



Kurl-on Enterprise Limited

<u>Stock Data</u>	
Paid up Equity (Rs.cr)	13.9
Outstanding shares	27,78,738
Face Value	Rs.5/-

<u>Shareholding</u>	
	<u>%</u>
Promoters	83.94
Individuals	2.38
Bodies Corporate	0.26
Foreign Bodies Corporate	8.47
Trust & others	4.95

<u>Board Of Directors</u>	
<u>NAME</u>	<u>DESIGNATION</u>
T. Sudhakar Pai	Managing Director
Dr. Nitin G Khot	Independent Director
	Non Independent
Mrs. Jaya S Pai	Director
Mr. Amit Choudhary	Independent Director
Mr.S Ananthnarayan	Independent Director
Mr.Vishal Tulsyan	Independent Director

Kurl-On Enterprise Limited (KEL) was incorporated in October 2011 as a subsidiary of Kurl-On Limited (KL). Currently KL, the parent holds 83.93% stake in KEL.

Kurl-on Limited (KL) was incorporated in February 1962 as Karnataka Consumer Products Limited by Mr. T Ramesh U Pai. The name of the company was changed to Kurlon Ltd. in 1995. The company is involved in manufacturing rubberised coir, foam and spring mattresses, foam products and home furnishings through its subsidiary, KEL.

KEL also has its wholly owned subsidiary (100%) called Kurlon Retail Private Limited. KEL sells its products under the flagship brand name “Kurlon” along with sub-brands i.e Bounty, Fantasy, Grandeur, Klassic, Mermaid, Ortho, Panacea, Relish, SpineKare, etc.

In March 2014, KL entered into a business transfer agreement with KEL, effective from April 01, 2014, to transfer the business division of mattress, foam, furniture and other products (including assets, liabilities, contracts and licenses) of the former, as a going concern, on a slump sale basis to KEL. The core operations of the mattress, foam and furniture business are now carried out by KEL and all the products manufactured by KL (through the Gwalior plant) are sold to KEL on a cost plus model. In October 2015, KEL received a private equity investment of Rs. 90.0 crore from Motilal Oswal Private Equity Investment Advisors.



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Products



Mattresses



Sofas



Pillows



Cots



Furnishing



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Financial Highlights

<u>PARTICULARS (Rs.cr)#</u>	<u>2018</u>	<u>2017</u>
Revenue	1120	963
Y-O-Y growth	16%	17%
Profit before tax	132	99
Profit/ Loss for the year	84	67
Y-O-Y growth	26%	47%
Shareholder's Funds	313	348
Total Assets	553	557
Loans & Advances	8	112
Borrowings	21	19
Book Value per share	113	234
Earnings per share	30.2	37.6

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Financial Ratios

<u>PARTICULARS</u>	<u>2018</u>	<u>2017</u>
D/E (times)	0.1	0.1
Current ratio (times)	2.1	2.1
PAT Margin (%)	7.5	6.9
ROE (%)	25.5	20.8

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- The **Debt to Equity ratio** is a leverage ratio that calculates the weight of total debt and financial liabilities against the total shareholder's equity.
- The **current ratio** is a metric used by the finance industry to assess a company's short-term liquidity. It reflects a company's ability to generate enough cash to pay off all debts should they become due at once.
- **After-tax profit margin (PAT Margin)** is a financial performance ratio calculated by dividing net income by net sales. A company's after-tax profit margin is significant because it shows how well a company controls its costs. A high after-tax profit margin generally indicates that a company runs efficiently, providing more value, in the form of profits, to shareholders.
- **Return on equity (ROE)** is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE could be thought of as the return on net assets.



Growth Drivers /Top Reasons to invest

- Currently the number one brand in mattress and the second largest producer of PU foams in India; ISO certified brand
- ICRA has a rating of ICRA A+/A1+ outstanding.
- Only 1/3rd of the sector is organised & is being dominated by Kurl-on over years.
- Well established brand value and extensive reach of its strong sales network. The company has a strong network of more than 7,000 dealers & 852 retail stores which it plans to expand to increase its geographical base.
- Wide range of product offering like mattresses spring, foam, coir, therapeutic based), sofas, cots, furniture , pillows and furnishing.
- Consistently improving profit margins for the past few years.
- During the year , KEL declared a bonus issue in the ratio of 713:2000.
- KEL's revenue grew by 16 % to Rs.1120 cr and profit after tax grew by 26% to Rs.84 cr for 2017-18.
- The company paid a dividend of 50% for FY 2017-18 to all their shareholders.
- Kurl-On has entered into a partnership with IKEA and supplies products to the IKEA store in hyderabad.
- The company is the sole manufacturer of hospital approved mattress. KL markets its products under the flagship brand "Kurl-On", with approximately 35% of market share with a sales of over 1.2 million mattress a year.
- For the past sixteen years the company has won the Coir Board of India's awards for Outstanding Performance in Export of Rubberized Coir Products, the Development of the Domestic Market for Rubberized Coir and the award for being consistently the country's largest manufacturer.
- KEL is continuously enhancing its focus on institutional business from hotels, hostels and hospitals, strengthening company's presence on e-commerce platforms and availability of the products at all leading departmental stores, indulge in contract manufacturing for OEM brands to improve capacity utilization and economies of scale.



Peer comparison

<u>PARTICULARS</u>	<u>Sheela Foam</u>
Total Revenue (in Rs.cr)	1986
Profit after tax (in Rs.cr)	134
PAT Margin	6.7%
ROE (%)	25.2
Book value (Rs.)	134.7/-
EPS (Rs.)	27.4/-

Sheela Foam is the only listed player in this sector. It was listed on BSE/NSE in December 2016.



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Media News

Mattress maker Kurlon is targeting a revenue growth of 25-30 per cent in 2018-19, on the back of healthy demand.

Kurlon, which introduced sofas two to three years ago in its own stores, is embarking on a pan-India rollout for the same and expects the segment to capture at least 5 per cent market share in the Rs 12,000-crore industry in two years.

Kurlon, which retails sofas in the price range of Rs 25,000 to Rs 1,75,000, has 31 owned-stores under the brand Home Komfort and plans to take this tally to 200 by FY19-end.

For More Details:

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Investment in unlisted/PRE IPO shares have the potential of giving high returns, they are also accompanied but higher risk due to a variety of reasons. Investors need to exercise caution while investing in Unlisted/PRE IPO companies. Generally, they should have a minimum time horizon of 3 years and should not allocate more than 50% of their equity in Unlisted/PRE IPO Shares. All facts and figures taken from the shareholders report available in public domain,