



Sheela Foam Limited



COMPANY BACKGROUND.....

- 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.
- 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 of 123,000 MTPA with a robust distribution network of 100+ exclusive distributors, 5,400+ exclusive retail dealers, and 7,850+ multi-brand outlets.

BUSINESS MIX (As on FY23).....

- **Home Comfort (74%)** : Backward Integrated along with being the largest PU Foam manufacturer in India. This segment constitutes Mattresses, Furniture Foam, and Comfort foam products. The company has various Flagship brands like 'Sleepwell', 'Feather Foam', 'Sleep X', 'Star Lite', 'SleepX' to leverage its market dominance in the mattresses and allied segments.
- **Technical Foam (26%)** : Technical and institutional product range find diverse applications in home furnishings, car seats, clothes and accessories, auditoriums, hospital beds, and various other industries, enhancing comfort and convenience in surroundings.

KEY STRENGTHS.....

- Largest manufacturers of PU Foam in India with Experienced management
- Backward Integrated Player with a wide product basket
- 'Sleepwell' mattresses a household Brand and one of the most trusted brands in India
- 30-35% Market Share in the Mattresses segment in India
- Global presence with 40% market share in Australia
- Strategic move to focus on high margin products and Low Gearing ratio
- Consistent Positive cash flow generation
- Proven track record in Acquisitions and Integration
- Marquee Investors like SBI MF, Kotak MF, DSP MF, UTI MF etc.
- Clientele includes Mahindra, Maruti Suzuki, Urban Ladder, Adidas and many more

FINANCIAL HIGHLIGHTS.....

(INR Mn)	Op. Income	EBITDA	EBITDA%	PAT	PAT%	EPS
FY20	20,532	3,004	14.63%	1,943	9.46%	19.92
FY21	23,550	3,642	15.46%	2,402	10.20%	24.62
FY22	28,656	3,149	10.99%	2,187	7.63%	22.42
FY23	28,733	2,973	10.35%	2,031	7.07%	20.81

Key Data	
BSE Code	540203
NSE Code	SFL
Reuters	SHEF.NS
Bloomberg	SFL:IN

Market Data (INR) As on 31 st March, 2023	
Face Value	5.0
CMP	995.6
52 Week H/L	2,027.0/905.5
MCAP (Mn)	97,136.3
Shares O/S (Mn)	97.6
1 Yr. Avg. Vol. ('000)	21.6

Performance As on 31 st March, 2023			
	3M	6M	12M
SFL	(23.9)%	(30.7)%	(43.1)%
SENSEX	3.1%	2.8%	0.8%
BSE Midcap	(5.3)%	(3.0)%	(0.4)%

Shareholding Pattern As on 31 st March, 2023	
Promoters	72.95%
DII + AIF	22.27%
FPI	3.26%
Public	1.52%

BUSINESS SEGMENTS.....

Mattresses (41%):

- Household Brand 'Sleepwell' was established in 1994 and over time has become one of the most popular mattresses brands with products from a price range from INR 8,000/- to INR 1 lakh+.
- The company continuously invests in Research and Innovation and has taken consistent efforts to improve its product portfolio. Neem Fresche is one of the innovations undertaken by the Management to drive products to a more conscious consumer.
- The company is also focusing on increasing its operations with 'Bed in a Box' strategy for exports to the US and its efforts on establishing an E-commerce platform called 'Sleep X' for D2C sales.

Furniture Foam (12%):

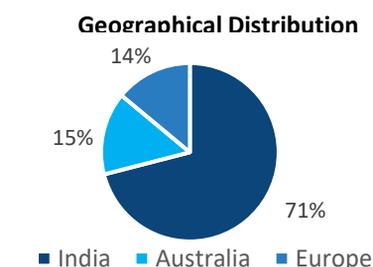
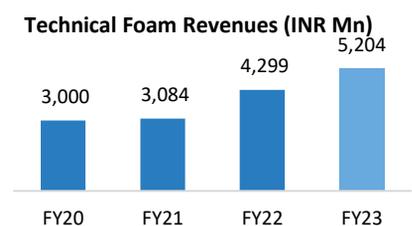
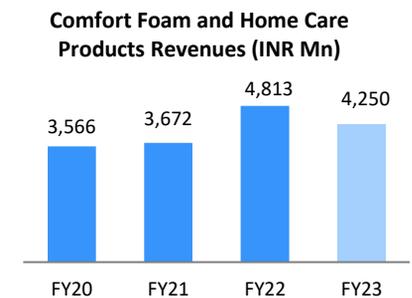
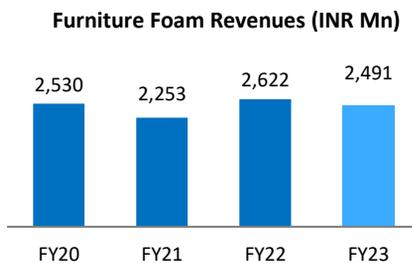
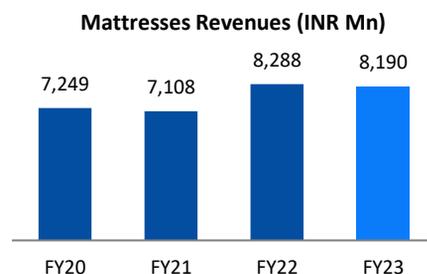
- The company has made advancements in this segment by using renowned technologies Health Fresh which prevents the breeding of dust mites & bacteria and SANtech, an advanced technology that enhances firmness and breathability for ultimate comfort and support.
- Popular categories include Primo, Resitec and Cool Gel-S.

Comfort Foam and Home Comfort Foam (21%):

- With continuous investment for advancements and innovation the company had launched; My Pillow, a range of customized pillows with High-Rise or Low-Rise options that make up for a perfect sleep is one such innovation into allied product categories
- Comfort Accessories include Pillows, Mattress Protector, Bolsters, Back Cushions.

Technical Foam (26%):

- Diverse applications in home furnishings, car seats, clothes and accessories, auditoriums, hospital beds, and various other industries, enhancing comfort and convenience.



MANUFACTURING STRENGTH.....

India Operations:

- 11 nationwide manufacturing plants in India with capacity of 123,000 MTPA and enjoying 30-35% market share in India.

Global Operations:

- The company has a sustainable mature market base in Australia with 5 manufacturing units with a total capacity of 11,000 MTPA with a market share of ~40% in Australia.
- Interplasp S.L., is a modernized manufacturing facility at Yecla in Spain, with an annual capacity of 17,000 MTPA. Interplasp caters to 1% of Europe's market and is well placed to focus on expanding operations to meet the demand from Europe and US (After the China+1 Policy) with a 'Bed in a Box' strategy.

GROWTH DRIVERS.....

- ICT – International Comfort Technologies; Low-Value Economy mattress for the rural segment; Exports to US with 'Bed in a Box' strategy, E-commerce Sales.
- Capacity expansion plan being undertaken across geographies in India, Australia, and Spain which will be operational in March 2023. INR 350+ Cr for the establishment of the two new manufacturing facilities in India and brownfield expansion in Australia and Spain.

PEER COMPARISON (TRAILING 12 MONTHS) INR Mn.....

Company (INR Mn)	Operational Income	EBITDA	EBITDA%	PAT	PAT%	Market Cap
Sheela Foam	28,733	2,973	10.35%	2,031	7.07%	97,131
GNFC	1,02,270	18,790	18.37%	14,720	14.39%	79,170
Havells India	1,69,107	15,991	9.46%	10,717	6.34%	7,44,573
Trident	63,333	9,477	14.96%	4,416	6.97%	1,42,381
Kajaria Ceramics	43,819	5,920	13.51%	3,462	7.90%	1,67,839

INCOME STATEMENT (CONSOLIDATED).....

PARTICULARS (INR Mn)	FY20	FY21	FY22	FY23
Operational Revenue	20,532	23,550	28,656	28,733
Operating Expenses	17,528	19,908	25,507	25,760
EBITDA	3,004	3,642	3,149	2,973
EBITDA Margins (%)	14.63%	15.46%	10.99%	10.35%
Other Income	400	502	792	865
Depreciation	590	729	808	896
Finance Cost	130	177	169	211
PBT	2,684	3,238	2,964	2,731
Exceptional Items	120	-	-	-
Tax	621	836	777	700
PAT	1,943	2,402	2,187	2,031
PAT Margins (%)	9.46%	10.02%	7.63%	7.07%
Other Comprehensive Income	(31)	188	(18)	125
Total Comprehensive Income	1,912	2,590	2,169	2,156
Diluted EPS (INR)	19.92	24.62	22.42	20.81

BALANCE SHEET (CONSOLIDATED)

PARTICULARS (INR MN)	FY21	FY22	FY23	PARTICULARS (INR MN)	FY21	FY22	FY23
ASSETS				EQUITY & LIABILITIES			
Non-current Assets	12,381	15,767	12,775	Equity	11,932	14,002	16,087
Property, Plant & Equipment	4,300	4,355	4,290	(A) Share Capital	244	244	488
Capital Work In Progress	326	1,199	2875	(B) Other Equity	11,599	13,682	15,516
Right of Use Assets	1,418	1,394	1,086	Non Controlling Interest	89	76	83
Investment Property	590	562	534	Non-current Liabilities	3,068	4,134	4,187
Intangible Assets	2,631	2,520	2,740	Financial Liabilities			
Financial Assets				(A) Borrowings	1,326	2,282	2,838
(a) Investments	3,036	5,288	564	(B) Lease Liabilities	1,086	1,057	875
(b) Loans	2	1	19	(C) Other Non Current Financial Liabilities	502	503	259
(c) Other Non -Current Fin. Assets	52	45	52	Provisions	62	193	130
Deferred Tax Assets		78	137	Other Non Current Financial Liabilities	3	2	2
Non-current Assets (Net)	-	69	124	Deferred Tax Liabilities (Net)	89	97	83
Other Non Current Assets	26	256	354	Current Liabilities	5,694	5,496	6,834
Current Assets	8,313	7,865	14,333	Financial Liabilities			
Inventories	3,153	3,145	3,313	(A) Borrowings	730	1,096	1,838
Financial Assets				(B) Lease Liabilities	201	230	160
(a) Investments	1,070	894	7,120	(C) Trade Payables	3,301	2,854	2,594
(b) Trade Receivable	3,021	2,694	2,820	(D) Other Current Fin Liabilities	531	440	917
(c) Cash And Cash Equivalent	574	408	423	Provisions	147	106	205
(d) Other Bank Balances	7	3	3	Current Tax Liabilities (Net)	45	-	12
(e) Loans	56	56	6	Other Current Liabilities	739	770	1,108
(f) Other Current Fin Assets	69	263	10				
Other Current Assets	363	402	638				
GRAND TOTAL – ASSETS	20,694	23,632	27,108	GRAND TOTAL - EQUITIES & LIABILITES	20,694	23,632	27,108

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