



17th July, 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: Investor Presentation

Dear Sir/Madam,

Please find attach the Press Release for dissemination as per Regulations 30 of Stock Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Thanking you,

Yours truly,
For Sheela Foam Limited

Md. Iquebal Ahmad
Company Secretary & Compliance Officer

SHEELA FOAM LTD.

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Sheela Foam Limited

Press Release

For Immediate Publication

Sheela Foam Ltd. acquires Kurl-on & Furlenco Furniture

- ***Sheela Foam and Kurl-On to consolidate the fragmented mattress market in India***
- ***The acquisition will enable Sheela Foam to become an undisputed market leader and accelerate Sheela Foam's growth & enhance profitability.***
- ***Primary fund infusion into Furlenco marks entry into rapidly growing online furniture e-commerce business with digital first play to help Sheela Foam to tap new age customers***
- ***The acquisition and investment will collectively diversify product portfolio, integrate manufacturing capabilities, create distribution synergies and amplify pan-India footprint, both in urban and rural India***

National, 17th July 2023: Sheela Foam Limited (NSE-SFL | BSE-540203 | INE916U01025), a leader in Home Comfort products (foam-based) and the largest Polyurethane (PU) Foam manufacturer, announced two simultaneous deals, with controlling stake in Kurlon Enterprises Limited (flagship brand Kurl-on --- Mattress of India) and a stake in Furlenco furniture (India's fastest growing online furniture brand owned and operated by "House of Kieraya Private Limited" or "HOK").

SFL is acquiring 94.66% shareholding in KEL at an equity valuation of Rs. 2150 crores (cost of acquiring 94.66% around Rs. 2035 crs); subject to customary working capital, debt and debt like items and other adjustments, if any. The indicative time period for the completion of the acquisition is by or before 30th November 2023.

SFL is also investing in 35% shareholding in HOK-Furlenco for an equity valuation of Rs. 857.14 crs (cost of investing in 35% stake is Rs. 300 crs); subject to customary working capital, debt and debt like items and adjustments, if any. The indicative time period for the completion of the investment will be by or before 30th August 2023.

The Kurlon deal gives Sheela Foam an undisputed leadership across major product categories with its flagship brand Sleepwell's strength in foam (consistent quality and innovation); and acquired brand Kurl-on's strength in rubberised coir; wherein both these companies are leaders

in their respective product segments. Sheela Foam will now command a combined market share of around 21% in the modern mattress market in India.

Sheela Foam being the leader in northern and western India, whereas KEL is having a higher market share in southern and eastern region of India, the Kurlon Enterprises Ltd.'s (KEL) acquisition will help Sheela Foam to diversify customer base and extend to a pan India footprint. Both companies have a complimentary distribution network – Sheela Foam functions mainly through exclusive distribution network (such as EBOs) whereas KEL is strong in multiple distribution network (MBOs). This consolidation would provide SFL a robust distribution network; and production efficiencies and cost savings. Sheela Foam and KEL have many complimentary manufacturing facilities which will help the combined entity to serve customers from lesser distance and hence, improve both logistic costs and also improve raw material procurement efficiencies and thereby creating various operational synergies.

The Furlenco deal will help Sheela Foam to enter the fast-growing branded furniture and furniture rental market, and an opportunity to further diversify its presence even in the furniture sales market and become a full portfolio company in the segment. As per industry estimates, furniture market is much bigger in size than Sheela Foam's existing playing field with a TAM of Rs. 1 lakh crore (trillion). It will also help leverage digital capabilities of Furlenco for Sheela Foam products and will also help leverage the strong distribution network of Sheela Foam for Furlenco products and services. The investment would also create synergies by selling input products such as foam, etc., by Sheela Foam to manufacture Furlenco products. Sheela Foam and Furlenco can collaborate in R&D activities. Sleepwell & Kurl-on exclusive stores may be made available with Furlenco furniture offerings. With the world's largest furniture & appliances refurbishment facilities, Sheela Foam-Furlenco can now offer Refurbishment as a Service (RaaS) for furniture. Sheela Foam will also benefit from Furlenco's Digital-First, Direct-to-Customer and e-commerce capabilities; as well as Furlenco's design capabilities.

Mr. Rahul Gautam, Chairman & Managing Director, Sheela Foam Ltd., said, "With the coming together of Kurl On, Sheela Foam will further cement its leadership position in the modern mattress market. The investment of Furlenco would give it a very strong entry into the branded furniture market, and a much bigger market than its existing market. With these two within its fold, Sheela Foam is at an inflexion point, where opportunities created by inorganic activity would greatly strengthen the business model and propel a higher level of organic growth." The diverse products, integrated manufacturing, distribution synergies, pan-India footprint & Digital-First play will help to tap new-age customers. And the Sheela Foam family will get bigger and better as employees and business partners of Kurl-On & Furlenco continue in their role and responsibility and add to the overall expertise of the existing team."

SFL has had a strong track record of acquisitions and also turning them around. Sheela Foam had acquired Joyce Foam in Australia with 5 manufacturing plants in 2003 and Comfort Technologies in Spain in 2019. This puts it in a very suitable position to drive advantage of the new acquisitions."

Notes to the Editor

About Sheela Foam Limited: Incorporated in 1971, Sheela Foam Limited 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 brand outlets, and 7,850+ multi-brand outlets. Apart from consumer segment, the company also caters to various industrial applications; e.g., Automotive, Acoustic Industry, Garment & Shoe industry, with innovative PU Foam like Fire Retardant Foam, Reticulated Foam, Sound Absorption Foam used in GEN Sets etc. Sheela Foam Ltd. posted a consolidated revenue of Rs. 2,873.3 crore in FY23 with EBITDA of Rs. 297.3 crore and Net Profit of Rs. 203.1 crore.

Kurlon Enterprises Limited (KEL): KEL is engaged in the manufacturing and marketing of various foam based and Coir based home comfort products across the "Sit and Sleep" solution categories such as mattress, furniture cushions, pillows and coverings. Established in 1962, Kurlon Enterprises is part of South India-based Pai family business. Kurlon is a value-driven legacy brand in the mattress industry in India with more than 6 decades of presence in mattress (rubbersised coir, foam, spring) and foam products. It has an established product portfolio across the 'Sit and Sleep' solution categories; mattress, pillows, coverings and furniture. It has household brands such as Kurl-on, Home Komforts (Furniture), Komfort Universe; premium brands such as Spring Air; Premium Luxury brands such as Englander, Natyre's Best and Chattam & Wells among others; luxury brands such as Belvedere International; Interior Designing solutions such as De'Canvas and Kanvas Concepts. It has 100% in-house capabilities in all types of mattress with 10 manufacturing plants located strategically across 6 states across India. It has a large distribution network and a pan India network comprising 10,000 touch points. The turnover of KEL for the last 3 years were: FY 2019-20: Rs. 987.63 crore; FY 2020-21: Rs. 783.67 crore; and FY 2022-22 - Rs. 795.15 crore.

About Furlenco: House of Kieraya Private Limited ('HOK') (Formerly known as Kieraya Furnishings Private Limited) (Flagship Brand - Furlenco) was founded in the year 2012 by Mr. Ajith Mohan Karimpana. Today, it is one of the largest and fastest growing furniture rental companies in India. The Company also offers sale of new and refurbished furniture under its Furlenco & Prava brands. HOK leverages its strong tech and refurbishment capabilities along with the in-house designing of furniture to separate itself from the rest of the market. HOK is a leading furniture rental company with a strong online presence, but also growing in the offline segment. Apart from rental it also offers sale of furniture. It operates in major cities across India

such as Bangalore, Mumbai and Delhi NCR, etc., to name a few. Furlenco (owned by the House of Kieraya Private Limited) is India's fastest growing online furniture company with a vision to become India's leading furniture brand by 2026. Founded by Ajith Mohan Karimpana (CEO), its vision is to be the one-stop furniture solution for life offering new-age customers the freedom to choose and the freedom to change. Furlenco has been a pioneer, innovator and market leader in India's furniture rental industry, which is huge (US\$13 bn) but still at a nascent stage. The Furlenco ecosystem offers Furniture with Freedom & Flexibility; comprises rent, rent to own, subscribe, assured buyback, buy brand new value added services; buy manufactured, loyalty and rewards. Furlenco renting is India's largest furniture rental and subscription business. Furlenco Furniture is designed by incredibly talented team of designers, which is easy on pocket. It has the world's largest furniture & appliance refurbishment facilities. It is a tech-driven business with end to end implementation of digital capabilities. Revenue from Operations in last three years were FY'21 – Rs. 84 crore; FY'22 – Rs. 129 crore; and FY'23 (Unaudited) – Rs. 152 crore.

For more information: Adfactors PR - Sanjay Sehgal 09711306360