

Avendus Capital Advises Duroflex on Its USD 60 mn Fundraise From Norwest Venture Partners

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DEAL VALUE	USD 60 mn
SERVICE	Private Equity
SECTOR	Digital, Technology & Consumer

India's leading sleep solutions company, Duroflex has raised USD 60 million from Norwest Venture Partners for its house of brands – Duroflex & Sleepyhead. Norwest is a Silicon Valley based investment firm that has invested in several of large tech-first consumer companies including Swiggy, Pepperfry, Mensa, Vuori, Udemy, Casper, Calm, Uber, and Spotify.

| Avendus Capital acted as the exclusive financial advisor to Duroflex on this transaction.

In 2018, Duroflex raised growth capital of USD 22 million from Lighthouse. Since then, the company has grown 3x through focussed retail and online expansion led by its omnichannel brand, Duroflex and D2C brand, Sleepyhead.

The company operates its business under two main brands - Duroflex and Sleepyhead. Duroflex is the largest omnichannel player in the mattress category, with 33% of its revenues coming from e-commerce. Duroflex is also a strong B2B player with marquee clients like Ikea, Stanley, and is now actively pursuing export opportunities.

Sleepyhead is a leading online mattress brand focussed exclusively on digital native millennials. Sleepyhead is a fun and young digital brand that is not afraid to push boundaries and be quirky. Launched in 2017 to cater to the ever-growing demand for mattresses online, especially amongst first-time consumers, the brand is rapidly expanding into other categories. The brand offers innovative and comfortable solutions at delightful prices and benefits like '100 days free trial', making the brand an internet sensation.

On the transaction, **Mathew Chandy, Sleep Evangelist & MD, Duroflex** said, "In 2018, we were thrilled to have Lighthouse join our cap table. They brought in their uniquely empathic & growth oriented mindset and high governance standards. This helped us grow the business by 3x. India's economic recovery has indeed been "K shaped", and we are fortunate to be on the right side of this recovery. In Norwest, we found a similarly empathic investor, who also has deep roots in innovative Silicon Valley, and a strong technology focus. Their capital and experience will be invaluable as we scale our business nationally, penetrate via D2C and digital

platforms and deeply engage in sleep science. This year, we were formally certified as a 'Great Place to Work', and we also want to be a great place to invest. We are excited about our new partnership and our future."

Duroflex, with its over 50 years of expertise, has led some category first innovations like doctor recommended orthopedic mattress range, world-class experience centres focussed on shopper experience and education, and creating India's first sleep content IP, "Sounds of Sleep". The brand has previously partnered with IPL sports teams such as RCB, CSK amongst many other celebrities. They have recently signed the leading Bollywood superstar, Alia Bhatt, as its brand ambassador to scale its national growth journey.

On the funding, **Mathew Joseph, Co-Founder, Sleepyhead** said, "Sleepyhead is focussed on the younger, digitally native millennials and Gen Z who are now coming into the workforce. Our products, prices, and experiences cater to their ever-evolving needs making us one of the leading brands in the D2C space. Our future focus is to strengthen our non-mattress category which includes beds, sofas, and sleep accessories."

On the investment, **Shiv Chaudhary, MD at Norwest** said, "Norwest is delighted to partner with Duroflex, which is a very special company that delivers excellence in everything it does; right from its pan-India manufacturing and distribution network to its sharp focus on product quality, innovation and consumer experience. Its strong team culture and approach to building a truly omnichannel business is laying the foundation for further scale and a compelling IPO in the future."

Abha Agarwal, Executive Director and Co-head, Consumer, FIG & Business Services, Avendus Capital added, "Duroflex is a leading player in the sleep solutions space, backed by passionate, nimble-footed promoters and supported by seasoned professionals. It has successfully built an omni-channel business by focusing on quality, innovation, customer insights, differentiated marketing and dexterous execution. Norwest's investment puts Duroflex in a strong spot from where they can further consolidate their position in the underpenetrated and unorganized Indian mattresses industry."

| About Avendus

Avendus Group is a leading financial services firm with a presence in the areas of Investment Banking, Institutional Equities, Wealth Management, Credit Solutions and Asset Management. Established in 1999 in Mumbai, India, Avendus is today present in 10 cities across India, US and Singapore. Avendus partners with the Indian entrepreneur ecosystem to provide differentiated solutions that enable clients to meet their strategic aspirations.

Avendus Capital, the investment banking arm, is consistently ranked among the top investment banks in the country on the back of its in-depth domain understanding and a best in the class track record of domestic and cross-border transactions. Avendus' wide range of clients is testimony to its ability to serve its corporates throughout their life cycle – from growth stage funding to large-sized transactions, M&A advisory and access to public markets.

Avendus Capital Inc located in New York is an Avendus Group entity offering M&A and Private Equity syndication services to clients in the US.

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