

**FAIRNESS OPINION REPORT ON VALUATION FOR THE PROPOSED SCHEME  
OF ARRANGEMENT**

**OF**

**BELVEDORE INTERNATIONAL LIMITED, KANVAS CONCEPTS PRIVATE  
LIMITED, KURLON RETAIL LIMITED, KOMFORT UNIVERSE PRODUCTS AND  
SERVICES LIMITED, STARSHIP VALUE CHAIN AND MANUFACTURING AND  
KURLON ENTERPRISE LIMITED**

**WITH**

**SHEELA FOAM LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

**By**



**Navigant**

**Navigant Corporate Advisors Limited**

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**28<sup>th</sup> March, 2024**

**SEBI Registered Category I Merchant Banker**

**SEBI Registration No. INM000012243**

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## Notice to Reader

Navigant Corporate Advisors Limited (“Navigant” / “NCAL” or “Authors of the Report”) is a SEBI registered ‘Category I’ Merchant Banker in India and was engaged by Board of Directors of **SHEELA FOAM LIMITED (“SFL” or “Amalgamated Company”)** to prepare an Independent Fairness Opinion Report (“**Report**”) with respect to providing an independent opinion and assessment as to Fairness of Valuation Report and Swap Ratio determined by **Arunesh Kumar Dubey, Registered Valuer (SFA) (“Valuer” / “Independent Valuer”)** an Independent Valuer for the purpose of intended proposed Merger of Belvedere International Limited (“BIL” or “Transferor Company 1”), Kanvas Concepts Private Limited (“KCPL” or “Transferor Company 2”), Kurlon Retail Limited (“KRL” or “Transferor Company 3”), Komfort Universe Products And Services Limited (“KUPSL” or “Transferor Company 4”), Starship Value Chain and Manufacturing Private Limited (“SVC MPL” or “Transferor Company 5”), respectively into Kurlon Enterprise Limited (“KEL” or “Transferee Company” or “Amalgamating Company”), with effect from the Appointed Date (as defined in the Scheme) and the consequent dissolution of the Transferor Companies without being wound up and (ii) Amalgamation of Amalgamating Company with Sheela Foam Limited (“SFL” or “Amalgamated Company” or “Company”) with effect from the Appointed Date (as defined in the Scheme) and the consequent dissolution of the Amalgamating Company without being wound up; and issuance of the New Equity Shares (as defined in the Scheme) to the equity shareholders of Amalgamating Company in accordance with Share Exchange Ratio (as defined in the Scheme), pursuant to section 230-232, and other relevant provisions of the Companies Act, in the matter provided for in this Scheme.

SFL and BIL, KCPL, KRL, KUPSL, SVC MPL, KEL are collectively referred to as “Companies”.

The Report has been prepared on the basis of the review of information provided to Navigant and specifically the Report on Swap Ratio (hereinafter referred as Valuation Report) prepared by Valuer as an Independent Valuer. The Report does not give any valuation or suggest any Swap Ratio; however, this Report is limited to provide its Fairness Opinion on the Valuation Report.

The information contained in this Report is selective and is subject to updations, expansions, revisions and amendments. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.



This Report is based on data and explanations provided by the Management and certain other data culled out from various websites believed to be reliable. Navigant has not independently verified any of the information contained herein. Neither the Company nor Navigant, nor affiliated Bodies Corporate, nor the Directors, Shareholders, Managers, Employees or Agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information contained in the Report. All such Parties and Entities expressly disclaim any and all liability for or based on or relating to any such information contained in, or errors in or omissions from, this Report or based on or relating to the Recipients' use of this Report.



**Date: 28<sup>th</sup> March, 2024**

To,  
**SHEELA FOAM LIMITED**  
604 Ashadeep, 9 Hailey Road, New Delhi, New Delhi, Delhi, India, 110001

Dear Members of the Board,

### **Engagement Background**

We understand that the Board of Directors of Belvedere International Limited (“BIL”), Kanvas Concepts Private Limited (KCPL), Kurlon Retail Limited (KRL), Komfort Universe Products And Services Limited (KUPSL), Starship Value Chain And Manufacturing Private Limited (SVC MPL), Kurlon Enterprise Limited (KEL) and **SHEELA FOAM LIMITED (“SFL” or “Amalgamated Company”)** are considering a Scheme of Arrangement between BIL, KCPL, KRL, KUPSL, SVC MPL, KEL and SFL and their respective Shareholders and Creditors (“the Scheme”) under the provisions of Sections 230 to 232 of the Companies Act, 2013, as may be applicable, and also read with Section 2(1B) and other relevant provisions of the Income-tax Act, 1961, as may be applicable, for Merger of BIL, KCPL, KRL, KUPSL, SVC MPL, KEL into SFL on a going concern basis.

We understand that the Valuation as well as the Swap Ratio thereof is based on the Valuation Report dated 28<sup>th</sup> March, 2024 issued by Arunesh Kumar Dubey, **Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”)** (IBBI Registration No. **IBBI/RV/03/2020/12786**).

We, Navigant Corporate Advisors Limited, a SEBI registered Category-I Merchant Banker, have been engaged by SFL to give a Fairness Opinion (“Opinion”) on Valuation Report dated 28<sup>th</sup> March, 2024 issued by Arunesh Kumar Dubey, **Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”)** (IBBI Registration No. **IBBI/RV/03/2020/12786**).

### **Background of the Companies**

Belvedere International Limited (“BIL”) was incorporated as a public limited company on December 21, 2020, under the provisions of the Companies Act, 2013 with corporate identification number U52520KA2020PLC142418 and having its registered office situated at N-301, 3rd Floor, North Block Manipal Centre 47 Dickenson Road, Bangalore, Bangalore, Karnataka, India, 560042 (“hereinafter referred to as **Transferor Company I**”). BIL is wholly owned subsidiary of KEL. BIL is engaged in the business of buying, selling, reselling, importing, exporting, transporting, storing, promoting, marketing, manufacturing or supplying, trading, dealing in any manner whatsoever in all type of goods including mattresses, pillows, furniture and other related products and services of international brands on retail and B2B basis in India.



Kanvas Concepts Private Limited (“**KCPL**”) was incorporated as a private limited company on September 22, 2020, under the provisions of the Companies Act, 2013 with corporate identification number U74999KA2020PTC138867 and having its registered office situated at N-301, 3rd Floor, North Block Manipal Centre 47 Dickenson Road, Bangalore, Bangalore, Karnataka, India, 560042 (“hereinafter referred to as **Transferor Company 2**”). KCPL is wholly owned subsidiary of KEL. KCPL is engaged in the business of interiors & exteriors of Homes, stage designer, furnishing, designing, decorating, renovating and remodeling of bungalows, houses, shops, show rooms, complexes, apartments, offices, hotels, restaurants and other commercials and residential houses and for the purpose to act as organizer, consultant, advisor, trader, buyer, seller, supervisor, surveyor, broker, agent and to do all other incidental acts and things necessary for the attainment of the above objects.

Kurlon Retail Limited (“**KRL**”) was incorporated as a public limited company on August 31, 2012, under the provisions of the Companies Act, 2013 with corporate identification number U36104KA2012PLC065664 and having its registered office situated at N-301, 3rd Floor, North Block Manipal Centre 47 Dickenson Road, Bangalore, Bangalore, Karnataka, India, 560042 (“hereinafter referred to as **Transferor Company 3**”). KRL is wholly owned subsidiary of KEL. KRL is engaged in the business of buying, selling, storing, promoting, marketing, supplying, trading and dealing in mattresses, pillow, sofa and furniture on retail in India.

Komfort Universe Products and Services Limited (“**KUPSL**”) was incorporated as a public limited company on January 18, 2021, under the provisions of the Companies Act, 2013 with corporate identification number U52520KA2021PLC143244 and having its registered office situated at N-301, 3rd Floor, North Block Manipal Centre 47 Dickenson Road, Bangalore, Bangalore, Karnataka, India, 560042 (“hereinafter referred to as **Transferor Company 4**”). KUPSL is wholly owned subsidiary of KEL. KUPSL is engaged in the business of buying, selling, reselling, importing, exporting, transporting, storing, promoting, marketing, supplying, dealing and trading of semi-finished goods (SFG), foam products, RC Pads, EPE Products and other related products and services on B2B basis in India and outside India.

Starship Value Chain and Manufacturing Private Limited (“**SVC MPL**”) was incorporated as a private limited company on October 09, 2020, under the provisions of the Companies Act, 2013 with corporate identification number U36900KA2020PTC139535 and having its registered office situated at N-301, 3rd Floor, North Block Manipal Centre 47 Dickenson Road, Bangalore, Bangalore, Karnataka, India, 560042 (“hereinafter referred to as **Transferor Company 5**”). SVC MPL is wholly owned subsidiary of KEL. SVC MPL is engaged in the business as manufacturer, designers, buyers, sellers, importers, exporters, workers, transporters, suppliers of all types of home comfort products, home décor items including furniture, mattresses, pillows, cushions, perfumers on retail and manufacture of all types of furniture equipment appliances for domestic, office, industrial as well as on wholesale basis in India as well as outside India.





Kurlon Enterprise Limited (“**KEL**”) was incorporated as a public limited company on October 03, 2011, under the provisions of the Companies Act, 2013 with corporate identification number L74899DLI971PLC005679 and having its registered office situated at N-301, 3rd Floor, North Block Manipal Centre 47 Dickenson Road, Bangalore, Bangalore, Karnataka, India, 560042 (“hereinafter referred to as “**Amalgamating Company**”). KEL is engaged in the business of manufacturing/trading in diverse areas such as rubberized coir, latex foam, polyurethane foam, bonded foam, pillows, spring mattresses, furniture, furnishings, sofas etc.

Sheela Foam Limited (“**SFL**”) was incorporated as a public limited company on May 18, 1971, under the provisions of the Companies Act, 2013 with corporate identification number L74899DLI971PLC005679 and having its registered office situated at 604 Ashadeep, 9 Hailey Road, New Delhi, New Delhi, Delhi, India, 110001 (“hereinafter referred to as “**Amalgamated Company**”). The equity shares of SFL are listed on BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”) (collectively hereinafter referred to as “**Stock Exchanges**”). SFL is engaged in the business of manufacture flexible, semi-flexible and rigid Poly-Urethane Foam slabs and allied products and processing and fabrication thereof and mattresses and cushions upholstery material, manufacture of furniture; packing material and insulation material, moulding of rigid Poly- Urethane for various shapes and size and manufacture of jackets and such other items by way of lamination of Poly-Urethane Foam with fabric and manufacture of products that may be allied or may be usefully combined with manufacture of any of the material mentioned above.

## Transaction Overview and Rational

It is proposed to amalgamate BIL, KCPL, KRL, KUPSL, SVCML, KEL into SFL. This arrangement would inter alia have the following benefits:

- Procurement synergies arising on account of higher volume discounts, and ability to negotiate best possible prices;
- Deeper manufacturing footprint, as materials of both the business can be made in any plant location, resulting in enhanced efficiency as well as reduction in servicing time;
- Rationalization of logistic costs considering the combined volume;
- Open-up the door for a new sales channel strategy, enhancing penetration/coverage and leading to better sales;
- Structured, sharper and better management focusing on holistic growth of the businesses;
- Optimum and efficient utilization of resources and sharing of ancillary facilities;
- Common governance structure and effective management of compliances;
- Enhancing shareholder value and leveraging on synergies in doing the business; and
- Cost saving by way of reduction of overheads, administrative, managerial and other expenditure and to bring about operational rationalization and efficiency.



## Information relied upon:

We have prepared the Fairness Opinion Report on the basis of the information provided to us and inter alia the following:

Share Exchange Ratio Report by Arunesh Kumar Dubey, Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”) (IBBI Registration No. IBBI/RV/03/2020/12786) dated 28<sup>th</sup> March, 2024;

- Other information and explanations as provided by the Management.

Further, we had discussions on such matters which we believe are necessary or appropriate for the purpose of issuing the Valuation Report.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed to be good and marketable and we would urge the Company to carry out the independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.

We have been informed that all information relevant for the purpose of issuing the Fairness Opinion Report has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed.

Our Opinion and Analysis is limited to the extent of review of the Valuation Report by the Valuer and the Draft Scheme Document. In connection with the opinion, we have

- Reviewed the Draft Scheme Document and the Valuation Report by the Valuer dated 28<sup>th</sup> March, 2024.
- Provisional financial statements of KEL for the period ended 31<sup>st</sup> December, 2023;
- Reviewed Draft Scheme of Arrangement;
- Held discussions with the Valuer, in relation to the approach taken to Valuation and the details of various methodologies utilized by them in preparing the Valuation Report and recommendations;
- Reviewed historical Stock Prices and Trading Volumes of SFL at BSE and NSE;
- Reviewed such other information and explanations as we have required and which have been provided by the Management of BIL, KCPL, KRL, KUPSL, SVC MPL, KEL and SFL.



This Opinion is intended only for the sole use and information of SFL and in connection with the Scheme, including for the purpose of obtaining Judicial and Regulatory Approvals for the Scheme or the purpose of complying with the SEBI Regulations and requirement of Stock Exchanges on which the Company is listed, and for no other purpose. We are not responsible in any way to any Person/Party/Statutory Authority for any decision of such Person or Party or Authority based on this opinion. Any Person/Party intending to provide finance or invest in the Shares/Business of either BIL and/or SFL or their Subsidiaries /Joint Ventures/Associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

For the purpose of this Assignment, Navigant has relied on the Valuation Certificate for the proposed “Scheme of Arrangement” of BIL, KCPL, KRL, KUPSL, SVC MPL, KEL and SFL and their respective Shareholders and information and explanation provided to it, the accuracy whereof has not been evaluated by Navigant. Navigant’s work does not constitute certification or due diligence of any past working results and Navigant has relied upon the information provided to it as set out in working results of the aforesaid reports.

Navigant has not carried out any physical verification of the Assets and Liabilities of the Companies and takes no responsibility on the identification and availability of such Assets and Liabilities.

We hereby give our consent to present and disclose the Fairness Opinion in the Board /General Meetings of BIL, KCPL, KRL, KUPSL, SVC MPL, KEL and SFL and to the Stock Exchanges and to the Registrar of Companies. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed scheme of Arrangement with the provisions of any Law including Companies, Taxation and Capital Market related Laws or as regards any Legal implications or issues arising thereon.

The information contained in this Report is selective and is subject to updating, expansions, revisions and amendment, if any. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies. The Report has been prepared solely for the purpose of giving a Fairness Opinion on Valuation Certificate issued for the proposed Scheme of Arrangement between BIL, KCPL, KRL, KUPSL, SVC MPL, KEL and SFL and their respective Shareholders, and may not be applicable or referred to or quoted in any other context.





Our opinion is dependent on the information provided to us being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment does not involve performing Audit tests for the purpose of expressing an Opinion on the Fairness or Accuracy of any Financial or Analytical information used during the course of our work. As such we have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any Opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to this date.

We have assumed that the Final Scheme will not differ in any material respect from the Draft Scheme Document shared with us.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on BIL, KCPL, KRL, KUPSL, SVC MPL, KEL and SFL and their respective Shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective Companies have obtained such advice as they deemed necessary from qualified Professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities to which BIL, KCPL, KRL, KUPSL, SVC MPL, KEL and SFL and/or their Associates/ Subsidiaries, are or may be Party.

The Company has been provided with an opportunity to review the Draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Final Opinion.

Our Opinion is not intended to and does not constitute a recommendation to any Shareholder as to how such holder should vote or act in connection with the Scheme or any matter thereto.



## Our Fairness Opinion:

Based upon Valuation work carried out by Arunesh Kumar Dubey, Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”) we are of the Opinion that the purpose of the proposed Merger of BIL, KCPL, KRL, KUPSL, SVC MPL, KEL into SFL are fair, from a financial point of view.

The fairness of the Proposed Merger is tested by:

- (1) Considering whether the Valuation Methods adopted by Arunesh Kumar Dubey, Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”) depict a correct picture on the value of shares of all companies;
- (2) Calculating the Fair Market Value of Companies;
- (3) Considering qualitative factors such as economies of scale of operations, synergy benefits that may result from the proposed Merger of BIL, KCPL, KRL, KUPSL, SVC MPL, KEL into SFL .

In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined in the valuation report, dated 28<sup>th</sup> March, 2024 issued by Arunesh Kumar Dubey, it has been recommended by the Valuer that the fair exchange ratio for the proposed Arrangement shall be as follows:

“52 (Fifty-two) Equity Shares of Rs. 5 each fully paid up of SFL for every 100 (One hundred) equity shares of Rs. 5/- each fully paid up of KEL.

The rationale for Share Exchange Ratio as explained above, will be issued as assumed by Arunesh Kumar Dubey, Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”) is justified.

We are in opinion that, Arunesh Kumar Dubey, Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”) is justified by taking the Fair Value of Companies, and covers each aspect of valuation.

This being of our best of professional understanding, we hereby sign the Fairness Opinion Report on Valuation.

**For Navigant Corporate Advisors Limited**



**Sarthak Vijlani**  
**Managing Director**  
**Place: Mumbai**