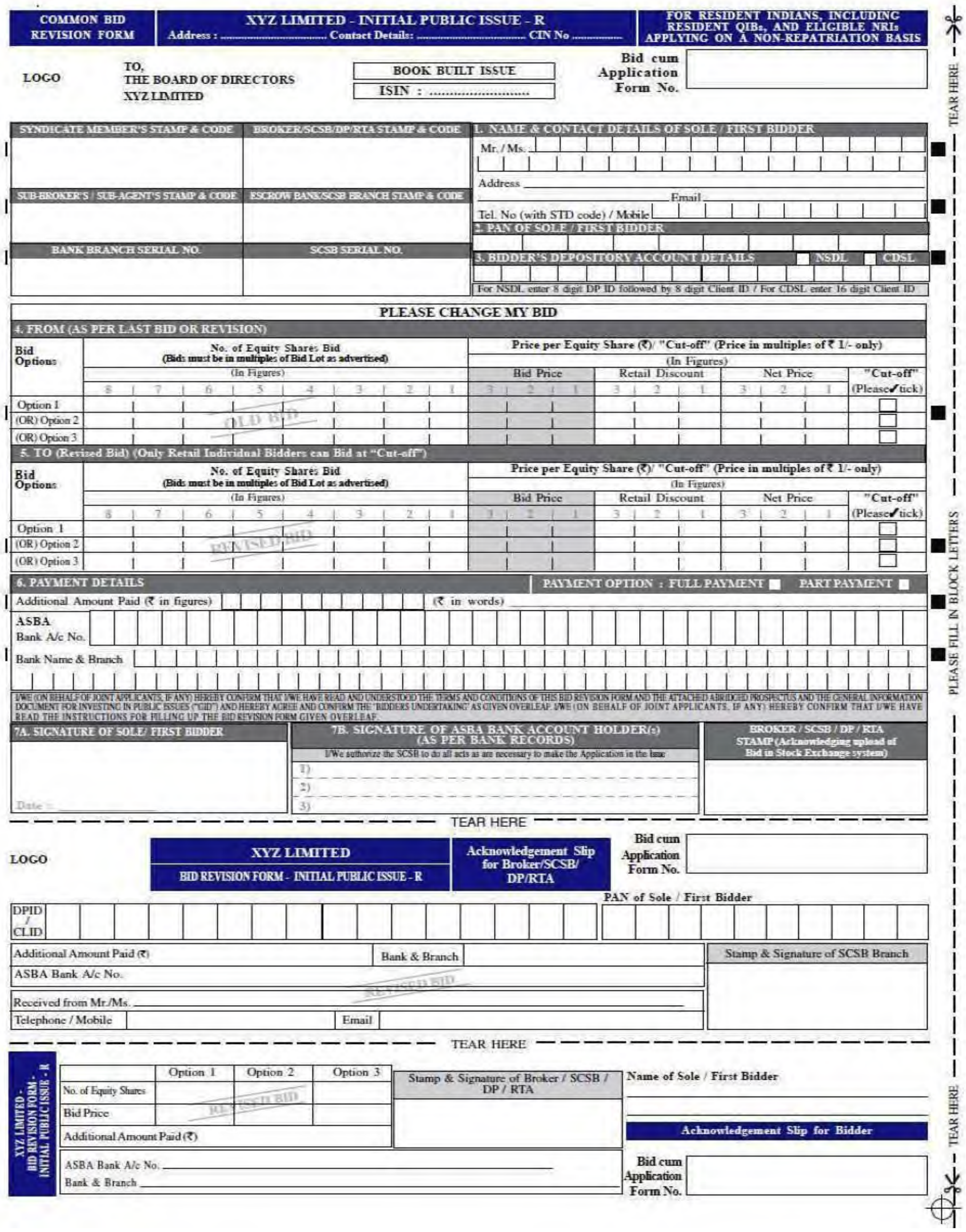
(a) During the Bid/ Offer Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise or withdraw their bids till closure of the bidding period.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/ Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample Revision form is reproduced below:


COMMON BID REVISION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : .... Contact Details: .... CIN No ....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✔ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					
(OR) Option 2	OLD BID				
(OR) Option 3					

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✔ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					
(OR) Option 2	REVISED BID				
(OR) Option 3					

6. PAYMENT DETAILS | PAYMENT OPTION : FULL PAYMENT PART PAYMENT

Additional Amount Paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER

Date :

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED

BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹) | Bank & Branch | Stamp & Signature of SCSB Branch

ASBA Bank A/c No.

REVISED BID

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price		REVISED BID	
Additional Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.

Bank & Branch

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 AND 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked after finalisation of the basis of allotment.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked in the ASBA Accounts. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicant may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of bidding may be unblocked after finalisation of the basis of allotment.

4.2.4 **FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY AND AMOUNT**

(a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot:** The Issuer, in consultation with the Lead Managers to the Offer (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIIs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Offer size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

(i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

(ii) For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

(i) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

(ii) Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 **FIELD NUMBER 5: CATEGORY OF APPLICANTS**

(a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in the Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

(a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Offer.

(b) Application Amount cannot be paid through cheques and demand drafts or in cash, through money order or through postal order or through stock invest.

4.3.5.1 **Payment instructions for ASBA Applicants**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

4.3.5.2.1 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

4.3.5.2 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Offer, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Offer may authorise blocking of an amount i.e. the Application Amount less Discount (if applicable).

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS AND ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 and 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM

4.4.1 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Application by Anchor Investors	To the Book Running Lead Managers at the locations specified in the Anchor Investor Application Form
Applications by other Bidders	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres, or the RTA at the Designated RTA Location or the DP at the Designated CDP Locations. (b) To the Designated branches of the SCSBs

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid-cum Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Offer Price is finalised after the Bid/ Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/ Offer Period, Bidders/Applicants may approach the Designated Intermediaries to submit and register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Managers to register their Bids.

(b) In case of Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

(d) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediaries may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the online facilities for Book Building on a regular basis before the closure of the Offer.

(b) On the Bid/ Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Draft Ref Herring Prospectus and the Red Herring Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given up to one day after the Bid/ Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Offer Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/ Offer Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/ Offer Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until the Bid/ Offer Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after finalisation of the basis of allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION AND RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to

(i) the Bids accepted by the Designated Intermediaries,
(ii) the Bids uploaded by the Designated Intermediaries, or
(iii) the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

(b) The BRLMs and its affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) the BRLMs and its affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIIs and RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the Designated Intermediaries or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid/Applications accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB;

(b) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(c) Bids/Applications by OCBs;

(d) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form;

(f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(h) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;

(i) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(j) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(k) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(l) Bids/Applications at a price less than the Floor Price and Bids/Applications at a price more than the Cap Price;

(m) Bids/Applications at Cut-off Price by NIIs and QIBs;

(n) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(o) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(p) Submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;

(q) Bids not uploaded in the Stock Exchanges bidding system

(r) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(s) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(t) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/ Offer Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(u) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form at the time of blocking such Bid/Application Amount in the bank account;

(v) Where no confirmation is received from SCSB for blocking of funds;

(w) Bids/Applications by Bidders (other than Anchor Investors) that are not submitted through ASBA process;

(x) ASBA Bids/Applications submitted to a Designated Intermediary at locations other than the Bidding Centres, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Offer;

(y) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in the Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

(b) Under-subscription in any category (except for the QIB Portion) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB category is not available for subscription to other categories.

(c) For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should *note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹ 20 to ₹ 24 per share, Offer size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer, in consultation with the BRLMs may finalise the Offer Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding ("Alternate Book Building Process").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/ Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Offer Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through a Designated Intermediary.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Members or Registered Brokers or the Designated Branches of the SCSBs or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/ Offer Opening Date.

In a fixed price Offer, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor is will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the Issuer, in consultation with the BRLMs, subject to compliance with the following requirements:

(i) not more than 60% of the QIB Portion will be allocated to Anchor Investors;
(ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
(iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;
- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor; and
- a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer, in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the Offer Price is higher than the Anchor Investor Offer Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(d) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS) AND NIIs IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Bank shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to unblock funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/ Issue Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING AND COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date. The Registrar to the Offer may initiate corporate action for credit to Equity Shares the beneficiary account with the Depositories, and dispatch the Allotment Advice within six Working Days of the Bid/ Offer Closing Date.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at rates prescribed under applicable law.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCIPTION

If the Issuer does not receive a minimum subscription of 90% of the Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, without interest take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Offer Closing Date and repay, without interest, all subscription amounts received from Anchor Investors. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Offer to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids:** Within six Working Days of the Bid/ Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts of unsuccessful Bidders and also for any excess amount blocked on Bidding/Application.

(b) **In case of Anchor Investors:** Within six Working Days of the Bid/ Offer Closing Date may dispatch refunds for all amounts payable to unsuccessful Anchor Investors.

(c) In case of Anchor Investors, the Registrar to the Offer may obtain from the Depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Selling Shareholder, the Registrar to the Offer, the Escrow Collection Bank, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

(d) In the case of Bids from Eligible NRIs, FIIs, FPIs and QFIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer and the Selling Shareholder may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

8.3.1 Electronic modes of making refunds to Anchor Investors

The payment of refund to Anchor Investors, if any, may be done through various modes as mentioned below:

(a) **NECS—**Payment of refund may be done through NECS by Anchor Investors having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;

(b) **NEFT—** Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investor's bank is NEFT enabled and has been assigned the Indian Financial System Code **("IFSC"),** which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **Direct Credit—** Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account; and

(d) **RTGS—** Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc, Anchor Investors may refer to RHP/Prospectus.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted by the Anchor Investor to the Escrow Collection Bank.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at rates prescribed under applicable laws if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working days of the Bid/Issue Closing Date.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time. In case of inconsistency in the description of a term mentioned herein below and the description ascribed to such term in the Draft Red Herring Prospectus, the description as ascribed to such term in the Draft Red Herring Prospectus shall prevail.

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Allotment in terms of the Red Herring Prospectus and Prospectus.
Escrow Account	An account opened with the Escrow Collection Bank and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by the Issuer, in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by ASBA Bidders/Applicants to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
Application Supported by	An application from, whether physical or electronic, used by ASBA Bidders/Applicants,

Term	Description
Blocked Amount Form/ASBA Form	which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant
ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Offer who Bid/apply through ASBA
Banker(s) to the Offer/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bidding Date by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid /Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Closing Date
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Offer Period for QIBs one working day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Period
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLMs/ Book Running Lead Managers/Lead Managers/ LMs	The Book Running Lead Managers to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Managers should be construed to mean the Lead Managers or LMs
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	Note or intimation of allocation of Equity Shares sent to each Anchor Investor who have been allocated Equity Shares after the Anchor Investor Bidding Date.
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account

Term	Description
Category III FPI	FPIs who are registered as "Category III foreign portfolio investors" under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Collecting Depository Participant(s) or CDP(s)	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as the context requires.
Cut-off Price	Offer Price, finalised by the Issuer, in consultation with the Book Running Lead Managers, which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (other then Anchor Investors) and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Designated CDP Locations	Such locations where Bidders can submit the ASBA Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) , as updated from time to time
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account in terms of the Red Herring Prospectus or the amounts blocked by the SCSBs are transferred from the ASBA Accounts of successful Allottees to the Public Offer Account, following which the board of directors may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale.
Designated Intermediaries	The Syndicate, Sub-Syndicate members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Offer
Designated RTA Locations	Such locations where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book Running Lead Managers, the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Offer
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price	The Fixed Price process as provided under SEBI ICDR Regulations, 2009

Term	Description
Process/Fixed Price Method	
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPI	Foreign portfolio investor registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Offer Price may be decided by the Issuer in consultation with the Book Running Lead Managers.
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals and Category III FPIs that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs registered with SEBI, FVCIs registered with SEBI, FPIs and QFIs
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer, in consultation with the Book Running Lead Manager(s)
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer, in consultation with the Book Running Lead Manager and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated,

Term	Description
	newspaper each with wide circulation
Pricing Date	The date on which the Issuer, in consultation with the Book Running Lead Managers, finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price ,the size of the Offer and certain other information
Public Offer Account	A bank account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Portion	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013 which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTI	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than ₹ 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders (other than QIBs and Non-Institutional Investors) in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Refer to definition of Broker Centres
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Manager and the Syndicate Member(s)
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	Working Day” means all days, other than the second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business;

Term	Description
	provided however, with reference to the time period between (a) announcement of Price Band; and (b) Bid/Offer Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to the Companies Act and the SEBI Regulations the main provisions of our Articles of Association relating to, *inter alia*, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalized/defined terms herein have the same meaning given to them in our Articles.

Article		Particulars
3.	Company	The Company is a public company limited by shares.
4.	Share Capital	The authorized share capital of the Company shall be such amount and be divided into such shares as may from time to time be provided in Clause V of the Memorandum with power to reclassify, subdivide, consolidate and increase the shares in capital of the Company into equity share capital and preference share capital and with power from time to time, to issue any shares of the original capital or any new capital and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division, for the time being, and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions as may be determined in accordance with these present and modify or abrogate any such rights, privileges or conditions in such manner as may be permitted for the time being by the Act.
5.	Alteration of Share Capital	The Company shall have the power to amend and alter the share capital of the Company in accordance with the provisions of the Act (including any increase or decrease thereof).
6.	Minimum Paid-Up Capital	The paid up capital of the Company shall be minimum of Rs. 5,00,000/- (Rupees Five Lac Only)
7.	Preference Shares	The Company shall, subject to provisions of these Articles and the Act, have power to issue preference shares carrying right to redemption out of profits, which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for the purpose of such redemption, or out of security premium account of the Company or liable to be redeemed at the option of the Company, and the Board may, subject to the provisions of the Act, exercise such power in such manner as it thinks fit and also classify and determine the terms and conditions of such preference shares, including without limitation the coupon rate, premium on issue and redemption, conversion terms, accumulation of dividend.
8.	Redemption of Preference Shares	If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares, may by resolution of the Board be applied only in paying up in full or in part any new securities then remaining unissued to be issued to such Members of the Company as the Board may resolve up to an amount equal to the nominal amount of the securities so issued.
9.	Debentures	The Company shall have the power to issue optionally or compulsorily convertible/ non-convertible debentures subject to the provisions of the Act and other applicable Law. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise, if permissible under the Act, and may be issued on the condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at the general meeting, appointment of Directors and otherwise. Debentures with the rights to conversion into or allotment of shares shall not be issued except with the sanction of the Company by way of a special resolution in a general meeting and subject to the provisions of the Act.

Article		Particulars
10.	(a) Sweat Equity	Subject to the provisions of the Act, and applicable Laws for the time being in force, the Company may issue sweat equity shares of a class of shares already issued. Subject to the provisions of the Act, the Company may, if so deemed fit, issue such sweat equity shares at a discount.
	(b) Employee Stock Option Scheme	Subject to the provisions of the Act and the rules framed thereunder read with the guidelines issued by SEBI, the Company may issue shares under Employees Stock Option Scheme as approved by the shareholders by Special Resolution.
11.(i)	Alteration of Capital	Subject to the provisions of these Articles and the Act, the Company in a general meeting, may from time to time, alter the conditions of its Memorandum as follows, that is to say, it may: (a) increase its authorised share capital by such amount as it thinks expedient; (b) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares, provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved in the manner specified in the Act; (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (d) sub-divide its existing shares, into shares of smaller amount than is fixed by the Memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and (e) cancel any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.
(ii)		Subject to the provisions of the Act, Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.
(iii)		A cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of share capital within the meaning of the Act.
12.	Further issue of capital	Subject to the provisions of the Act and these Articles: (a) Where at any time, the Company proposes to increase its subscribed capital by the issue of further shares, whether out of unissued share capital or out of the increased share capital, such shares shall be offered: (i) to persons who, at the date of the offer, are holders of equity shares of the Company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions, namely:— (A) the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined; (B) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any

Article		Particulars
		other person; and the notice referred to in Article 12(a)(i)(A) shall contain a statement of this right; (C) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner which is not dis-advantageous to the shareholders and the Company; (ii) to employees under a scheme of employees' stock option, subject to special resolution passed by the Company and subject to such conditions as may be prescribed under the Act; or (iii) to any persons whether or not those persons include the persons referred to in Article 12(a)(i) or (ii) above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed under the Act. (b) Nothing in Article 12(a) shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the Company to convert such debentures or loans into shares in the Company; Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the Company in a general meeting.
13.	Bonus Issue of Shares	Subject to the provisions of the Act or any other applicable law for the time being in force, the Company may issue bonus shares to its Members (including by way of capitalisation of profits, reserves, etc. for the purpose of issuing fully-paid up shares) in any manner as the Board may deem fit.
14.	Commission	Notwithstanding anything contained in Table F, but subject to the provisions of the Act, the Company may, at any time, pay a commission to any person, in connection with subscription or procurement of subscription to its securities (whether absolute or conditional), but so that the commission shall not exceed any amount prescribed under the Act. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or debentures or partly in one way and partly in the other. The Company may also pay on any issue of shares, debentures or debenture stock such brokerage as may be lawful and reasonable.
15.	Shares Under Control of Board	Subject to the provisions of the Act as applicable to the Company and subject to the provisions of these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons in such proportions and on such terms and conditions and with such right preferential or otherwise as to dividends or as to repayment of capital or such other rights and either at a premium or at par, or subject to compliance with Section 54 of the Act at a discount, and at such time as they from time to time think fit and with the sanction of the Company in general meeting to give to any person the right or option of any shares either at par or at premium during such time and for such consideration as the Board may think fit, and the Board may also issue and allot shares in the capital of the Company in payment or part payment of any property sold or transferred or for services rendered to the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid up and, if so issued, shall be deemed to be fully paid up shares.

Article		Particulars
		Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the general meeting.
16.	Buy Back of Shares	Notwithstanding anything contained in these Articles, the Company may purchase its own shares or other securities, as may be specified by the Ministry of Corporate Affairs, by way of buy back arrangement, in accordance with the Act, the rules made thereunder and subject to compliance with any other applicable provisions of Law.
17.	Equity Shares with Differential Rights	The Company may issue equity shares with differential rights as to dividend, voting or otherwise in accordance with the provisions of the Act including the Companies (Share Capital and Debentures) Rules, 2014.
18.	Variation of rights of Members	Regulations 6(i) and 6(ii) of Table F shall apply to the Company as regards variations of rights of Members.
19.	Lien	The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sales thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses or interest and premium from time to time declared or payable in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any on such shares/debentures. The Board may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article. Fully paid up shares/debentures shall be free from lien. In case of partly paid up shares/ debentures, the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares/ debentures.
20.	Calls on Shares	Regulation 13 of Table F shall apply to this Company, provided that:
(i)	No restriction on amount that can be called	there shall be no restriction on the amount that can be called by the Board;
(ii)	No restriction time intervals between calls	there shall be no restriction on the intervals between any two or more call made by the Board;
		and under each of the above circumstances the remaining provisions contained in Table F shall apply accordingly.
21.	When interest on call or instalment payable	If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at 12% (twelve percent) per annum or at such lower rate, if any, as the Board may determine. The Board shall also be at the liberty to waive the payment of that interest wholly or in part.
22.	Evidence in action for call	On the trial or hearing of any action for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the Member sued or the terms and conditions provided to the Member at the time of issuance or allotment of shares in relation to any fixed dates and / or quantum of amount called, in pursuance of these presents and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the meeting of the Board at which any call was made nor any other matters whatsoever and the proof of the matters aforesaid shall be

Article		Particulars
		conclusive evidence of the debt.
23.	Partial payment not to preclude for forfeiture	Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.
24.	Members not entitled to privileges of membership until all calls paid	In addition to provisions of Table F, no Member shall be entitled to receive any dividend or to exercise any privilege as a Member (including exercise any voting rights) until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person together with interest and expenses, if any.
25.	Payment of calls in advance	The Board may, if it thinks fit, subject to the provisions of Section 50 of the Act, agree to and receive from any Member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof, as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, not exceeding, unless the Company in a general meeting shall otherwise direct, 12% (twelve percent) per annum, as the Member paying such sum in advance and the Board agree upon, provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced. The Members shall not be entitled to any voting rights or dividends in respect of the moneys so paid by them until the same would but for such payment, become presently payable. The provisions of these Articles shall *mutatis mutandis* apply to the calls on debentures of the Company.
26.	Payment of Dividends on partly paid shares	The Company may, if Board deems fit, elect to pay dividends in respect of any partly-paid shares in proportion to the amount paid-up on any such shares.
27.	Payment of Dividends on Forfeited Shares	Any forfeiture of shares in accordance with the Act and Table F shall deem to include forfeiture of all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
28.	Forfeited shares to become property of the Company	Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot and otherwise dispose of the same in such manner as it thinks fit.
29.	Power to annul forfeiture	The Board may, at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof as a matter of grace and favour but not as of right upon such terms and conditions as it may think fit.
30.	Arrears to be paid notwithstanding forfeiture	Any Member whose shares shall have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, instalments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment at the rate of 12% (twelve per cent) per annum and the Board may enforce the payment of such moneys or any part thereof if they think fit, but shall not be under any obligation so to do.
31.	Power to Forfeit for Other Reasons	The Company may forfeit the shares for any other reason or purpose as may be agreed between the Company and such person who is concerned with the shares sought to be forfeited either under any agreement or pursuant to any condition of allotment.

Article		Particulars
32.	Effect of forfeiture	The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share and all other rights incidental to the share except only such of those rights as by these presents are expressly saved.
33.	Board may Issue new Certificates	Where any shares under the powers in that behalf herein contained are sold by the Board after forfeiture or for enforcing a lien and the certificate in respect thereof has not been delivered up to the Company by the former holder of such shares, the Board may issue a new certificate of such shares distinguishing it in such manner as it may think fit from the certificate not so delivered.
34.	Authority to dematerialize the securities	Notwithstanding anything to the contrary contained in these Articles, the Board may at any time decide to permit holding of and dealings in any or all the shares or debentures or other securities of the Company (hereinafter referred to as "**securities**") in dematerialized form under the provisions of the Depositories Act and may offer the securities of the Company for subscription/ allotment in dematerialized form in the manner provided by the Depositories Act and the regulations made thereunder.
35.	Option to hold securities in certificates or with Depository	When any securities of the Company are held or dealt in dematerialized form – (a) Every person holding any securities of the Company through allotment or otherwise shall have the option to receive and hold the same in the form of certificates or to hold the same in an electronic form with a Depository.
	Beneficial owner may opt out of a Depository	(b) Every person holding securities of the Company with Depository, being the Beneficial Owner thereof, may at any time opt out of the Depository in the manner provided under the provisions of the Depositories Act and on exercise of such option and on fulfilment of the conditions and payment of fees prescribed under the said Depositories Act, the Company shall rematerialize the relevant securities and issue to the Beneficial Owner thereof the requisite certificates of such securities.
	Securities with Depository to be dematerialised	(c) All securities held with a Depository shall be dematerialised and the Depository shall hold the same for the Beneficial Owners thereof in a fungible form. Nothing contained in Sections 89 and 186 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.
	Beneficial Owner is Member	(d) Every person holding securities of the Company and whose name is entered as a Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held by him in a Depository.
	Applicability to joint holders	(e) In respect of shares or other securities of the Company held in dematerialised form, the provisions relating to joint holder shall *mutatis mutandis* apply to the joint Beneficial Owners.
		(f) A Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of shares, debentures or other securities on behalf of Beneficial Owners and shall not have any voting rights or any other rights in respect of shares, debentures and other securities held by it. The Beneficial Owner as per the Register of Beneficial Owners maintained by a Depository shall be entitled to all rights including voting rights and benefits in respect of the securities held by him with the Depository.

Article			Particulars
	Intimation to Depository	(g)	The Company shall make available to the Depository, copies of the relevant records in respect of securities held by such Depository for the Beneficial Owner thereof. When a holder or an allottee of securities opts to hold the same with Depository, the Company shall intimate such Depository the details of such holdings or allotment of securities and thereupon the Depository shall enter in its record the names of the holders/ allottees as the Beneficial Owners of such securities.
	Register and Index of Beneficial Owners	(h)	The Register and Index of Beneficial Owners of securities maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be and forming part of the Register and Index of Members or of holders of securities of the Company for the purposes of these Articles with details of shares held in physical and dematerialized forms in any medium as may be permitted by law including in any form of electronic medium.
	Transfer of securities held in a Depository	(i)	Transfers of securities held in a Depository will be governed by the provisions of the Depositories Act. Every Depository shall furnish to the Company information about the transfer of securities, the name of Beneficial Owners at such intervals and in such manner as may be specified under the provisions of the Depositories Act. Section 56 of the Act shall not apply to transfer of securities effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository.
	Service of Documents	(j)	Notwithstanding anything contrary contained in these Articles, when securities are held in Depository, the records of the beneficial ownership may be served by such Depositories on the Company by means of electronic mode or by deliveries of floppies or discs.
	Allotment of Securities dealt with in a Depository	(k)	Notwithstanding anything contrary contained in these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
	Distinctive numbers of Securities held in a Depository	(l)	Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company, shall apply to securities held with a Depository.
36.	Issue of Share Certificates (where shares are not in dematerialised form)	(a)	Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Board so approves (upon paying such fee as the Board so determines) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the common seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate; and delivery of a certificate of shares to one or several joint-holders shall be a sufficient delivery to all such holders.

Article		Particulars
		(b) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of shares, then upon production and surrender of the relevant share certificates to the Company, new certificates may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fees if the Board so decides, or on payment of such fees (not exceeding Rs.50 (Rupees Fifty) for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of shares. Notwithstanding the foregoing provisions of this Article 36(b), the Board shall comply with applicable Law including the rules or regulations or requirements of any stock exchange, the rules made under the Act and the rules made under the Securities Contracts (Regulation) Act, 1956, or any statutory modification or re-enactment thereof, for the time being in force. The provisions of this Article 36(b) shall *mutatis mutandis* apply to debentures of the Company.
37.	Nomination	Notwithstanding anything stated in these Articles, a holder or joint holders of shares/debentures may nominate, in accordance with the provisions of Section 72 of the Act and in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a person to whom all the rights in the Shares or Debentures of the Company shall vest in the event of death of such holder/s. Any nomination so made shall be dealt with by the Company in accordance with the provisions of Sections 56 and 72 of the Act.
38.	Foreign Register	The Company, in exercise of powers granted under the Act, may if so required maintain a part of its Register, register of debenture holders and / or register of any other security holders outside India (such part of the relevant register shall be called the "**Foreign Register**") and such Foreign Register shall contain the names and particulars of the Members, debenture holders other security holders or Beneficial Owners (as the case may be) residing outside India.
39.	Transfer of shares	Subject to the provisions of Sections 58 of the Act, the provisions of these Articles hereof and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmissions by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within thirty days from the date of which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmissions, as the case may be, giving reason for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares. Further provided that a common form of transfer shall be used, the instrument of transfer shall be in writing and all the provisions of the Act for the time being shall be duly complied with in respect of all transfers of shares and registration thereof. The securities held by any Member in the Company shall be freely transferable; provided that any contract or arrangement between two or more persons

Article		Particulars
		in respect of transfer of securities shall be enforceable as a contract.
40.	To accept surrender of shares	Subject to the provisions of the Act, the Company may accept from any Member, on such terms and conditions as shall be agreed, a surrender of his shares or any part thereof.
41.	No fee for registration for transfer etc.	No fee shall be charged for registration of transfer, transmission, probate, succession certificate, letters of administration, certificate of death or marriage, power of attorney or similar other instrument.
42.	Postal Ballot & e-voting	Subject to the provisions of the Act, the Company may, if it decides or where the Company is required under the Act, adopt the mode of postal ballot for obtaining the approval of the Members in accordance with the provisions of the applicable law. Subject to the provisions of Section 108 of the Act, Rule made thereunder and other applicable Law and Rules and any amendment thereof from time to time, a member may exercise his vote at a meeting by electronic means.
43.	Maximum and Minimum number of Directors	The number of Directors shall not be less than three and shall not be more than fifteen. Provided, that the Company may appoint a director in excess of the limit provided above by passing a special resolution.
44.	Directors	The first Directors of the Company are :- 1. Smt Sheela Gautam; 2. Sh. Rahul Gautam
45.	Alternate Director	(a) The Board may appoint an alternate Director to act for a Director (hereinafter called the "**Original Director**") during his absence for a period of not less than three months, from India.
		(b) An alternate Director appointed under Article 45(a) above shall vacate office if and when the Original Director returns to India.
	Independent/ Woman Director	(c) If the terms of office of the Original Director is determined before he returns to India, any provisions for the automatic reappointment of retiring Directors in default of another appointment, shall apply to the Original and not the Alternate Director. (d) The company shall appoint such number of Independent Directors and woman Directors on the Board as per applicable provisions of Law and rules thereunder.
46.	Qualification Shares	A Director shall not be required to hold any qualification shares.
47.	Fees for Attending Meeting	The fee payable to Directors (other than managing or whole-time Director, if any) for attending each meeting of the Board or committee thereof shall be such sum as may be determined by the Board but not exceeding the limits as may be prescribed by the Act or the Central Government from time to time. The Directors shall also be entitled to be paid, as the Board may from time to time determine, the reasonable travelling, hotel and other expenses incurred for attending the meetings of the Board or Committee thereof.
48.		Subject to the provisions of the Act (including any ceiling or restriction contained therein), if any Director, being willing, shall be called upon to perform extra services, or to make any special exertions in going out of his usual place of residence or otherwise for the purposes of the Company, the Company may remunerate such Director by a fixed sum or by a percentage of profits or otherwise as may be determined by the Board.
49.	Appointment & Retirement	At the first annual general meeting of the Company all the Directors save and except the Directors who are not liable to retire by rotation shall retire

Article		Particulars
		from office and at the annual general meeting in every subsequent year, one-third of such Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to the one-third, shall retire from office. The Directors to retire in every year shall be those who have been longest in the office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-appointment. The Company at the meeting at which a Director retires in manner aforesaid, may fill the vacated office by appointing a person thereto, and in default the retiring Director shall, if offering himself for re-appointment, be deemed to have been re-appointed, unless at such meeting, it is expressly resolved not to fill such vacated office or unless a resolution for the re-appointment of such Director shall have been put to the meeting and failed
50.	Vacation of the office of a Director	In addition to the circumstances enumerated in the Act, as applicable to this Company, the office of a Director shall be vacated if he resigns by notice in writing to the Company.
51.	Power to appoint Managing Director/ Executive Director	(a) Subject to the provisions of the Act and of these Articles, the Board may, from time to time, appoint any full time employee of the Company, including one or more Directors, as managing Director/ executive Director or managing Directors/ executive Directors of the Company and may, from time to time (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office, appoint another or others in his place or their places. Without prejudice to the foregoing, any person appointed as a chairperson of the Company may also be appointed as the managing Director or Chief Executive Officer of the Company at the same time as his appointment as the chairperson of the Company.
	Provisions to which Managing Director shall be subjected	(b) Subject to the provisions of the Act, a managing Director/ executive Director shall, while he continues to hold that office, be subject to retirement by rotation and subject to the provisions of any contract between him and the Company. He shall be subject to the same provisions as to resignation and removal as the other Directors and if he ceases to hold the office of a Director, he shall, ipso facto and immediately cease to be a Managing Director for any cause.
	Remuneration of Managing Director/ Executive Director	(c) Subject to the provisions of the Act, a Director (including any managing Director/ executive Director) shall receive such remunerations as may, from time to time be sanctioned by the Company.
	Power to Managing Director/ Executive Director	(d) Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in Sections 179 and 180 of the Act, the Board may, from time to time, entrust to and confer upon a managing Director/ executive Director for the time being such of the powers exercisable under these presents by the Board as it may think fit and may confer such powers for such time and be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it thinks fit and the Board may confer such powers, either collaterally, with, or to the exclusion of and in substitution for any of the powers of the Board in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.
	Manager	(e) Subject to Sections 196 and 197 of the Act, any individual person may be appointed as manager of the Company by the Board on such

Article		Particulars
		terms, at such remuneration and upon such conditions as it may think fit and any manager appointed may be removed or dismissed and any other person may be appointed in his place by the Board.
		(f) A Director may be appointed as manager subject to provisions of Sections 166, 188, 196 and 197 of the Act.
52.	Power of Board	The management of the business of the Company shall be vested in the Board and the Board shall have all the powers and be entitled to take all such acts and do all such things as has been prescribed under the Act, or as the Company is by its Memorandum of Association, these Articles or otherwise authorised to do and are not hereby or by any statute directed or required to be exercised or done by the Company in a general meeting, but such exercise of the power shall be nevertheless subject to the provisions of the Act and of the Memorandum of Association, these Articles and to any regulations not being inconsistent with the Memorandum of Association and these Articles from time to time made by the Company in general meeting, provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.
53.	Chairman/Chairperson Emeritus	The Board may appoint any person, who has contributed to the growth of the Company, as Chairman/Chairperson Emeritus who may or may not be the part of Board.
54.	To appoint Committee and to delegate power and revoke it	The Board may, subject to compliance with the provisions of the Act from time to time, delegate any of its powers to committees consisting of such Member or Members of their body and / or officials/ employees of the Company/ its holding and/ or subsidiary Company (ies) as it thinks fit and may from time to time revoke such delegation ("**Committee**"). Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Board. The meeting and proceedings of any such Committee(s), if consisting of two or more Member(s) / official (s)/ employee(s) of the Company/ its holding and/ or subsidiary companies shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulation made by the Board under this Article or as provided under the applicable law (including the provisions of the Act).
55.	Contracts with Directors, officers, & employees	Subject to the restrictions, if any, imposed by the Act, no Director or other officer or employee of the Company shall be disqualified by his office from contracting with the Company either as vendor, purchaser, broker, agent or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director or any officer or employee of the Company is interested in any manner, be avoided nor shall the Director or officer or employee of the Company so contracting or so being interested be liable to account to the Company for any benefits arising from any such contract or arrangement, by reason only of such Director or officer or employee holding that office or being interested or the fiduciary relation thereby established; provided that the nature of interest or concern of each is disclosed in accordance with the provisions of the Act as applicable to the Company.
56.	The Seal	The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Board or a Committee of Directors previously given and every deed or other instrument to which the Seal of the Company is required to be affixed, shall be affixed in the presence of atleast one Director or the Chief Operating Officer/ Chief Executive Officer/ Head of all Departments/ or the Manager or the Secretary or such

Article		Particulars
		other person as the Board/ Committee of the Board may appoint for the purpose, who shall sign every instrument to which the Seal is so affixed in his presence for the said purpose provided that the Certificate of Shares or Debentures shall be sealed in the manner and in conformity with the provisions of the Act.
57.	Unpaid or Unclaimed Dividend etc.	The Company shall comply with the provisions of the Act in respect of any dividend remaining unpaid or unclaimed with the Company. Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall, within seven days from the date of expiry of the thirty (30) day period, transfer the total amount of dividend which remains so unpaid or unclaimed, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend of Sheela Foam Limited". Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under the Act. No unclaimed or unpaid dividend shall be forfeited by the Board until the claim becomes barred by law. The Company shall comply with the provisions of the Act in respect of any money remaining unpaid with the Company in the nature of: (i) application moneys received by the Company for allotment of any securities and due for refund has remained unclaimed for a period of seven years; (ii) deposits received by the Company and due for repayment has remained unclaimed for a period of seven years; (iii) debentures issued by the Company and matured for redemption has remained unclaimed for a period of seven years; (iv) the interest, if any, accrued on the amount referred at items (i), (ii) and (iii) respectively; (v) sale proceeds of fractional shares arising out of issuance of bonus shares, merger and amalgamation for seven years or more; (vi) redemption amount of preference shares remaining unpaid or unclaimed for seven or more years; and (vii) such other amount that may be prescribed under the Act.
58.	Borrowing Powers	The Board may from time to time at its discretion raise or borrow or secure the payment of or may itself lend any sum or sums of money for the purposes of the Company. The Board may raise money and secure the repayment of such money in such manner and on such terms and conditions in all respects, as it thinks fit and proper and in particular by the issue of debenture and bonds of the Company or by the creation of debenture stock, subject to the limitations and restrictions in the Act or by making, drawing, accepting or endorsing on behalf of the Company, promissory note or bills of exchange, or giving or issuing any other securities of the Company or mortgage or charge of all or any part of the property of the Company, both present and future, including its uncalled capital for the time being and the Board may on behalf of the Company guarantee all or any part of any loan or debt, incurred by the Company with power for them to secure the guarantors against liability in respect of such loans by means of mortgage or change of the Company's property

Article		Particulars
		moveable or immoveable or otherwise.
59.	Capitalisation	Notwithstanding anything contained in Table F, but subject to the provisions of the Act, at any general meeting of the Members of the Company, the Company may resolve that any amount standing to the credit of the Securities Premium Account or the Capital Redemption Reserve Account or Profit & Loss Account or any monies, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realization and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and otherwise available and set free for distribution amongst the Members who would have been entitled thereto in such proportions as may be permitted under the Act: (a) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds of obligations of the Company; or (b) by crediting the shares of the Company which may have been issued and or not fully paid-up with the whole or any part of the sum remaining unpaid thereon.
61.		Subject to the Act, any amounts standing to the credit of the Securities Premium Account may be applied in: (a) paying up unissued shares of the Company to be issued to Members of the Company as fully paid bonus shares; (b) in writing off the preliminary expenses of the Company; (c) in writing off the expenses of or the commission paid or discount allowed on any issue of shares or debentures or the Company; or (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company. (e) for the purchase of its own shares or other securities under Section 68 of the Act. Provided further that subject to provisions of the Act, any amount standing to the credit of the Capital Redemption Reserve Account may be applied in paying up unissued shares of the Company to be issued to the Members of the Company as fully paid bonus shares.
62.		Such issue and distribution under Article 60 (i) and such payment to the credit of unpaid share capital under Article 60 (ii) above shall be made thereto on the floating that such Members become entitled thereto as capital.
63.	Board to Give Effect to resolutions of shareholders	The Board shall give effect to the resolution passed by the Company and shall: (a) Make all appropriations and application of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares, if any; and (b) Generally to do all acts and things required to give effect thereto.

Article		Particulars
64.		For the purpose of giving effect to any such resolution the Board may settle any difficulties which may arise in regard to the distribution or payments as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons or make payment in cash and fix the value for distribution of any specific assets and may determine that such payments be made to any Members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds or other obligations in trustees upon such trust for the persons entitled thereto as may seem expedient to the Board and generally may make such arrangements for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or payment in cash or otherwise as they may think fit.
65.	Wrongful withholding of Property	No officer or employee of the Company shall be liable for an act of wrongfully withholding any property of the Company so long as such withholding is either under any direction given by the Board or has been held in furtherance of any action for the benefit of the Company.
66.	Inspection of certain registers	The Company shall be entitled to put such reasonable restrictions in relation to inspection of (i) minute-books containing the minutes of any general meeting or resolution passed by postal ballot or (ii) register containing details of such investments that are not held in the name of the Company, as may be determined at a general meeting of the Company.
67.	Casting Vote of Chairperson	The Chairman shall have a second or casting vote in the event of an equality of votes at Board meetings or general meetings of the Company.
68.	Entrenchment	The Company shall be permitted to entrench such provisions as may be deemed fit by the Company from time to time and at any time. The provisions entrenched in the Articles shall be amended only in the manner provided in the Articles (which itself shall be deemed to be entrenched in the same manner) at the time of entrenching any provision.
69.	Winding Up	Subject to the provisions of Chapter XX of the Act and rules made thereunder- (i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.
70.	Indemnity to Officers	Subject to the provisions of the Act every Director, managing Director, whole-time Director, manager, secretary or officer of the Company shall be indemnified out of the assets of the Company against all bonafide liabilities incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.
71.	Insurance Policy for indemnity	Subject to the provisions of the Act and the rules made thereunder, the Company may take and maintain any insurance as the Board may think fit

Article		Particulars
		on behalf of its present and/or former Directors, Key Managerial Personnel and officers for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable.
72.	General Powers under the Article	Where any provisions of the Act, provides that the Company shall do such act, deed, or thing, or shall have a right, privilege or authority to carry out a particular transaction, only if it is so authorised in its Articles, in respect of all such acts, deeds, things, rights, privileges and authority, this Article hereby authorises the Company to carry out the same, without the need for any specific or explicit Article in that behalf.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus), which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office and our Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Material Contracts to the Offer

1. Offer Agreement among our Company, the Selling Shareholder and the BRLMs dated July 28, 2016.

2. Registrar Agreement among our Company, the Selling Shareholder and Registrar to the Offer dated July 25, 2016.

3. Escrow Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs, the Escrow Collection Banks, the Registrar to the Offer and the Syndicate Members.

4. Syndicate Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs and the Syndicate Members.

5. Underwriting Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs, the Registrar and the Syndicate Members.

6. Tripartite agreement dated June 7, 2016, among NSDL, our Company and the Registrar to the Offer.

7. Tripartite agreement dated May 11, 2016, among CDSL, our Company and the Registrar to the Offer.

Material Documents

1. Our Memorandum and Articles of Association, as amended from time to time.

2. Our certificate of incorporation dated June 18, 1971 and certificate of incorporation dated June 6, 2016 consequent to conversion of our Company to a public limited company.

3. Resolution of the Board of Directors dated May 6, 2016, authorising the Offer.

4. Resolution of the shareholders dated May 31, 2016, under section 62(1)(c) of the Companies Act, 2013 authorising the Offer.

5. Resolutions of the Board dated July 21, 2016 and the IPO Committee dated July 28, 2016, approving this Draft Red Herring Prospectus.

6. Resolution of the board of directors of Polyflex Marketing Private Limited dated May 16, 2016 and consent letter dated July 25, 2016, approving its participation in the Offer for Sale.

7. Permitted user agreements dated May 6, 2016 between Sleepwell Enterprises Private Limited and our Company (for licensing of registered trademarks and trademarks pending registration to our Company).

8. Examination reports of the Auditors, M/s S. P. Chopra & Co., Chartered Accountants, dated June 7, 2016 on the Restated Financial Statements included in this Draft Red Herring Prospectus, along with the Restated Financial Statements.

9. Copies of the auditor reports and directors reports for the last five years, on standalone and consolidated basis.

10. Statement of tax benefits from M/s S. P. Chopra & Co., Chartered Accountants dated July 20, 2016.

11. Industry report titled "***Overview of the PU Foam and Mattress Industry in India***", prepared by CRISIL Research.

12. Written consent of the Auditors, M/s S. P. Chopra & Co., Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013.

13. Consents of the Bankers to our Company, BRLMs, Syndicate Members, Registrar to the Offer, Directors of our Company, Chief Financial Officer, Company Secretary and Compliance Officer, CRISIL, Statutory Auditors, legal counsels, as referred to, in their respective capacities.

14. In-principle listing approvals dated [●] and [●] received from the NSE and the BSE, respectively.

15. Due diligence certificate dated July 29, 2016 to SEBI from the BRLMs.

16. SEBI observation letter dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time, if so required in the interest of our Company, or if required by other parties, without notification to the shareholders, subject to compliance with the provisions contained in the Companies Act, 2013 and other relevant statutes.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act, 1956, the Companies Act, 2013 and the rules/guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTORS OF OUR COMPANY

Rahul Gautam
(Managing Director) ____________________________

Rakesh Chahar
(Whole-time Director) ____________________________

Namita Gautam
(Whole-time Director) ____________________________

Tushaar Gautam
(Whole-time Director) ____________________________

Ravindra Dhariwal
(Independent Director (Additional)) ____________________________

Vijay Kumar Chopra
(Independent Director (Additional)) ____________________________

Som Mittal
(Independent Director (Additional)) ____________________________

Anil Tandon
(Independent Director (Additional)) ____________________________

SIGNED BY CHIEF FINANCIAL OFFICER

____
Dhruv Chandra Mathur

Place: New Delhi
Date: July 29, 2016

DECLARATION BY THE SELLING SHAREHOLDER

Polyflex Marketing Private Limited confirms that all statements and undertakings made or confirmed by it in this Draft Red Herring Prospectus in relation to itself, as a selling shareholder and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct.

SIGNED FOR AND ON BEHALF OF POLYFLEX MARKETING PRIVATE LIMITED

Name: Rahul Gautam
Designation: Director

Date: July 29, 2016