May 19, 2025

To,

The BSE Limited	The National Stock Exchange India Limited
Phiroze Jeejeebhoy Towers	Exchange Plaza, Bandra Kurla Complex
Dalal Street, Mumbai-400001	Bandra (E), Mumbai-400051
Scrip code: 540203	NSE Symbol: SFL

Subject: Transcript of Investors' Conference Call for Quarter and Year ended March 31, 2025 Financial Results.

Dear Sir/Madam,

Please find below the transcript of Investors' conference call organized on May 15, 2025 post declaration of financial results for the quarter and year ended on March 31, 2025 for your information and records.

Thanking You,

Yours truly,
For Sheela Foam Limited

MD IQUEBAL AHMAD
Digitally signed by MD IQUEBAL AHMAD
Date: 2025.05.19 17:52:13 +05'30'

(Md. Iquebal Ahmad)
Company Secretary & Compliance Officer

“Sheela Foam Limited Q4 FY '25 Earnings Conference Call”

May 15, 2025

MANAGEMENT: **MR. RAHUL GAUTAM – EXECUTIVE CHAIRMAN, SHEELA FOAM LIMITED**
MR. TUSHAAR GAUTAM – MANAGING DIRECTOR, SHEELA FOAM LIMITED
MR. AMIT KUMAR GUPTA – GROUP CHIEF FINANCIAL OFFICER, SHEELA FOAM LIMITED
MR. RAKESH CHAHAR – WHOLE-TIME DIRECTOR, SHEELA FOAM LIMITED

MODERATOR: **MR. RITESH SHAH – INVESTEC CAPITAL SERVICES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Sheela Foam Limited Q4 and FY '25 Earnings Conference Call hosted by Investec Capital Services India Private Limited.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ritesh Shah - Head, Mid-Market Coverage and ESG from Investec. Thank you and over to you, sir.

Ritesh Shah: Thank you. Welcome all for Sheela Foam Conference Call. We have with our senior management of the Company including Mr. Rahul Gautam - Executive Chairman; Mr. Tushaar Gautam - Managing Director; Mr. Amit Kumar Gupta - Group CFO and Mr. Rakesh Chahar – Whole-Time Director.

Rahulji, I would request you to start with some initial remarks post which we can have a Q&A session. Over to you, sir. Thank you so much.

Rahul Gautam: Thank you, Ritesh. Thank you. Thanks a lot. Good evening, everyone and thank you for joining us for our Earnings Conference Call for the 4th Quarter and Financial Year ending 2025. Along with me today, we have Mr. Tushaar Gautam, Mr. Rakesh Chahar and Mr. Amit Gupta.

Let me first take you all through the major developments in the Company for the periods under review and then Amit will take you through the financials.

In the 4th Quarter, on a Y-on-Y basis, we saw strong growth in our standalone business. As part of the integration plan, most of Kurlon brand sales were routed through SFL through Sheela Foam aiding in revenue growth. Our focus driven marketing and consumer engagement strategy also played a pivotal role to ramp up the sales. Financial Year 2025 marked the first full year of the combined operations for the Indian business that is Sheela Foam and Kurlon Enterprise Limited.

I am happy to report that our strategic plans are playing out as planned. The various initiatives taken across the Company on cost rationalization have already and will continue to improve profitability in coming quarters. In FY '25, the gross margins of 42.5% reflect an annual cost saving run rate of INR 120 crores. Additional saving of another Rs. 130 crores have already been executed and the impact of which we will soon see and will get reflected in our performance in coming times. The headwinds in consumer durables are known to everyone, impacted the sales of FY '25 thereby limiting us to achieve the evasive double digit EBITDA margins that we were looking for.

On the mattress side, for FY '25, we achieved a high-volume growth on a year-on-year basis. However, the same is not yet reflecting in revenue growth due to expansion of volume driven, the e-commerce business and the small-town initiative that we have taken in those categories. To ensure greater market penetration, we focused on expanding our network of showrooms. I am happy to share that we added nearly 400 exclusive showrooms and appointed 1700 dealers in FY '25. Showroom expansion remains a key focus area for us in FY '26 as well, wherein we plan to add more than 1000 new touchpoints. We are enhancing our presence in MBOs which allow for a higher counter share. Wherever possible, we are adding new distributor-owned outlets under both Sleepwell and Kurlon. We also continue to witness widespread adoption of small-town initiatives which are now available in more than 4000 towns in India and is showing very encouraging growth levels. The Company is focusing on appointing these STI specific distributors who will work solely in this category, and I just repeat that these will be over and above the existing distribution system that we have.

In the B2B segment, technical foam had steady volumes in FY '25. We maintained our share in the auto lamination industry. We are also developing new products for industries such as the aviation industry, ceramic filters, acoustics that is the gensets and the silencing of the gensets, as also, footwear insoles. We are also leveraging the furniture foam or cushioning under the KEL or under the Kurlon brand to gain strong foothold in the North and West of India. Our Comfort foam segment has had strong growth both in terms of revenues as well as volume during the year. Here, we have expanded our dealer network by adding nearly 1000 plus new dealers. So as I am mentioning that the volume definitely has gone up, but because of lower raw material prices the value or the top-line is yet to reflect the increase in the market share that we have.

Furlenco demonstrated a strong performance during this year. It achieved its full first year of positive profitability in FY '25. The exiting ARR in March 25 stood at an INR 300 crores. The ASP crossed above 1,00,000 in FY '25, which demonstrates a healthy penetration and adoption of Furlenco's offerings. Furthermore, we launched Furlenco in few new cities including Indore, Kolkata and Ahmedabad. To appeal to our Gen Z audience, we have also launched new product portfolios, those caters to their tastes and needs, which are very different from Gen X and Gen Y.

Coming to the performance of Staqo, which is our IT initiative, the growth journey continues in FY '25 with revenues growing by 61% year-on-year with EBITDA margins of around 28%. We on-boarded several new clients across PSU, MSMEs, along with the other private domains. To conclude, we are on track to unlock the full potential of the Indian business. In lieu of further streamlining and rationalizing our India operations, we have monetized 3 manufacturing facilities namely Dabaspet in Bangalore, Rajpura in Punjab and Roorkee in Uttarakhand. Through these concerted efforts, our manufacturing facilities, which were hovering around 18, are now rationalized to 12 and we strongly believe that these 12 are good enough to cater to the needs and requirements of both the brands and of the Comfort Foams and the B2B businesses, at least for the next 3 years.

On the international front, in the Australian business, we were able to receive the price increase. It took a little bit of time, but finally able to receive the price increases from majority of our customers, thereby improving profitability. We are also onboarding alternate raw material suppliers which will further enhance business profitability. In Spain, the capacity expansion contributed to volume growth of more than 15% during the year. However, the revenue for reasons which I mentioned before where the raw material prices are very low, the revenue was limited by lower raw material prices. Utilizing the enhanced capacity leads to increased overheads which in turn impacted our margins and profitability for the year. As we wait and as we see that the raw material prices are beginning to move up, these issues will get sorted out. As I look back in the last few quarters, clearly, the impacts of acquisition have stabilized and definitely the worst is behind us.

With those words, I hand you over to Amit to take you through the financials.

Amit Kumar Gupta: Thank you, sir, and good evening everyone. I am Amit Kumar Gupta.

Let me take you through the Financial Performance for the 4th Quarter and Financial Year ending 2025:

For the 4th Quarter under review, on a standalone basis, we reported revenues of Rs. 691 crore. EBITDA for the quarter stood at Rs. 46 crores with EBITDA margins at 6.6% for the quarter, net profit was reported at Rs. 12 crores. For the Financial Year ended 2025, the standalone revenue was around Rs. 2,600 crores, EBITDA for the period was at Rs. 235 crores and the EBITDA margin reported at 9.1%. Net profit was reported at Rs. 112 crores.

On a consolidated basis for the 4th Quarter, we reported revenues of Rs. 850 crores. EBITDA for the quarter stood at Rs. 69 crores and EBITDA margins were reported at Rs. 8.1%. Net profit stood at INR 22 crores. For the Financial Year ended 2025, we reported consolidated revenues at around Rs. 3,500 crores. EBITDA for the period stood at around Rs. 300 crores with EBITDA margin at around 8.3%. Net profit stood around Rs. 100 crores.

One thing that I would like to mention here, though on an operational front, we performed better in 2025 improving our gross margin, the flow of profitability to the bottom-line was limited primarily because of enhanced interest cost on the debt that we had undertaken for Kurlon purchase and also on incremental depreciation since Kurlon, it was the first full year of Kurlon with us, the depreciation for the entire year was combined. However, we believe that in the next 2-3 years, with the growth targets that we have as top-line growth and we are able to repay the debt, we should be able to reach profitability metrices which were better than what we enjoyed in the past.

With that, we can now open the floor to question-and-answer session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Arun Malhotra from CapGrow Capital. Please go ahead.

Arun Malhotra: Good afternoon. Just wanted to understand, I think we have seen couple of quarters after the merger has happened. We are still not seeing the profitability. Is there any structural problem with the business itself? That is one? And second, hopefully the synergy should have come by now and we should have seen higher margins, but that is nowhere to be seen?

Rahul Gautam: Thank you Arunji for the question and this is something which we discussed and talk about all the time. Our analysis is that there is no issue or any structural problem.. It is just that the two companies which were operating in completely different manners have to be integrated. On the back-end side of it, there was not much of an issue because of production and manufacturing is very similar. However, it is on the front-end part of it, there was one which was going directly to the dealers and to the customers while for Sheela, it was through distributors etc. Now, to merge those things together to find out which is the best route to the market, etc., it has taken a little bit of time. But there is no structural problem. And I appreciate your point of view of saying that for past, somewhere the lower performance of the Company seems to be coinciding with the acquisition part, but to us, we believe that it is a bit of a coincidence. Many things have kind of happened together, but otherwise as we kind of come out of it, as we conclude the acquisition and the integration, we believe that the worst is behind as it will move forward.

Amit Kumar Gupta: And also on the synergy front, as you mentioned, so we currently are looking at it very closely and that is why we can say that around Rs. 120 crore worth of run rate by end March '25 is already there, which to some extent is also reflected in the gross margins of the Company. And also if we go down below the gross margins with combined overheads of Sheela Foam and Kurlon, during the year, we were in the process of pruning the same and creating it into one organization and optimal overhead structure. We have been able to a large extent successful as you would have seen that we have reduced our number of plants from 18-12. All those administrative overheads and manpower cost in those plants have gone away, but they have taken place over the entire last year, so full year reflection would come for the first time this year. In 4th Quarter, we were pretty confident that it would be reflected, but unfortunately there were certain tailwinds because of the environment in the consumer space because of which our top-line was restricted to the amount at which it is. Had we been able to achieve even 10% higher than this, we would have achieved our double-digit margins, which we are looking forward to in the coming quarter.

Arun Malhotra: Sure. I appreciate the confidence which you are showing, and you have also shown in the past, but since it is not reflected in the numbers, I am again repeating the same thing. The market is now losing credibility, which can be seen from the past performance of the stock which is now below the IPO price last 4-5 years, the stock performance is negative, so are we also concerned about the minority shareholders and trying to do something in that direction?

Rahul Gautam: So we are definitely concerned about all the shareholders and what you have stated is based on numbers and on the fact that this is how it has kind of panned out. But the confidence that you talked about it, I don't want to call it confidence, but I just want to say that it is a very positive outlook that we had. And undoubtedly it has taken far more as far as effort and energy and time were concerned in integrating the two. I say it, but at the same time, I also see that two organizations of this level and this set of complexities, we have done reasonably well for integrating them. And now that we are almost at the fag end of it, it should show positive part.

Arun Malhotra: Sure. And last thing if, let us say, I take you forward for 3 years, what could be the shape of the business in terms of profitability, margins, growth, what are the industry trends which you think being a market leader now with the consolidated entity, you could actually capture those margins, profitability and the market shares and the growth? I am talking 3 years forward, hence.

Rakesh Chahar: Yes. So I would say that look, as far as the general uncertainty about everything is concerned, that is ever increasing. But having said that, if you just look at the areas or the market size or the potential of the market size that exists, I think it doesn't matter if the conditions get very adverse or very bad, still there would be enough for us to grow. So whatever are our targets that we have taken for and I would let Amit answer that. Have we have taken forward? If we should be least impacted by environment changes, of course, availability of raw materials, any logistics issue happening globally, etc., those could for a little while impact, but otherwise, as far as the markets in India are concerned, we all know that should be there. Amit, what we have projected?.

Amit Kumar Gupta: Arunji, I think I can give you simple numbers, but that won't help. So let me give you a little bit of how we intend to approach this particular thing, and this is the place where we are looking to reach. So if you see during the last one year, our business from structurally i.e. the operating business has become more efficient. Yes, it has become more profitable. Since both organizations have now been combined, the next job for us was to create overhead structure which was optimum for a organization of our size. In that also, we have been pretty successful. If I compare on a like-to-like basis, our cost in spite of inflation have not gone up. Now, the important thing that we need to work on now is how do we increase our top-line and I think we have taken positive steps in this direction in the last 1 year. Our share on the online segment has gone up. We are currently around Rs. 175-Rs. 200 crores on the online segment. Historically, we could touch only Rs. 100-Rs. 110. And also in the small-town initiative, we will be touching very soon Rs. 100 crore mark on that particular segment. So this helps us in two ways. One, it increases, gives us additional revenue and secondly, it gives us an additional market where we are selling our product. So if you see, we are moving in a direction where growth should come and we should further strengthen our leadership position. Now, given this background, we believe and we being a Company which is at 30% plus contribution margin Company our products are of such nature. I believe that as soon as we are able to achieve some growth on the top-line, this would definitely be reflected in the bottom-line and that is what our focus area in now is for this year as well as for the next 2 years. To give you numbers and I have given it in the past also, I would retain my number that we intend to grow in India by around 15% per annum for the next 2-3 years. And our EBITDA margins should be somewhere around 13%-14% odd in 3 years, if you are, maybe it touches 15%, that is my internal target, but you can take it, it will definitely be higher than 12% odd. The only thing is that we should be growing now from here, from a top-line perspective, which we are pretty confident of.

Arun Malhotra: Thank you, sir.

Moderator: Thank you. The next question is from the line of Aishwarya from iThought PMS. Please go ahead.

Aishwarya: Sir, my question is regarding the top-line, because the mattresses business in itself is like a moderate growing business, because if I buy mattress for say, one mattress is for about 35,000 or something, it will go and it will last for me up to 7-10 years around there. So what generally happens is we can see that the top-line is moderately growing and I was expecting a conservative number, but then the guidance was given that we will be performing about 14%-16% and we did perform somewhere near to that which is 12% from last year. And what I am trying to understand is that since you have onboarded new products and your new products in the Tarang and Aaram in the rural area, that cost would be like much lower than the cost of mattresses which is available in Tier-1 cities. So unless we do good in volume terms over there, it is still like moderate growth, then how will we be achieving the guidance which we are giving today and the other question is regarding debt because this year since the interest costs are higher, in how many years will we be having no debt? That is another question, sir.

Rahul Gautam: Aishwarya, thanks. So I will let Mr. Rakesh Chahar answer this. As to the impact of Aaram and Tarang and you said that the costs in the Tier-1 cities is lower than the cost of Aaram and Tarang is high. That is right. There were other mattresses available which are lower than that price and therefore how do you intend to compete this, is my understanding right?

Aishwarya: Yes, sir.

Rakesh Chahar: So we have a large EBO network which is almost about 3000 showrooms. So there the journey will be of premiumization. So there is already a program that we have initiated to upset which is both on the product side and also the software issues with the retail partners that how do we engage consumer, elevate their interest in sleep and the role of a mattress and good sleep, and therefore able to sell a high mattress. So that is the journey as far as the showrooms are concerned, EBO showrooms. As far as Tarang and Aaram are concerned, it has market in the rural area and also the smaller shops in the urban area. So we have put a structure in place because we are very weak in the urban area. We were only driving this product so far on the rural side. So recently, we have introduced it in the urban site, restricting it to a level where the small furniture shops can carry it, because normally the mattresses are sold along with the furniture. So they will have both different treatments from our side. So our premiumization in the EBOs, where 75% business is coming, that will not get impacted and here we will get additional sales where we are not present today. So that is how we are looking at.

Rahul Gautam: And Amit, can you respond to her question on the interest part of it, as we go forward, there is a large interest component which is there and till when will that kind of continue and when will we be able to clear that?

Amit Kumar Gupta: So Aishwarya, we currently have a debt of around Rs. 700-Rs. 750 crores on our Indian balance sheet against which we have a cash of around Rs. 450 crores. We expect to generate with the level of profitability around Rs. 100-Rs. 150 crores per annum for the next growing at the rate at which it should grow for the next 2-3 years. In addition, we are also monetizing certain real estate which is land free because of the closure of the plant which Rahulji mentioned in the part of his speech which should fetch us around Rs. 200 crores and this is we are trying to monetize in the next 1 year i.e in the current financial year. So I believe that with all this, we should be able to deleverage our Indian balance sheet fully in the next 2-3 years after which the interest component which you currently see at around Rs. 100 odd crores should be reduced only to working capital interest of Rs. 10-Rs. 15 crores per annum. So that should be the trajectory of interest cost.

Aishwarya: Understood, sir. I have one last question regarding the other B2C brands which are actually raising money to break the market share because they are not profitable yet, but they are breaking market share, and they are giving some various schemes which actually customers are lured by. So what I want to understand is that are we still open for any other acquisitions as a Company, not just for the mattresses or for any other product which will complement the business?

Rahul Gautam: No, Aishwarya, at the moment we are not looking at any other acquisition. We would want to settle this down. I think dealing with two large brands and get them to move to their destinies, it is going to be a task, and I think all efforts and all resources the Company should be focused on that.

Amit Kumar Gupta: And secondly, if you see, we are now leaders, Pan India, so Sleepwell rules in the North and the West and Kurlon rules in the South and the East. At any point of time, it would always make sense for us to do an organic growth rather than spending too much money on inorganic growth. Now, as you mentioned that there are people who are competing with us and they may take a little bit of our size, I can tell you that they are only present in top Tier-urban places where they can make a chipping impact. The way we are countering and the way Rakeshji mentioned that we are opening showrooms, we opened around 700 last year, we will open around 1000 in the current year. So we are growing much faster than them and apart from that we are again creating market development strategies on the online and the STI segment. So being a leader, yes, we cannot behave like them because their stakes are much lower. We need to develop pan across the country, so we need to follow different strategies. But I can tell you that with these strategies, our objective is to get a very strong foothold in the country, which we can do on the strength of the two core brands and keep growing. The other brands may also grow, but yes, the market is very large for accommodating them as well.

Aishwarya: Thank you so much for answering the questions, sir. Thank you.

Moderator: Thank you. The next question is from the line of Rahul Agarwal from IKIGAI Asset. Please go ahead.

Rahul Agarwal: Hi, very good evening, sir. Sir, a few questions and few clarifications. Firstly, you gave a guidance of 15% CAGR with 13%-14% margins. I believe that is more for the mattress only, right? It doesn't include the B2B part, is that correct?

Rahul Gautam: Rahul, you will have to speak up a little louder. The voice is just not coming through.

Rahul Agarwal: Firstly, some questions and some clarifications. I wanted to clarify that the 15% CAGR growth on revenues and 13%-14% margins, this is only for the mattress business, it doesn't include the B2B part, is that correct?

Amit Kumar Gupta: No, that is incorrect. Mattress should grow even higher. See, this is the combined growth for the entire India business, including the B2C, D2C and B2B businesses. So B2B businesses are expected to have a little bit lower growth because we have segments like technical foam will depend on end user industry, but mattress should be higher because we combine one organic growth of the industry coupled with growth in the new markets that we have opened which is STI and maybe online segment.

Rahul Gautam: So in short, it is for the entire India business. That is right.

Rahul Agarwal: Got it. Perfect. And then now just further breaking it down into B2C and B2B, B2C essentially because the mix change and higher growth into smaller towns as well as Aaram and Tarang, obviously we are looking at a bit lower ASPs. So my belief is that increment growth on mattress, which will be higher than 15%, so let us say, for the sake of discussion at 16%-17% Y-o-Y on a CAGR basis should largely be driven by volume? Is that understanding correct?

Amit Kumar Gupta: So volume growth will be higher than value growth. You are right, because there are different segments and different price categories. That way you are right.

Rahul Agarwal: I get it. And on the B2B side, though on a full year basis, I believe the numbers are okay, but when I look at the trends, looks like the ASP's are up, but the volumes are down meaningfully in 4th Quarter. So is it more seasonal or is it any other reason why the foam the B2B volumes are down this quarter on a Y-o-Y basis?

Amit Kumar Gupta: So two reasons I can tell you, one, we took certain price increases in this quarter in mattresses specifically. And second, 3rd Quarter online was the highest which to some extent impacts ASP. So in the 4th Quarter, that impact was a little bit lesser and that is why we could see better ASPs in 4th Quarter than the 3rd Quarter.

Rahul Agarwal: No, actually my question was on ASP's for B2B products, not for the mattress. My question is, I will just repeat myself. On B2B, on the 4th Quarter performance, what I see is the pricing has actually gone up, the selling price on a tonnage basis has gone up while the volumes are down like almost 15%-30%, maybe for some segments. Any particular reason for that? That was the question?

Amit Kumar Gupta: So I will tell you. So if you see there were certain price increases in B2B segments also. We should have taken these price increases in the earlier quarter. That would have impacted, but there is a combination of impact on opposite side, one, raw material prices were coming down. So because of that there was pressure on pricing and on the other hand, we took price increases to compensate for what we should have done in the previous quarter. The volumes are different and especially you will see that in Comfort Foam, but other than Comfort Foam, I think volumes and value should match up, right.

Rahul Agarwal: So is this price hike recently absorbed in the market on the B2B side? And incrementally we should see like a steady 8%-10% CAGR on volumes irrespective of what happens to the price because that anyway is out of anybody's control, is that understanding correct?

Amit Kumar Gupta: Yes, that understanding is correct.

Rahul Agarwal: Perfect. And just few clarifications, on the notes to accounts, there was adjustment on goodwill purely coming from accounted as other income for working capital adjustments, there was something written on the government grants of Rs. 46 crores and then we have this asset sales of Rs. 45 crores which is supposed to happen at about Rs. 200 crores over the next 12 months is what you will try for. So asset sale is pretty clear. But could you clarify on the goodwill adjustments, where is it booked as other income and as for government grants, what is that about and how will that get accounted for, please?

Amit Kumar Gupta: So I will take the government grant first. This government grant is on Jabalpur plant. We got a total incentive of around Rs. 45.7 crores. You can look at the notes to the financial statements which we released. This is to be received over a period of 7 years based on which an operating income of Rs. 7.25 crores has been booked in the current quarter. So this is an income for the Financial Year '24-25. Since we got the letter in the current quarter, we could not have booked it earlier. We booked it in this quarter.

Rahul Agarwal: So this is booked as revenue, is it? Is this booked as revenue or is it booked as other income?

Amit Kumar Gupta: Yes, it is booked. I will have to check, sorry.

Rahul Agarwal: No problem. We can move forward.

Amit Kumar Gupta: Yes, the second part you are referring to adjustment on account of acquisition. So we estimated a definite amount of money, which we should have received on account of indebtedness and working capital from the erstwhile seller. These are estimated initially when you account for based on purchase price allocation at the time when we did the acquisition; however, things had become pretty clear by the 3rd Quarter. And in the 3rd Quarter, we adjusted goodwill to reflect the real position which we were leading to in discussions and negotiations with the erstwhile suppliers. So the liability that we had created was adjusted with goodwill to the amount that we needed to pay them. We needed to pay lesser amount, so that liability was reduced.

Rahul Agarwal: So is this a cash inflow in any manner, this Rs. 36 crores?

Amit Kumar Gupta: Rs. 35 crores is not a goodwill adjustment, so you are mixing 2 things. Goodwill adjustment is of Rs. 30 crores which we did in quarter 3. This Rs. 35 crores is the amount that we received on account of damaged and spoiled inventory which was there in the warehouses which we discovered when we cleared the warehouses. So when we cleared the warehouses, we found that there was wraps of mattresses which were lying in the bottom for years and they were not of that value. We put a claim on the erstwhile sellers and we could realize Rs. 35 crores under that. However, as per accounting, if you receive any money from sellers, you cannot account for it in raw material. You have to account it as other operating income. We could have adjusted it to consideration, but that was allowed only till 12 months. So we accounted it as other operating income which is appearing here.

Rahul Agarwal: Perfect. So this really helps. Sorry for getting into so many details and I will get back in the queue, sir. Thank you so much and all the best.

Amit Kumar Gupta: No issues, Rahul. You can also call me in case you need more clarifications, please.

Moderator: Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Hi, sir. Thanks for the opportunity. A couple of questions. First to start with distribution, I think sir, you indicated a number, we added 400 exclusive showrooms, I think after that the number was given 700. My question was, is it possible if you can quantify the actual number for EBOs, MBOs that we have right now? And basically, you indicated a target. I am not sure whether it was 400 or 700?

Amit Kumar Gupta: Ritesh, you are right, it was 400. Maybe I spelt it wrong as 700, so 400 is correct.

Ritesh Shah: Perfect.

Rahul Gautam: Where it has gone.

Ritesh Shah: Yes, numbers are basically where we are on absolute number from account standpoint.

Rakesh Chahar: So the absolute numbers would be like we have showroom which are a display format for retail. There we have a total of about 2500 in Sleepwell and around 500 in Kurlon. So it is about 3000 showroom format. If you talk about the overall networks, that is about 11,000, both Sleepwell and Kurlon put together. So 3000 and 3000 outlets, they constitute about 70% of the business.

Ritesh Shah: Sure. Sir, would it be possible for you to break the revenues based on the different channels? So I think for D2C, Amitji did indicate that we are looking at like Rs. 175-Rs. 200 crores, but would you be comfortable to break it up between, say, EBO, MBO, D2C, small-town initiatives. Basically, it gives us a yardstick to understand how the Company is doing?

Rakesh Chahar: So we can indicate broad percentages what we are looking at, but getting down to the channel would be too much going down in detail.

Amit Kumar Gupta: So Ritesh, we can't exclusively discuss the numbers. You know that these are trade elements, but I understand your concern and maybe Rakeshji can give a broad percentage.

Rakesh Chahar: Ritesh, we can discuss this one-on-one. So on a macro level, there is B2C which you call it as general trade, which is about channel. So there is an initiative to get drive growth there. Then we have the e-com bit where we have space for much faster growth. So there we have taken a much higher number. STI is a category creation, so it has reached a run rate of Rs. 5 crores where we have a bigger target to grow there. So it is structured like that. As far as the B2B and Comfort Foam business is concerned, there is a growth plan around that which is both new categories, application development. So that also is in the vicinity of about 12%-15%. But the dependency is on the user industry. But our initiatives are aligned to get about 12%-15% there. So as a sum total of all these verticals, it comes to about 15%. That is what Amit indicated.

Ritesh Shah: Sure. That is helpful. Sir, my third question was on synergy. We have indicated that Rs. 120 crores is already in the numbers and Rs. 130 crores is already executed and we expect it to be reflected. So the question is, can we detail out the split of Rs. 130 crores, if already executed, what is the timeline that we are looking at? Is it on the front-end side or on the back-end side? So what is it that has been achieved? What is it that is pending timelines?

Amit Kumar Gupta: So Ritesh, I will not discuss Rs. 120 crores because that is already done and that is there. The major part of it is in operating margin, some part of it is in freight and the closure of certain units and saving of overheads on administrative costs on account of that. Now let us talk of the remaining Rs. 130 crores that is there. So the major portion of the remaining Rs. 130 crores would come out like there was one of the biggest units which are under closure currently. We started it towards the later end of March, we had to give certain notices etc., this month. So that should fully happen maybe by the end of June. So we will have some part of that impact in June and the second quarter it will be full impact for that. There are certain technical improvements or innovations that we are introducing in this which I spoke last time in the call also that is around Rs. 40-Rs. 45 odd crores of savings would come out of it. It was being used in Kurlon earlier that is being used in Europe and America also. We have ordered 2 new machines for it, which would take around 4-6 months to come, so part of it is executed. Part of it would be executed once those machines come to India and are installed. So those benefits you would be able to see the second part of it in the 3rd Quarter. But the first part of it, it should be visible to you from the 1st quarter itself. Then there are certain initiatives in freight. Freight is again also in two parts. We have already implemented a major part of savings on freight. However, there are components in freight, since we have higher volumes, how we can increase the efficiency of utilizing the space in the trucks that we are doing currently, we are using bigger size of trucks. There is some Rs. 5-Rs. 7 crores of saving coming out of that. Additionally, we have a lot of inter unit freight. So what we were doing now, it has increased overnight with coming in of Jabalpur because it now turns ship home from Jabalpur to most of our units have been cheaper.

We are compressing that foam and sending it to our other unit. We had a compressor which is currently compressing and so part of that saving is realized. But we have also ordered a new compressor which would entail more savings on this particular front. In addition to this, there are similar 2-3 other savings. I cannot give you all the details of that, but yes, why I said that these have already been executed is that they have already been put into that mode. We have done what we could have done in the 4th Quarter or in the 1st quarter that we are doing and gradually over the period of the year, most of it should come in the 1st two quarters, but some part of it will be visible in the last 2 quarters.

Ritesh Shah: This is quite useful. I will just add two more and I will join back the queue. Sir, earlier we had indicated broad numbers around Aaram and Tarang. It is there surprisingly even in EBOs in the marketplace. So is this something which is by design, and I think in the last call you had indicated 7% of the volumes was Tarang. Please correct me, if I am wrong. Just wanted to know the run rate and where should we see this number, say year out or 2 years out?

Rakesh Chahar: So the number would still be around 6%-7% the year gone by. We see this number within the portfolio growing up because there the numbers are going to grow rapidly. So we see it growing to say 12%-15% in this year.

Ritesh Shah: Sure. And last question for Rahulji. Sir, how do you see the competitive intensity in the marketplace? If you could provide some color on different categories and what is our strategy on pricing and discounting in the marketplace? Thank you so much.

Rahul Gautam: Thanks, Ritesh. I think you are putting the most difficult question to me. So let us look at the online and offline as two separate things. There is a lot of activity on the online stuff and so are we participating in that because that whole segment is growing at a fast or faster pace than what the offline one is growing. On the offline side, I don't see that there is too much of activity. I see that we are doing our bit and if I can hazard a guess, we would have actually increased our market share in the last year or so. There is, of course, a bit of an unorganized sector which is there and that unorganized sector, the numbers are a little difficult, but just keeping, making a good intelligent guess, our Sleepwell and Kurlon activities have been by far the most and have also shown better results. Online, I am saying if the whole segment is growing and everyone is participating growing. There are some few newer brands which have come in. Now, the only problem is on their profitability and sustainability and all that stuff. So we can probably talk about it maybe another 3-4 months down the line as to where they stand here.

Ritesh Shah: Sure, Rahulji. Thank you so much. I will join back the queue. Thank you.

Moderator: Thank you. The next question is from the line of Nikhil from SIMPL. Please go ahead.

Nikhil: Thanks a lot. You have given quite a detailed explanation on the cost side. But continuing on that, from our presentation for India business, if I look at our fixed expenses as a percentage of revenue, we are around 34%-35% and pre-acquisition, it was in the range of 25%-28%. And you mentioned that we eventually want to leave that 13%-15% EBITDA margin. My question is, is this ambition to reach that 13%-15% completely dependent on our ability to grow at 12%-15% or is there more on the cost side which can help us or bring down our total expenses down because you have mentioned Rs. 130 crores is already realized, but still we are in that single digit EBITDA margin. And maybe Rs. 120 crores another maybe realized. But I am not clear how that ambition of 13%-15% will be achieved.

Rahul Gautam: So Nikhil, there is no doubt that the sales have not kept up or the top-line has not kept up to the level that we wanted. A lot of this will be contributed by as soon as we start achieving the top-line that we want. On the other expenses part of it, I think there is a constant battle that goes on. There is a process which is in place for reducing the expenses and each one of the departments does their little bit and we see that happening on a month-to-month basis. On the other part where it can get contributed is the synergy side and synergies, Amit has already explained that where the balance 130 is to kind of come in. Once all these three things kick in, which is existing departments or functions, reduction in expenses, which is, as I said, a constant process that goes on, we may have been a little distracted by the acquisition or the focus may have been more on integration part of it, but that is now back, and that process will be on. The second is the Rs. 130 crores that Amit has already explained as to where and all the execution has taken place and that has to come in and add to that the sales going up, we would or we should be meeting the top-line targets or EBITDA targets that we are looking at.

Amit Kumar Gupta: Only one additional thing I would like to mention, the percentage that you are referring to, please appreciate that this is the first full year when Kurlon is being consolidated. Kurlon was a Rs. 850 crore Company and so its overhead percentage was higher than us. So in spite of inflation for one year, in spite of additional overhead, we have been able to maintain it at the same percent, which means same absolute value since the top-line is constant. So you would appreciate that a lot of efforts or a lot of savings would have gone into the Company to offset those higher levels. So it is not that savings are not there, savings are there in overheads also because a lot of plant closures have taken place, rate rationalizations have taken place, and they are reflected in the number that you just cited.

Nikhil: So would it be right to say that bringing this trade rationalization the route to market changes, probably we have grown lesser than the industry in last one year?

Rahul Gautam: I think it would be about the same.

Amit Kumar Gupta: So in terms of volume, we have grown and that is what the entire industry has faced. We have grown better than industry because there were two additional segments in which we grew. Online, we grew by 80%, STI that was a new, whatever we gained was incremental. So our growth definitely is much higher than what the industry would have grown.

Nikhil: But sir, then if I remove the e-com business growth and the other segments, the GT channel or the MBO channel would have seen a degrowth in that case. So based on the numbers of sales of Kurlon which we used to, Sleepwell which we used to report and if I do a rough back of envelope calculation, it seems like a lot of growth has only come from those two segments, while the MBO channel, which was our strength or the EBO channel, has not performed at all. So would it be true for industry also or I understand because bringing this integration we brought some changes and that is why we have seen some loss of share or is it the industry has also not grown in those segments?

Rakesh Chahar: So if you look at, we call it general trade like EBOs and MBOs. So there on numbers we have grown by about 13%. What has happened there is that the ASP has gone down. And therefore in value it is very flattish. On the other side which is the e-com and the STI, so there we have grown substantially. And that has when added together, it also adversely impacts the ASP. So I think what really was kind of coming in the value growth is the ASP at our EBOs and MBOs, so that is something which because of the market conditions, because of the unorganized getting the same, so that is plus some product that we had reduced to compete with them in the market. It is a combination of many things, but there was some code correction that was required which has already been initiated just about a month and a half back and we have already started seeing the results on the ASP going up at our EBOs. But that is the purpose of EBO, we invest into EBO to basically premiumize and to increase the ASP which has not happened in the last year. So that is how the situation is.

Nikhil: Sure. Last question, and this is slightly longer term on your vision, see we have a very strong right to win in the India business with significant market share, good brands and there is a possibility or a runaway for growth, say for 5-10 years, even if we remove the near term ups and downs. In this whole scheme of things, when we look at Australia and Spain, they are stagnant there. When we bought them, they were at Rs. 300-Rs. 400 crores. Today also, they are at Rs. 400 crores. Similarly, Spain which was Rs. 350 is still at Rs. 350. And probably whatever price we have paid for the acquisition, we had recovered probably now. In the next 5 years, what is their role in the whole scheme of this business? Like when we have a larger opportunity and we have done our acquisition and our energies towards making these acquisitions successful, what is the role these two entities will play now?

Rahul Gautam: It is a very good question, Nikhil. Let me just say that when these were acquired, which was Australia was done in 2005 and Spain was done in 2019, each one of them added value as far as our business was concerned. There was a lot of cross learning, there were technologies, there were mattress technologies etc., which were there to come. Today, if we review that position today, I think the question that you are raising and I would agree with that, that we must raise that question as to what kind of value are these kind of. Of course, each one of them has a different role. Australia plays a different value and/or role, and Spain plays a different role. But that question must be asked. I would say that for Australia, we are probably in the right time to raise that. Spain, being part of that largest European market that is there and there is a lot of turmoil going on in Europe. I would hold on for another year or so to really look at even to raise this question that we have. But in short, you are saying in 5 years, what do you see them? Their role will diminish with time, or their contribution will diminish with time, and it will get restricted to whatever they are doing, catering for the local markets, etc. And you are quite right that the real potential lies here in this country and with the position that we have with the two strong brands and with all the base work that is being done, we should see the next 4-5 years of good run.

Moderator: I am sorry to interrupt, Mr. Nikhil, can you please come back in the queue for further questions?

Nikhil: Yes, thank you.

Moderator: Thank you. The next question is from the line of Varun Singh from AAA PMS. Please go ahead.

Varun Singh: Thank you very much. Am I audible?

Rahul Gautam: Yes, please. Yes, Varun.

Varun Singh: So thank you for the opportunity to ask a question. First, Rahul sir, I just wanted to inquire your mind that in the mattress segment where we are putting so much of hard work, it is heartening to say that there is a 20% volume growth, then maybe so many other consumer sector is facing slowdown. So we have been able to deliver such a good growth rate, maybe lower than what we would have expected, but still it is quite positive. However, given that there is only 6% value growth in this segment and so much of opportunity, excitement and energy etc., that is out there and even if I remember correctly, during last conference call, recent conference call, we were guiding for 17%-18% kind of revenue growth in the mattress segment. And so assuming that let us say, even if we are able to achieve 15% revenue growth and I break that number down 15% to 2 parts, one maybe Tarang which assuming it goes by 20%, so our core metrics segment, the other 90% of the revenue pie that must grow minimum 14% odd in value terms to achieve for the Indian mattress business, 15% revenue growth. So sir, please help us understand that how much comfortable you think this minimum 14%-15% growth excluding Tarang is a possibility. For FY '26, it may be a possibility, but for the first quarter itself, like, given that April has already gone by and 50% of May month is also done. So for us, sir do you think that delivering 15% revenue growth in mattress is quite a fair ask rate?

Rahul Gautam: So I think it is a fair ask rate and maybe really breaking it down into retails and into days and weeks and now we may not be able to do that, but it is a fair ask rate.

Varun Singh: Alright. And sir, the second question is the other 50% of the business which is B2B and also let us talk about India B2B business given that deflation explains, the maximum part of value growth decline, what would explain this business will be growing by minimum 10% in FY '26 starting from Q1 itself. And how do you look at B2B, which is again a larger part of our business in the deflationary situation given raw material is likely to stay deflationary? That is my second question.

Rahul Gautam: So on the B2B side, our growth rates are quite dependent on the industries that we cater to, whether it is the auto industry or the shoe industry, helmet industry, toys industry etc., but some newer applications we forge and we newer industries get created, for example, we are doing something for the aviation industry or the toys industry, which is suddenly picking up as far as India is concerned. So a lot of foam would go into it. But by and large in the near future, you would see that the growth of the product or the growth will be completely dependent on the growth of the industry, the user industry. And like you said that this is deflationary, the raw materials and in these B2B businesses, the selling prices are always based on the raw materials plus margin. So that is why that the top-line may appear a little subdued or may appear subdued. But the industries that we cater to, they are quite robust, you know that whether it is the auto industry or the shoe industry or they go through little ups and downs, but otherwise they are here to stay and they are here for their products to be consumed here.

Varun Singh: Understood. Sir and just one last question, if I may on our EBITDA margin guidance, I remember correctly during last call we like 10% was the expectation from the 4th Quarter. But unfortunately because of the subdued demand situation and deflationary environment, etc., we could actually achieve just 8% odd compared to 10%, so for FY '26 and again starting from Q1 FY '26 itself, how much confidence do you think 10% EBITDA margin in the degree of conservativeness you would think, sir?

Rahul Gautam: So that may be tough to give exactly what is the confidence level or what, but we stay absolutely positive in that direction. That is all I can say. Confidence or any kind of guesswork, not guesswork, but any kind of numbers, it may be a little awkward at this time, but otherwise we remain positive for that.

Varun Singh: That is all from my side. Wish you all the best. Thank you very much.

Moderator: Thank you. The next question is from the line of Jaineel Jhaveri from JNJ Holdings. Please go ahead.

Jaineel Jhaveri: Hi. Thank you for taking my question. Sir, my first question was regarding the CEO. He was a Professional CEO that had been brought into the Company, and he stayed for almost 2 years I think, 1-1/2 or 2 years. So I just wanted to know and now I think the management has moved back to a family person. So I just wanted to know that has there been a shift in the thought process or are we going to look for a Professional CEO again? Anything regarding that?

Rahul Gautam: So we are not in the right time or right position to answer that question, but all I can say is that when the CEO was hired, we had many things which began to happen one after the other and the CEO was also hired with a certain commitment to him. The acquisition happened, the integration happened and all the changes in the market that began to happen. So that was the reason that we kind of disengaged with each other. As far as reverting back to an older gentleman or to somebody who has been there in the Company, it is no change of any business policies or it is no change of doing business, but it is just to stabilize it. And through this entire call, we have been talking about what kind of instability and acquisition like this brings about, so at this point of time, we are just saying that we want to stabilize it, get it to moving in the direction and at a rate at which we want. As far as the CEO part is concerned, that was always with future in mind and I hope that you will appreciate that if and when we start even thinking about it, it does take a couple of months to find, settle somebody, and then there is settling in time, and we don't want any kind of a disruption at the moment to happen. We want things to stabilize and then we will move on. In any case, as I said, CEO was more with the future in mind.

Jaineel Jhaveri: Right. No, I just wanted to understand your thought process and it was helpful.

Rahul Gautam: No, sure, I fully appreciate that these are issues which would keep going on in the mind, so it is good that you have faced it.

Jaineel Jhaveri: Right and one other thing. And this may be just some thought that I had was in terms of even the kind of questions that other participants have asked and that I have been following the Company for some time now, is there any thought process on like restructuring the Company or like maybe demerged the mattress business? Why I asked this is because a lot of the value in the share price is going or gone because of things that maybe not even core to the Company, maybe something like the Staqo part of the business or even Europe and Australia. So is there any thought possible? And then you have this one beautiful part of the business which all have grown even including the Kurlon acquisition. So is there any thought process on maybe demerging that out?

Rahul Gautam: It is a brilliant question and let me just say that there are many people who would think and probably in other countries it does happen that the mattress business and the other foam business are fundamentally different businesses, but the way that things have grown in India, it is from the foam business that the mattress business evolved and grew. It is also coincidental that the shops or the areas where it was peddled or it was sold to the customers or the consumers were also same and similar. Therefore, would someday the two businesses be different? Probably yes, but that someday is quite far away. But I understand and appreciate that there is a fundamental difference in the nature that the way the two products sell and except that they are in the same place and the raw material parts of that are. The other things that you said about Europe, I have already answered the question on Europe and Australia. They had a role to fulfill. There is some which has happened and some we will have to see how it will kind of revolve. But as time goes by, the Company is very clear on two things. Number one, the priority is India business, number two, the priority within the India business is the mattress business. Therefore, if you will look a few years down the line or even a few quarters down the line, you would find that percentage of mattresses or branded mattresses in the India business will keep on increasing. The percentage of India business in the entire business of Sheela will keep on increasing. So that direction will happen. Now someday, will those two businesses split or not, someday it will, but I don't know when, it may be quite some time down the line. At the moment, there are synergies in doing them together from the point of sale, from transportation perspective, from ingredients, from the infill, all this kind of thing, there is lot of synergy there, but fundamentally a little different.

Jaineel Jhaveri: Thank you. That was super helpful. Thank you so much and good luck.

Moderator: Thank you. The next question is from the line of Rachna from SIMPL. Please go ahead.

Rachna: Am I audible?

Moderator: No, ma'am, your voice is coming very low.

Rachna: Hello.

Moderator: Yes, please go ahead.

Rachna: Sir, during some recent channel checks, we saw that Sleepwell products were not present in Kurlon's EBOs and MBOs and vice versa. Now these stages are concerned, especially since now we are talking about opening a new showroom. Given that existing showrooms are still underperforming to generate revenue, it is a bit difficult to believe that the showroom expansion can drive meaningful growth in future. In this context, I just wanted to understand what concrete steps we are taking to improve visibility and performance within the existing retail footprint before investing in showroom openings.

Rahul Gautam: Tushaar, are you there?

Tushaar Gautam: Yes, I am here.

Rahul Gautam: So could you take that question please?

Tushaar Gautam: Yes, absolutely. So, we can think of it in 2 or 3 areas, one is Sleepwell started with a large set of EBOs, and there the primary role is from a growth perspective is to get same store growth, right. So there are set of initiatives that we need to take there. The expansion that Rakeshji talked about is primarily going to be led by Kurlon's EBOs where Kurlon had a very weak EBO network, whether in South, West, East, North, especially in the North. So that is the second pillar of growth. Same store growth stays an important parameter for all of us to drive, various initiatives there and we have had decent success in the last year, year and a half on same store growth. As far as the Sleepwell EBO network is concerned, expansion will always get you additional growth, like I said from Kurlon which is geographical expansion, but also both from Sleepwell and Kurlon in new areas and new markets, new housing developments as cities are expanding and there are micro markets getting developed. So that kind of expansion will always get you growth. A same store will, in our experience, when you convert an MBO or a new store or you build a new store, you get about 2-3 years of very good growth and then it becomes a bit incremental in the sense that footfall start to get saturated and all of those things start to happen. The big lever there, which we are exploring and I am not committing anything on that at the moment is with the Furlenco acquisition, is there a role for Furlenco to play in our existing EBOs to drive footfalls. So those are the 3 or 4 broad areas where how we see the EBO network growing across both brands and of course leveraging furniture as a category with the Furlenco brand to see if we can scale that up. Does that answer your question?

Rachna: Yes, one more question I need you to add. Can you talk about the economics of Tarang and Aaram brand separately since we always mentioned that these bands are a volume driven business? And also what capacity utilization would it start to breakeven and eventually how does it add up to an ambition of reaching 14%-15% of EBITDA level?

Tushaar Gautam: So they are not, Tarang and Aaram at a percentage margin level are exactly the same as the current business. There is no difference at all. Of course, the absolute margins are lower because the price points are lower, but as the percentage, they are not lower at all. Capacity, like we have always explained, in our business capacity has an extremely limited role to play. Capacity utilization has got very small implications on overall margins. Having said that the primary capacity that was put in for Tarang, Aaram and some other products was in Jabalpur which was a very new technology, the VPF technology that is something that has scaled up to about 50%-60% of current capacity already. And very quickly we will get to 70%-80%.

Rachna: Hello. I have one more question if I can add in. Now, we had, this is on the e-commerce business, we have the advantage of diversified warehouses, manufacturing facilities, well known brands and a large product basket, but still on e-commerce, we found that new age players could make a dent. So what could have been done differently and what is our approach now since both Kurlon and Sleepwell have good brand equity at consumer level, so logically do we see our e-com business growing stronger over the years?

Tushaar Gautam: Yes, ma'am. E-com will grow stronger for sure. I think in hindsight what could have been done differently is to not allow other people to grow so much before you started to take the right actions. We did that about a year, year and a half ago. Last 12 months, Amitji, correct me if I am wrong, we have had close to 100% growth.

Amit Kumar Gupta: Yes, you are right.

Tushaar Gautam: Targets and ambition currently is to continue, maybe not 100%, but 60%, 70%, 80% of growth level targets for those brands put together on the e-com platform as well as brand.com. The only other thing I would say there is, for the last 3-4 months Sheela Foam Mattress Brands, at least on one of the platforms, have been #1 and we expect to continue that journey and also expand that on the other platform. On platforms, we will very quickly get to either #1 or #2. Brand.com, there is still some work to be done and that is the work we are putting in now for the next 12-18 months.

Moderator: Thank you, sir. Ladies and gentlemen, due to time constraints, this was the last question for today's conference call. I now hand the conference over to Mr. Ritesh Shah for closing comments.

Ritesh Shah: Hi, sir. I thought I would take the last question. So can I take one last question if it is okay, sir. Otherwise we will close the call.

Rahul Gautam: Go ahead, Ritesh.

Ritesh Shah: Yes, well, just two questions. One is for Tushaar. How should we look at the future of Furlenco incremental equity will we look to buy into it basically and the funding part of it, that is one? And the second question, 3 parts for Amitji, CAPEX number for the next fiscal and it would like to qualify A&P as a percentage of sales and discounts and rebates as a percentage of sales that we had for this year and if there is any broad guideline on those numbers for next year, that would be great? Thank you so much.

Tushaar Gautam: Ritesh. I would only say as far as Furlenco is concerned, I can comment a little more on the opportunity. As far as the investment and financials and all of that, Amitji is the right person to speak about that. So I leave that to him. But like I said in the previous question, I think we have done a few pilots, good results, which is can we leverage the current Sheela Foam EBO network to expand their footprint into Furlenco offline and therefore get far more footfalls, both for the mattress business as well as for Furlenco as a brand. I think those green shoots are there for sure. We need to put all of that together in the next 2 or 3 months and see how we can scale that up from our business perspective. Investment into Furlenco, further investment and the dynamics, I will leave Amitji to comment.

Amit Kumar Gupta: Sure. Thank you so much, Tushaar. Ritesh, on the CAPEX front, this year, we are targeting including everything we should not exceed Rs. 75 crores of CAPEX in India and overseas should be very notional because their CAPEX cycle is over. What was the second question that you asked about percentages, I could not gather that fully?

Ritesh Shah: A&P as a percentage of sales and discounts and rebates as a percentage of sales?

Amit Kumar Gupta: So I would say overall this should be, say, maybe a percentage over of what we have spent last year, but that will mostly come out from the incremental sales that we would be doing.

Ritesh Shah: Sure. Thank you so much, Amitji. Rahulji, I would request you for closing remarks. Thank you so much.

Rahul Gautam: Thank you, Ritesh. Thank you very much for conducting a great conference. It gives a good feeling for all of us here and thank you all who are participating in this earnings concall. I hope that me, Tushaar, Rakesh, Amit, we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the Company, please reach out to our Investment Relationship Managers that is Valorem Advisors or to anyone of us. And like always, I would say that it has been a great learning exercise for us. So thank you very much and goodnight and Jai Hind.

Rahul Gautam: Thank you.

Amit Kumar Gupta: Thank you.

Moderator: Thank you. On behalf of Investec Capital Services India Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.