



Date 17th 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.: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Dear Sir/Madam,

We would like to inform you that the company in its Board meeting held on 17th July 2023 has approved the acquisition of Kurlon Enterprise Limited and House of Kieraya Private Limited (Furlenco).

The disclosures pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 and part A of the Schedule III of the aforesaid regulation is attached as per Annexure A & B.

This is for your information and records.

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

Annexure A

Details which a listed entity needs to disclose for the events that are deemed to be material as specified in Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

<p>a) Name of the target entity, details in brief such as size, turnover, etc.</p>	<p>Name of the Target: Kurlon Enterprises Limited (“KEL”) (unlisted entity).</p> <p>Details of the Target:</p> <p>KEL in engaged in the business of manufacturing and marketing of foam-based and coir-based home comfort products across the “Sit and Sleep” solution categories like mattress, furniture cushions, pillows and coverings.</p> <p>Turnover (last 3 years):</p> <p>FY 2019-20: 995.56 crores FY 2020-21: 767.25 crores FY 2021-22: 808.80 crores FY 2022-23: audited figures not yet available</p>
<p>b) Whether the acquisition would fall within related party transaction(s) and whether the promoter / promoter group / group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arms length”.</p>	<p>The acquisition is not a related party transaction and the promoter/ promoter group/ group companies do not have any interest in the entity being acquired.</p>
<p>c) Industry to which the entity being acquired belongs</p>	<p>Manufacturing and marketing of products across “Sit and Sleep” solution categories such as mattress, furniture cushions, pillows and coverings</p>
<p>d) Objects and effects of acquisition (including, but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity)</p>	<p>The acquisition will help the Company to:</p> <ol style="list-style-type: none"> a. consolidate the existing fragmented market of mattresses and foam-based products; b. diversify customer base – the Company is the leader in northern and western India whereas KEL has strengths in southern and eastern regions of India. This acquisition will help the Company extend a pan-India footprint.

	<p>c. complementary distribution network – the Company functions mainly through exclusive distribution networks (EBOs) whereas KEL is strong in multiple distribution network (MBO). This acquisition is expected to provide the Company with a robust distribution network; and</p> <p>d. Production efficiencies and cost savings – the Company and KEL have many complementary facilities which will help it to serve customers from lesser distance and improve both serving and reduce costs. The transaction also has manufacturing synergies.</p>
e) Brief details of any governmental or regulatory approvals required for the acquisition	The Company does not require any governmental or regulatory approval for the acquisition.
f) Indicative time period for the completion of the acquisition	The acquisition is expected to be completed by or before November 30, 2023
g) Nature of consideration – whether cash consideration or share swap and details of the same	Cash consideration
h) Cost of acquisition or the price at which the shares are acquired	The Company is acquiring 94.66% of KEL’s share capital at an equity valuation of INR 2150 crores, subject to customary adjustments for net working capital, debt and surplus cash, if any.
i) Percentage of shareholding / control acquired and/or number of shares acquired	Approximately 3,46,02,375 (Three Crore Forty Six Lakh Two Thousand Three Hundred and Seventy Five only) equity shares of KEL representing 94.66%
j) Brief background about the entity acquired in terms of products / line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief)	<p>Established in 1962 as Karnataka Coir Products, part of South India based Pai family business group, currently headed by Ms. Jyothi Pradhan. The entity was renamed as Kurlon Limited in 1995. KEL was set-up as a subsidiary in 2011 by Kurlon Limited. Subsequently the business was transferred to KEL in 2014.</p> <p>KEL deals mainly in the manufacture and marketing of foam and coir based home comfort products across the “Sit and Sleep” categories like mattress, furniture cushions, pillows and coverings.</p>

	<p>Turnover in last three years: FY 2019-20: 995.56 crores FY 2020-21: 767.25 crores FY 2021-22: 808.80 crores FY 2022-23: audited figures not yet available</p> <p>Country of incorporation: India</p>
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Annexure B

Disclosure under Regulation 30 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

a) Name of the target entity, details in brief such as size, turnover, etc.	House of Kieraya Private Limited (Furlenco) The Target is a leading furniture company strong in the online segment. It operates in cities including Bangalore, Mumbai and Delhi NCR.
b) Whether the acquisition would fall within related party transaction(s) and whether the promoter / promoter group / group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arms length”	The transaction is not with a related party. A related party (Rangoli Resorts Private Limited) is amongst the ~80 shareholders of the Target and currently owns 1.6% of the share capital of the Target. Rangoli is also one of the lenders to the Target. The transaction is completely on an “arm’s length” basis.
c) Industry to which the entity being acquired belongs	Furniture
d) Objects and impact of acquisition (including, but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity)	The acquisition will help the Company enter the fast-growing branded furniture market.
e) Brief details of any governmental or regulatory approvals required for the acquisition	The Company does not require any governmental or regulatory approvals for the transaction
f) Indicative time period for the completion of the acquisition	August 31, 2023
g) Nature of consideration – whether cash consideration or share swap or any other form and details of the same	Cash consideration through a subscription to shares in the Target
h) Cost of acquisition and/ or the price at which the shares are acquired	The Company proposes to acquire ~35% of the share capital of the Target for a consideration of Rs. 300

	crores, subject to customary working capital and other adjustments
i) Percentage of shareholding / control acquired and/or number of shares acquired	~35%
j) Brief background about the entity acquired in terms of products / line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief)	<p>The Target was founded in 2012 by Mr. Ajith Mohan Karimpana. It is today one of the fastest growing furniture companies in India and is a tech-driven business.</p> <p>Turnover in last three years: FY'21 – Rs. 84 crs FY'22 – Rs. 129 crs FY'23 –Rs. 152 crs (unaudited)</p>