



02<sup>nd</sup> February 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: Intimation of outcome of the meeting**

Dear Sir/Madam,

In terms of Regulations 30 and 33 and other applicable provisions of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015 read with related circulars and notifications, please find enclosed herewith, Limited Reviewed un-audited Standalone and Consolidated Financial Results for the quarter and nine months ended on 31<sup>st</sup> December 2022 as approved by the Board of Directors in its meeting held on 02<sup>nd</sup> February 2023. Financial Results and Management Comments are attached as Annexure - I

The Board Meeting commenced at 02:00 PM and concluded at 06:15 pm.

Thanking you.  
Yours faithfully,  
For Sheela Foam Limited

Md Iqbal Ahmad  
Company Secretary and Compliance Officer

**SHEELA FOAM LTD.**

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

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CIN-L74899DL1971PLC005679

**Independent Auditor's Review Report on unaudited quarterly and year to date standalone financial results of Sheela Foam Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**To The Board of Directors of Sheela Foam Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Sheela Foam Limited ('the Company') for the quarter ended December 31, 2022 and the year to-date results for the period April 1, 2022 to December 31, 2022 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulations').
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India and in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For M S K A & Associates**  
Chartered Accountants  
ICAI Firm Registration No.105047W

  
**Nipun Gupta**  
Membership No.: 502896  
UDIN: 23502896BGTETO3394

Place: Gurugram  
Date: February 02, 2023



**SHEELA FOAM LIMITED**

Regd. office: 604, Ashadeep, 9 Hailey Road, New Delhi-110001  
Corporate Office: Sleepwell Tower, Plot No.-14, Sector 135, Noida, Gautam Budh Nagar (U.P) -201305  
Tel: 0120-4162200, Fax: 0120-41622825  
CIN- L74899DL1971PLC005679

**STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2022**

(Rs. in Crores, Except per share data)

Sr. No.	Particulars	Quarter ended			Period ended		Year ended
		December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	March 31, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>I</b>	<b>Income</b>						
	a) Revenue from operations	569.19	533.42	651.11	1,616.98	1,564.72	2,124.44
	b) Other income	24.10	19.86	22.27	60.19	51.14	70.22
	<b>Total Income [(a) + (b)]</b>	<b>593.29</b>	<b>553.28</b>	<b>673.38</b>	<b>1,677.17</b>	<b>1,615.86</b>	<b>2,194.66</b>
<b>II</b>	<b>Expenses</b>						
	a) Cost of materials consumed	270.48	275.10	377.83	840.04	918.52	1,251.20
	b) Purchases of stock-in-trade	43.77	39.15	19.78	104.02	34.24	53.31
	c) Changes in inventories of finished goods, stock-in-process and stock-in-trade	11.79	(17.58)	(6.07)	(14.36)	(10.13)	(8.65)
	d) Other manufacturing expenses	7.37	11.14	11.91	28.62	29.09	34.02
	e) Employee benefits expense	34.03	35.66	35.71	105.39	100.19	131.88
	f) Finance costs	0.87	2.45	2.21	5.62	6.39	7.11
	g) Depreciation and amortisation expense	8.43	7.85	8.72	23.55	23.80	32.39
	h) Other expenses	149.60	126.99	139.55	393.26	310.02	428.85
	<b>Total Expenses [(a) to (h)]</b>	<b>526.34</b>	<b>480.76</b>	<b>589.64</b>	<b>1,486.14</b>	<b>1,412.12</b>	<b>1,930.10</b>
<b>III</b>	<b>Profit before tax (I-II)</b>	<b>66.95</b>	<b>72.52</b>	<b>83.74</b>	<b>191.03</b>	<b>203.74</b>	<b>264.56</b>
<b>IV</b>	<b>Tax expense</b>						
	Current tax	18.69	17.90	22.44	49.39	52.25	70.94
	Earlier tax adjustment	(0.55)	-	-	(0.55)	(0.22)	(0.22)
	Deferred tax	(3.87)	2.60	1.95	(0.80)	1.76	(3.47)
	<b>Total Tax Expenses</b>	<b>14.27</b>	<b>20.50</b>	<b>24.39</b>	<b>48.04</b>	<b>53.79</b>	<b>67.25</b>
<b>V</b>	<b>Profit for the period / year (III-IV)</b>	<b>52.68</b>	<b>52.02</b>	<b>59.35</b>	<b>142.99</b>	<b>149.95</b>	<b>197.31</b>
<b>VI</b>	<b>Other Comprehensive Income/(loss)</b>						
(a)	Items that will not be reclassified to profit or loss						
	Remeasurements gain/(loss) on net defined benefit plans	(1.08)	(1.08)	0.47	(3.24)	1.42	(4.79)
	Income tax effects on above	0.27	0.27	(0.12)	0.81	(0.36)	1.21
(b)	Items that will be reclassified to profit or loss						
	Fair value gain/(loss) on investments and other financial instrument	(4.91)	2.19	2.02	(6.27)	5.38	3.24
	Income tax effects on above	1.24	(0.56)	(0.52)	1.58	(1.36)	(0.82)
	<b>Other Comprehensive income / (loss) for the period (a+b)</b>	<b>(4.48)</b>	<b>0.82</b>	<b>1.85</b>	<b>(7.12)</b>	<b>5.08</b>	<b>(1.16)</b>
<b>VII</b>	<b>Total Comprehensive Income for the period (V+VI)</b>	<b>48.20</b>	<b>52.84</b>	<b>61.20</b>	<b>135.87</b>	<b>155.03</b>	<b>196.15</b>
<b>VIII</b>	<b>Paid up Equity Share Capital (Face value of Rs. 5/- each)</b>	<b>48.78</b>	<b>24.39</b>	<b>24.39</b>	<b>48.78</b>	<b>24.39</b>	<b>24.39</b>
<b>IX</b>	<b>Other Equity</b>						<b>1,185.13</b>
<b>X</b>	<b>Earnings per share - Basic and Diluted</b>	<b>5.40</b>	<b>5.33</b>	<b>6.08</b>	<b>14.66</b>	<b>15.37</b>	<b>20.22</b>

The above unaudited results of Sheela Foam Limited are available on our website, www.sheelaf foam.com and on the stock exchange websites www.nseindia.com and www.bseindia.com

**Notes:**

- These standalone financial results have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on February 02, 2023.
- These standalone financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.
- The Company is engaged in the manufacturing of the products of same type/class and has no overseas operations/units and as such there are no reportable segments as per Indian Accounting Standard for Operating Segments (Ind AS 108), prescribed, under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.
- The Board of Directors of the Company ("Board") at its meeting held on 8th November 2022, has approved the Scheme of Amalgamation of the wholly owned subsidiary of the Company, i.e., International Comfort Technologies Private Limited ("ICTPL" or "Transferor Company") with Sheela Foam Limited ("SFL" or "Transferee Company") and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme"). The Scheme is subject to necessary statutory and regulatory approvals including the approvals of National Company Law Tribunal, Bench at Delhi ("NCLT").
- Nikhil Ghanashyam Datye, Chief Financial Officer resigned from the Company effective 5th December 2022. The board placed on record deep sense of appreciation for the services rendered by him.
- During the quarter ended December 31, 2022, the Company has allotted 4,87,82,808 equity shares of Rs. 5/- each credited as fully paid bonus equity shares to the eligible members of the Company whose names appear in the register of members of the Company as on the record date of 22nd December, 2022, in the ratio of 01 (One) new fully paid up equity share for every 01 (One) existing fully paid up equity share (1:1). The EPS for all the periods presented have been adjusted to this effect as required by "Ind AS 33 - Earnings per Share".
- Previous quarter's/period's/year's figures have been regrouped / restated wherever, considered necessary.

Place: Noida  
Dated: February 02, 2023



For Sheela Foam Limited

(Rahul Gautam)  
Managing Director  
DIN : 00192999

**Independent Auditor's Review Report on Consolidated Unaudited Quarterly and year to date financial results of Sheela Foam Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**To The Board of Directors of Sheela Foam Limited**

1. We have reviewed the accompanying statement of consolidated unaudited financial results of Sheela Foam Limited ('the Holding Company'), its subsidiaries, (the Holding Company and its subsidiaries together referred to as the 'Group') for the quarter ended December 31, 2022 and the year to-date results for the period from April 1, 2022 to December 31, 2022 ('the Statement'), being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulations').
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India and in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. This Statement includes the results of the Holding Company and the following entities :

Sr. No	Name of the Entity	Relationship with the Holding Company
1	Divya Software Solution Private Limited	Wholly Owned Subsidiary
2	Sleepwell Enterprises Private Limited	Wholly Owned Subsidiary
3	Staqa World Private Limited (SWPL India)	Wholly Owned Subsidiary



Sr. No	Name of the Entity	Relationship with the Holding Company
4	Staqo Inc	Wholly Owned Subsidiary of SWPL India
5	Staqo World KFT	Wholly Owned Subsidiary of SWPL India
6	Staqo Technologies LLC	Wholly Owned Subsidiary of SWPL India
7	International Comfort Technologies Private Limited	Wholly Owned Subsidiary
8	Joyce Foam Pty Limited (JFPL Australia)	Wholly Owned Subsidiary
9	Joyce WC NSW Pty Limited	Wholly Owned Subsidiary of JFPL Australia
10	International Foam Technologies Spain, S.L.U (IFTS Spain)	Wholly Owned Subsidiary
11	Interplasp S.L	Subsidiary of IFTS Spain

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditor(s) referred to in paragraph 6 and 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial results of 10 subsidiaries included in the Statement, whose financial results reflects total revenues of Rs. 233.96 crores and Rs. 660.96 crores, total net profit after tax of Rs. 11.93 crores and Rs. 27.80 crores and total comprehensive income of Rs. 10.48 crores and Rs. 31.98 crores, for the quarter ended December 31, 2022 and for the period from April 1, 2022 to December 31, 2022, respectively, as considered in the Statement. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of the other auditors and the procedures performed by us as stated in paragraph 3 above.
- Our conclusion is not modified in respect of the above matter.
7. Certain subsidiaries are located outside India whose interim financial results have been prepared in accordance with the accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's Management has converted the interim financial results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India.



We have reviewed these conversion adjustments made by the Holding Company's Management. Our conclusion on the Statement, in so far as it relates to the interim financial results of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the Management of the Holding Company and reviewed by us.

Our conclusion is not modified in respect of the above matter.

**For M S K A & Associates**  
Chartered Accountants  
ICAI Firm Registration No.105047W

*Nipun Gupta*

**Nipun Gupta**  
Membership No.: 502896  
UDIN: 23502896BGTETP1375

Place: Gurugram  
Date: February 02, 2023



**SHEELA FOAM LIMITED**

Regd. office: 604, Ashadeep, 9 Hailey Road, New Delhi-110001  
Corporate Office: Sleepwell Tower, Plot No.-14, Sector 135, Noida, Gautam Budh Nagar (U.P) -201305  
Tel: 0120-4162200, Fax: 0120-41622825  
CIN- L74899DL1971PLC005679

**STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2022**

(Rs. in Crores, Except per share data)

Sr. No.	Particulars	Quarter ended			Period ended		Year ended
		December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	March 31, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>I</b>	<b>Income</b>						
	a) Revenue from operations	816.98	722.16	882.97	2,268.26	2,222.14	2,981.81
	b) Other Income	28.16	22.52	26.04	69.10	59.45	79.16
	<b>Total Income [(a) + (b)]</b>	<b>845.14</b>	<b>744.68</b>	<b>909.01</b>	<b>2,337.36</b>	<b>2,281.59</b>	<b>3,060.97</b>
<b>II</b>	<b>Expenses</b>						
	a) Cost of materials consumed	412.77	389.15	516.04	1,219.28	1,337.15	1,798.50
	b) Purchases of stock-in-trade	53.75	43.43	19.78	118.28	34.24	53.54
	c) Changes in inventories of finished goods, stock-in-process and stock-in-trade	5.64	(32.75)	0.86	(26.47)	(7.24)	(9.78)
	d) Other manufacturing expenses	15.22	18.01	20.05	50.70	51.95	62.29
	e) Employee benefits expense	69.95	68.23	69.33	207.64	195.00	257.69
	f) Finance costs	4.86	5.00	5.76	15.12	14.84	16.97
	g) Depreciation and amortisation expense	22.40	20.50	19.91	63.55	57.05	80.78
	h) Other expenses	183.92	157.82	160.26	478.97	364.00	504.63
	<b>Total Expenses [(a) to (h)]</b>	<b>768.51</b>	<b>669.39</b>	<b>811.99</b>	<b>2,127.07</b>	<b>2,046.99</b>	<b>2,764.62</b>
<b>III</b>	<b>Profit before tax (I-II)</b>	<b>76.63</b>	<b>75.29</b>	<b>97.02</b>	<b>210.29</b>	<b>234.60</b>	<b>296.35</b>
<b>IV</b>	<b>Tax expense</b>						
	Current tax	23.10	20.49	29.41	59.93	65.55	83.71
	Earlier tax adjustment	(0.61)	-	-	(0.61)	(0.22)	(0.22)
	Deferred tax	(7.02)	1.22	0.26	(6.29)	(0.14)	(5.85)
	<b>Total Tax Expenses</b>	<b>15.47</b>	<b>21.71</b>	<b>29.67</b>	<b>53.03</b>	<b>65.19</b>	<b>77.64</b>
<b>V</b>	<b>Profit for the period (III-IV)</b>	<b>61.16</b>	<b>53.58</b>	<b>67.35</b>	<b>157.26</b>	<b>169.41</b>	<b>218.71</b>
<b>VI</b>	<b>Other Comprehensive Income/(Loss)</b>						
	(a) Items that will not be reclassified to profit or loss						
	Re-measurements gain / (loss) of the net defined benefit plans	(1.06)	(1.06)	0.47	(3.19)	1.42	(5.06)
	Income tax effects on above	0.27	0.27	(0.12)	0.80	(0.36)	1.29
	(b) Items that will be reclassified to profit or loss						
	Fair value gain / (loss) on investments and other Assets	(4.91)	2.28	2.02	(6.27)	5.38	3.24
	Income tax effects on above	1.23	(0.56)	(0.52)	1.58	(1.36)	(0.82)
	(c) Exchange difference on translation of foreign operation	(1.46)	8.69	(0.15)	4.17	(0.21)	(0.50)
	<b>Other Comprehensive Income/(Loss) for the period (a+b+c)</b>	<b>(5.93)</b>	<b>9.62</b>	<b>1.70</b>	<b>(2.91)</b>	<b>4.87</b>	<b>(1.85)</b>
<b>VII</b>	<b>Total Comprehensive Income for the period (V+VI)</b>	<b>55.23</b>	<b>63.20</b>	<b>69.05</b>	<b>154.35</b>	<b>174.28</b>	<b>216.86</b>
<b>VIII</b>	<b>Profit for the period attributable to:</b>						
	Shareholders of the parent company	60.53	53.09	66.87	155.71	168.08	217.31
	Non-controlling Interest	0.63	0.49	0.48	1.55	1.33	1.40
<b>IX</b>	<b>Other Comprehensive Income/(Loss) attributable to:</b>						
	Shareholders of the parent company	(5.93)	9.62	1.70	(2.91)	4.87	(1.85)
	Non-controlling Interest	-	-	-	-	-	-
<b>X</b>	<b>Total Comprehensive Income for the period attributable to:</b>						
	Shareholders of the parent company	54.60	62.71	68.57	152.80	172.95	215.46
	Non-controlling Interest	0.63	0.49	0.48	1.55	1.33	1.40
<b>XI</b>	Paid up Equity Share Capital (Face value of Rs. 5/- each)	48.78	24.39	24.39	48.78	24.39	24.39
<b>XII</b>	Other Equity	-	-	-	-	-	1,368.17
<b>XIII</b>	Earnings per share-						
	Basic and Diluted	6.27	5.49	6.90	16.12	17.36	22.42

The above unaudited results of Sheela Foam Limited are available on our website, [www.sheelaf foam.com](http://www.sheelaf foam.com) and on the stock exchange websites [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com)

**Notes:**

- These consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on February 2, 2023.
- The consolidated financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.



- 3 Segment Reporting as per Indian Accounting Standard for Operating Segments (Ind AS 108), prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder:

The Group is mainly engaged in manufacturing of the products of same type/class, and therefore there is no reportable Business Segments. The Group has Geographical Segments as given below:

**Geographical Segment:**

The analysis of the geographical segment based on the sales made within India and outside India by the Group is as under:

Particulars	Quarter ended			Period ended		Year ended
	December 31, 2022 (Unaudited)	September 30, 2022 (Unaudited)	December 31, 2021 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)	March 31, 2022 (Audited)
<b>Income from operations :</b>						
Within India	593.79	529.07	646.82	1,636.86	1,560.43	2,071.15
Outside India	223.19	193.09	236.15	631.40	661.71	910.66
<b>Profit after tax:</b>						
Within India	49.74	44.45	50.77	129.72	138.86	177.15
Outside India	11.42	9.13	16.58	27.54	30.55	41.56

- 4 The Board of Directors of the Company ("Board") at its meeting held on 8th November 2022, has approved the Scheme of Amalgamation of the wholly owned subsidiary of the Company, i.e., International Comfort Technologies Private Limited ("ICTPL" or "Transferor Company") with Sheela Foam Limited ("SFL" or "Transferee Company") and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme"). The Scheme is subject to necessary statutory and regulatory approvals including the approvals of National Company Law Tribunal, Bench at Delhi ("NCLT").
- 5 During the quarter ended December 31, 2022, the Company has allotted 4,87,82,808 equity shares of Rs. 5/- each credited as fully paid bonus equity shares to the eligible members of the Company whose names appear in the register of members of the Company as on the record date of 22nd December, 2022 in the ratio of 01 (One) new fully paid up equity share for every 01 (One) existing fully paid up equity share (1:1). The EPS for all the periods presented have been adjusted to this effect as required by "Ind AS 33 -Earnings per Share".
- 6 Nikhil Ghanashyam Datye, Chief Financial Officer resigned from the Company effective 5th December 2022. The board placed on record deep sense of appreciation for the services rendered by him.
- 7 Previous quarter's/period's/year's figures have been regrouped / restated wherever, considered necessary.

Place : Noida  
Dated: February 02, 2023



For Sheela Foam Limited

  
(Rahul Gautam)  
Managing Director  
DIN : 00192999



# Leading the science of comfort in three continents

18 benchmark manufacturing plants in Europe and the Asia Pacific. Among the most R&D driven foam manufacturers in the world



## **Management Comments**

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*As we come out of a difficult quarter with weaker than expected consumer demand, there are many highlights of the business that provide us with an extremely positive outlook for the quarters ahead.*

### **Revenue:**

While quarter on corresponding quarter standalone revenues seem to have declined, it is important to note that FY22 numbers were significantly distorted by COVID lockdowns and subsequent pent up demand in the following quarters. On a standalone year to date as well a consolidated basis, the business continues to see robust growth.

Recent independent mattress market surveys conducted by ISPF show overall mattress volumes are lower compared to 2019-20 numbers, driven primarily by low GDP growth and high inflation. In this environment, the secular trend of unorganised to organised shift, coupled with our focus on long term strategic initiatives and execution have ensured that SFL mattress market share has grown substantially. While we look forward to consumer demand pickup in the second half of 2023 as is widely accepted, we continue to focus on initiatives to strengthen our market share - both organic and inorganic.

Similar market share gains have been experienced on the foam business, both in India and in our International business entities. In addition to India, both Australia and Spain have performed incredibly to gain share in tough operating environments.

Additionally, we continue to work to expand SFLs footprint in related consumer categories in India, thereby providing access to larger markets sizes and therefore more avenues for future growth.

### **Margins:**

As the volatile Raw Material dynamics of the past two years eases out, we have seen a sustainable expansion in our Gross Margins of over 400 basis points over the past 12 months. This expansion is further strengthened by a significant amount of work in the areas of product mix and design. Coupled with the market share gains mentioned above, these developments should provide us with considerable tools to continue to invest in future growth.

**Continued...**

Unfortunately, the Gross Margin gains have been temporarily offset by certain one-off costs. Post COVID, we have made certain one-time investments in rejuvenating the Sleepwell Brand, primarily reconnecting with our Exclusive Channel and additional investment in Brand Advertising and Communication. As these were put on hold during the two years of COVID, there was a need to allocate additional, one-time resources in order to get these important areas back to levels of historic strength.

Additionally, there have been significant one-time M&A and Forex related accounting costs over the past 9 months. While most of these are non-cash expenses, they do reflect negatively at an EBITDA level due to IND-AS accounting standards.

As both the above mentioned areas of elevated cost are behind us, the inherent operating health of the business that has always been there will start reflecting in declared financial statements as well.

Additionally, the potential to realise the benefit of current Raw Material prices in further Gross Margin expansion remains. Current Gross Margins do not completely reflect these benefits on account of inventory holdings in a falling raw material environment in Q3.

For a more detailed breakup of these issues, kindly refer to the attached table at the end of this note.

**Outlook:**

Given the above, and with the positive outlook provided by India's GDP forecasts for the next 12-18 months, we remain confident in the growth prospects of the business.

*While it might take the first half of the calendar year 2023 to play out, the secular themes of Formalisation AND Consolidation remain extremely relevant to the Indian Mattress market in general, and SFL in particular. We will continue to work to pursue this direction, in addition to focused diversification opportunities, with the utmost ambition and rigour.*

Regards,



Tushaar Gautam

## Health of the Business

### Table 1 - Standalone

Particulars	YTD 23 (9 Months)	FY 23 Qtr. 3	Management Comments
Net Revenue	1617	569	
Gross Margin	687	243	
Gross Margin %	42.5%	42.7%	
<b>Declared EBITDA</b>	<b>160</b>	<b>52</b>	
<b>Declared EBITDA %</b>	<b>9.9%</b>	<b>9.2%</b>	
<b>Non - Operational, Non - cash &amp; Long-term Investment</b>			
Currency Fluctuation	11	11	Marked to Market
Marketing Investment	51	17	Brand Investment
Travelling Expense	5	1	Reconnect
Total Expenses	67	30	
<b>Operational EBITDA</b>	<b>227</b>	<b>82</b>	
<b>Operational EBITDA %</b>	<b>14.1%</b>	<b>14.4%</b>	

### Table 2 - Consolidated

Particulars	YTD 23 (9 Months)	FY 23 Qtr. 3	Management Comments
Net Revenue	2268	817	
Gross Margin	957	345	
Gross Margin %	42.2%	42.2%	
<b>Declared EBITDA</b>	<b>220</b>	<b>76</b>	
<b>Declared EBITDA %</b>	<b>9.7%</b>	<b>9.3%</b>	
<b>Non - Operational, Non - cash &amp; Long-term Investment</b>			
Currency Fluctuation	17	11	Marked to Market
Marketing Investment	53	19	Brand Investment
Travelling Expense	5	1	Reconnect
Total Expenses	76	32	
<b>Operational EBITDA</b>	<b>296</b>	<b>108</b>	
<b>Operational EBITDA %</b>	<b>13.0%</b>	<b>13.2%</b>	