



10<sup>th</sup> August, 2023

To

The BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai-400001  
Scrip Code: 540203

The National Stock Exchange India Limited  
Exchange Plaza, Bandra Kurla Complex  
Bandra(E), Mumbai-400051  
NSE Symbol: SFL

Subject: Corporate Presentation for the Investor Meet to be held from 16<sup>th</sup> August to 18<sup>th</sup> August, 2023

Dear Sir/Madam,

Furtherance to our intimation for investor meet dated 10<sup>th</sup> August, 2023. Please find enclosed the Corporate Presentation.

Thanking you,

Yours truly,  
For Sheela Foam Limited

Company Secretary & Compliance Officer

**SHEELA FOAM LTD.**

#14, Sleepwell Tower , Sector 135, Noida- 201301

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CIN-L74899DL1971PLC005679



# Corporate Presentation

August 2023

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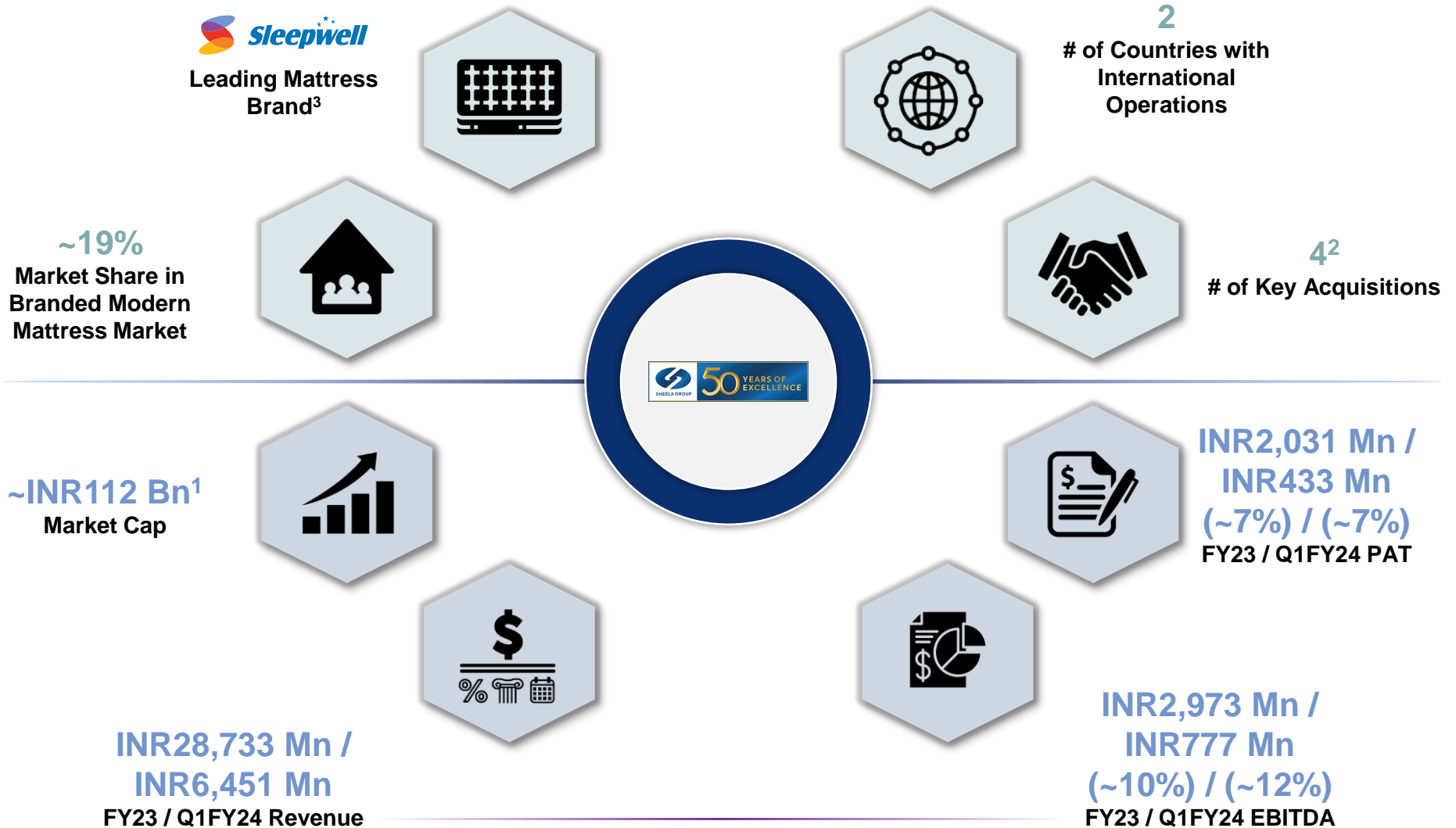
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## Company Overview

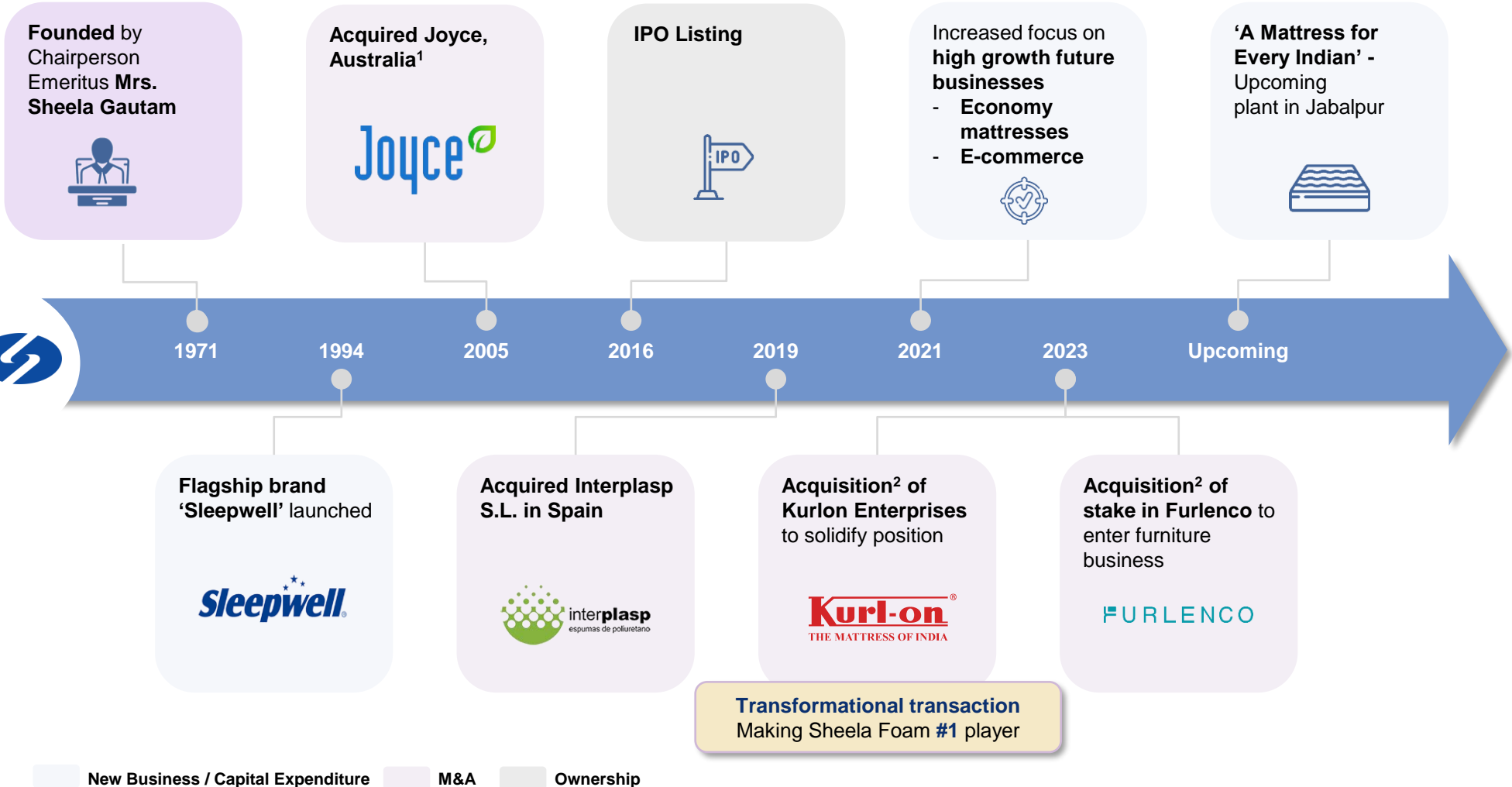


# Legacy of Delivering Comfort



Note: 1. As of 10<sup>th</sup> August, 2023; 2. Proposed acquisition of Kurlon and Furlenco expected to be completed by November 30, 2023 and August 31, 2023 respectively; 3. As per the Industry Report.

# Evolution Driven by Strong Organic and Inorganic Growth, Coupled with Driving Penetration



Sources: Company Information

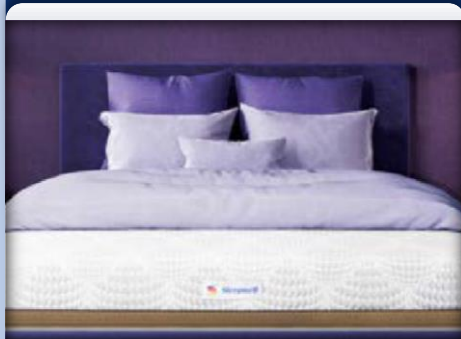
Note: 1. Polyurethane and polystyrene business; 2. Proposed acquisition of Kurlon and Furlenco expected to be completed by November 30, 2023 and August 31, 2023 respectively.

# Integrated Approach Bringing in Economies of Scale

Technical experts bringing in economies of scale through multi-industry applications for products

## Home Comfort (~74% of Revenue)

### Mattresses



41%

### Comfort Foam and Home Care Products



21%

### Furniture Foam



12%

## Technical Foam (~26% of Revenue)



26%





**Our Combined & Enduring Strengths**

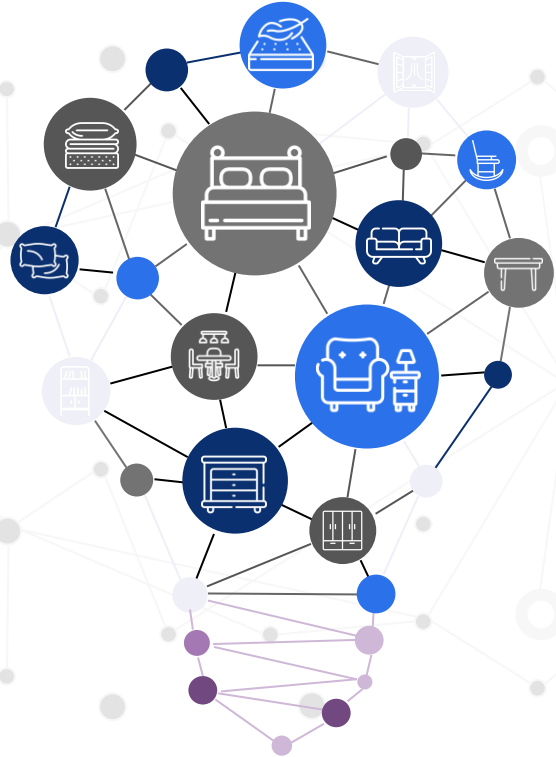


# Our Combined and Enduring Strengths

**Market leader with strong brands**  
*Leader in domestic branded modern mattress market<sup>1</sup>*

**Optimal manufacturing footprint in India**  
*11 facilities of Sheela Foam<sup>3</sup> & 10 facilities of Kurlon<sup>4</sup> across India*

**Inorganic track record**  
*Potential to unlock synergies from ongoing acquisitions*



**Extensive pan-India sales and distribution**  
*6,100+ EBOs and 12,000+ MBOs<sup>2,4</sup>*

**Replicating India success internationally**  
*Robust global B2B business*

**Talent and culture**  
*Visionary leadership supported by an experienced management*



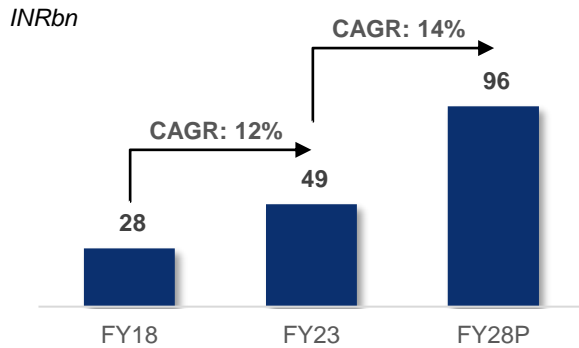
*Note: 1. As per the Industry Report; 2. Includes 5,600+ EBOs and 7,500+ MBOs for Sheela Foam and 500+ EBOs and 4,500+ MBOs for Kurlon. Data as of Mar 31, 2023; 3. Excludes the Jabalpur facility, which is yet to be commissioned; 4. Kurlon distribution network and manufacturing facilities are proposed to be acquired upon closing of the Kurlon acquisition expected by November 30, 2023.*

# Well-positioned to Capture Growth in Mattress Segment By Being Across the Pyramid

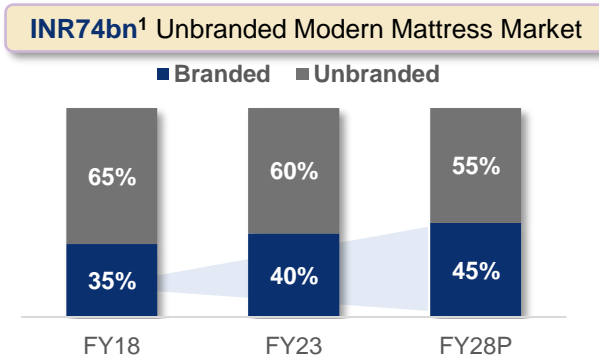
Indian mattress market is expected to demonstrate strong growth owing to consumer driven factors such as increasing population, rising urbanization and increase in disposable income

## Sizable Branded Play with Significant Growth Potential Through Transition from Unbranded to Branded

### Sizable Branded Play in Modern Mattress Market



### Trend of Transition to Branded

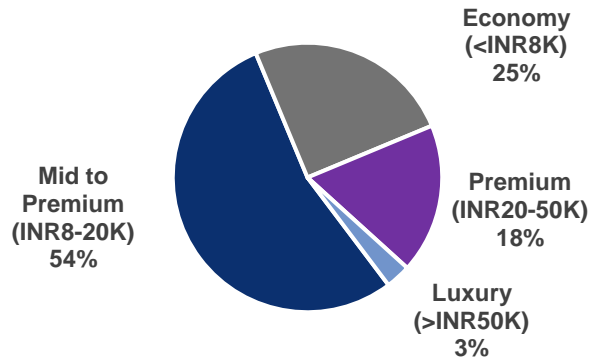


### Driven by Growth Drivers

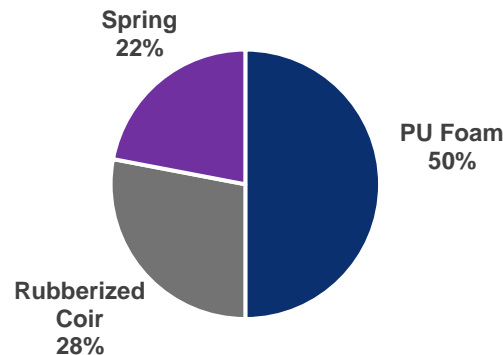


## Key to have Presence Across Price Points, Mattress Types and Channels to Address the Entire Market

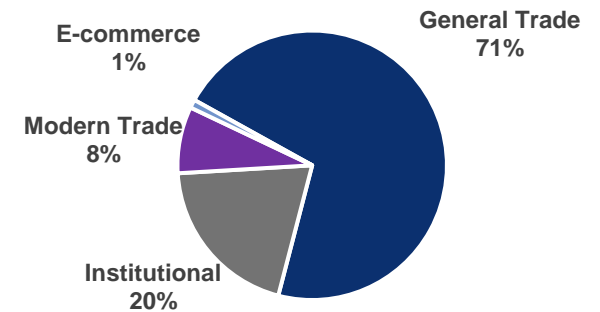
### Modern Mattress Market by Price Segment (FY23)



### Modern Mattress Market by Type (FY23)

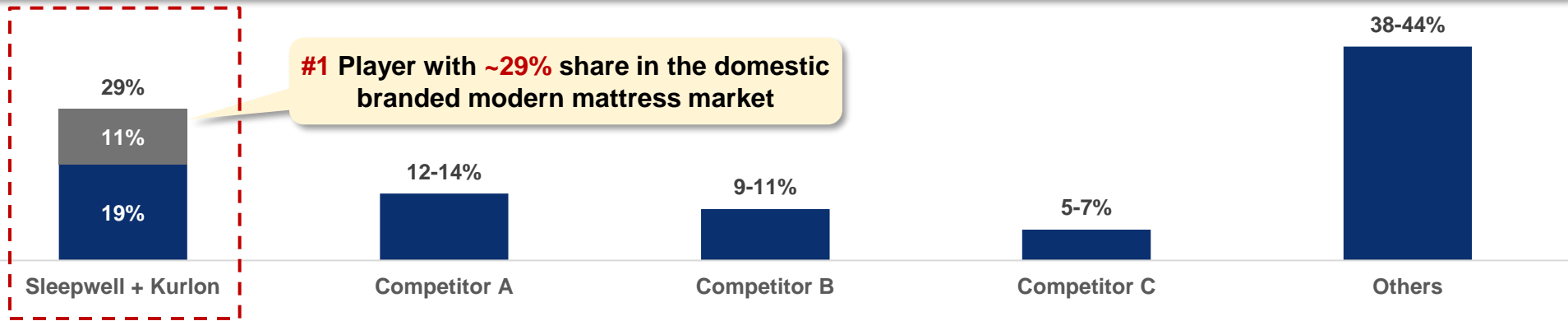


### Modern Mattress Market by Channel (FY23)



# Leading Brands with Market Leadership

## Market Leader in the Branded Modern Mattress Market in India



## With A Strong Position Across All Regions – Significant Brand Recall

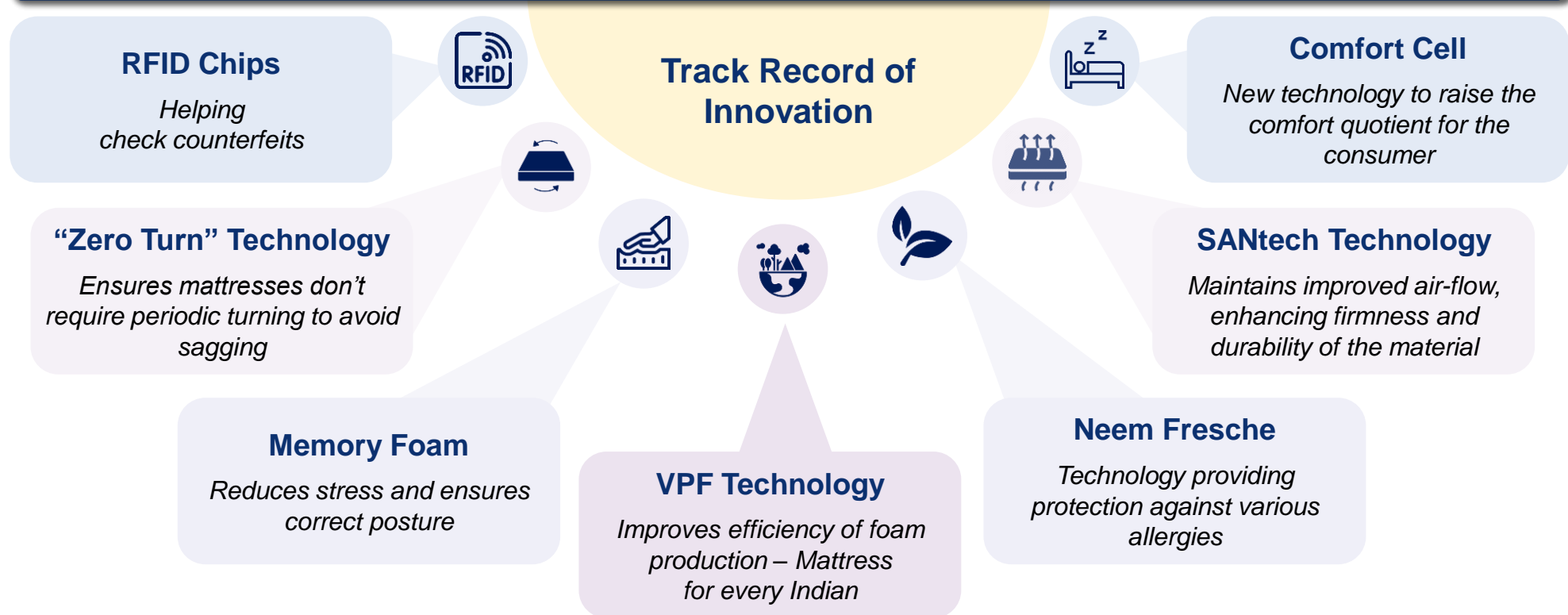
	<5%	5-15%	15-30%	>30%
North				
West		 		
South				
East		 		

Source: Industry report. Market share numbers are pertaining to FY23.  
 Note: Proposed acquisition of Kurlon expected to be completed by November 30, 2023.

# Backed by Continuous Innovation

Focus leading to a track record of quality & consistent innovation

Track record of innovative manufacturing backed by technology



Ability to innovate on the back of leadership position – natural boost post proposed acquisition of Kurlon

# Extensive Pan-India Sales and Distribution

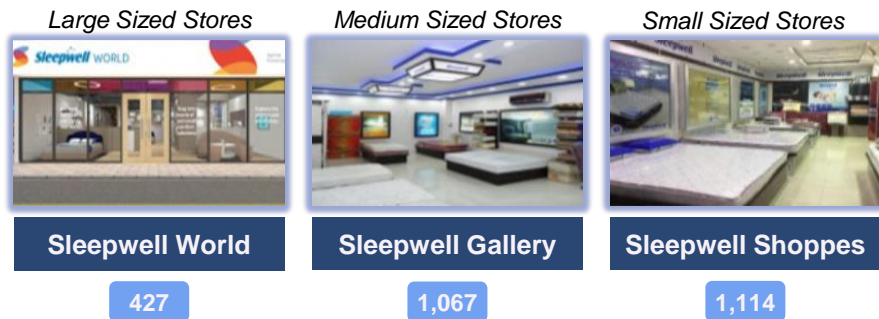
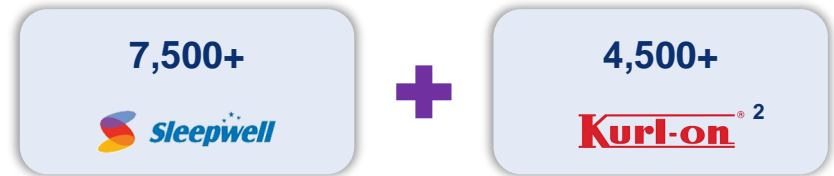
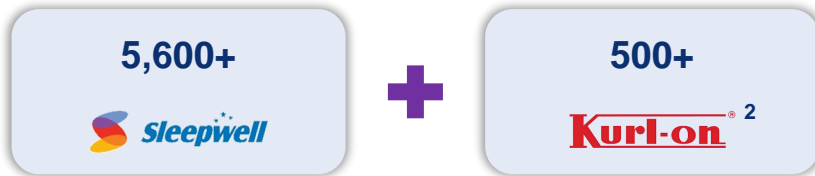
Complimentary distribution network of EBOs and MBOs to further expand presence for both brands

## Exclusive Brand Outlets<sup>1</sup>

- Bolsters Customer Connect
- Ease in Premiumization
- Faster Feedback Loop

## Multi-Brand Outlets<sup>1</sup>

- Larger Universe of Outlets
- Drives Access
- Expansion in Tier II / III Towns



**Multi-format approach to ensure maximum coverage**

No. of Outlets

- **Focused expansion** in MBO channel to go **deeper**
- Long term associations with distributors
- **IT-enabled** distribution network to **reduce TAT**
- Continuous **engagement** with **150+** sales personnel

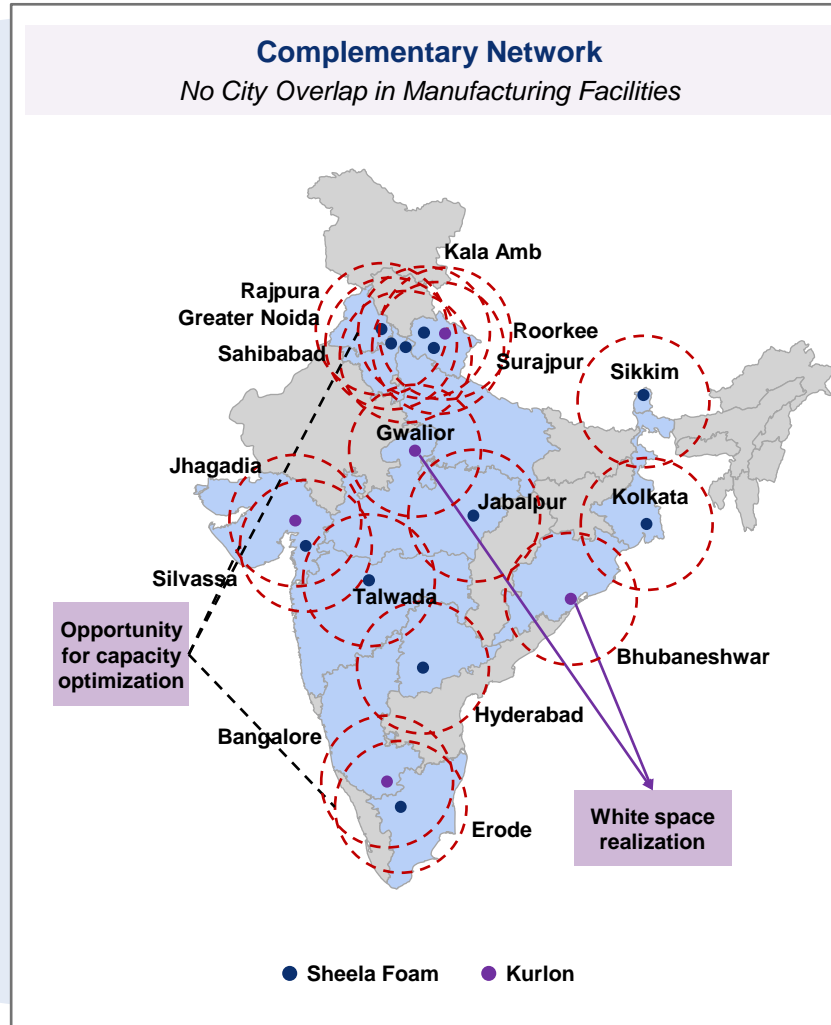
Note: Data as of Mar 31, 2023; 1. As per the Industry Report; 2. Kurlon distribution network proposed to be acquired upon closing of the Kurlon acquisition expected by November 30, 2023.

# Optimal Manufacturing Footprint in India

Pan-India coverage through 21 facilities to be closer to the end markets

**SFL: 11<sup>3</sup>**  
**Kurlon: 10<sup>4</sup>**  
**Manufacturing Plants**

**SFL: ~129k MTPA**  
**Kurlon: ~17k MTPA**  
**Total Capacity<sup>1</sup>**



**‘A Mattress for Every Indian’**

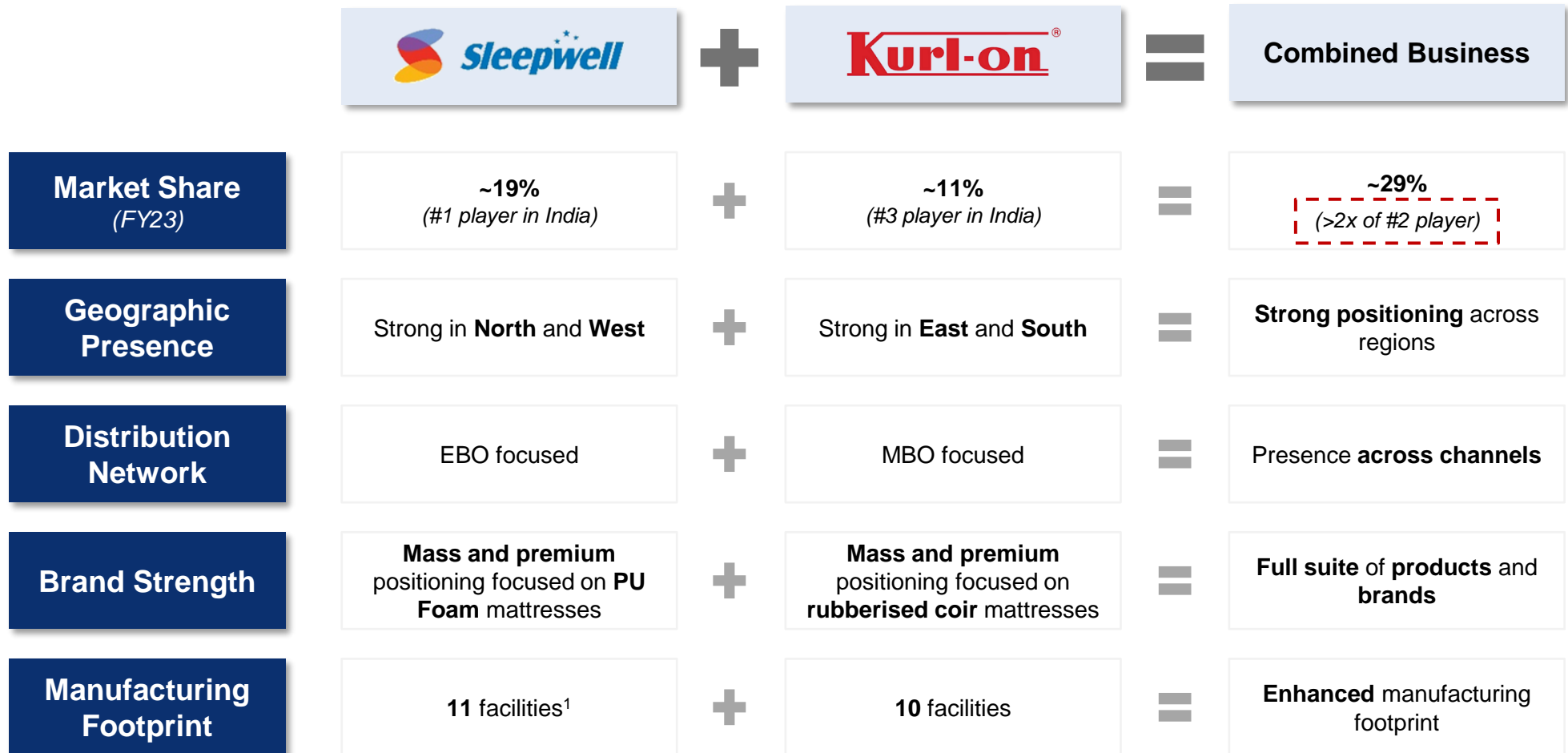
- Setting up an integrated manufacturing plant at **Jabalpur** to cater the **traditional market**
- Access to latest technology such as **Variable Pressure Foaming** (“VPF”) that reduces cost
- Targeting **cotton / EPE foam mattress** users (traditional market)
  - ~64% of the Indian mattress market is attributable to **cotton mattresses<sup>2</sup>**
  - **Durability and affordability** for rural / semi urban markets
  - **Increasing penetration** by shifting from traditional to modern market
- Manufacturing plant at Jabalpur – **centrally located and well connected** to the distribution network
  - Plant spread across ~11.7 hectares of land
  - Capex incurred – c.INR1bn<sup>5</sup>
  - Plant proposed to be commissioned in a few months

Note: 1. Capacity refers to Foam Production Capacity; 2. As per the Industry Report; 3. Excludes the Jabalpur facility, which is yet to be commissioned; 4. Kurlon manufacturing facilities are proposed to be acquired upon closing of the Kurlon acquisition expected by November 30, 2023; 5. As of Mar 31, 2023.

# Transformational Transaction

## #1 Player in Domestic Market

Acquisition of Kurlon, once completed, is expected to strengthen Sheela Foam's leadership position



Source: Industry Report. Note: 1. Excludes the Jabalpur facility, which is yet to be commissioned.

# Sheela Foam Can Unlock Significant Synergies

*Kurlon: 3<sup>rd</sup> Largest Organized Player in the Modern Mattress Segment*

## Company Overview

- Founded in 1962, Kurlon manufactures various foam-based home comfort products
  - “Sit and Sleep” solutions such as Mattresses, Furniture Cushions, Pillows and Coverings
- 3<sup>rd</sup> largest mattress player (~11% market share in branded modern mattress segment) in India with 10 manufacturing plants across the country
- Has a presence across mass and premium segments, focused on rubberized coir mattresses
- Flagship brands include Kurl-on, Home Komforts, Komfort Universe and premium brands such as Spring Air

## Transaction Overview

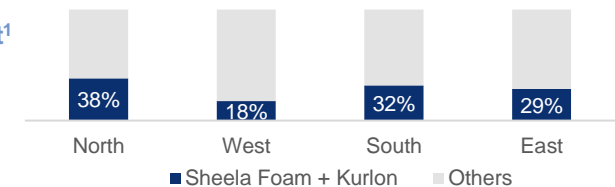
- Acquiring 94.66% stake in Kurlon Enterprises Limited
- Equity valuation of INR2,150cr<sup>2</sup>
- Acquisition would be through a cash consideration funded by a mix of internal accruals, debt and equity
- Expected to be completed by 30<sup>th</sup> November 2023

## Continue to Strengthen Customer Connect – Brand Heritage



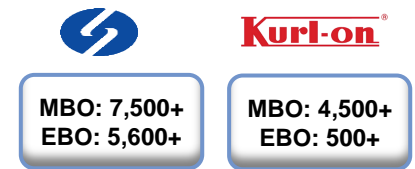
## Strengthening presence in South & East<sup>1</sup>

- Combined entity is expected to have a **strong position** across all regions



## Driving Access – Higher MBO Salience<sup>3</sup>

- Leveraging Kurlon’s dominance in MBOs will provide **better access** to **Sheela Foam’s products**



## Democratization – Complementary Product Strengths

- Boost to Sheela Foam’s presence in the **rubberized coir product segment**, acting as starting point of **migration from unorganized to organized market**

## Operational Synergies – Complimentary Manufacturing Footprint

- Economies of scale will create potential opportunities to **reduce raw material spends**
- Optimized manufacturing footprint could potentially lead to **improvement in capacity utilization** and **reduction in logistics costs**



# Sheela Foam Can Unlock Significant Synergies

## Furlenco: Expansion into the Large Furniture Market in India

### Company Overview

- Incorporated in 2012, House of Kieraya (“Furlenco”) is a furniture rental company offering wide range of furniture products and services
- Unique tech-driven business model with end-to-end implementation of digital capabilities
- Serves customers through warehouse cum refurbishment facilities across Tier I and Tier II cities
- FY23 Revenue: INR1,547mn
- FY23 Revenue Split: Rental (95%), Selling (5%)

### Transaction Overview

- Sheela Foam is acquiring a 35% stake in Furlenco
- Furlenco valued at INR857cr<sup>1</sup> with the effective cost of acquisition being INR300cr<sup>1</sup>
- Funding would be done through cash consideration through subscription of shares in Furlenco
- Transaction is expected to be completed by 31<sup>st</sup> August 2023

### Significantly Larger Addressable Market



### Further Forward Integration – Full Portfolio Company with Addition of Furniture



### E-commerce Capabilities

- Currently **8%** of total sales volume of Sheela Foam is attributable to online channels
- Furlenco adds **significant capability** to Sheela Foam’s **e-commerce presence**

### Cross-sell Opportunities

- Ability to **cross sell mattresses and bedding products on Furlenco’s platform** by bundling their offerings or providing exclusive discounts
- Both the companies can expand on the existing referral programs and create a **partnership that can be mutually beneficial in expanding their customer base**

### Operational Synergies

- Furlenco intends to **reduce their logistical and warehousing costs** leveraging Sheela Foam’s robust pan-India logistics network

# Replicating India Success Internationally

Robust global B2B business developed on the back of strong technical capabilities

## Australia (15% of FY23 Revenue)



**~40%**  
Market Share<sup>2</sup>

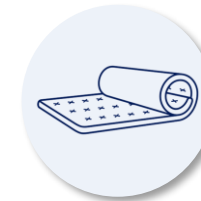


**10k**  
MTPA  
Capacity<sup>1</sup>

## Spain (14% of FY23 Revenue)



**16k**  
MTPA  
Capacity<sup>1</sup>



**Bed in a Box**  
To Target USA

## Significant Benefit to Group from the International Operations



**VPF Technology**  
Global technology  
being brought to India



**Market Access**  
Access to large  
markets in the West



**Insights**  
into global trends in  
mattress market

Note: 1. Capacity refers to Foam Production Capacity; 2. As per the Industry Report.

# Talent and Culture

## Experienced management team resulting in high corporate governance standards

### Visionary leadership team...



**Rahul Gautam**, *Chairman and Managing Director*

- Associated with Sheela Foam since 1971
- 40+ years of experience in home comfort products & PU foam industry
- Serves as the Chairman of the Indian Polyurethane Association



**Tushaar Gautam**, *Whole-Time Director*

- Heads the R&D division for Sheela Foam
- 20+ years of experience in heading production & R&D
- Education from Purdue University, USA

### ...with a highly experienced management...



**Nilesh Mazumdar**, *Chief Executive Officer – India Business*

- 25+ years of experience in sales, marketing & brand management
- Previously served as Chief Business Officer at Pidilite
- MBA from University of Pune



**Amit Kumar Gupta**, *Group CFO*

- 25+ years of experience in corporate finance domain
- Previously served as Vice President – Treasury & FPA at Samvardhana Motherson
- PGDBA Finance from SGRR Institute of Technology & Science



**Kevin Graham**, *Chief Operating Officer – Joyce*

- Has significant industry experience
- Has been associated with Sheela Foam Group since 2011



**Alejandro Palao Serrano**, *Chief Executive Officer – Interplasp*

- Has significant industry experience
- Has been associated with Interplasp since 2011

### ...backed by a strong culture



Received the 'Great Place To Work' certification for the 4th time in a row

*Commitment to build a workplace culture that focuses on high standards of employee engagement, happiness & trust*

A decorative graphic on the left side of the slide features a dark blue diamond shape containing a close-up image of a foam mattress. The diamond is overlaid with four colored rectangular shapes: a light pink one at the top-left, a purple one at the top-right, and a red one at the bottom-left. The background of the slide is a light blue and white wavy pattern.

## Strategic Priorities to Drive Future Growth

# Strategic Priorities to Drive Future Growth



**Being Closer to Customers**



**Capturing the Entire Market**



**Driving Penetration**



**Expanding in Complementary Categories**

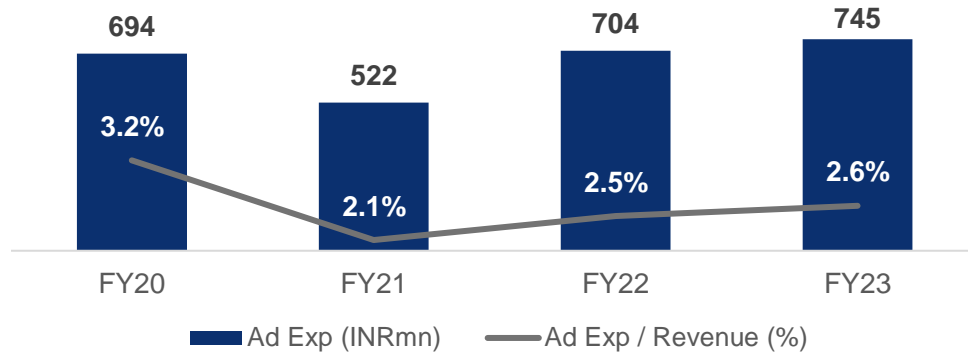
# Strategic Priorities to Drive Future Growth

## Being Closer to Customers

Focus on customer experience through a conscious investment on brand building and expanding network

### Continuous Investments in Brand Building...

Innovative campaigns to increase brand recall amongst customers



### ...Backed by an Expanding Brand Presence

Expanding the EBO and MBO network to be accessible to customers



Multi-format approach to ensure maximum coverage

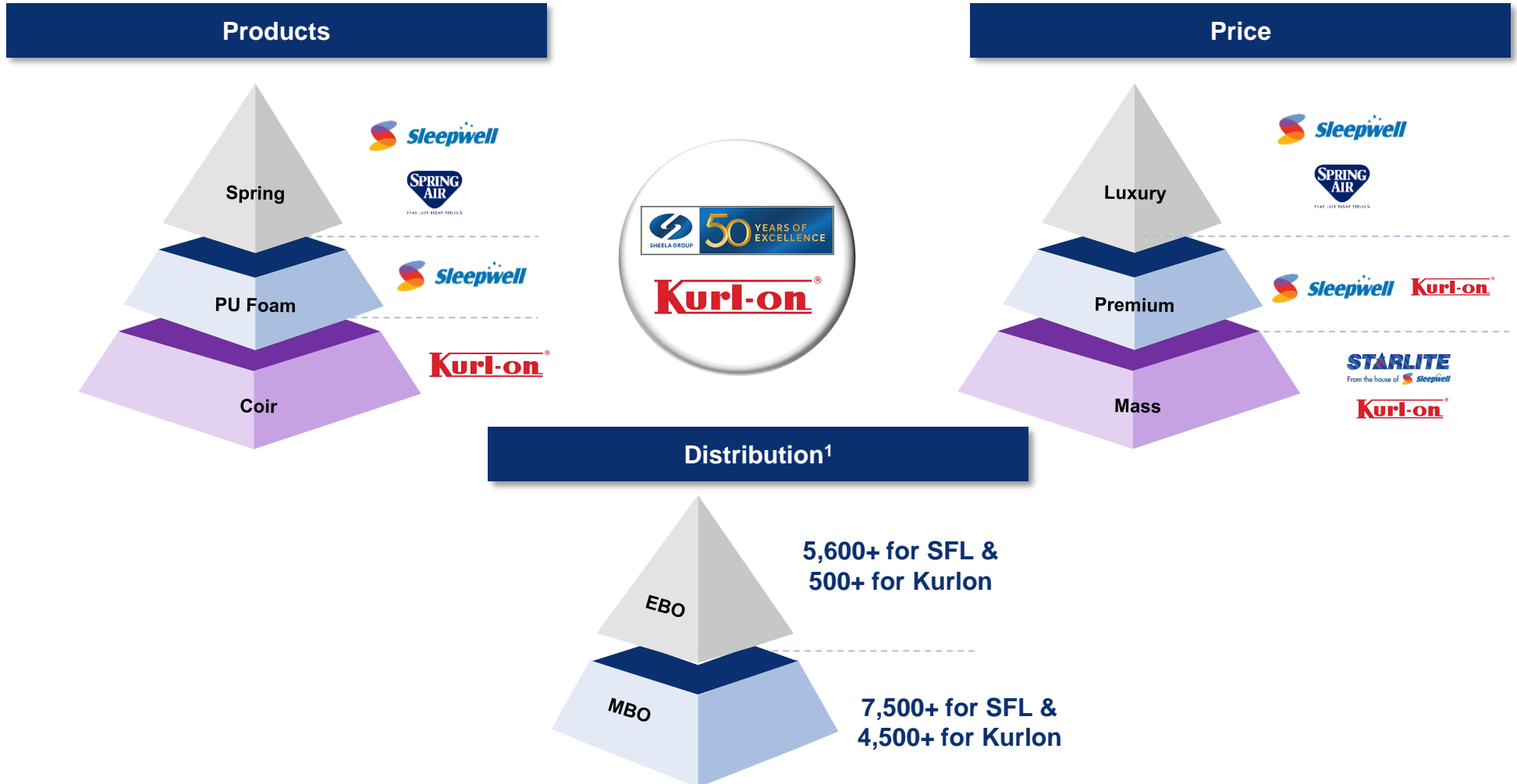
No. of Outlets

Note: 1. Data as of Mar 31, 2023. Kurlon distribution network is proposed to be acquired upon closing of the Kurlon acquisition expected by November 30, 2023.

# Strategic Priorities to Drive Future Growth

## Capturing the Entire Market

Capturing the addressable market by presence across products, price points and distribution channels

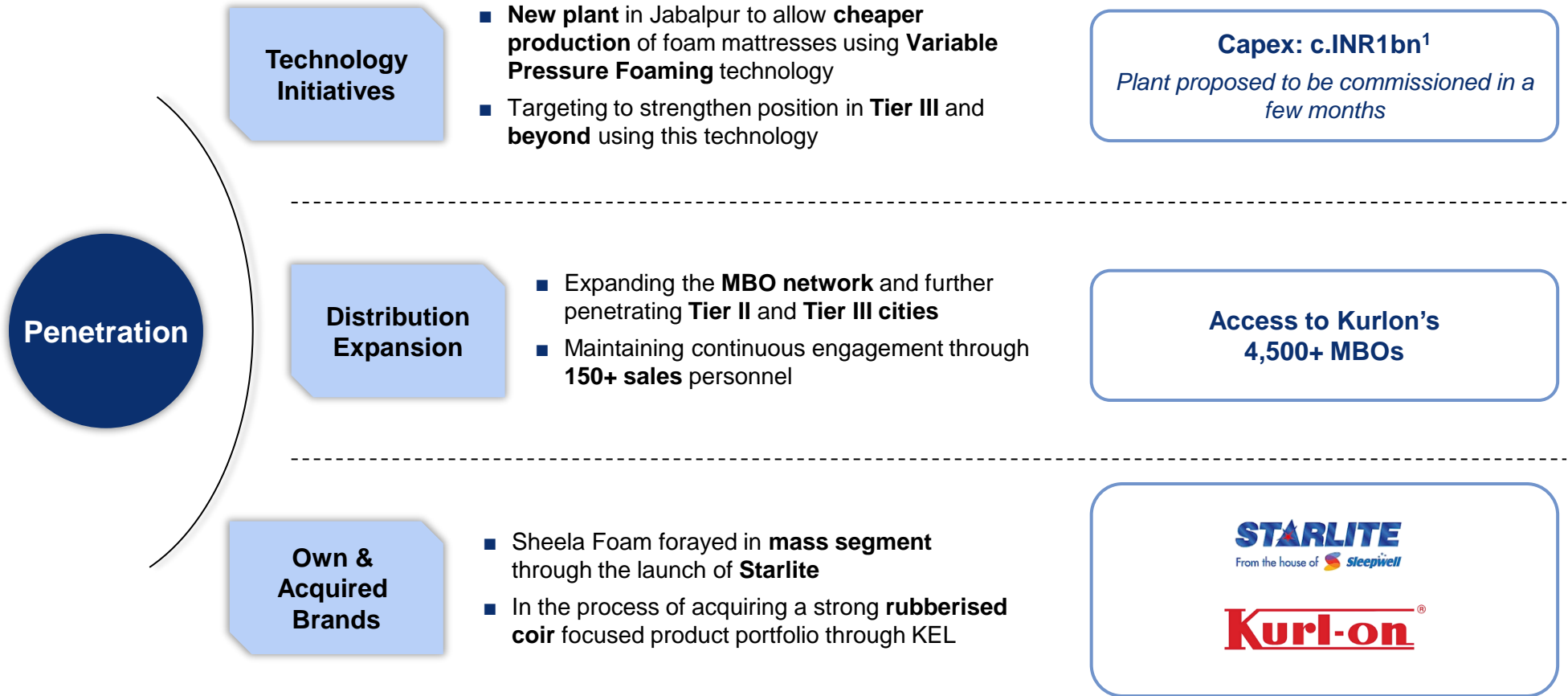


Note: 1. Data as of Mar 31, 2023. Kurlon distribution network is proposed to be acquired upon closing of the Kurlon acquisition expected by November 30, 2023.

# Strategic Priorities to Drive Future Growth

## Driving Penetration by Democratization

Increasing penetration through acquired brands and channel expansion, supplemented by organic expansion



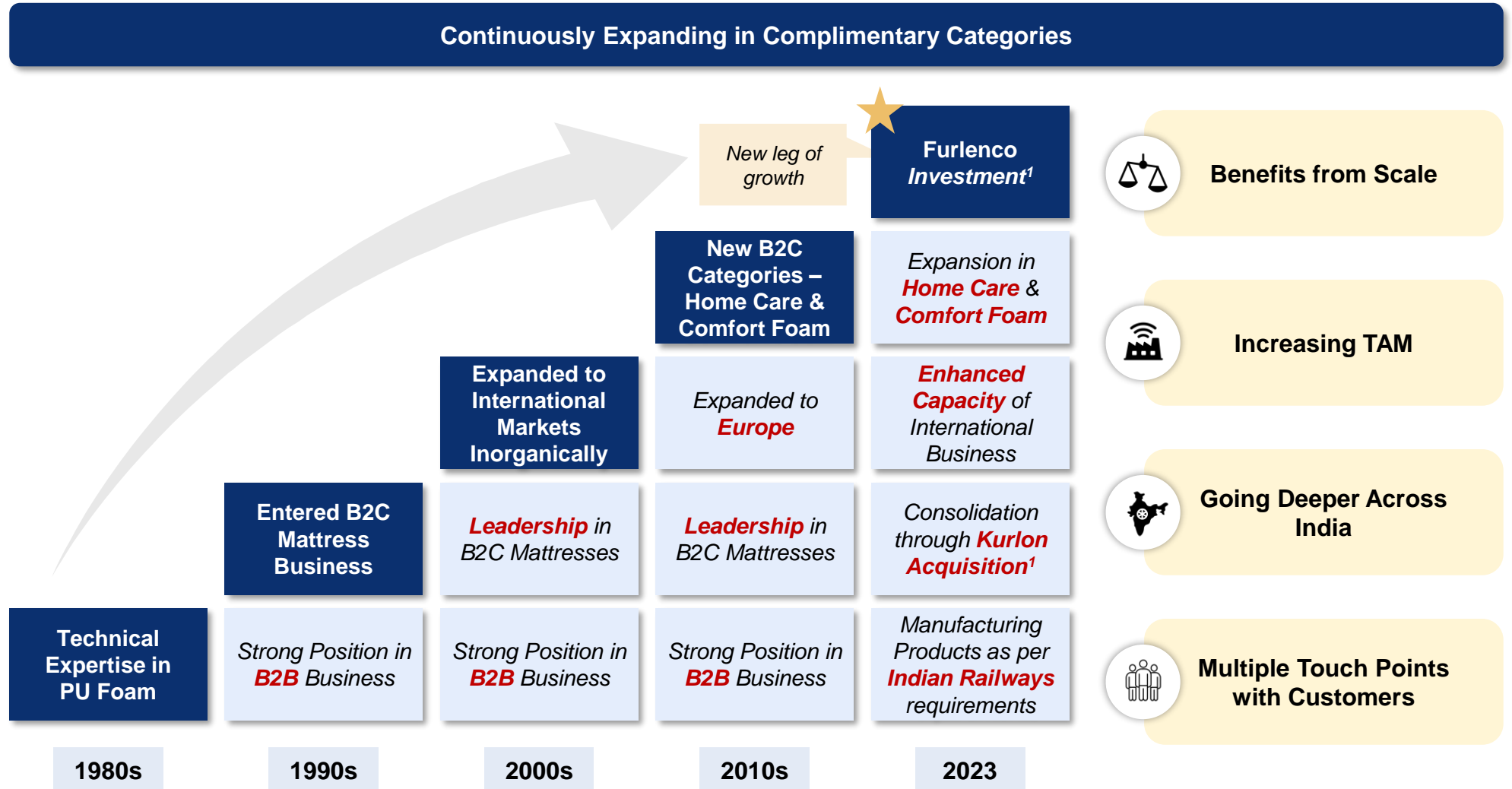
Note: 1. Capex incurred as of Mar 31, 2023.



# Strategic Priorities to Drive Future Growth

## Continuing to Expand in Complimentary Categories

Driving growth by continuing to expand in newer complimentary categories on the back of core technical strengths



Note: 1. Proposed acquisition of Kurlon and Furlenco expected to be completed by November 30, 2023 and August 31, 2023 respectively.

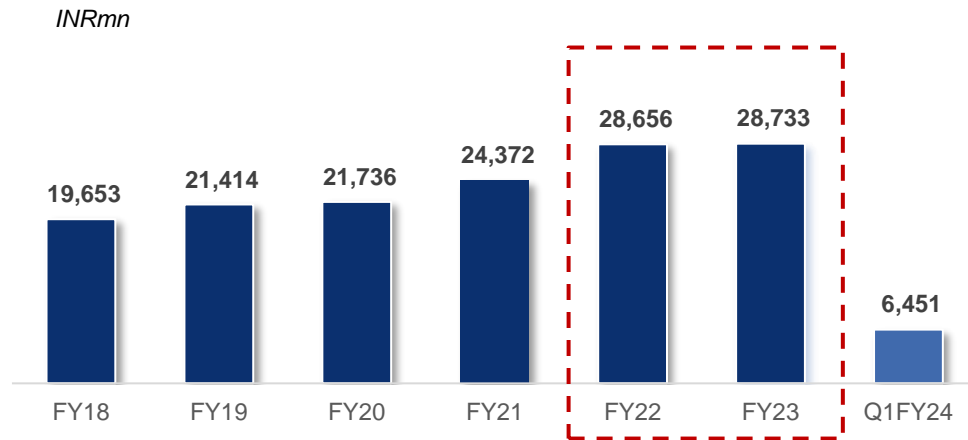


## Financial Track Record

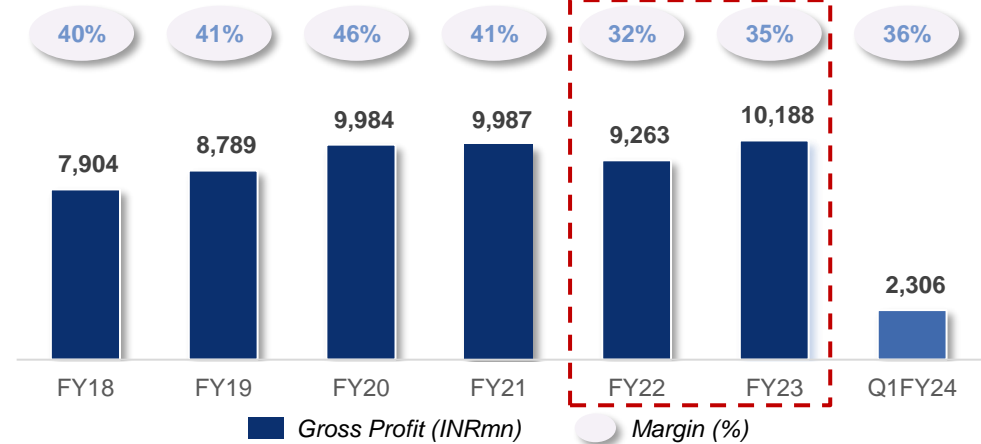
# Consistent Financial Track Record

## Proven growth and profitability metrics

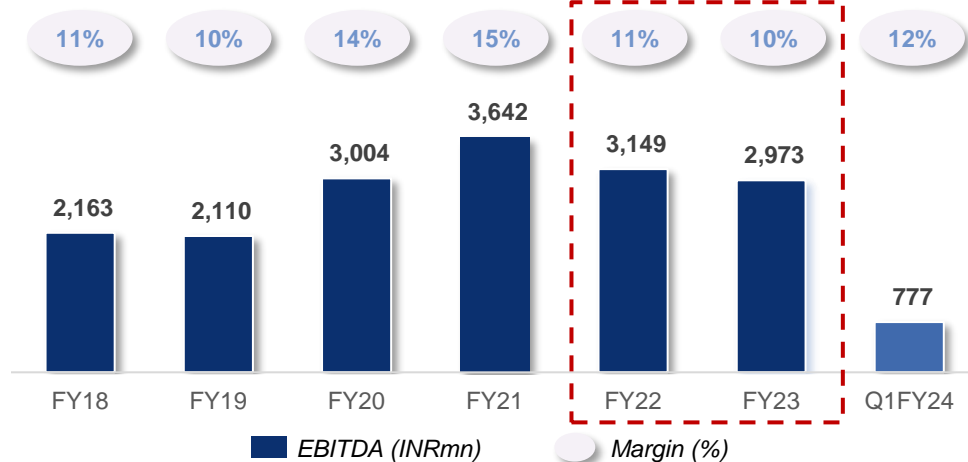
### Revenue



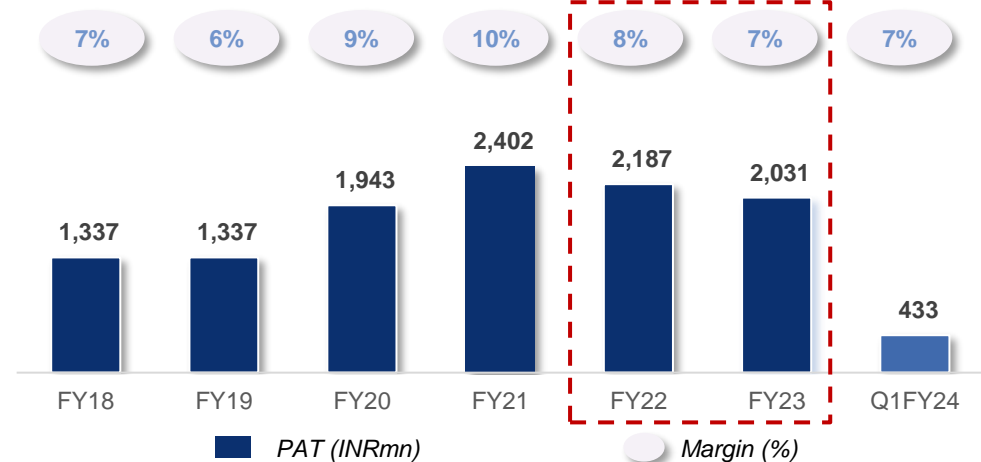
### Gross Margin



### EBITDA Margin



### PAT Margin



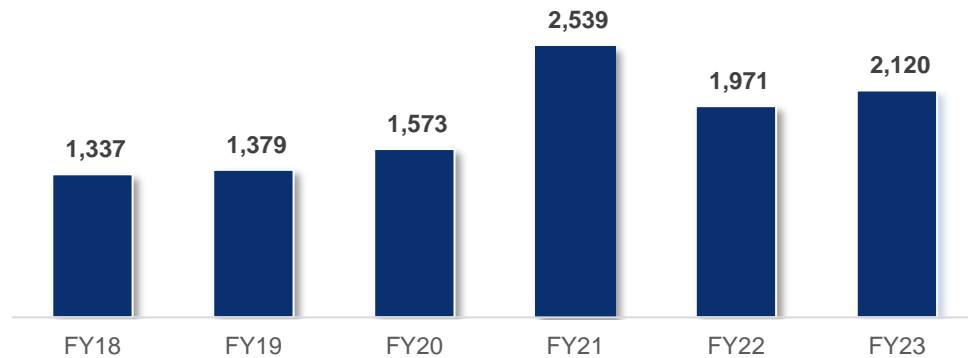
Source: Company Information. Note: 1. FY20 onwards financials include the impact of Ind AS 116 adoption; 2. FY22 financials have been reclassified for impact of Ind AS 115.

# Consistent Financial Track Record

Superior cash flow generation backed by lower capex and working capital requirements

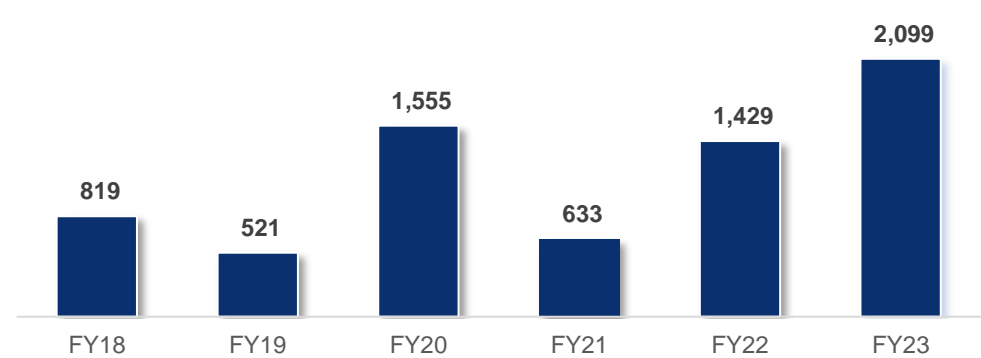
## Cash Flow from Operations

INRmn

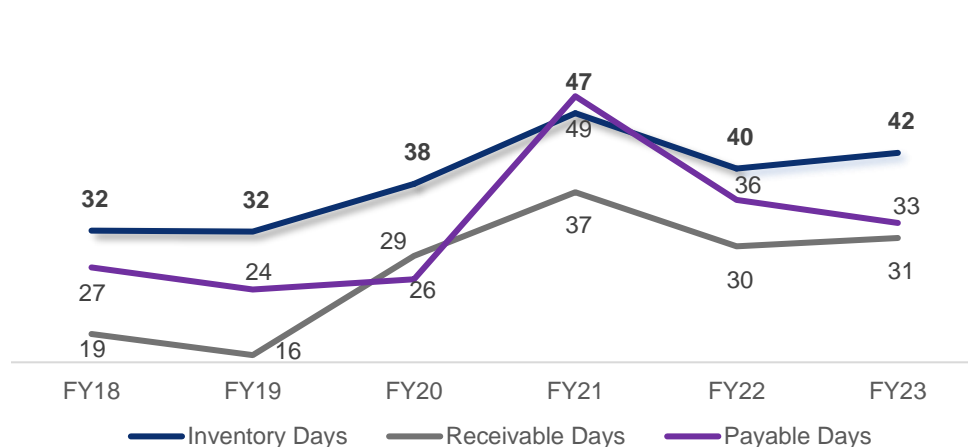


## Capex

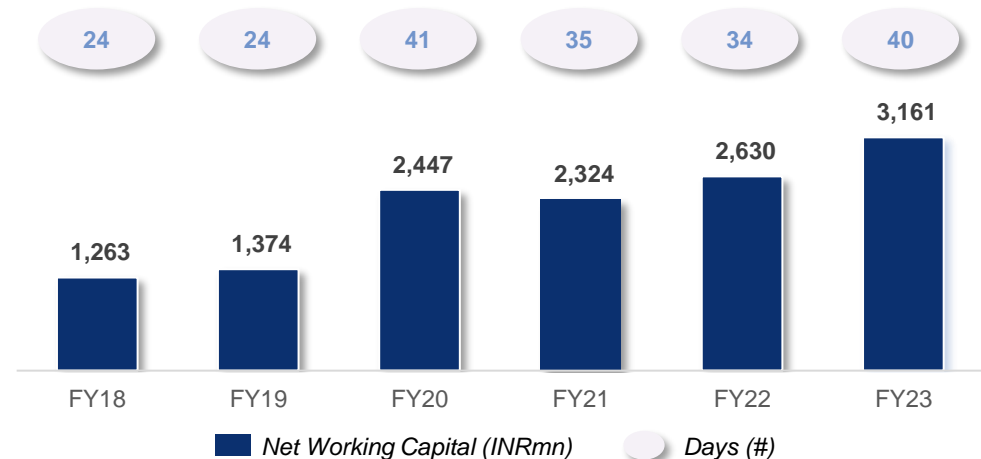
INRmn



## Working Capital Days



## Net Working Capital

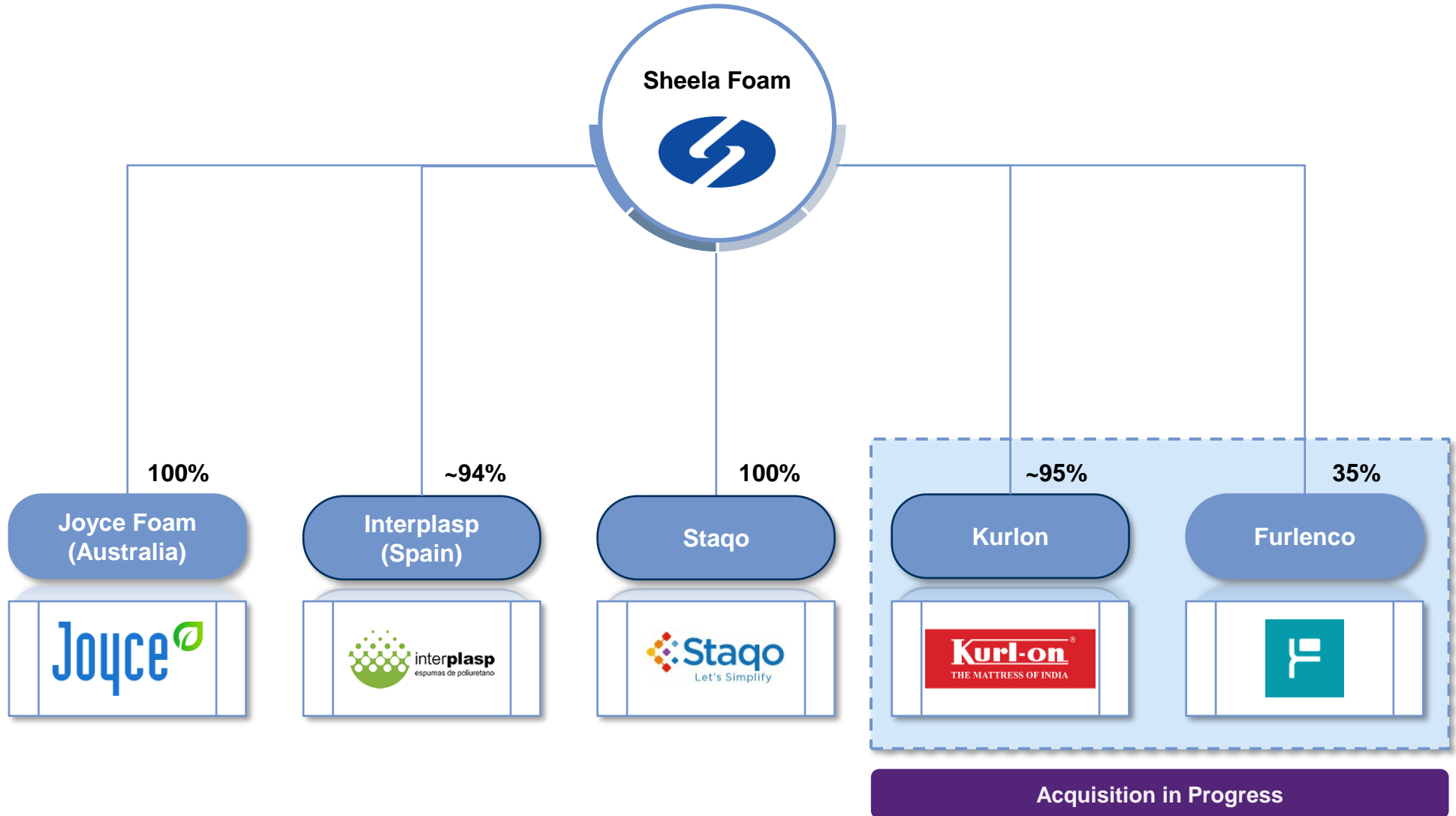


Source: Company Information. Note: Inventory, Receivable and Payable days have been calculated on Revenue from Operations. Receivable days are net of Customer advances.



## Appendix

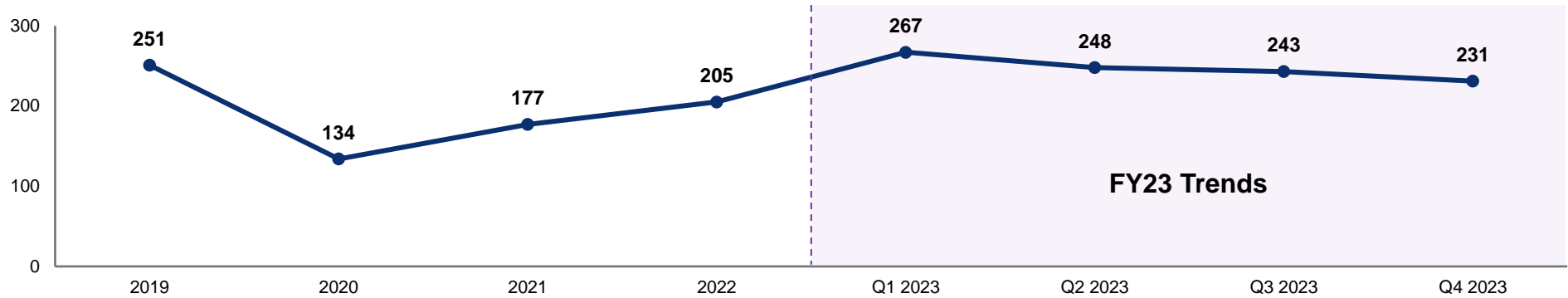
# Group Structure



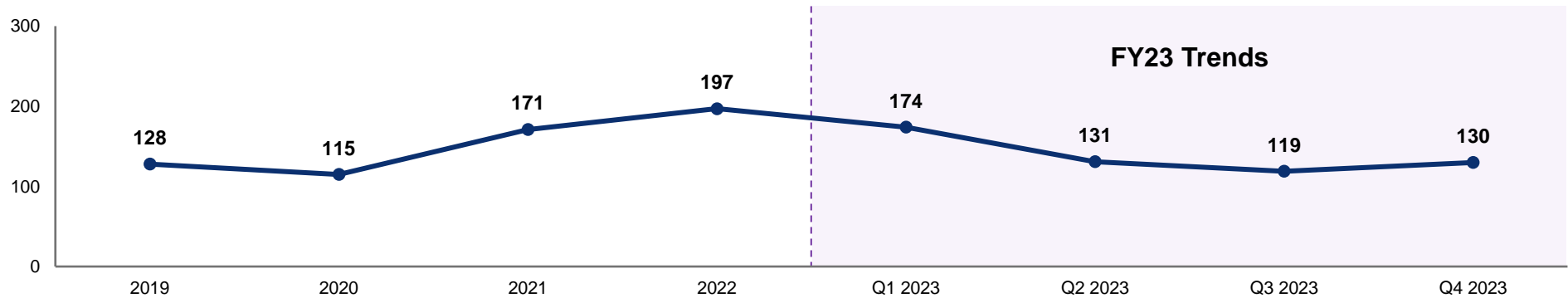
# Raw Material Prices

Key raw material prices have declined during FY23

### TDI Price Trend (INR/KG)



### Polyol Price Trend (INR/KG)



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grazie • Asante • Salammat • ကျေးဇူးတင်ပါတယ်  
Děkuji • 謝謝 • مرک ش ت م • Dank je • Āakujem • obrigado  
الاي زج ارك ش • Gracias • Je vous remercie • Thank you • tak skal du have  
terima kasih • ধন্যবাদ • благодарю вас • Danke dir • תודה  
Хвала вам • ευχαριστώ • çox sağ ol • გამადლობთ  
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