



15<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

Dear Sir/Madam,

**Sub: Investors Presentation update under regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

In terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the management of Sheela Foam Limited (the “**Company**”) will be participating in a physical meeting from 16<sup>th</sup> August 2023 with a group of potential investors, hosted by Citigroup Global Markets India Private Limited (“**Meeting**”).

This is to further inform you that the copy of the investor presentation has been uploaded on the stock exchange and on the website of the Company on 11 August 2023. However, due to an exigency on the part of the Company or the potential investors, we would like to inform that the Company will be replacing investor presentation uploaded on 11 August 2023 with minor modifications and without any material or substantial changes.

We hereby attach a copy of the fresh investor presentation proposed to be made in the Meeting.

The above disclosure is also being uploaded on the website of the Company at <https://www.sheelafoam.com>.

Thanking you,

Yours truly,  
For Sheela Foam Limited

Company Secretary & Compliance Officer

**SHEELA FOAM LTD.**

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CIN-L74899DL1971PLC005679



SPAIN

MURCIA

# Corporate Presentation

August 2023



INDIA

Joyce<sup>®</sup>

AUSTRALIA

BRISBANE

PERTH

ADELAIDE

SYDNEY

MELBOURNE

AUCKLAND

NEW ZEALAND

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# Largest Manufacturer of Polyurethane (“PU”) Foam in India

## CORPORATE

“Sleepwell” is the leading mattress brand in India



Presence in both B2B and B2C segments



Integrated platform with a wide product basket



Experienced management



## OPERATIONAL

19% market share in Indian organized modern mattress industry<sup>1</sup>



~40% market share in Australia



Presence across multiple geographies



High profile enterprise clientele



## FINANCIAL

Strategic focus on high margin products



Consistent positive cash flow generation



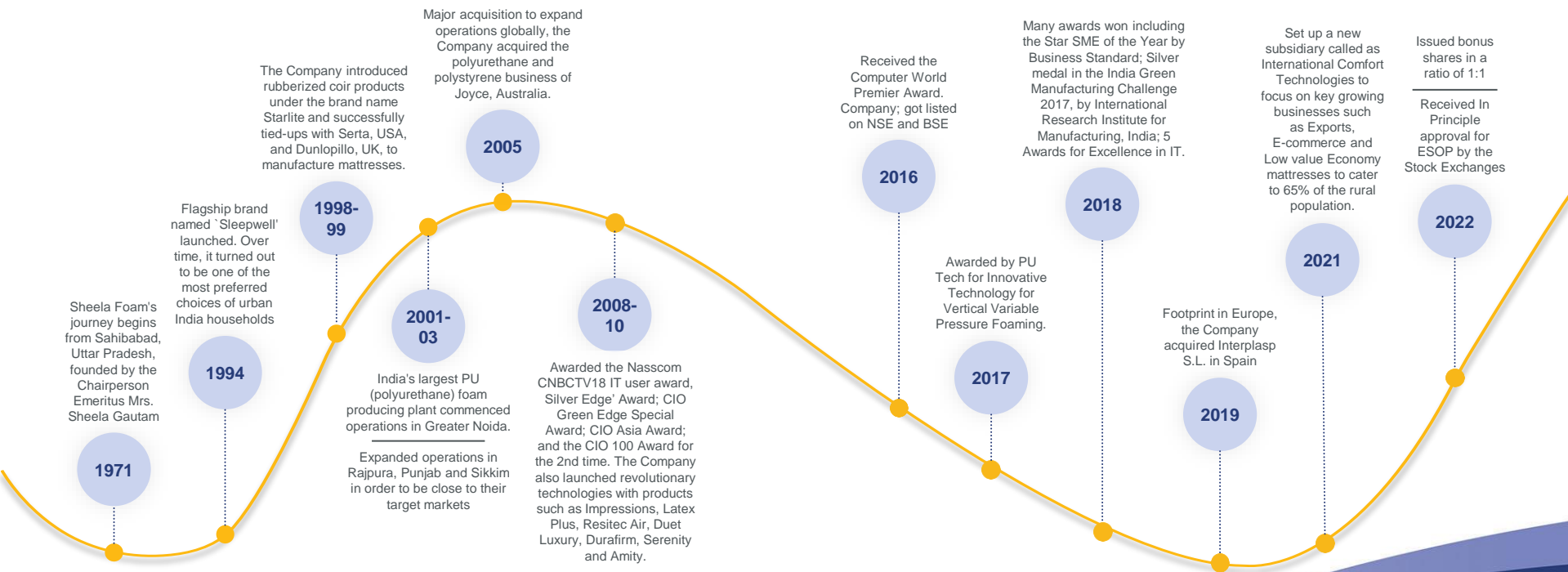
Low Gearing Ratio<sup>2</sup> -  
Standalone: 0.41%  
Consolidated: 21%



Proven track record in acquisitions and integration



# Sheela Foam's ("SFL" or the "Company") Evolution Driven by Strong Organic Growth, Coupled with Overseas Acquisitions



# 1. Overview of Potential Targets

**Kurl-on**  
THE MATTRESS OF INDIA

FURLENCO



# 1 Kurl-on: Third Largest Organized Player in the Modern Mattress Segment

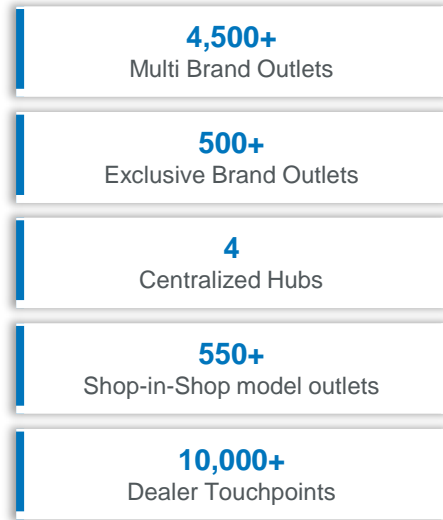
Kurl-on, one of the oldest and most trusted mattress brands in India, has a notable reputation in the manufacture and innovation of rubberized coir mattresses

## Company Overview

- Founded in 1962, Kurl-on is part of the **renowned Pai family** business group based in South India
- Market leadership in **Rubberized Coir Mattress**
- **Third largest** mattress player with **~11% market share in Indian organized modern mattress market**
- **10 manufacturing plants** strategically located across 6 states across India
- Operates through an **unparalleled distribution and logistics network**, coupled with one of the largest direct dealership networks in the sector

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## Distribution Network (As on FY2023)

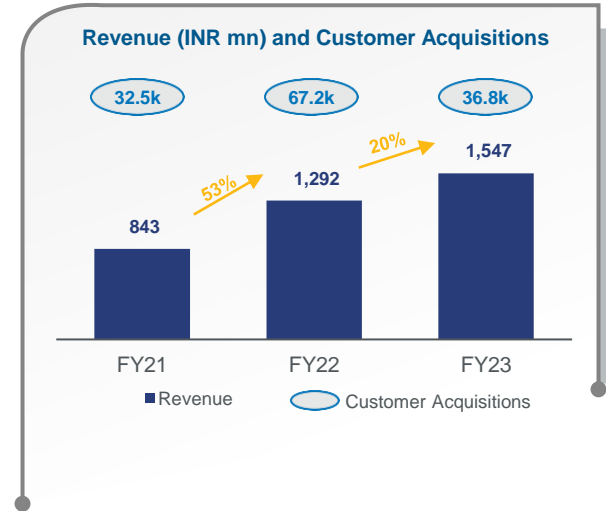


## 2 Furlenco: Frontrunner in the Indian Furniture and Home Lifestyle Space

Facilitates products and services for efficient 'rent, subscribe, buy and sell back' of furniture under one roof

### Company Overview

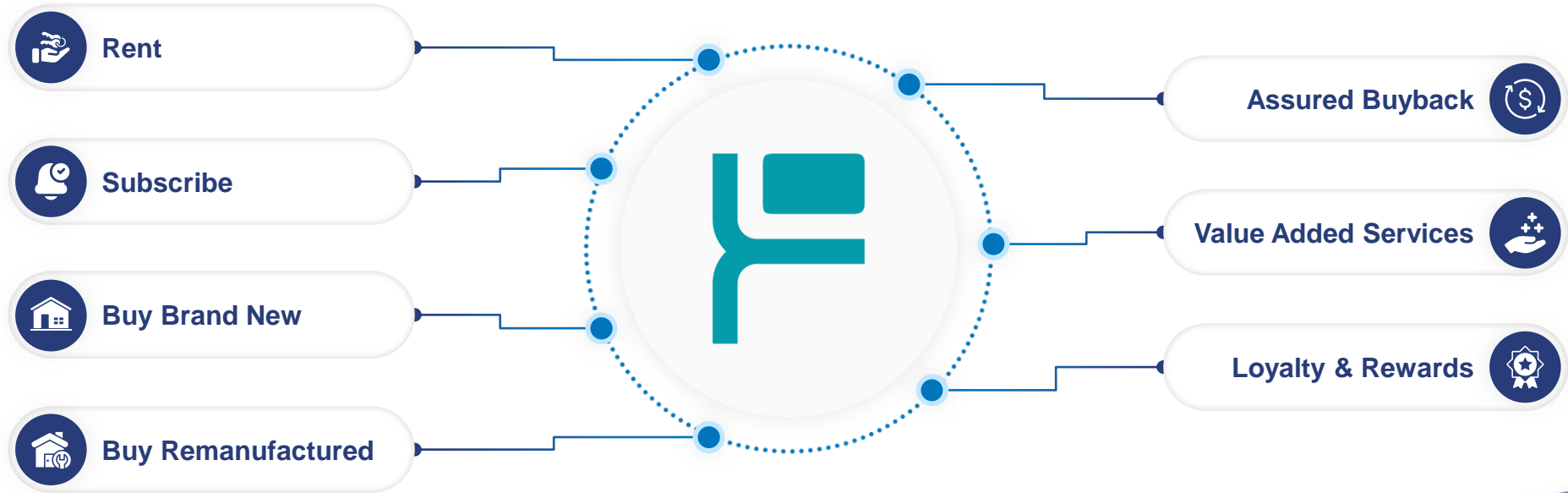
- Incorporated in 2012, House of Kieraya ("Furlenco") is a furniture rental company offering wide range of furniture products and services, such as cleaning, repairing, etc
- Offers entire home solutions (Furniture and appliances) for living rooms, bedrooms, and dining rooms, along with a host of value-add services including free relocation, free swap, free deep-cleaning and damage waivers
- Unique **tech-driven business model** with end-to-end implementation of digital capabilities
- Serves customers through warehouse cum refurbishment facilities across tier 1 and tier 2 cities and has a network of **multiple vendors** who contract manufacture furniture
- Presence across major cities in India including Mumbai, Pune, Gurugram, Bengaluru, Noida, Hyderabad, Chennai, Delhi, Ghaziabad, Faridabad





## 2 Furlenco: Rental + Sale Business Model

Continuum of product and service offerings for all furniture and lifestyle needs



## 2 Furlenco: Key Metrics

Furlenco has robust performance metrics

### High LTV to CAC Ratio

- LTV to CAC Ratio of **9x** (only 1 rupee spent on marketing for every 9 rupees earned)



### Large Order Sizes

- Upfront collection of **~7.5x monthly revenues** resulting in **front loaded cash flows** (INR 16k per order / ARPU of INR 2k per month)



### Utilization

- Utilization has always been at **peak levels** and touched a high of **92.4%**



### High Yielding Assets

- Currently managing an **AUM of INR 300cr** and ability to manage an AUM of **INR 450cr**
- Assets are high yielding in nature, providing an average of **~7% monthly yield**



### Huge Subscriber Base

- **~350k homes furnished** since existence, peak homes addition of **~8k** per month
- Current tech stack and refurbishing capacity has potential to serve an active subscriber base of **100k+ households**



## ***2. Acquisition Considerations***



# Proposed Acquisitions to Propel Augmentation of Addressable Market and Integration Across Value Chain (1/6)

- Post acquisitions, SFL would strengthen its competitiveness in mattress market as well as enter the furniture market
- The gap with the next competitor would further widen post acquisitions and would take a lot of time and resources for the peers to match the combined companies in terms of:



Leading market share in Indian modern mattress market supplemented by furniture capabilities



Wider distribution network – number of EBOs and MBOs



Established brands / products across the value chain



Pan India network of production facilities and supply chain



High growth potential of the combined business



Cross-selling opportunities given large use case for foam is furniture



Ability to invest more in targeted brands thereby creating further market visibility

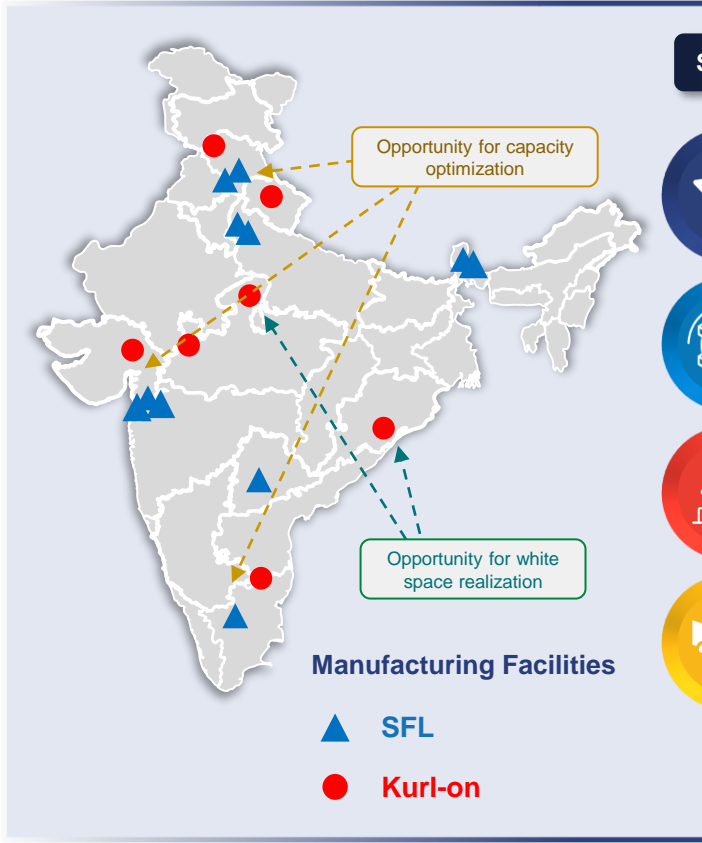


Access to latest technology such as Vertical Variable Pressure Foaming (“VPPF”) that reduces cost

# Proposed Acquisitions to Propel Augmentation of Addressable Market and Integration Across Value Chain (2/6)



## Strong Strategic Rationale for a Combination with Kurl-on



### Consolidation of Fragmented Market

- Strong **pan-India brand positioning**
- Sleepwell dominates in North and West; whereas Kurl-on in South and East



### Strengthened Product Offering

- Diverse product offerings ensuring **no cannibalization**
- Customers can choose between PU foam (Sleepwell) and rubberized coir (Kurl-on) mattress



### Improvement in Kurl-on's Operational Efficiencies

- **Potential to reverse** decline in margins during last few years
- Significant scope of improvement in Kurl-on's plant efficiencies, RM landed costs and operational spends

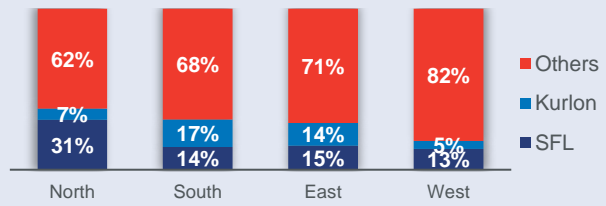


### Economies of Scale

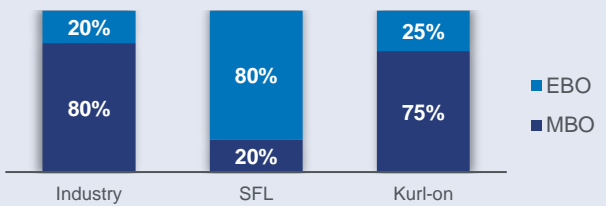
- Complementarity across geographies, channels, price points and products may result in **incremental market share**
- Better negotiating power with dealers, vendors and banks with room to **improve net margins** over next 2-3 years

# Proposed Acquisitions to Propel Augmentation of Addressable Market and Integration Across Value Chain (3/6)

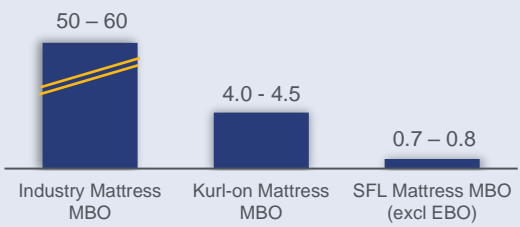
Organized Mattress Market shares by Region



Business split by MBO / EBO



Mattress Business Landscape (INR bn)



## Strong Strategic Rationale for a Combination with Kurl-on



### Diversification of Customer Base

- Premium brand (SFL) + Mass brand (Kurl-on)
- Migration from unorganized to organized market



### Leveraging Distribution Channels

- EBO channel (SFL) + MBO channel (Kurl-on) resulting in estimated **incremental reach**
- Better penetration into newer markets like semi-urban and rural



### COGS and Network Optimization

- Potential opportunities to **reduce raw material spend** for the combined entity
- Optimized manufacturing footprint will potentially lead to **improvement in capacity utilization** and **reduction in logistics costs**







### Cultural Fit

- Kurl-on being a **family run business**, will be a good cultural fit for SFL
- People management / retention and integration will be much easier

# 1 Proposed Acquisitions to Propel Augmentation of Addressable Market and Integration Across Value Chain (4/6)

## Kurl-on's Brand Portfolio

	Brands	Brief	Top selling Brands	Positioning
Mattress		<ul style="list-style-type: none"> <li>• Rubberised Coir Mattress</li> <li>• Foam Mattress</li> <li>• Spring Mattress</li> </ul>	<ul style="list-style-type: none"> <li>• Inspire</li> <li>• KurloBond</li> <li>• Desire</li> <li>• KurloCoir</li> <li>• Spine Therapy</li> </ul>	<ul style="list-style-type: none"> <li>• Mass and Mass Premium</li> </ul>
Mattress		<ul style="list-style-type: none"> <li>• Collection of top international and premium brands</li> </ul>	<ul style="list-style-type: none"> <li>• Spring Air, Englander, Chattam &amp; Wells</li> <li>• Four Seasons</li> </ul>	<ul style="list-style-type: none"> <li>• Premium to Luxury</li> </ul>
Foam and Other Products		<ul style="list-style-type: none"> <li>• Wholly owned subsidiary of KEL with core focus on PU foam</li> </ul>	<ul style="list-style-type: none"> <li>• Goldline Plus</li> <li>• Heera</li> <li>• SilverLine</li> </ul>	<ul style="list-style-type: none"> <li>• B2B</li> </ul>
Furniture		<ul style="list-style-type: none"> <li>• Range of modular furniture, home furnishings, home accessories</li> </ul>	<ul style="list-style-type: none"> <li>• Lounger sets</li> <li>• 3 Seater sets</li> <li>• Cots, Shoe Racks</li> </ul>	<ul style="list-style-type: none"> <li>• Mass Premium</li> </ul>

# Proposed Acquisitions to Propel Augmentation of Addressable Market and Integration Across Value Chain (5/6)

## International Brands Introduced by Kurl-on Offer More 'Choices' to Customers

- Kurl-on is already positioned with wide portfolio of brands to cater Indian consumers' taste shifts towards aspirational and premium products
- In FY20, Kurl-on acquired **SpringAir Bedding** – a franchise offering portfolio of luxury international brands through licensing
- Further Kurl-on has formed a new entity - **Belvedere International** to increase focus on international brands / premium products



Brand partnerships across the spectrum of furniture, furnishings and accessories to upsell the other product categories

Brand	Features
	• Offers pure PU Foam as well as spring mattresses
<b>ENGLANDER</b>	• Micro coils, copper memory foam, latex and fabric wrapped springs
	• Pocketed spring support blended with memory foam, natural latex
	• Organic mattresses – 5 layered – memory foam, latex, double insulation cotton layer, pocket springs for support
	• Natural latex supported with heavy duty base foam



1

# Proposed Acquisitions to Propel Augmentation of Addressable Market and Integration Across Value Chain (6/6)



## Furlenco Offers Complementary Product Play



**Increase in TAM – Entry into Fast Growing Market**

- Entry into renting and selling branded furniture (a larger segment)
- Overall furniture market is **~\$19bn**; of which rental market is **\$3bn** (expected CAGR of 26 - 28% in next 5 years)
- **25%** of overall market is organized



**Faster Diversification**

- Established Furlenco brand will save time to market and cost
- **Strong design capabilities and digital play** with limited players in market, positions Furlenco well to reach the next level



**Stronger Collaboration on R&D Efforts**

- **Specialized sleep solutions and design capabilities** to align with Furlenco's focus on providing comfort and convenience
- Initiatives to create innovative products that **blend foam technology with furniture design**



















**Leverage Furlenco's platform to cross sell SFL's products**

- **Large use case** for foam is furniture
- SFL can cross sell mattresses and bedding products on Furlenco's platform - leading to increased sales
- Furlenco can offer **Refurbishment-as-a-Service** for SFL's furniture

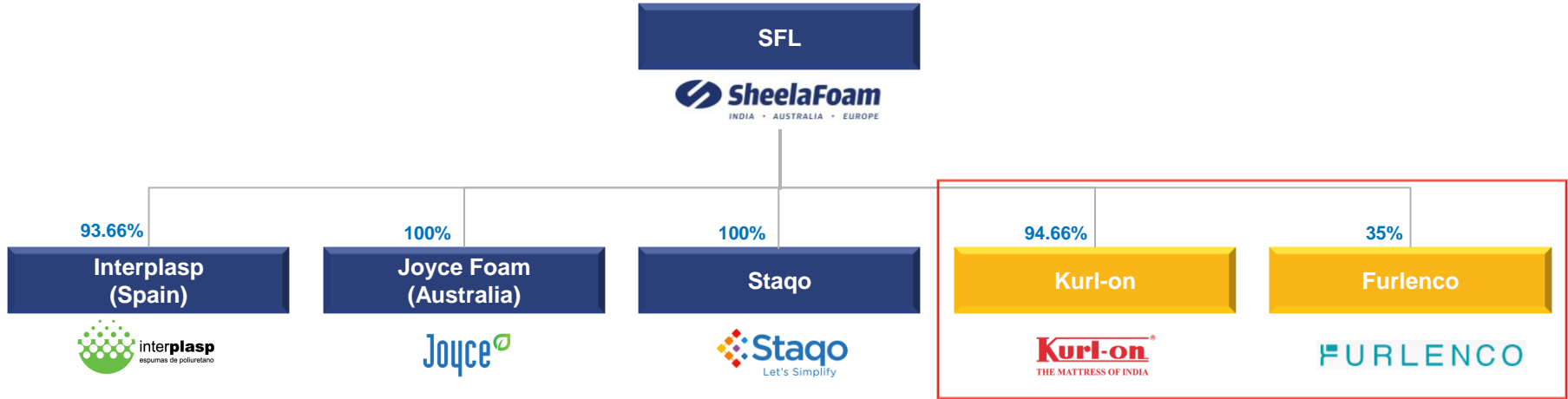
## 2 Powerhouse of Brands in the Furnishing Market in India

Brands enjoying leadership positions in respective foam based and rubberized coir based mattresses will be brought under one umbrella – SFL – further strengthening market leadership position

	SFL	Kurl-on	Furlenco
Mattress	   	     	
Furniture			
Comfort / Technical / Furniture Foam	  		

SFL is expecting to retain the brands of Kurl-on and Furlenco as is; Based on the market feedback in near future, positioning of the different brands on a Company level shall be decided upon

# 3 Revised Group Structure



### ***3. Key Competitive Strengths***

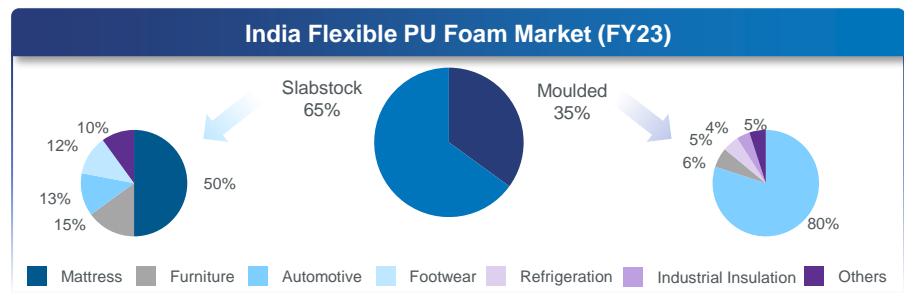
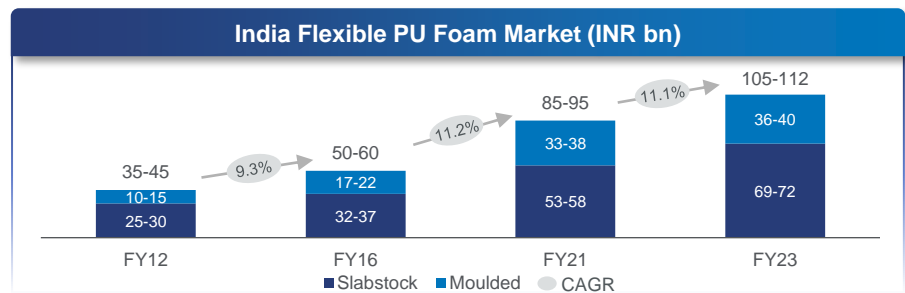


# Key Competitive Strengths

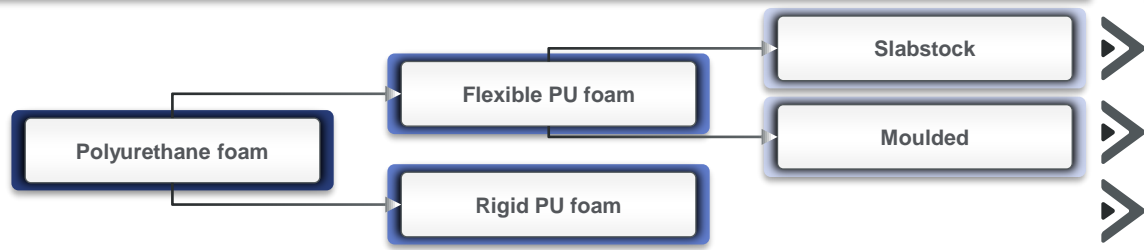


# 1 Large Addressable Market with Increasing Demand for PU Foams

India flexible PU foam market has reached ~INR 110bn by the fiscal year 2023



## Types of Polyurethane Foam



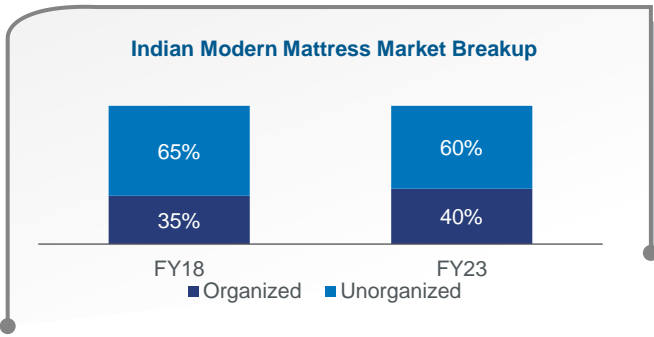
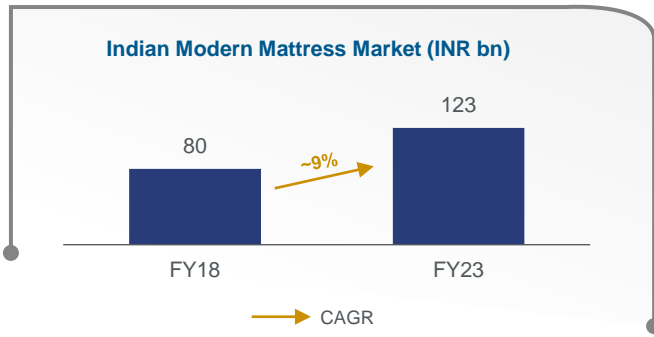
## Key Applications

- Mattress
- Furniture
- Bedding
- Carpet underlay
- Garments
- Footwear
- Acoustic insulation
- Automotive seating
- Refrigeration
- Thermo-ware
- Industrial insulation
- Furniture

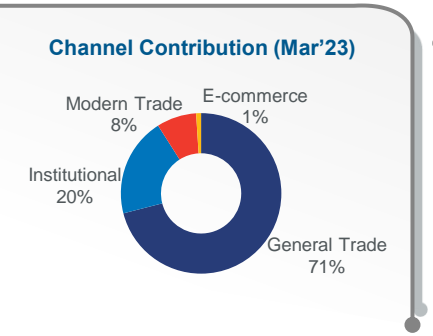
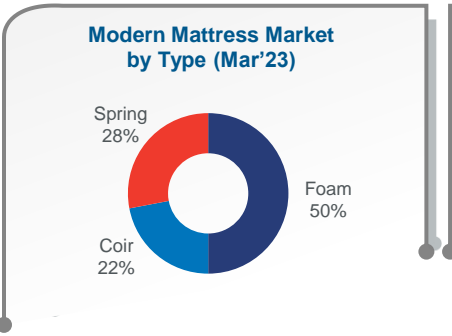
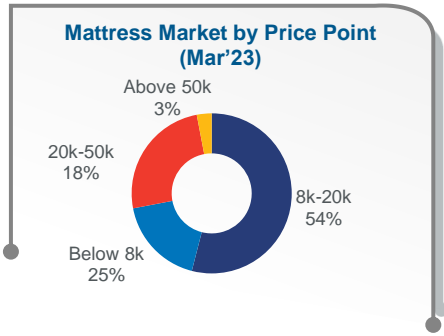
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# Indian Players Well-positioned to Capture Growth in Mattress Segment given their Deep Distribution Capabilities

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



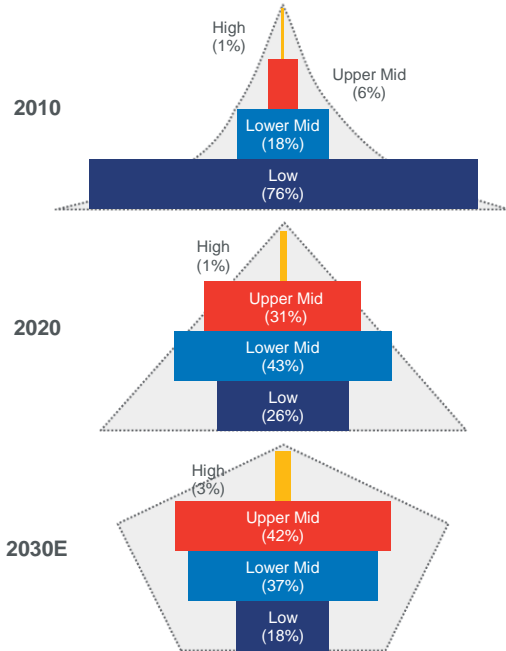
- ### Growth Drivers:
- Growing consumption in India driven by new (~7mn) and replacement (~12mn) mattresses, totaling ~19mn units per year
  - Clear transition from unorganized to organized sector – with the growth of branded / MNC players
  - Hybrid formats of work-from-home culture continuing well beyond Covid is a huge opportunity
  - Government initiatives such as smart city, Housing for All that favor the real estate sector fuel further demand



# 1 Strong Macro Tailwinds Accelerating Market Shifts

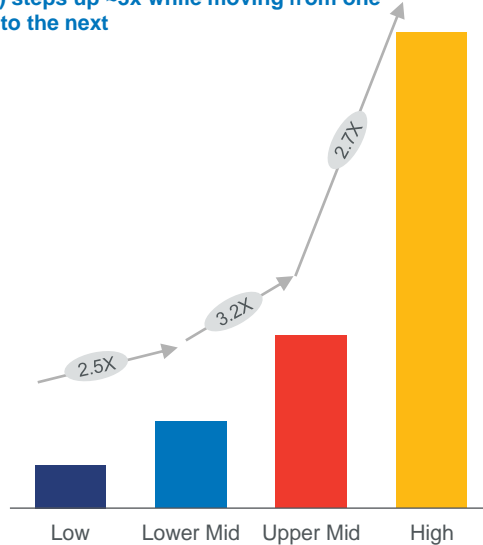
Market growth fueled by rising disposable incomes, rapid shift to the organized sector and changing preferences towards greater variety of products

## Rising Incomes with Middle-class Expansion



## ~3x More Spend on Living with Higher Income

Increase in household spend on living (by Income Group) steps up ~3x while moving from one group to the next



## Increased Share of Branded Products

- Shift in consumer spend from **asset creation to in-period consumption**
  - Diverging preferences of customers drive greater variety, more SKUs and price points
  - Value consciousness among customers aiding growth of value-for-money brands
- Consumers are **more digitally active and brand aware**
  - Millennials and Gen-Z expected to be 75%+ of population by 2030; will drive digital consumption
  - E-commerce is unlocking access even in low consumption density areas – more Indians will leapfrog from traditional retail to e-commerce

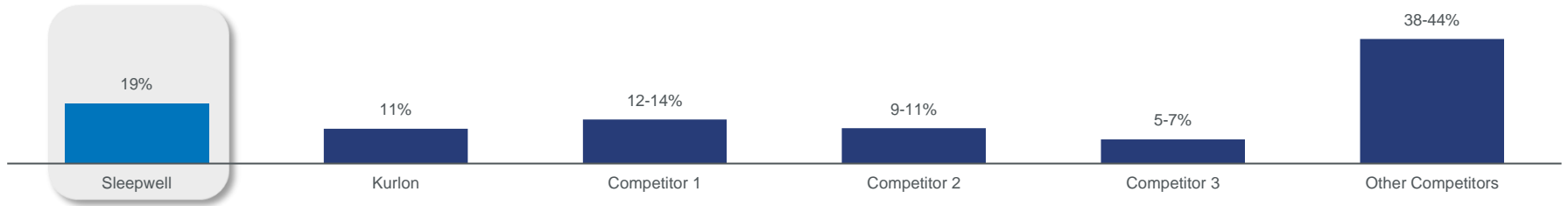


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# Sleepwell is Market Leader, Followed by Kurl-on

Sleepwell leads the market in both volume and value terms; market share majorly contributed from North and West India presence

**% Value Market Share (Branded Modern Mattress Market)<sup>1</sup>**



Leading position in highly competitive market

Sleepwell leader in foam mattresses, whereas Kurl-on leads in rubberized coir mattresses

Sleepwell increased market presence with increase in % share in outlets

Sleepwell's market share increased across all sizes (king, queen, single)

## 2 Sleepwell - Impeccable Track Record of Quality and Consistent Innovation Backed by Technology

Established brand presence helped Sleepwell maintain market share of **~19%** in the Indian modern mattress market

### Track record of innovative manufacturing backed by technology



**Radio frequency identification (“RFID”) chips** in mattresses helps check counterfeits



**“Zero Turn” technology** ensures mattresses don’t require periodic turning to avoid sagging



**“Breathable visco-elastic” or “Memory foam”** reduces stress and ensures correct sleep posture – SFL is the only manufacturer



**“Neem fresche” technology** in Sleepwell products for protection from various allergies



**“SANTech” technology** maintains improved air-flow, thereby enhancing firmness and durability of the material



**“Comfort Cell” technology** in the mattress to raise the comfort quotient to the consumer

### Diversified product offerings...



Initiative to suggest customized mattresses that are best suited to the customer’s body structure, weight and certain diagnostic measurements



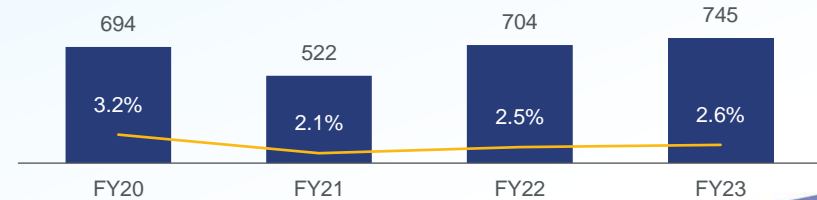
Available in multiple formats

Firmtec

Supportec

Softec

### ... supported by strategic investments in brand building (INR mn)



■ Ad Exp (INR mn)<sup>1</sup>

— Ad Exp/ Revenue (%)<sup>1</sup>

2

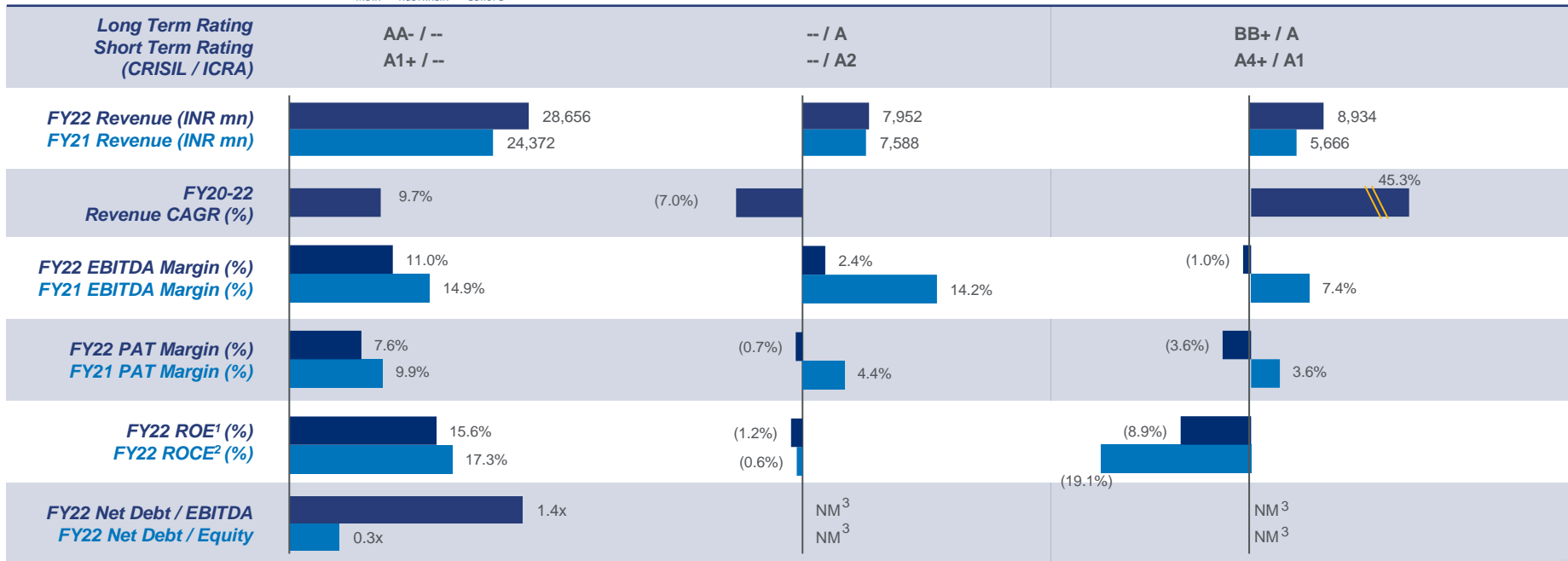
# SFL's Strong Business Performance Backed by Balance Sheet



INDIA · AUSTRALIA · EUROPE



Competitor 1



Source: Company Filings.

21 Note: (1) ROE = PAT / Net worth (2) ROCE = EBIT / (Total Assets – Current Liabilities), (3) NM stands for Not Meaningful (multiples are negative).

# Integrated Manufacturing Facilities in India, Coupled with Global Manufacturing Prowess (1/2)

Extensive global presence and export relations with **25 nations**

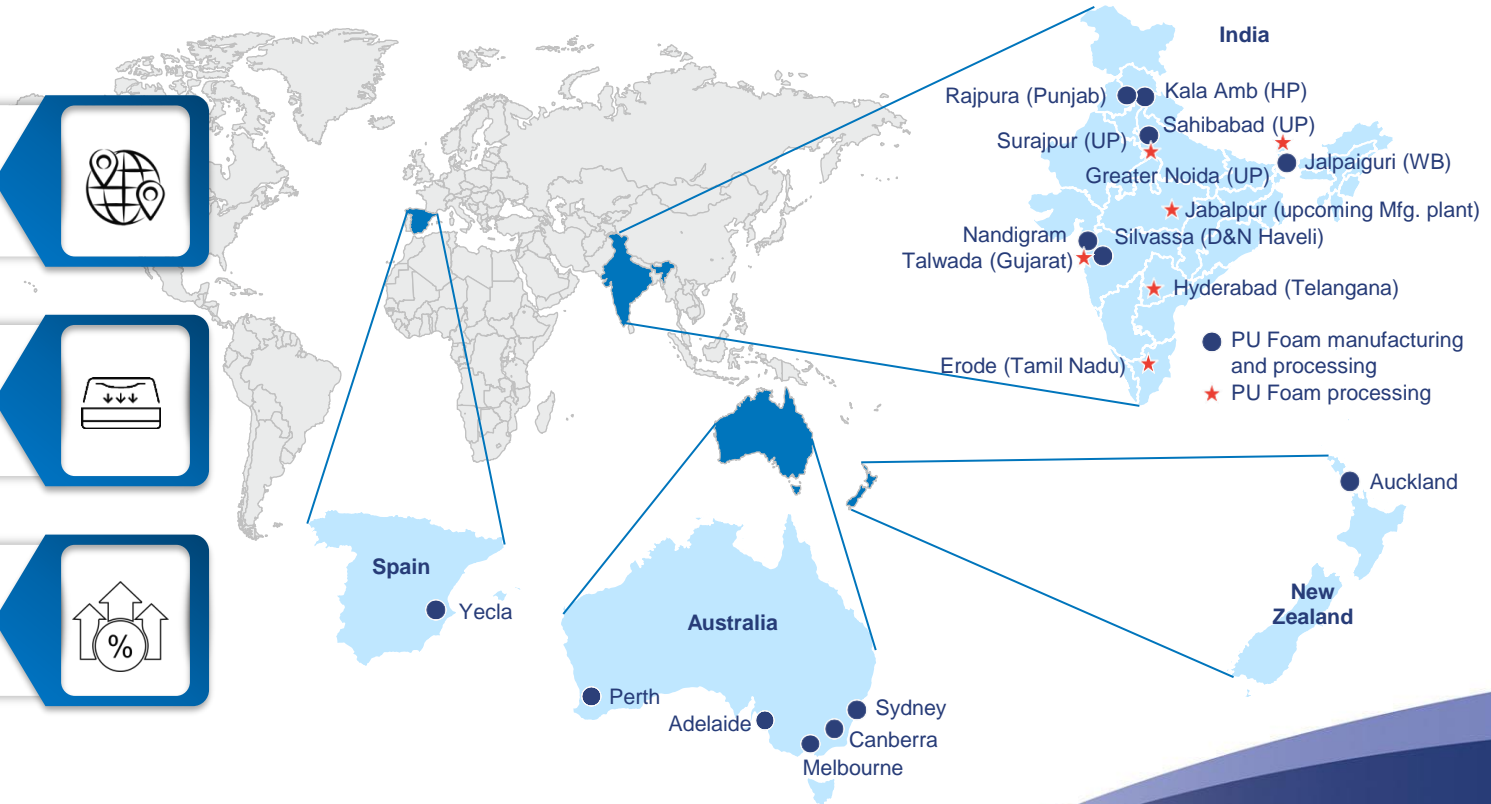


Inhouse manufacturing of raw materials and vertical integration



### Reverse logistics benefits

— same infrastructure for supply of raw materials to mfg. facilities and onward supply of finished products to distributors



# Integrated Manufacturing Facilities in India, Coupled with Global Manufacturing Prowess (2/2)

Company benefits from synergized business operations through manufacturing of home comfort products as well as raw materials



## 11 Manufacturing Units in India<sup>1</sup>

- Pioneers in VPF – World's most environmentally responsible foam manufacturing. Equipped with state of the art HENNECKE Foaming machines
- Largest integrated manufacturer of PU foam and mattresses
- 129,000 MTPA



## Spain Unit

- Caters to 1% of Europe's market
- 'Bed in a Box' concept opens opportunities to target US markets
- 16,000 MTPA



## 5 Manufacturing Units in Australia

- Sustainable stable business
- 40% market share in Australia
- 10,000 MTPA in Australia

# 'A Mattress for Every Indian' is the Motto behind the Newly Envisaged Plant in Jabalpur

SFL is setting up an integrated manufacturing plant at Jabalpur to cater the traditional market (currently forming 64% of the total Indian mattress market size)

## Objective

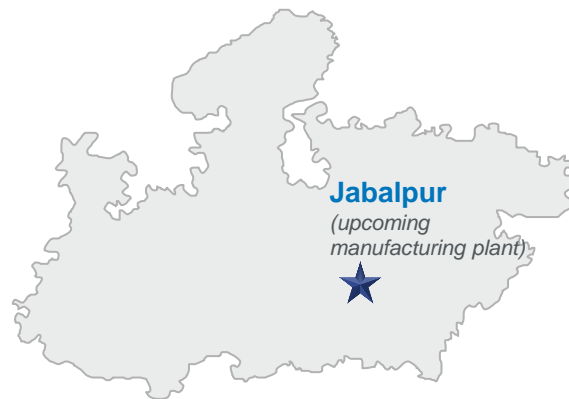
- Targeting **cotton / EPE foam mattress users (traditional market)**
  - 64% Indians sleep on cotton mattresses, durees, chattais, etc.
- Increasing penetration by shifting from traditional to modern market
- **3-fold mattress** which can also be used as sofa-cum-bed
- **Durability and affordability** for rural / semi urban markets

## Technology

- Key benefits of **VPF** technology
  - Highest quality level and environmentally friendly
  - Enhanced properties with 10-15% lower cost
  - Reduced waste and improved worker safety
  - Increased production capacity

## Plant Details

- **Manufacturing plant at Jabalpur** - centrally located and well connected to the entire country
- Plant spread across **~28.95 acres of land**
- Capex of **INR 1.04bn**
- Plant yet to be commissioned



# 4 Wide Portfolio Offering Technologically Advanced Products

Innovation and adoption of contemporary manufacturing technologies enables production of personalised and niche home comfort products



41%

## Mattresses Segmentation

My Mattress, Spring range, Technology range, Custom Cell range, Back Support range, Flexi PUF range, Showroom range, Economy range, SleepX Online brand, Luxury range, Revital and GenX range, Spring range, Duraform range, Omni and Basic range



26%

## Technical Foam

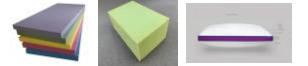
Automotive Foams, Reticulated Foams, Ultra-Violet Stable Foams, Silentech Foams



21%

## Comfort Foam and Home Care Products

Foam Sheets, Foam Blocks, Comfort range accessories, Foam Cores, Furniture Cushions, Pillows, Bedsheets, Comforters/Blankets, Mattress Protectors, Sofa-cum-Beds



12%

## Furniture Foam

Sleepwell Resitec, Sleepwell Cool Gel, Primo, Pro sofa



4

## Well Recognised and Established Brands

Company has proven track record of nurturing winning brands that reflects comfort and luxury enhancing the lifestyle of modern households

### Indian Brands



Flagship brand for mattresses and comfort accessories



Pure PU foam



E-commerce brand for mattress



Superior quality polyester foam for lamination



Mattress brand

### International Subsidiaries



Spanish subsidiary



Australian subsidiary



5

# Extensive Distribution Network in India; Global Sales Expansion Opportunity into Europe/ North America using Spain Facility

Strategically located distribution network of exclusive distributors, retail dealers and multi-brand outlets backed by digital technology enable SFL to efficiently offer its products worldwide

## Long term association with distributors

Long term relationship of 20+ years

## Strategic proximity

Distributors are in strategic proximity – helps minimize product damage

## IT-enabled distribution network

Digitization to reduce turnaround time and quicken strategic decisions

## Active engagement

150+ sales personnel actively engage with key distributors

## Exclusive Sleepwell Outlets across 3 Formats



### Sleepwell World

Average size 1,000 Sq. Ft/  
427 Outlets



### Sleepwell Galleries

Average size 600 - 950 Sq. Ft/  
1,067 Outlets



### Sleepwell Shoppes

Average size 200 - 350 Sq. Ft/  
1,114 Outlets

- **Global distribution:** Technical foam grades are sold to finished products manufacturers in India, Middle East, South Asia, Europe, Australia, USA, Brazil and Argentina
- Spain facility to cater to **extensive sales opportunities** in Europe and North America
- **Dedicated sales team** to handle business development and relationship management of the technical foam manufacturing business






## Ecommerce Channel / Penetration




- The Company has witnessed an increase in its online sales in FY23, with **24% growth YoY**
- Online sales contributes **8% of the total sales volume**

## Best-in-class Management Team Backed by Diversified Board (1/2)

Versatile leadership and family-based management team with proven experience of successfully navigating SFL through domestic and international shocks

### Key Management










Name	Biography
 <p><b>Nilesh Mazumdar</b> <i>CEO - India</i></p>	<ul style="list-style-type: none"> <li>Joined the Company in Feb 2023</li> <li>Previously served as CEO of Construction Chemical division at Pidilite for 14 years</li> </ul>
 <p><b>Kevin Graham</b> <i>COO – Australia</i></p>	<ul style="list-style-type: none"> <li>Associated with Joyce since 2011</li> <li>Previously held management roles with international specialty retailer Toys “R” Us</li> </ul>
 <p><b>Alejandro Palao Serrano</b> <i>CEO – Spain</i></p>	<ul style="list-style-type: none"> <li>Associated with Interplasp since several years</li> <li>Has held many roles and headed multiple departments</li> </ul>

Name	Biography
 <p><b>Amit Gupta</b> <i>Group CFO</i></p>	<ul style="list-style-type: none"> <li>Joined the Company in May 2023</li> <li>Previously served as Vice President (Strategy and M&amp;A) at Samvardhana Motherson Group</li> </ul>
 <p><b>Md. Iquebal Ahmad</b> <i>Company Secretary and Compliance Officer</i></p>	<ul style="list-style-type: none"> <li>Joined the Company in Nov 2008</li> <li>Associate member of the Institute of Company Secretaries of India</li> </ul>
 <p><b>Pertisth Mankotia</b> <i>Chief Information Officer</i></p>	<ul style="list-style-type: none"> <li>Joined the Company in Sep 1995</li> <li>Heads the IT department since 2015 and has 20+ years of experience in the IT sector</li> </ul>

## Best-in-class Management Team Backed by Diversified Board (2/2)

SFL is led by ever-guiding board consisting of experienced and formidable team with well defined strategic direction

### Board of Directors

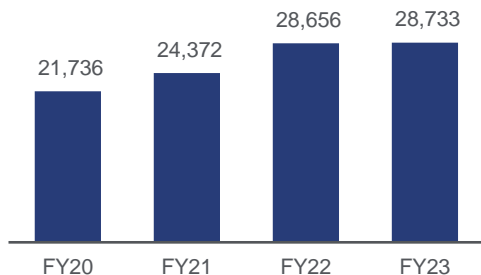
Name	Biography	Name	Biography	Name	Biography
 <b>Rahul Gautam</b> <i>Chairman and Managing Director</i>	<ul style="list-style-type: none"> <li>• Founder of the Company and MD since 1996</li> <li>• 46+ years of experience in the home comfort products and PU foam industry</li> </ul>	 <b>Tushaar Gautam</b> <i>Whole-time Director</i>	<ul style="list-style-type: none"> <li>• Associated since 2002 and director since 2007</li> <li>• 20+ years of total experience in heading Production, Research and Development</li> </ul>	 <b>Ravindra Dhariwal</b> <i>Independent Director</i>	<ul style="list-style-type: none"> <li>• Associated since 2016</li> <li>• Previously served as Group CEO of Bennett and Coleman</li> </ul>
 <b>Namita Gautam</b> <i>Whole-time Director</i>	<ul style="list-style-type: none"> <li>• Associated since 1991 and whole-time director since 2003</li> <li>• Has headed the HR, Marketing and Projects departments</li> </ul>	 <b>Anil Tandon</b> <i>Independent Director</i>	<ul style="list-style-type: none"> <li>• Associated since 2016</li> <li>• Currently serves as MD of Tex Corporation</li> </ul>	 <b>Lt Gen Vijay Ahluwalia</b> <i>Independent Director</i>	<ul style="list-style-type: none"> <li>• Associated since 2018</li> <li>• Previously served as a Judge of Armed Force Tribunal</li> </ul>
 <b>Rakesh Chahar</b> <i>Whole-time Director</i>	<ul style="list-style-type: none"> <li>• Associated since 1990 and director since 2003</li> <li>• 31+ years of experience in selling and marketing bedding products and PU foam</li> </ul>	 <b>Som Mittal</b> <i>Independent Director</i>	<ul style="list-style-type: none"> <li>• Associated since 2016</li> <li>• Has several years of experience in manufacturing and information technology sectors</li> </ul>	 <b>Meena Jagtiani</b> <i>Independent Director</i>	<ul style="list-style-type: none"> <li>• 30+ years of HR experience</li> <li>• Previously held various roles in Aditya Birla Group, Daksh eServices and Korn/Ferry</li> </ul>

# 4. SFL - Financial Summary

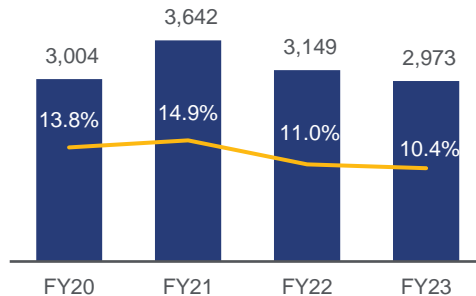


# SFL – Consolidated Financial Performance

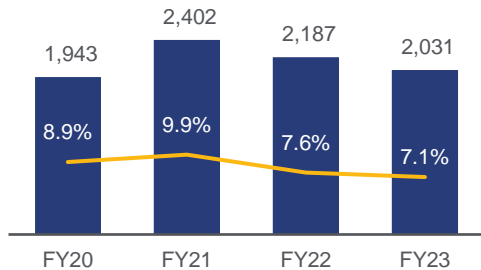
### Revenue (INR mn)



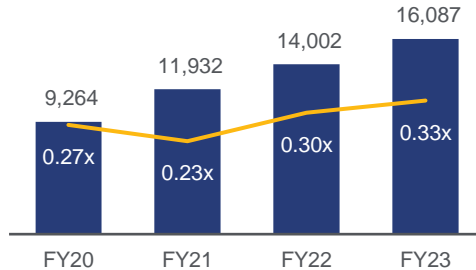
### EBITDA (INR mn) and EBITDA Margin (%)



### PAT (INR mn) and PAT Margin (%)



### Networth (INR mn) and Net Debt / Equity Ratio



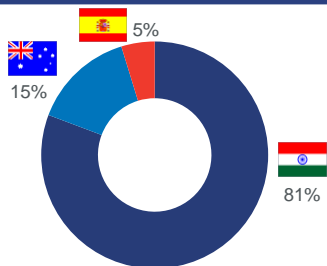
- Revenue mix % from overseas operations saw a **huge increase in FY21** due to the addition of full-year Spain revenues
- Prices of key raw materials have been volatile in recent past and are expected to be stable in near term

# SFL – Consolidated Income Statement

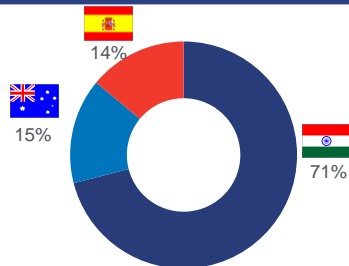
Particulars (INR mn)	FY21	FY22	FY23
Operational Revenue	24,372	28,656	28,733
Cost of Materials consumed	13,888	18,770	17,868
Other Manufacturing Expenses	496	623	677
Employee costs	2,317	2,555	2,792
Other Expenses	4,029	3,559	4,423
EBITDA	3,642	3,149	2,973
Margin %	14.9%	11.0%	10.4%
PAT	2,402	2,187	2,031
Margin %	9.9%	7.6%	7.1%

- Prices of two main **raw materials** of PU have behaved **differently during last 1 year**
  - Polyol prices were on a gradual decline from INR 203/kg (Q3FY22) to INR 130/kg (Q4FY23); while TDI prices increased from INR 212/kg to INR 231/kg during the same period
- EBITDA margin reduced from FY21 to FY22 primarily due to **increase in RM costs**
- FY23 revenue was flat YoY due to **softer demand in India** on account of inflation and weaker demand **in Spain**

Revenue By Geography (FY20)



Revenue By Geography (FY23)



# SFL - Consolidated Balance Sheet and Cash Flow

## Select Balance Sheet Items

Particulars (INR mn)	FY21	FY22	FY23
Total Equity	11,932	14,002	16,087
Non-current Liabilities			
<i>Borrowings</i>	1,326	2,282	2,838
<i>Lease Liabilities</i>	1,086	1,056	875
Current Liabilities			
<i>Borrowings</i>	730	1,096	1,838
<i>Lease Liabilities</i>	201	231	160
<i>Trade Payables</i>	3,301	2,854	2,594
Non-current Assets	12,380	15,768	12,775
Current Assets			
<i>Inventories</i>	3,153	3,145	3,313
<i>Cash and Bank balances<sup>1</sup></i>	581	411	425
<i>Trade Receivables</i>	3,022	2,694	2,820

## Cash Flow

Particulars (INR Mn)	FY21	FY22	FY23
Cash flow from Operating activities	2,539	1,971	2,120
Cash flow from / (used in) Investing activities	(2,083)	(3,064)	(2,684)
Cash flow from / (used in) Financing activities	(323)	927	579 <sup>2</sup>
Net (decrease)/increase in cash and cash equivalents	133	(166)	15
Cash and cash equivalents at the beginning of the year	441	574	408
Cash and cash equivalents at the end of the year	574	408	423

- **Lean balance sheet** with significant headroom for additional debt
- **Healthy capital structure** with a focus to mitigate all existing and potential risks, maintain shareholder, vendor and market confidence and sustain continuous growth and development
- **Consistent cashflow generation from operating activities** has given ample support for the capacity expansion plans

Note: (1) Includes bank balance (2) Includes effect of exchange differences on translation of foreign currency cash.

# 5. *Future Growth Strategy*





# Expansion Strategy

Strengthen leadership position by offering high quality comfort products globally

1

## Continue to increase TAM, leverage brand equity and product premiumization

- Strengthen brand leadership
- Product extension in higher-grade technical PU foam opportunity
- Capture traditional (64% of total Indian mattress market) and mass market (Kurl-on)
- Vertical integration across foam to furniture value chain

2

## Continue to focus on consumer preferences and development of personalized products

- Leverage and integrate existing suite of products, know-how and manufacturing capabilities to produce niche products
- Manufacture higher volumes of high-margin customized products
- Stay ahead of the curve by judiciously investing in R&D and new product development for innovation and design

3

## Expand distribution network and export sales

- Augment existing distribution network to expand in Tier 1 and Tier 2 cities
- Leverage domestic sales network to create significant demand at high price-points and effectively offset transportation costs
- Digitization to reduce turnaround time and quicken strategic decisions
- Scale up export operations especially using the Spain manufacturing plant to cater to Europe and North America

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## Sheela Foam Ltd



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