



Date 18th July 2023

To

**The BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001**

**The National Stock Exchange India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra(E), Mumbai-400051**

Scrip Code: 540203

Symbol: SFL

Ref.: Investor Presentation

Dear Sir/Madam,

As per Regulations 30 of Stock Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find attach the Investor Presentation based on FY 23 Annual Financials.

Thanking you,
Yours truly,

For Sheela Foam Limited

**Md Iquebal Ahmad
Company Secretary & Compliance Officer**

SHEELA FOAM LTD.

#14, Sector 135, Noida, U.P. - 201301, India

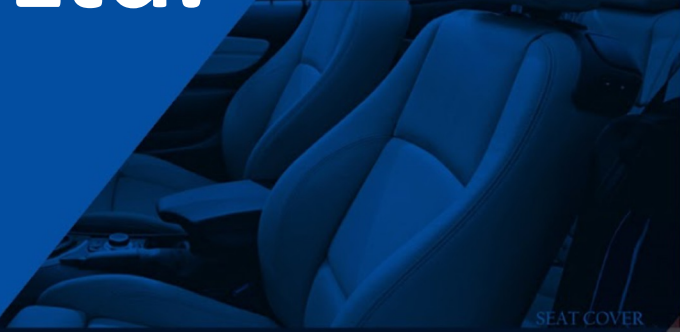
Ph: Int-91(0)-120-4868402 • Email: contactus@sheelafoam.com

Regd. Office: 604 Ashadeep, 9 Hailey Road, New Delhi - 110001, India • Ph: Int-91(0)-11-22026875-76

Toll Free: 1800 103 6664 • www.sleepwellproducts.com • www.sheelafoam.com

CIN-L74899DL1971PLC005679

Sheela Foam Ltd. Acquisition Presentation



SEAT COVER



OUTDOOR FURNITURE



Sleepwell

Company Snapshot




Corporate



'Sleepwell' mattresses a household Brand and one of the most trusted brands in India



Largest manufacturers of PU Foam in India



Backward Integrated Player with a wide product basket



Experienced Management


Operational



13% Market Share in Modern Mattresses segment



40% market share in Australia



Presence across multiple geographies




Marquee Investors

Financial



Strategic move to focus on high margin products



Consistent Positive cash flow generation



Low Gearing ratio



Proven track record in Acquisitions and Integration

Company Overview

- Incorporated in 1971, Sheela Foam is the market leader and the largest manufacturer of Polyurethane Foam (PU) in India.
- The Company manufactures various foam-based home comfort products like mattresses, furniture cushions, as well as technical grades of polyurethane foams for end-use in a range of industries like automobile, acoustics, etc.
- The flagship household brands include: **'Sleepwell'** for mattresses and home comfort, **'Feather Foam'** a pure PU Foam and **'Lamiflex'** a polyester foam for lamination.
- The company has a global manufacturing footprint with 11 nationwide manufacturing plants in India, 5 in Australia, and 1 in Spain.
- It has a strong presence and market share in Australia through its wholly-owned subsidiary, Joyce Foam Pty Ltd. and also in Spain through its subsidiary, Interplasp S.L.
- The company has an integrated manufacturing facility 123,000 MTPA with a robust distribution network of 100+ exclusive distributors, 5,400+ exclusive retail dealers, and 7,850+ multi-brand outlets.

India Operations



11 | Manufacturing Plants

123,000 | MTPA of Total Capacity

30 – 35% | Market share in India

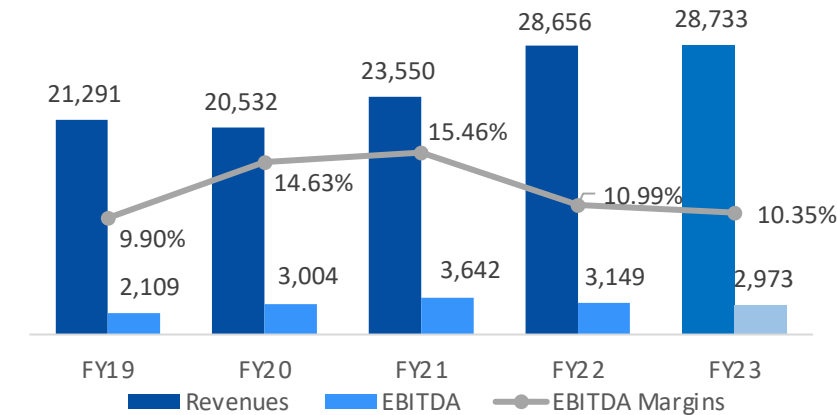
Global Operations

5 | Manufacturing plants in Australia with a capacity of 11,000 MTPA

40% | Market share in Australia

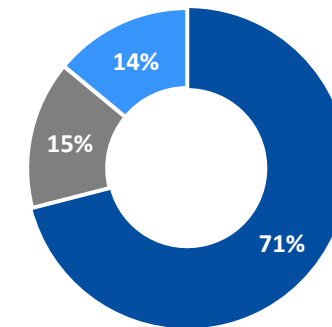
1 | Manufacturing plant in Spain with a capacity of 22,000 MTPA to cater to European and US markets

Revenue , EBITDA (INR Mn), EBITDA Margin (%)



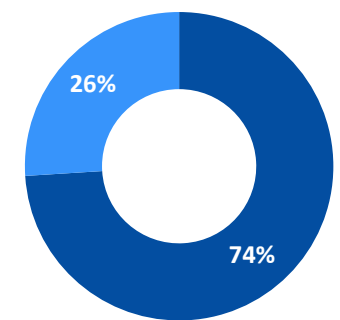
FY23 Revenue Breakup

Geographical Distribution



■ India ■ Australia ■ Europe

Business Segment Distribution



■ Home Comfort ■ Technical Foam

Timeline

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

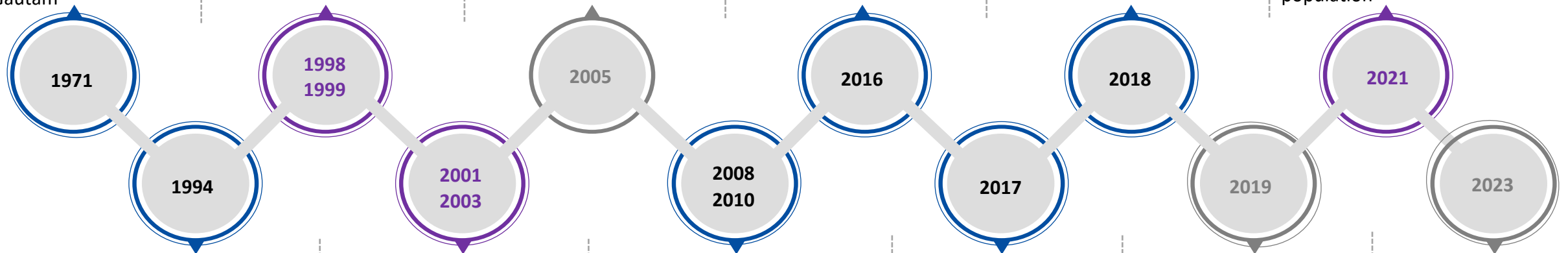
The Company introduced rubberized coir products under the brand name Starlite and successfully tied-ups with Serta, USA, and Dunlopillo, UK, to manufacture mattresses.

Major acquisition to expand operations globally, the Company acquired the polyurethane and polystyrene business of Joyce, Australia.

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

Many awards won including the Star SME of the Year by Business Standard; Silver medal in the India Green Manufacturing Challenge 2017, by International Research Institute for Manufacturing, India; 5 Awards for Excellence in IT.

Set up a new Subsidiary called as International Comfort Technologies to focus on key growing businesses like Exports, E-commerce and Low value Economy mattresses to cater to the 65% of the rural population



1971

1994

1998
1999

2001
2003

2005

2008
2010

2016

2017

2018

2019

2021

2023

Flagship brand named 'Sleepwell' launched. Over the time it turned out to be one of the most popular choices of urban India households

India's largest PU (polyurethane) foam producing plant started operations in Greater Noida. Expanded operations in Rajpura, Punjab and Sikkim in order to develop a closer proximity to their target markets

Awarded the Nasscom CNBC-TV18 IT user award, Silver Edge' Award; CIO Green Edge Special Award; CIO Asia Award; and the CIO 100 Award for the 2nd time. The Company also launched revolutionary technologies with products like Impressions, Latex Plus, Resitec Air, Duet Luxury, Durafirm, Serenity and Amity.

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

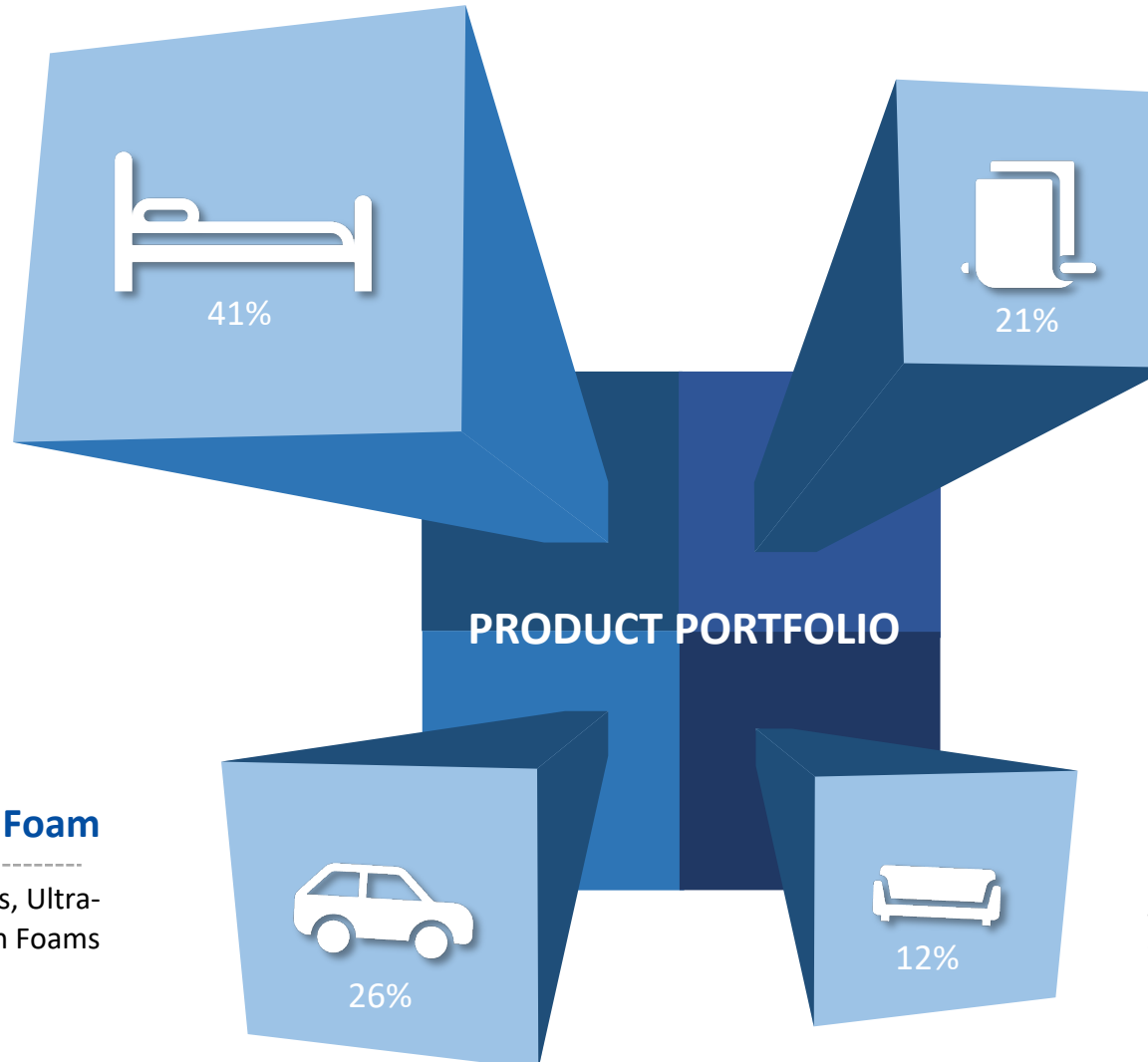
Expanding the footprint in Europe, the Company acquired Interplasp S.L. in Spain

Acquisition of Kurlon Enterprises Ltd. and "Furlenco"

- New Business/Capital Expenditure
- Merger/ Acquisition

Mattresses segmentation

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



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

Technical Foam

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

Furniture Foam

Sleepwell Resitec, Sleepwell Cool Gel, Primo

Revenue breakup as on FY23



Sleepwell



featherfoam
From the house of  **Sleepwell**

SLEEPX

STARLITE
From the house of  **Sleepwell**

Joyce 

Australian subsidiary Joyce Inc



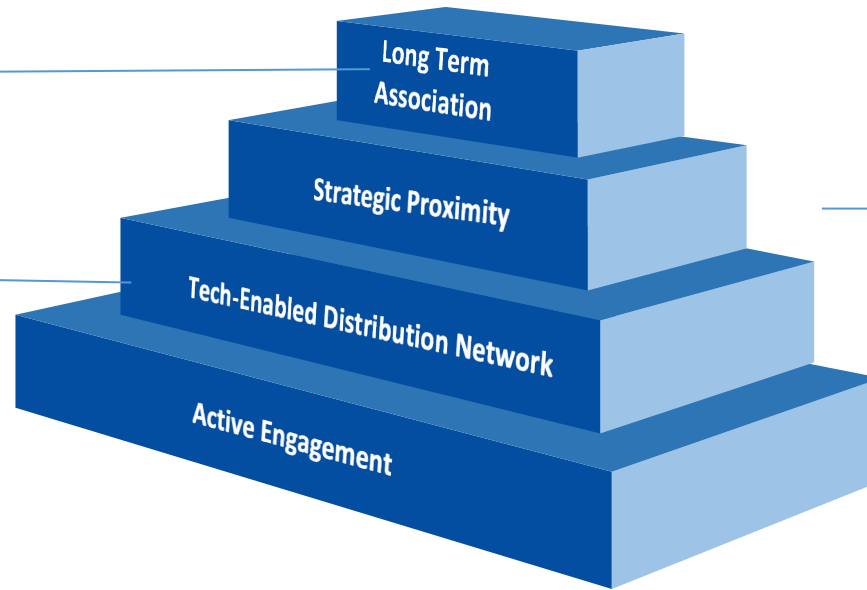
interplasp
espumas de poliuretano

Spanish subsidiary Interplasp Inc

Prominent Dealer-Distribution Network

Most distributors have been associated with the company for more than 20+ years

Well-integrated with the Company's IT platforms, that enables tracking secondary sales made by distributors and dealers in real time



Exclusive distributors are in strategic proximity to the manufacturing facilities, hence it helps reduce carriage fees and minimizes product damage

150+ sales personnel are actively engaged with key distributors

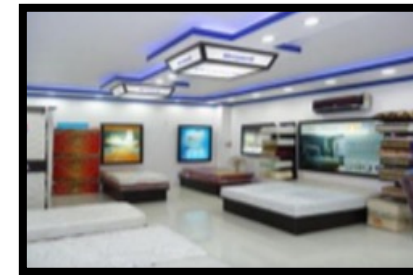
100+
Exclusive Dealers

5,400+
Exclusive Brand Outlets

7,850+
Multi Brand Outlets



Sleepwell World
Average Size 1,000 Sq. ft
321 Outlets

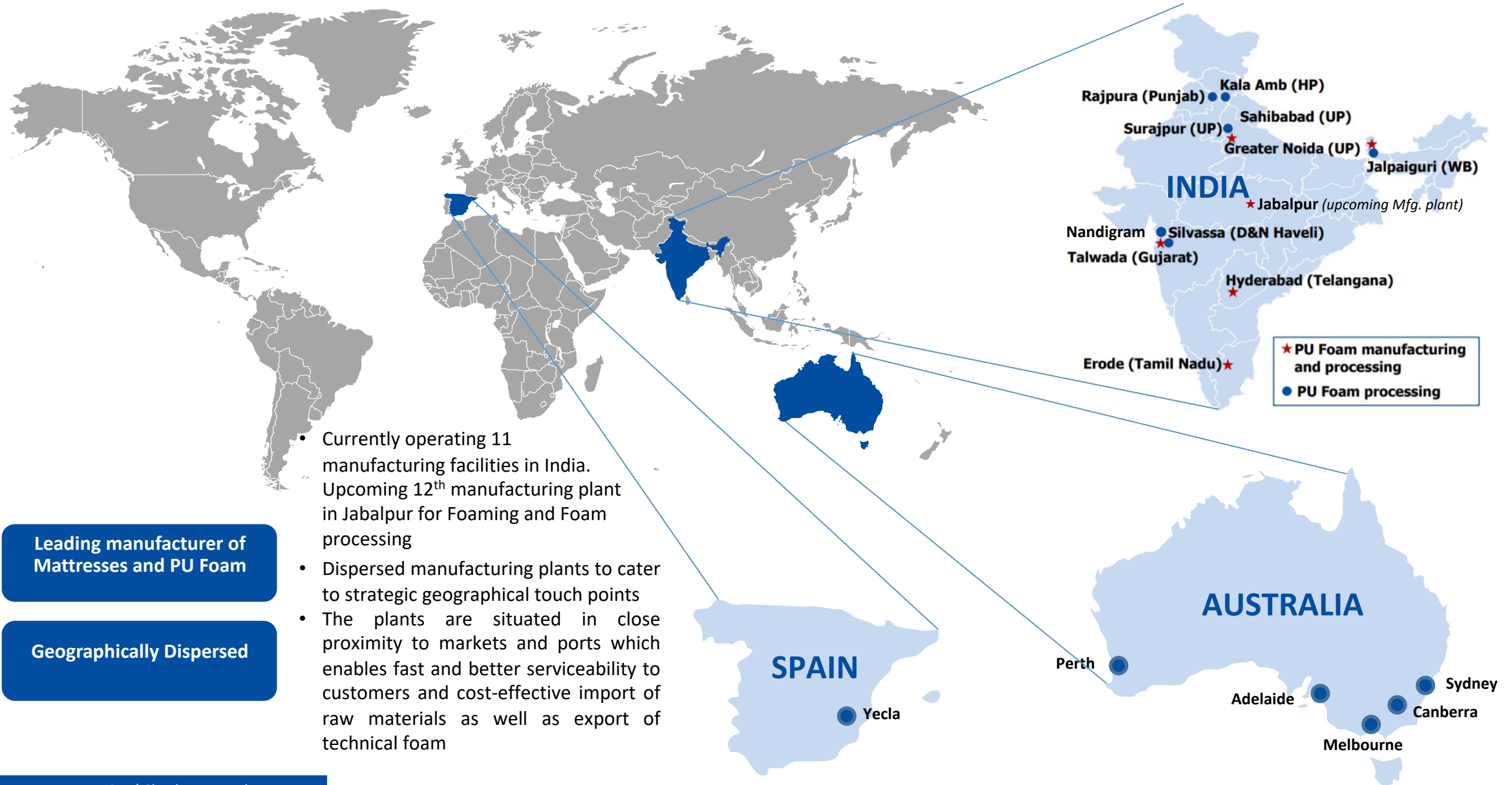


Sleepwell Galleries
Average Size 600 Sq. ft
535 Outlets



Sleepwell Shoppes
Average Size 200 Sq. ft
1,159 Outlets

Geographical Presence



- Currently operating 11 manufacturing facilities in India. Upcoming 12th manufacturing plant in Jabalpur for Foaming and Foam processing
- Dispersed manufacturing plants to cater to strategic geographical touch points
- The plants are situated in close proximity to markets and ports which enables fast and better serviceability to customers and cost-effective import of raw materials as well as export of technical foam

Leading manufacturer of Mattresses and PU Foam

Geographically Dispersed

11 Manufacturing Units in India

Pioneers in Vertical Variable Pressure Foaming (VPF) – World’s most environmentally responsible foam manufacturing and is equipped with state of the art HENNECKE Foaming machines

Largest Integrated Manufacturer of PU Foam and Mattresses

MTPA 123,000

5 Manufacturing Units in Australia

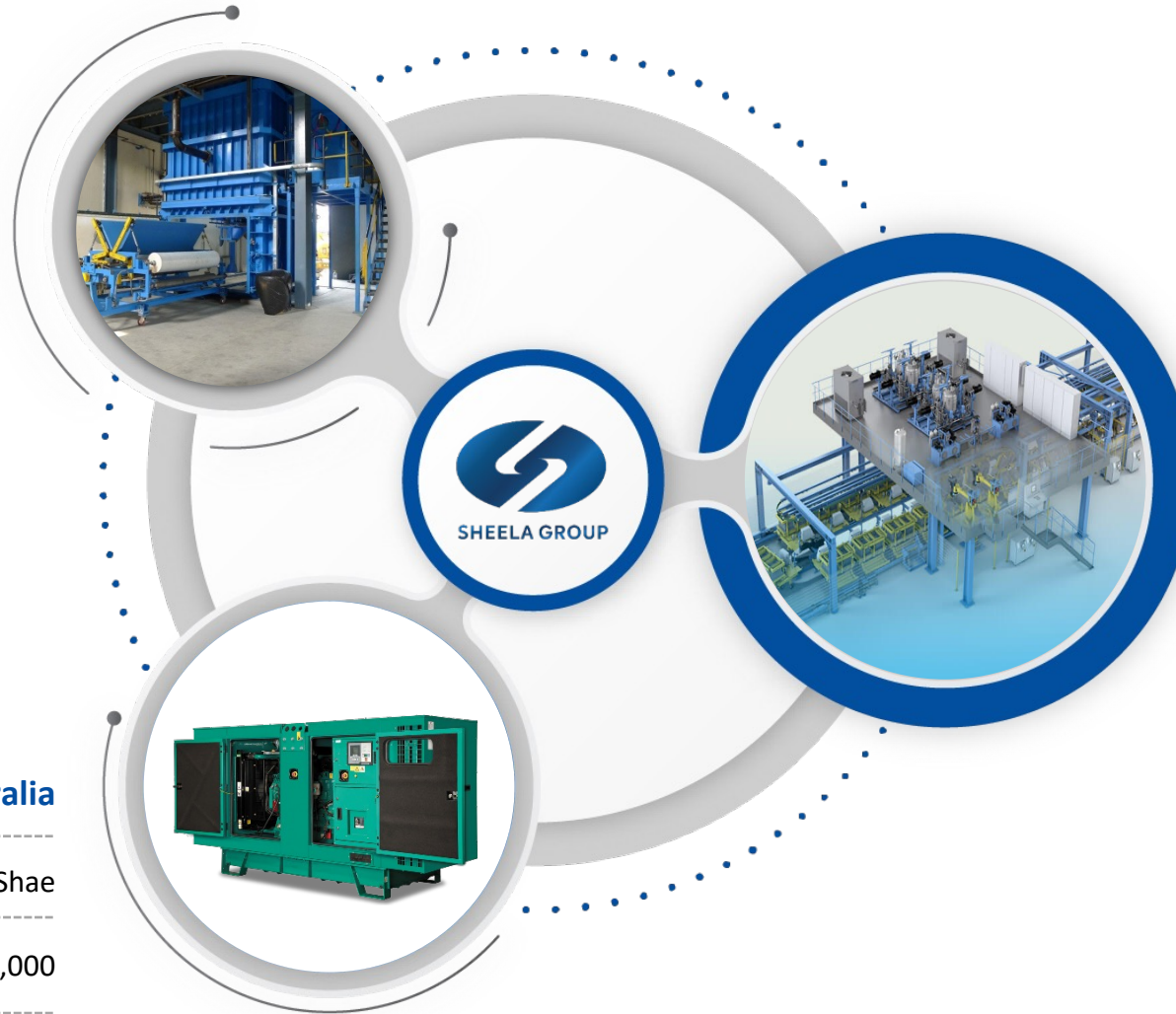
Sustainable Stable business with ~40% Market Share

MTPA 11,000

Spain Unit

‘Bed in a Box’ concept opens opportunities to target US markets.

MTPA 22,000



Marquee Clients

Mattress Industry



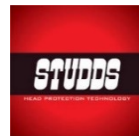
Furniture Industry



Automotive Lamination Industry



Peeling Industry



Acoustic Industry



Kurlon Acquisition

Kurl-on[®]
THE MATTRESS OF INDIA



OUTDOOR FURNITURE

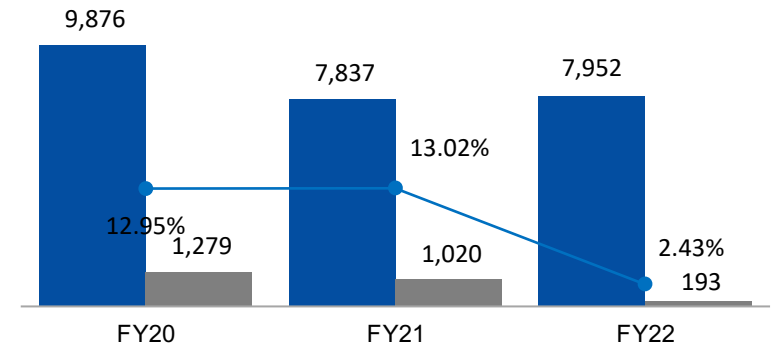


Sleepwell

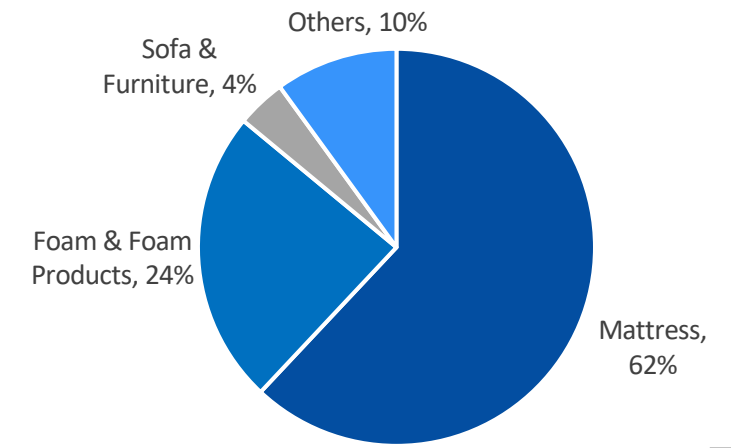
Kurlon - Overview

- Founded in 1962, Kurlon is part of the renowned Pai family business group from South India.
- Kurlon is one of the oldest and most trusted mattress brand in India with market leadership in Rubberised Coir Mattresses.
- Its flagship household brands include Kurlon, Home Komforts (Furniture), Komfort Universe and premium brands such as Spring Air and Englander
- The Company manufactures various foam-based home comfort products across the “Sit and Sleep” solutions category like Mattresses, Furniture Cushions, Pillows and Coverings.
- It also offers a wide range of quality products driven by a patented Posture Coil Spring Technology and Advanced Comfort Quilt Technology.
- Kurlon is the second largest mattress player (~8% market share in modern mattress segment) in India after “Sleepwell”, with 10 manufacturing plants located strategically across 5 states in the country offering unparalleled distribution and logistics advantages.
- Kurlon has one of the largest direct dealership networks in the sector spanning more than 10,000 touch points and a distribution network of 450+ EBO’s and 4500+ MBO’s.

Revenues (INR Mn), EBITDA Margin (%)



FY22 Revenue Mix

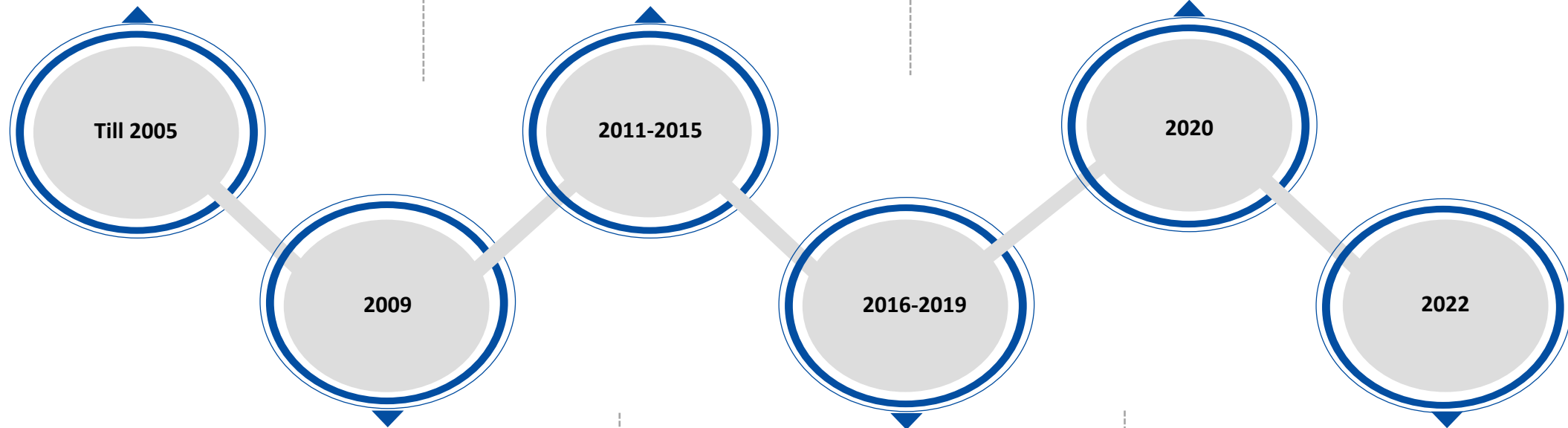


Kurlon's Journey

- **1962:** Kurlon was formed
- **1965-1992:** 2 plants at Bengaluru
- **2003:** Added plants at Dabaspet & Peenya
- **2004:** Retail foray – “Kurlon Nest”

- **2010:** Uttarakhand Plant (Roorkee)
- **2011:** Furniture Plant, Budhihal, Bangalore
- **2013:** Unit at Jhaghadia Gujarat
- **2015:** Motilal Oswal PE invested INR 900 Mn

- Completed merger of Spring Air Bedding Company (India) Ltd



- Gwalior Plant & Foray into Furnishing Business

- **2016:** COCO retail model and E – tailing
- **2018:** Product Innovation with “Str8” (a coir product)
- **2019:** New product Top Sleep for mass market

- Ease of business through digitalization for channels
- Organizational revamp overcoming Covid 19 related challenges

Mattress (64%)

Rubberized Coir

Kurlon is the pioneer and the market leader in coir mattress segment. Coir mattress are sold under the brand Kurlon. It contributes to 30% of the total sales.

Foam Based

Kurlon started the production of foam in 1988. It has one of the largest capacities of foam production in India, contributing 25% to the total sales.

Spring Mattress

It acquired Spring Air bedding company in FY20 to foray into spring mattresses whilst it is considered a luxury product in India. This segment contributes 9% to the total sales.



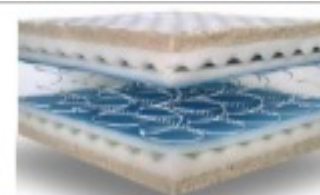
Rubberized Coir
Mattress



Foam based
Mattress

PU Foam (25%)

- PU Foam is manufactured under the wholly owned subsidiary of Kurlon called Komfort Universe.
- Foam manufactured is used in different products such as mattress, furniture, packaging, consumer white goods.
- Kurlon entered into the technical foam industry in FY23. Technical foam includes all foam solutions developed for industry and commercial applications.
- It contributes 25% to the total sales.





Spring
Mattress

Furniture (11%)

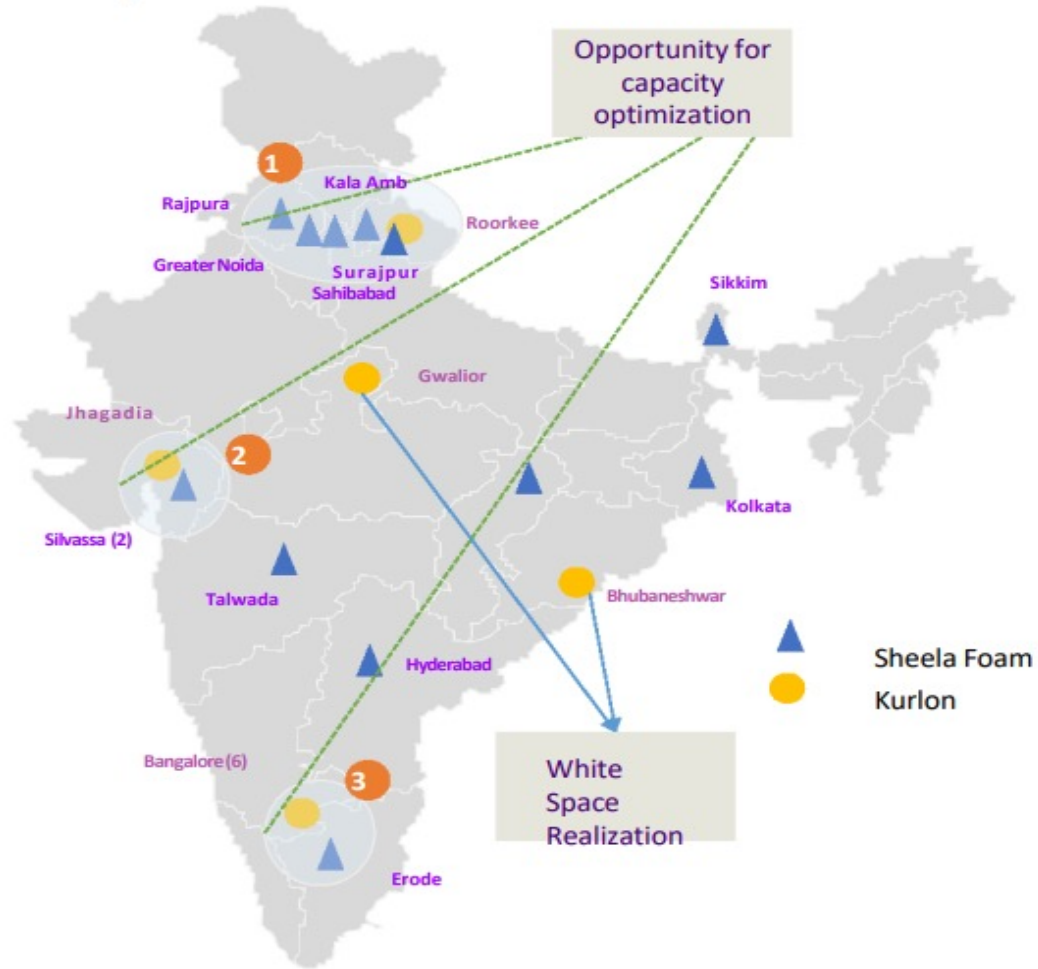
- Kurlon manufactures and markets wide range of home comfort solutions like sofas, pillows and coverings.
- All the products under this segment are sold under the Kurlon Home Komforts brand launched in 2015.
- Furniture segment is contributing to 11% of the total sales.



Furniture

Brands	Products	Sub Brands	Positioning	Price Range
	Mattress	<ul style="list-style-type: none"> Inspire Kurlobond Desire KurlCoire SpineTheraphy 	Mass and Mass premium	INR 4,000 to INR 1 Lakh
	Mattress	<ul style="list-style-type: none"> SpringAir Englander Chattam & Wells 	Premium and luxury	INR 16,000 to INR 1.5 Lakh
	Foam based products	<ul style="list-style-type: none"> Goldline Plus Heera SilverLine 	B2B	As per market
	Furniture	<ul style="list-style-type: none"> Lounger Sets 3 Seater sets Cots & Shoe racks 	Mass Premium	INR 7,000 to INR 40,000
	Planet friendly furniture	<ul style="list-style-type: none"> Chair Sofa Chair Stools 	Premium	INR 500 to INR 1,300

Pan India Manufacturing Network



Distribution Network

475+ EBOs

4,500+ MBOs

4 Centralized Hubs

1,200+ SIS

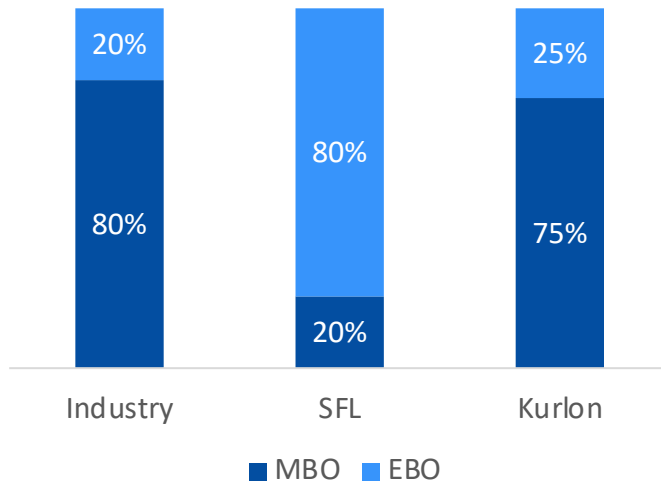
10,000 + touchpoints

E-commerce websites

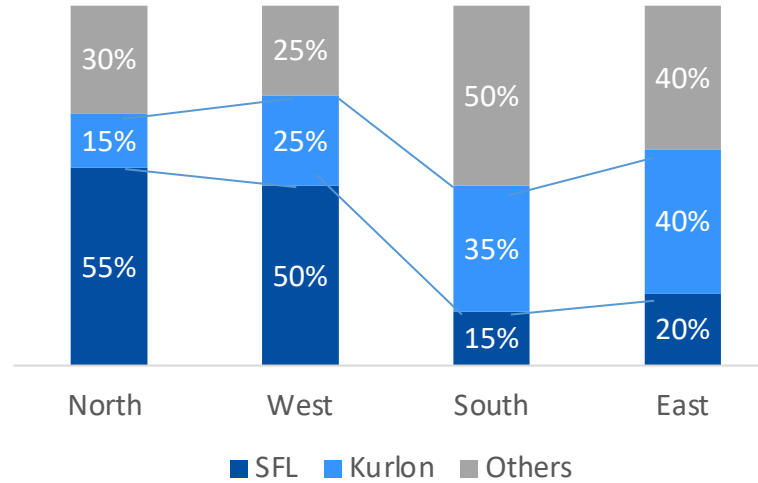
Distribution Synergies

- Kurlon’s strong hold in MBO dealer network to provide additional sales while Sleepwell’s extensive EBO presence can bolster reach of Kurlon’s product
- While SFL is strong in North and West, Kurlon has a stronger presence in East and South. With the acquisition the combined entity will have a strong market presence in all the markets for all the products
- Combination of the dealer network due to access of larger universe would provide incremental performance linked sales
- Acquisition will create market by market opportunity at the city level, which will help SFL to have complete benefit from Kurlon’s distribution channel

SFL/Kurlon – EBO/MBO Network

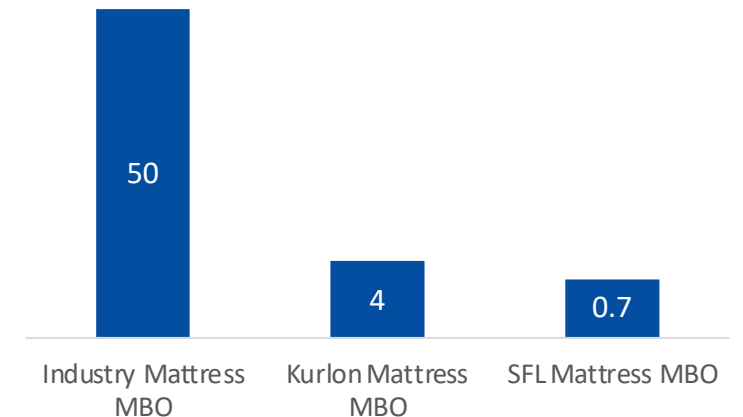


Region wise Market Share of SFL/Kurlon*



* Organised Market

Market Business Landscape (INR Billion)



Sheela Foam Limited (SFL)

- Specialty in Foam Mattress
- ~13% market share of modern mattress segment
- Stronghold in Northern and Eastern part of India
- Strong EBOs network
- 17 manufacturing units



Kurlon

- Specialty in Rubberized Coir
- ~8% market share of modern mattress segment
- Stronghold in Southern and Western part of India
- Strong MBO & dealer network
- 10 manufacturing units



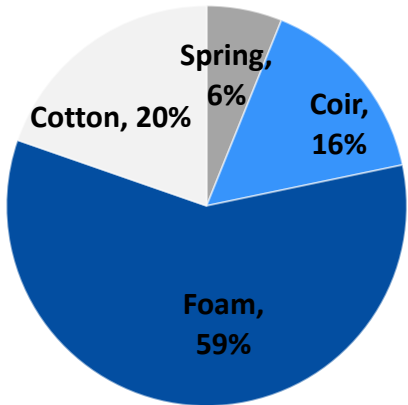
Combined Entity

- Enhanced product portfolio catering across mass to prestige range
- 20%+ market share in modern mattress segment
- Market leadership with Strong Pan India Presence
- Enhanced distribution network with significant cross selling opportunities
- Economies of scale through expanded manufacturing footprint and logistics integration

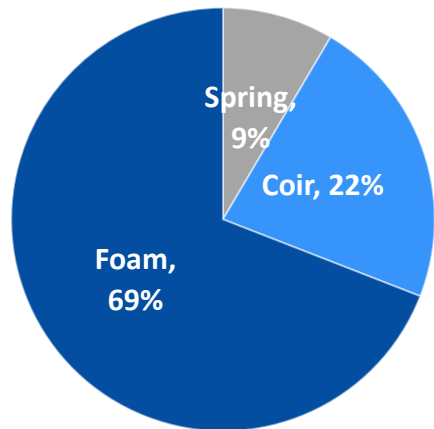
Estimated Impact of synergy on the earnings of the combined entity : +300 bps on EBITDA Margins in next 2-3 years

Creating an Undisputed Market Leader

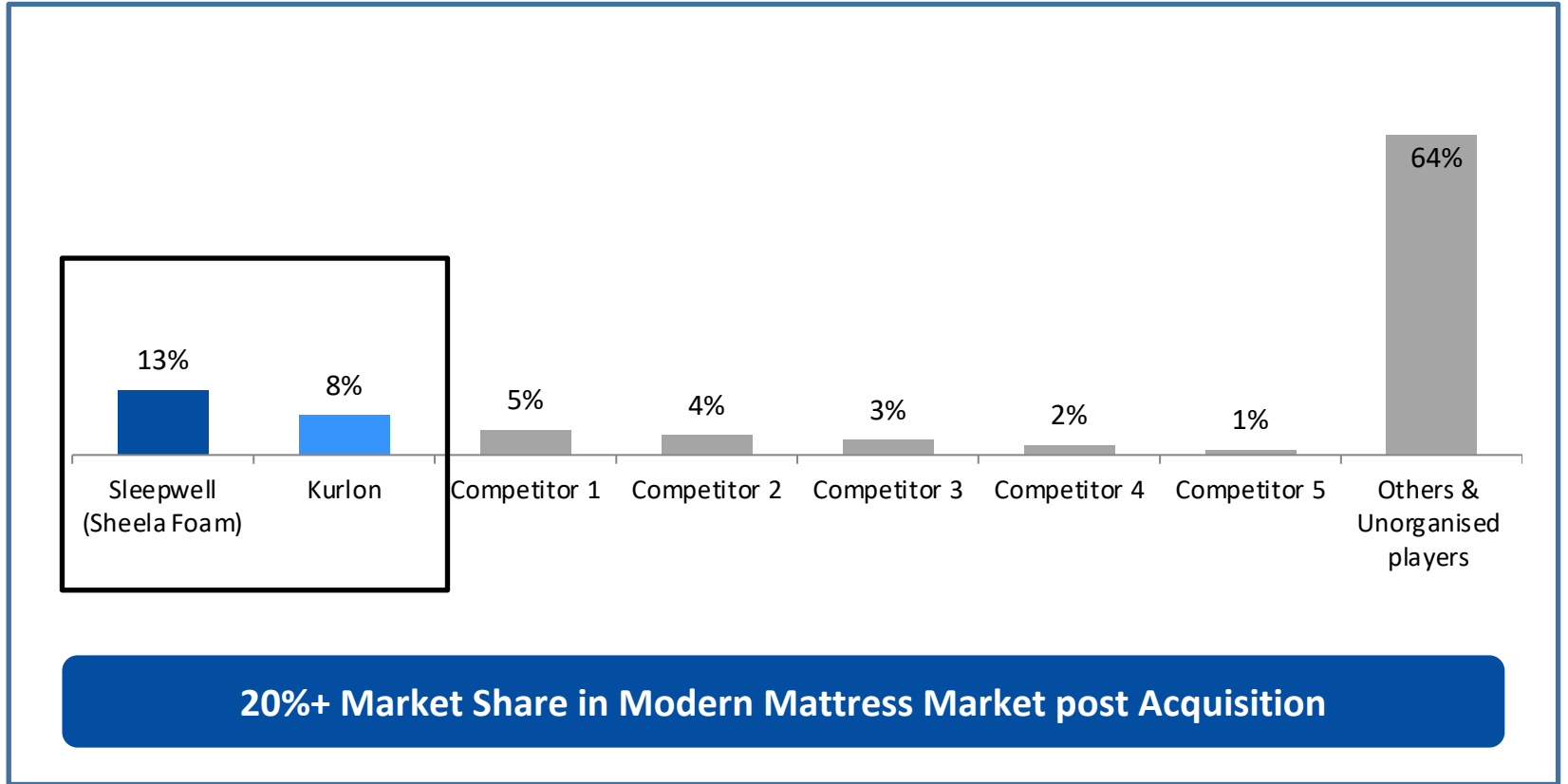
Overall Market



Organized Market



* As on Sep 2022



20%+ Market Share in Modern Mattress Market post Acquisition

While Sheela Foam has specialty in foam-based mattress, Kurlon specializes in rubberized coir mattress. SFL post acquisition will have market leadership in both product segments

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 scale of the Combined company

- Sheela Foam is acquiring 94.66% (approx. 3,46,02,375 shares) of shares in Kurlon Enterprises Ltd (KEL) at an equity valuation of INR 21,500 Mn (cost of acquiring INR 20,350 Mn)
- The acquisition would be through a cash consideration funded by a mix of internal accruals, debt and equity
- The acquisition is expected to be completed by November 30, 2023

Investment Summary



Consolidation of fragmented market

Mattresses as a category is a highly fragmented market segment with a strong need for consolidation. Overall market size is INR 25,000 crore in India. Combining the top leaders of the industry i.e. Sheela Foam(13%) and Kurlon(8%) will result in the emergence of a stronger player with a consolidated market share of over 20% of the modern mattress segment.

Diversify Customer Base

Sheela Foam being a stronger “Prestige” brand has lower market share compared to Kurlon in “Mass” price point market. This Acquisition will give boost to Sheela Foam’s presence in the “Mass” price point acting as starting point of migration from Unorganized to Organized market.

High Scope in improvement of Kurlon’s Operational Efficiencies

There is a significant scope of improvement in operational efficiencies at Kurlon amid declining revenues and margins. Improvement in Plant efficiencies, RM landed costs, reduction in Operational spends with tighter business controls has the potential to improve the EBIDTA margins significantly.

Better Pricing Power

A larger combined entity would result in better realization economics for both vendors, dealers, and the company due to increased volumes, improving the net margins over the next few years.

Leveraging Distribution Channels

Sheela Foam’s MBO channels form 15% of mattress sales, majorly contributed through brand “Feather Foam”. Leveraging Kurlon’s dominance in MBOs will provide better access to Sheela Foam products resulting in estimated incremental market share of 10%.

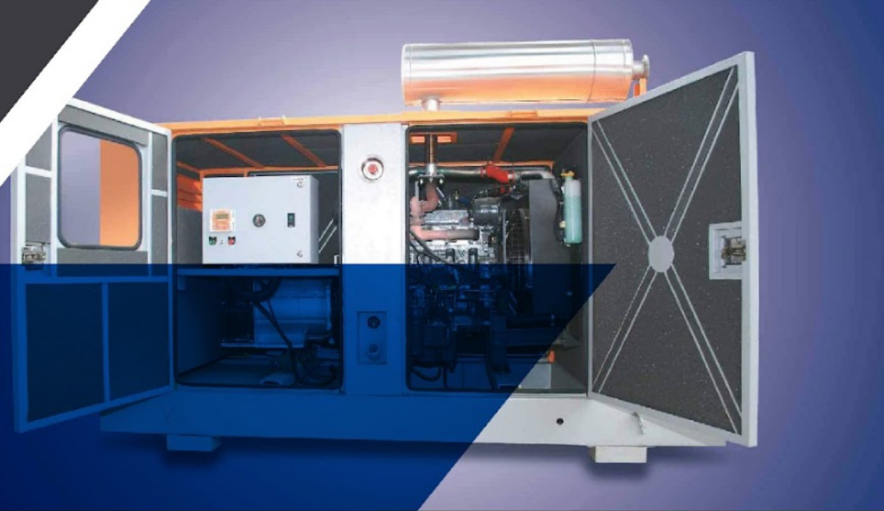
COGS and Network Optimization

Economies of scale will create opportunities to reduce raw material spend for the joint entity by ~200 bps. Optimized manufacturing footprint will lead to 20% improvement in capacity utilization and ~200 bps reduction in logistics costs.

Capex savings & Product Strengthen

Capex is anticipated to be reduced since growth can be accommodated by the combined capacity post acquisition. Brands will be present throughout the value chain categories for the combined firm, decreasing the white spaces for both businesses.

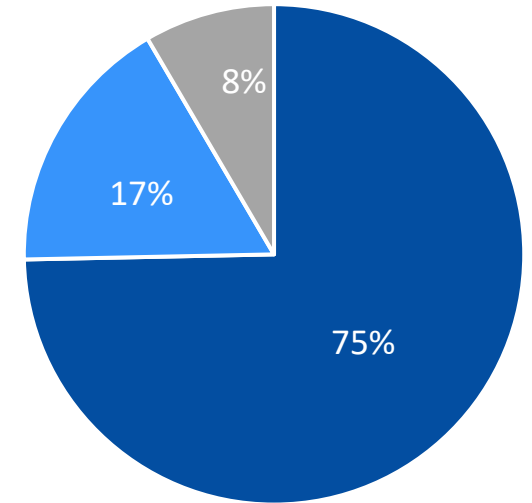
Furlenco Acquisition



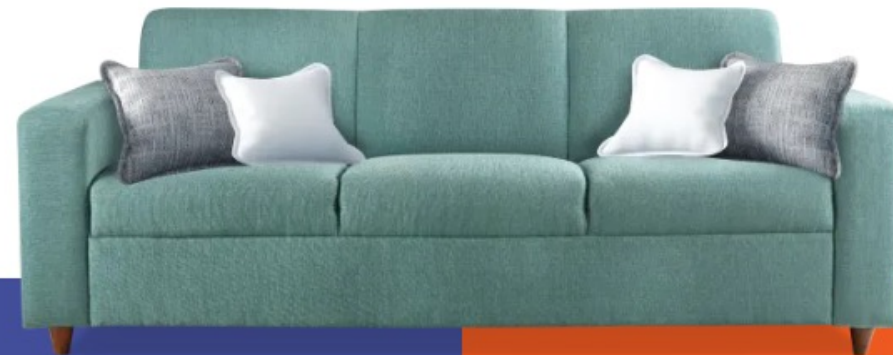
Furlenco - Overview

- Furlenco is a Bangalore based startup founded by Mr. Ajith Mohan. It was incorporated in 2011 with a vision to emerge as India's largest furniture rental and subscription business.
- Today it is India's fastest growing online furniture company with an aim to become India's leading furniture brand by 2026.
- The company offers easy and flexible access to designer furniture with options to change at periodic intervals and offers complete freedom to use it for as long as they want or change it as per their needs.
- The company's product portfolio includes brand-new as well as refurbished furniture.
- Furlenco's business model is a Tech-driven business with end-to-end implementation of digital capabilities.
- The company houses one of the world's largest furniture & appliances refurbishment facilities.

Revenue Mix (FY23)



■ Rental ■ UNLMTD (Subscription) ■ Selling



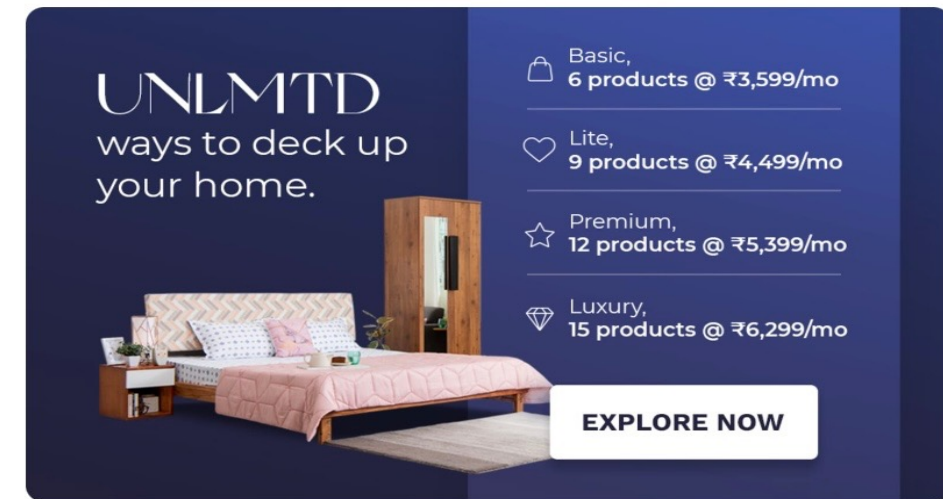
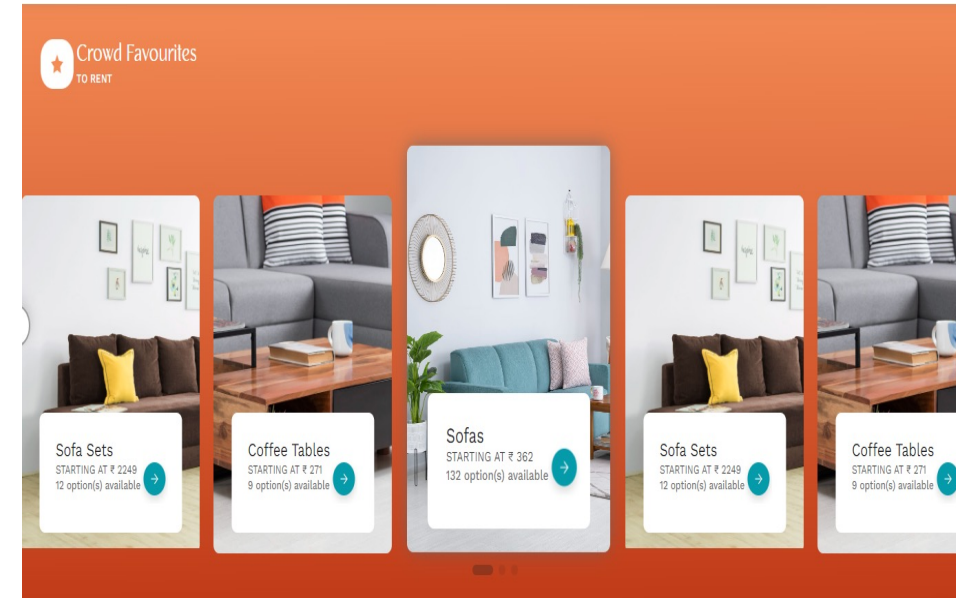
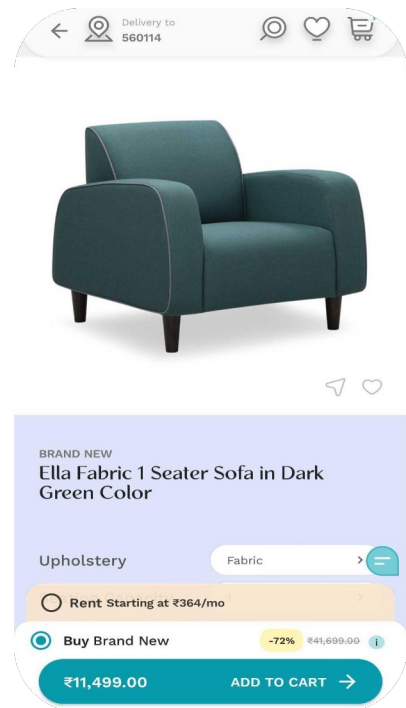
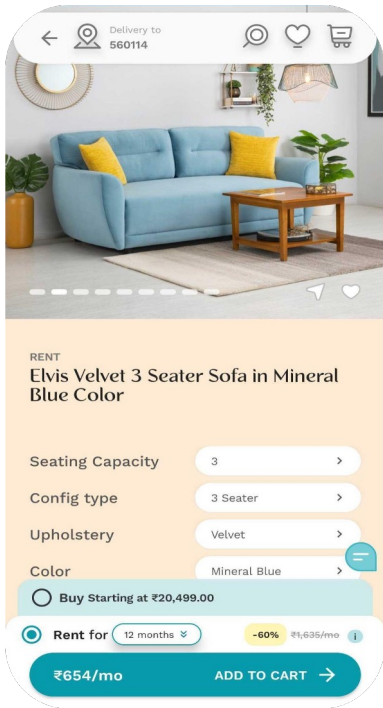
← Buy Furniture

FURLENCO

Rent Furniture →

Furlenco - Online Platform for Furniture Purchase & Rental

- Furlenco is an online platform that provides their customers with the ability to pick how they bring furniture into their home and replace it as their needs change in order to change the design and reinvent their environment
- The marketing strategies include Influencer marketing, advertisement on OTT platforms and social media which helps them target their audience in a more focused manner
- In FY23 company expanded its portfolio offerings and started the sale of new & refurbished furniture; they also plan to mark their presence in 5 new cities



Furlenco's Key Performance Indicators

Improvements in last quarter

100%

Growth in Brand Traffic

1.53%

Healthy Conversion rate

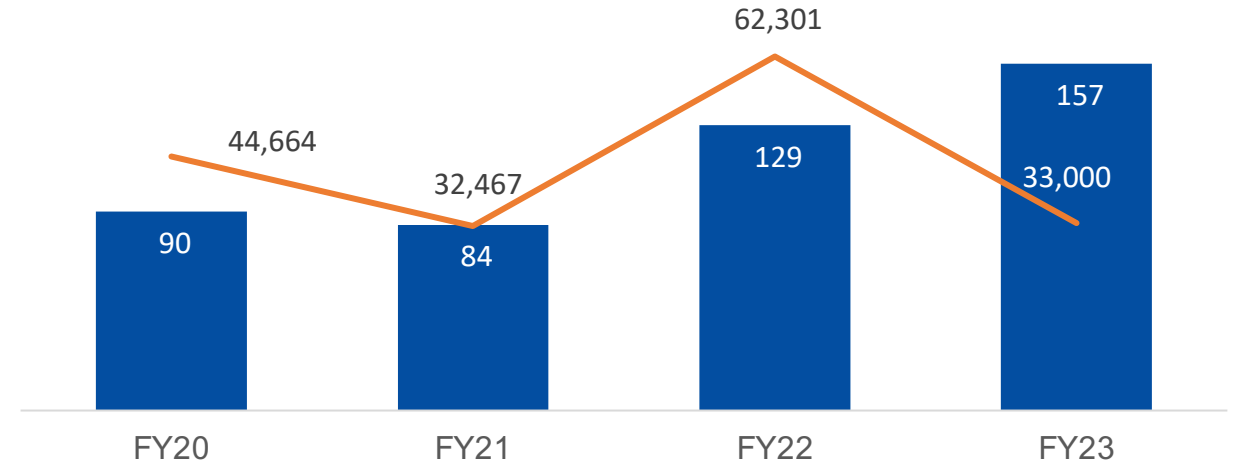
64%

Reduction in lead time

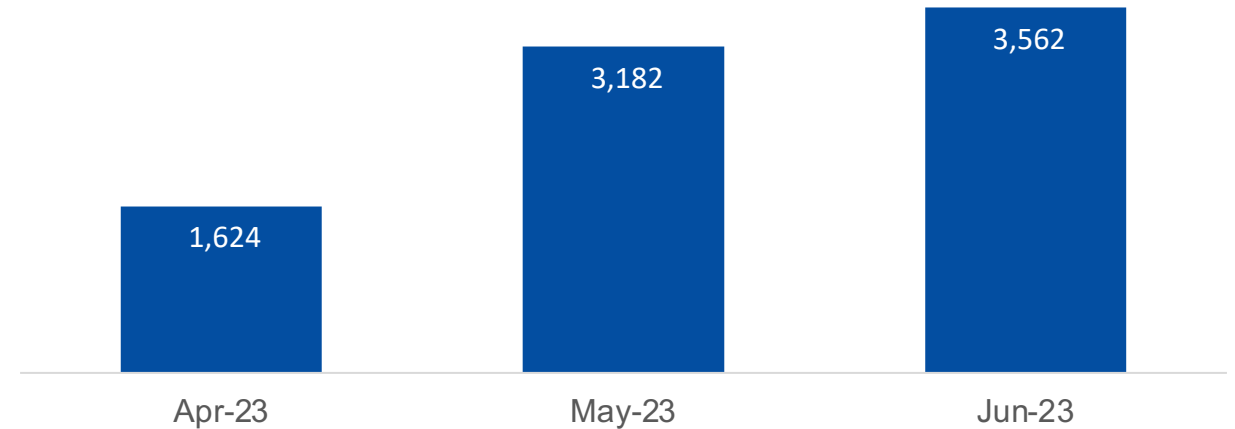
120%

Growth in Sales

Revenue (INR Crs) & Customer Additions



Customers Acquired



- Sheela Foam is acquiring 35% of shares in House of Kieraya (Furlenco) which is valued at INR 8,571 Mn (cost of acquiring is INR 3,000 Mn)
- It would be a cash consideration through subscription of share in House of Kieraya (Furlenco)
- Furlenco's financials will be reported as Share of Associates from Joint Venture in the financial statements of Sheela Foam
- The acquisition is expected to be completed by August 31, 2023

Entry into fast growing branded furniture market

The India furniture industry is estimated to be at a value of around USD 80 Bn by 2025 with an expected CAGR of 13%, while the furniture rental industry is at a nascent stage and is estimated to grow to USD 13 Bn by 2025 with an expected CAGR of 26%.

Inorganic growth strategy offers faster diversification into new product category

The growth route being inorganic and with a premium brand like Furlenco, will save investment cost and time for Sheela Foam to enter the furniture market, which is a 3-4x of mattress market. With limited players in the organized furniture market and having strong digital capabilities, Furlenco is well positioned to reach the next level through the backing of Sheela Foam.

Stronger Collaboration on R&D efforts leading to better customer experience

Furlenco and Sheela Foam can develop customized mattresses tailored to the specific needs and preferences of their customers. This can lead to specialized sleep solutions that align with Furlenco's focus on providing comfort and convenience. SFL and Furlenco could collaborate on R&D initiatives to create innovative products that blend foam technology with furniture design leading to better customer product fit.

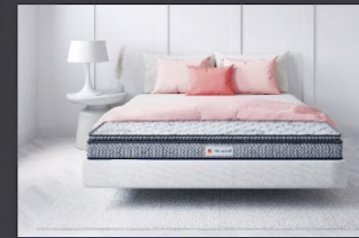
Leveraging Furlenco's platform to cross sell Sheela Foam's products

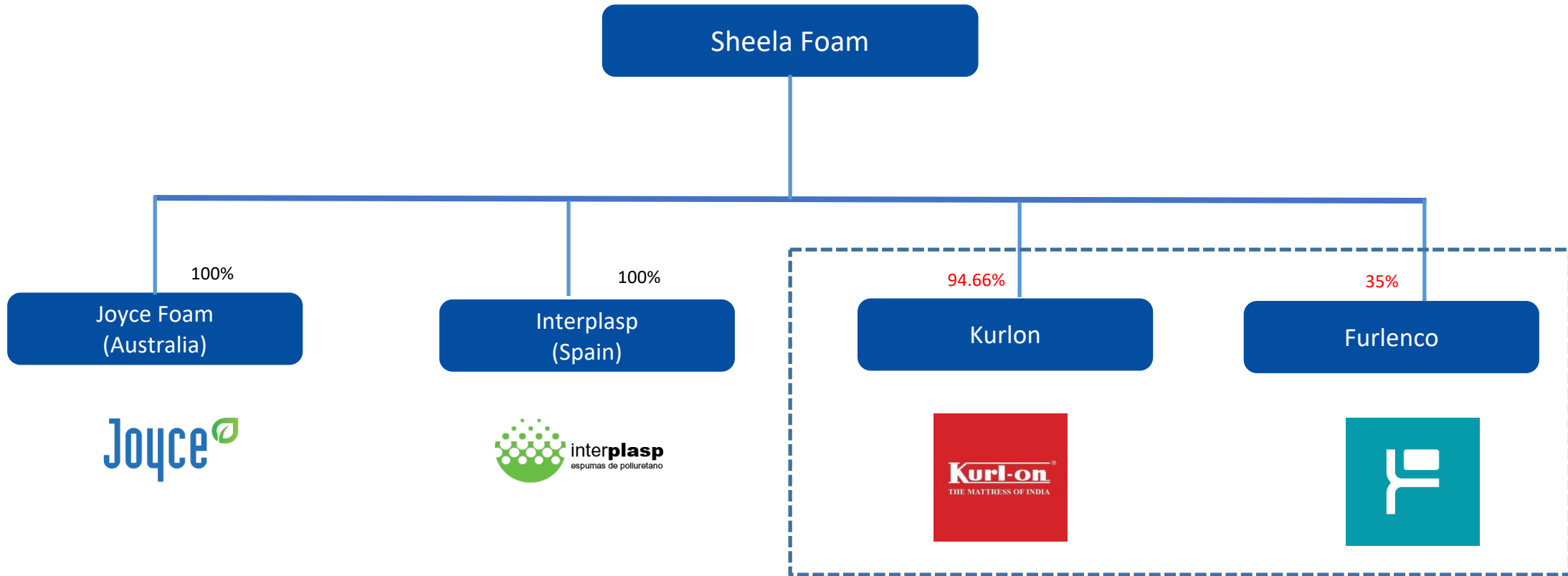
Sheela Foam can cross sell its mattresses and bedding products on Furlenco's platform, by bundling their offerings or providing exclusive discounts, and increase sales and customer loyalty programs. SFL and Furlenco can expand on the existing referral programs, and create a partnership that can be mutually beneficial in expanding their customer base.

Enhancement to be seen in the Financials

Furlenco is expected to be EBITDA positive by H2-FY24 led by reduction in logistical and warehousing costs (Sheela Foam has a strong transport network all over India). It is expected to be PAT positive by FY25.

Strategic Overview





- The Company is planning to retain its own Management Team and Board of Directors
- Following the potential acquisitions of Kurlon and Furlenco, it is expected that none of the founders of the target companies shall hold a directorial position in Sheela Foam's board
- The company will take about 12-24 months to realize the full synergies of the acquisition

Combined Brand Universe

Brands	Sheela Foam	Kurlon	Furlenco
Combined Technical and PU Foam	  		
Mattress	   	     	
Furniture		 	

- With these acquisitions the combined entity will be providing a diversified product portfolio across the value chain, from foam manufacturing, to mattresses to furniture products.
- The brand goodwill of combined entities will establish the Company as a clear market leader and safeguard the company's leadership position.

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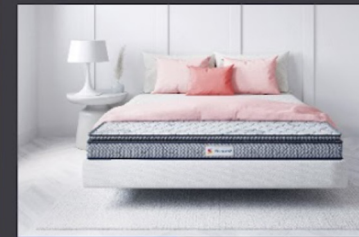
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