

Ride the 2x growth wave of India's rebonded foam leader Dominating the Australian Market.

**Funds to be raised:
INR 250 Mn**

Sarva Foam Industries Ltd. is India's largest manufacturer and exporter of rebonded foam, holding a dominant ~40% market share. Established in 2018, The Company has achieved rapid scale through operational excellence, cost optimization, and securing a blue-chip customer base including Sheela Foam, Kurl-On, Duroflex, and Wakefit. Sarva operates an integrated model with six manufacturing units across India (4 owned, 2 licensed) and is executing an ambitious international expansion strategy with trading operations in the UK and a recent strategic acquisition in Australia through its subsidiary, Sarva Australia Pty Ltd. The Company is assigned a BBB-/Stable credit rating by CRISIL (August 2025), underscoring its established financial position.

The capital raised is earmarked for high-return projects, specifically international expansion and working capital for exports, which are projected to more than double revenue in FY26 and again in FY27.

Growth Drivers

Strategic Australian Acquisition and Hybrid Business Model: The acquisition of assets from Australia's second-largest rebonded foam manufacturer is a transformative and capital-efficient market entry strategy. Sarva is acquiring an established plant, machinery, inventory, and, most critically, an existing customer base in a market valued at **USD 111 Mn (2025)**.

The Company's hybrid model combining low-cost manufacturing and exports from India with local production in Australia is a key competitive advantage.

This strategy ensures

- **Competitive Pricing:** Leveraging India's low-cost production to offer aggressive pricing.
- **Supply Chain Resilience & Speed:** Local production ensures quick turnaround times, a critical factor for customer retention and satisfaction.
- **Immediate Revenue Synergies:** The acquired sales network and brand provide an instant revenue stream, de-risking the growth trajectory. Projections indicate this venture will contribute AUD 2.3 Mn in FY26 and AUD 5.0 Mn in FY27, positioning Sarva as a formidable contender for market leadership.

Total Turnover till 31st August 2025 (INR in Crs)

India Domestic	44.71
India Exports	12.18
UK Domestic	3.50
Total	60.39

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Particular (INR Mn)	FY 25	FY 26P	FY 27P
Revenue	1312.96	2218.401	4509.388
EBITDA	211.886	395.906	826.203
EBITDA Margin (%)	15.97%	17.75%	18.27%
PAT	128.636	210.008	472.233
PAT Margin (%)	9.69%	9.41%	10.44%

Capital Expenditure and Capacity-Led Growth : The Company's growth is underpinned by a clear strategy of capacity expansion and operational diversification. The deployment of raised capital into owned manufacturing assets (evidenced by 4 owned plants) provides greater control over margins, quality, and supply chain. The expansion into the UK and Australia is not merely geographic but also operational, adding trading and local manufacturing capabilities to its core competency. This capital expenditure is directly linked to the projected 105% and 107% revenue growth in FY26 and FY27, respectively, ensuring that top-line expansion is supported by tangible production capacity and not merely market speculation.

Powerful Growth Drivers: Domestic Leadership and Export Momentum

Sarva operates in a favorable industry context with multiple, concurrent growth vectors

- **Robust Industry Tailwinds:** The global rebonded foam market is growing at a 7.2% CAGR, with the Indian market expanding even faster at a 10.5% CAGR. This provides a strong underlying demand foundation.
- **Dominant Domestic Market Position:** A ~40% market share in India provides a stable, high-volume revenue base and significant pricing power.
- **Strategic Export Mix Shift:** The Company is strategically pivoting its sales mix from 100% domestic in FY25 to a targeted 55% overseas by FY27/FY28. This diversifies revenue streams, leverages higher-margin export opportunities (particularly in the UK and Australia), and mitigates country-specific economic risks. The projected export growth is a primary engine for the Company's forecasted surge in profitability.

Rapidly Improving Financial Profile and Path to Profitability : The financial trajectory demonstrates a successful transition from a nascent startup to a scalable, profitable enterprise. Key metrics show a dramatic inflection

- **Margin Expansion:** EBITDA margins have expanded remarkably from 2% in FY22 to 16% in FY25 (Audited) and are projected to be sustained at 15-16% on a consolidated basis. This demonstrates successful operational leverage and cost management.
- **Exponential Profit Growth:** Consolidated PAT has grown from INR 0.55 Cr in FY22 to INR 128.64 Cr in FY25. Projections show this accelerating to INR 514.86 Cr by FY27, representing a staggering CAGR.
- **Creditworthiness:** The BBB-/Stable rating from CRISIL enhances the Company's credibility, lowers the cost of future debt, and validates its financial stability to partners and investors.

Valuation & View: India's rebonded foam leader at an inflection point of exponential global growth. The company's valuation narrative is supported by its dominant ~40% market share, rapid margin expansion, and a high-growth trajectory targeting a consolidated revenue of over INR 5,500 Cr. by FY27. We maintain a positive outlook on Sarva Foam. The investment is compelling due to the company's proven execution capabilities, its transformative and capital-light acquisition strategy in Australia, and its exposure to high-growth export markets. This presents a unique opportunity to gain pre-IPO exposure to an established market leader on the cusp of exponential growth.

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Stock Rating Scale**Absolute Return**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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