"Sheela Foam Limited

Q4 FY '23 Earnings Conference Call"

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MODERATOR: **MR. RITESH SHAH – HEAD, MID-MARKET COVERAGE AND ESG INVESTEC CAPITAL SERVICES**

Moderator: Ladies and gentlemen, good day, and welcome to Sheela Foam's Q4 FY '23 Earnings Conference Call hosted by Investec Capital Services. 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 the conference call, please signal an operator by pressing star then zero 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 Investec Capital Services. Thank you, and over to you, sir.

Ritesh Shah: Thanks, Tanvi. We have with us entire Sheela Foam management. We have with us the entire Sheela Foam management. We have with us Mr. Rahul Gautam, Chairman and Managing Director; Mr. Rakesh Chahar, Whole-Time Director; Mr. Nilesh Mazumdar, who joined recently as Chief Executive Officer for the India business. We also have Mr. Amit Gupta, who has recently joined the group as Chief Financial Officer; and we have Mr. Davinder Ahuja, Group Financial Controller. I'll request -- thanks, Tanvi.

So I'll hand over the call to Mr. Rahul Gautam. Sir, I would request you for initial remarks, post which we'll have a Q&A session. Over to you, sir. Thank you.

Rahul Gautam: Thank you, Ritesh. And I must apologize to everyone for the little connectivity problems that we had. So I just want to thank you Investec for holding this call. And on behalf of Sheela Foam for our Annual Results for FY '22, '23. I welcome you all on, at least in Delhi, is an extremely hot afternoon and I must also say that we are in the middle of May. The earlier part of May was an extremely cool one, yet unusual. But like this inclement weather, the business conditions are also suffering almost long COVID and do not appear to be getting out of it.

The macroeconomic average indicators that we see do not tell the entire story. As industry segments each have different performance experiences. For example, we supply to the auto industry, which is doing extremely well. However, as far as consumers are concerned, or the B2C business is concerned for mattresses, they are preferring to postpone their purchases and the footfalls in the stores are extremely low. So I think these unusually different conditions in different parts of the business for different segments of industries is the norm of the day. However, we expect all this to settle down very quickly.

And when I was giving you examples of the automobile and the mattress industry, both are, by the way, discretionary products. However, I must also say that there is some kind of stability returning back, and we can experience it starting from the highly volatile raw materials that we use. You are all aware of it. There are two major ones, polyol and TDI. And they are now back to some kind of normal levels. And with fingers crossed, appear to be steady at least for the past many weeks.

And as you can see from the annual results, the performance has been flat across geographies of India, Australia, and Spain. Though the reasons for this flatness in each of these regions -- each of these countries, has been different.

In Spain, it is the Ukrainian war, which is impacting. In Australia, there was a second bout of COVID in the earlier part of this year. And India, of course, we are all aware that the uncertainties that kind of prevail. But as the reasons are completely different, the company is also taking steps, which are different in each country. And we feel that sooner rather than later, the economy has to and should look up.

For that time, we prepare and ensuring that we do not have any supply constraints then, new plants in India and Australia and a capacity increase of almost 60% in Spain are all in their final periods of closing. And by Q2 or the end of Q2, we should have each one of them ready to deliver as the market demands.

Also happy to share that our long and much awaited project ends fine, which is the Mattress for Every Indian has now reached the refining stages and it's ready to be launched. Pilot works have begun, and distribution is soon going to be done. We expect that from Q3 onwards, it should start contributing to the business of the company.

As you all know that this is aimed at the low-income consumers and consumers who are at a distance or far away from existing markets or towns. We had our Board meeting -- the final Board meeting yesterday, and the Board of the company continues to be of the view that ploughing back the profits is in the best interest of the shareholders.

I had already mentioned to you the organic investments that we have done in each geography and share that there are also inorganic opportunities. Those still in work in progress status but are getting nearer to finalization. Last time I had shared with you that Sheela Foam does take its responsibilities CSR and ESG areas seriously. Our first BRSR is ready and I'm happy to share that on a comparison basis, whether with similar industries elsewhere in the world or comparable industries in India, our status, and our goals that we take are very good.

I will now hand over the mic to Ritesh Bhai for moderating the questions. And me and my team would be happy to take them. Over to you, Ritesh.

Ritesh Shah: Tanvi, I would request you if you could please open up the Q&A queue.

Moderator: The first question is from the line of Nihal Jham from Nuvama. Please go ahead.

Nihal Jham: The first question was on the mattress business. You did allude to the fact that there is an overall weakness. But just as an observation, if I look at the volumes, they are maybe trending even lower than what they were pre-COVID, whereas we've obviously seen an increase in, I would assume, on the sale of Starlite. So just wanted to understand that is it that the impact on the sleeper brand, which is no premium is much more intense? And if you could just give any comments around that?

Rahul Gautam: Nihal, you'll just have to repeat the last part of your question, please?

Nihal Jham: Yes. I was saying that the observation was that the volumes were maybe even lower than what they were in FY '19 for the same quarter. And is it -- and I know that we've obviously scaled up

Feather Foam as a brand. So is it that Sleepwell as a brand has seen a higher contraction versus pre-COVID?

Rahul Gautam: I would say, yes. If you look at Sleepwell by itself, but you must also appreciate that both Feather Foam and Starlite are endorsed by white people. And it is just that we do, which is for catering to the different segments of distribution or different lines, because for Sleepwell, currently we have exclusive distribution. And therefore, it will be a good idea to see -- look at them as consolidated.

Nihal Jham: Sure. Point taken. The only observation there was that given the channels are very different that we have the EBOs with sales sleepers. So that separately would be as you so said seeing lower footfall and maybe the intensity there would be higher?

Rahul Gautam: So you're quite right on that. The footfall numbers with we measure, all defined have been lower. Now there are a couple of reasons we believe that to be, and we are taking corrective steps. One is definitely an exclusive mattress store that needs some more stuff to attract day-to-day consumer. And the other belief is for the other understanding from the market is that there has been an -- the average selling price -- pressures on the selling price to come down, especially post COVID and during the COVID areas. So the journey that we were in, which is to keep pulling up the Sleepwell price and keep adding value and move ahead, but COVID has done this, and we are reviewing the entire portfolio and we'll be taking our actions.

Nihal Jham: That is helpful. I had 2 other accounting-related questions. The first is on the reclassification that we have done, while I do see the note, maybe incremental details on that. I don't know if I missed, but what exactly have we reclassified both on revenue and expense to see this difference that has happened?

Rahul Gautam: See, the first thing is, of course, the reclassification has no impact on the profitability or [inaudible 0:12:36]. These are few expenses, which in our belief till now, were supposed to be as expenses, but our auditors felt that the interpretation of the index would be that if they are reduced from the top line itself. And therefore, that's the reclassification that has happened. So a few expenses -- selling expenses, which have been reduced from the top line and have also been then removed from the lower portion of the balance sheet.

Nihal Jham: Sure that is helpful. Just one final question. You were obviously mentioning about the fact that there are multiple M&A opportunities that you are evaluating, just wanted to get a sense, is there a cap in terms of the amount that you want to spend or the number of transactions that we are looking at. Just to put it another way, is there a possibility of maybe looking at maybe more than 1 target and you're looking at maybe 1 or 2 acquisitions just if I could get a sense of that.

Rahul Gautam: Nihal, the only thing that I can say is that you do pursue these opportunities and you have sometimes very little handle on when they will be ready for it to happen. And even if you would -- you were to plan that they don't happen all at the same time, sometimes they do, because there are so many other reasons for it to happen. On the cap part of it, of course, we will keep that in mind that what is definitely digestible and affordable that we would do. But again, as I said, when you look at the opportunity of 10%, 15%, 20% beside of that side, honestly, you cannot control that.

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

Ritesh Shah: I have a list of questions, sir. First, I'll start with the rationale for the new management structure. So that would be the first question for you. And after that, if Mr. Mazumdar could come in and give us thoughts on how he sees things over the next 3 years, 5 years? That's the first question, sir.

Rahul Gautam: Let's go question by question before we forget about others. So look, they were -- let's say, if we cut back to pre-COVID times and we will just divide it like that. There was -- I was the in charge of three things: being the Chairman of the company, the management director and also looking after the Indian business. And then we made the first change where Tushaar took over the Indian business, and I continued to look after the Chairman and duties of the Managing Director.

Now we are in the process of Nilesh, who has just joined on the 1st of February to take over the Indian business. Tushaar would move differently or move up and we would also get into the stage of splitting the -- now this is all on the cards. We haven't made any announcements, but this is just a thought process that we are saying. And it is also to provide design to the Indian or at least the directors or the top management to be able to spend time and energy over inorganic possibilities that we can play rightly.

And of course, the last rationale for this thing is that we have all been running the Indian business for quite some time. And it definitely needed a different experience at least in the standard parts of business, which is the distribution, the supply chain and logistics and the brand, etcetera. And therefore, Mr. Nilesh Mazumdar who comes -- who has taken over the responsibility, comes with a rich background of Asian Paints and Pidilite where these things have probably been already done a couple of times over.

So that was the rationale behind and now Nilesh, why don't you just talk about yourself a bit. And maybe whatever experience that you have in the last couple of months? And what do you think of this industry.

Nilesh Mazumdar: Sure. Thank you Rahulji. Thanks, Ritesh, for that question. As a matter of introduction, I have spent about more than a decade with Pidilite Industries, handling different portfolios there. I have handled the waterproofing, the Doctor Fixit business for the last couple of years. Before that, I have handled the Fevicol business, the consumer product business.

Before Pidilite, I have largely spent my balance career across two organizations. One was Onida in the consumer electronics space and before that in Asian Paints. So about three decades of experience is what I have looking for strong Indian brands and Indian organizations.

I joined on 1st of February. And I had a brief look at the kind of opportunity that both the category of mattresses and the brand Sleepwell. And I must say that it is extremely exciting. I think as far as the entire category is concerned, there are 2 large opportunities that I see.

Number one is the trend that we are seeing across most of the industries, which is movement from the unorganized to the organized segment, so that is one big opportunity. And the second is block at the bottom of the pyramid, which is by upgradation of consumers who are using cotton mattresses, darri, chatai, etcetera, to using a good quality foam mattress.

So these are, I think, the 2 big opportunities in India, as I see today. And this will be possible to be exploited if we have; a, the right sales and distribution channel so that we are able to reach the product as close to the consumer as possible. Number two, we have the right product offering at different price points for different segments in the market with the right to win.

And third is being able to connect the brand Sleepwell with the consumer. And that's how we will be able to position the brand in the mind of consumer space. It's -- obviously, Sleepwell is a brand that is couple of decades old in the country and has a strong equity. In some parts of the country, we are fairly strong. So how do we build on that further and also gain share in some of the comparatively weaker markets as we move ahead.

So broadly, that's the structure and format that I have in mind of how we will be taking ahead the India business.

Ritesh Shah: That's useful. I have a few more questions. Tanvi, you can make an announcement if anybody has any questions as probably, I have like list of few more questions.

Moderator: In the meanwhile Mr. Shah, you may continue.

Ritesh Shah: Coming back to Rahulji. I think a couple of quarters back, you had indicated exports was clocking around INR1.5 crores, which was quite low from a utilization standpoint. Is there any uptick over here? Are we looking at green shoots? We understand the challenges in the U.S., European market on the inventory destock or the overhang, which is there. So that was one.

Second is basically Indian Railways, any incremental numbers that would be very useful. Third is based on our checks, we do find people from Quest at the EBOs and MBOs are trying to move around things. Are there any new initiatives to increase footfalls, conversions from an MBO, EBO count standpoint or incentivizing more of our own people from a variable component and things like getting Quest folks on the stores to increase conversion. So I asked like a few questions. First was export, second was Indian railways and third was related to footfalls and conversions.

Rahul Gautam: Thanks Ritesh that's a very exhaustive part of the business. Anyway as far as the exports and railways, Rakesh, would you be able to take care of those 2 areas, exports, and railways?

Rakesh Chahar: Yes, I will. As far as exports are concerned, so they are still hovering around INR1.5 crores per month. The markets are still slow but recovering. So we are getting orders of reinventory, which is very low. So that process has started, which is a good sign. We have also changed a bit of strategy of also working with retail brands to develop products for them. So that is the real long-term program, but the process has started.

On the railways side, the traction in quarter 4 has been good. It was online with what we had anticipated. And going forward also, besides the product that we have, supplying that, we are also in the process of developing a new product, which will also increase our share in the market. So that process is also on. So on both sides, I think railways is definitely more promising and export is really coming along.

Ritesh Shah: Okay. So would you like to put some numbers on Indian Railways, how much are we have -- how much have we clocked or how much we aspire to reach, say, in a year or 2 years, 3 years?

Rakesh Chahar: So it is -- we have done more than around INR60 crores in the year online. So that now in the coming year, the target is more but at the same time, there are also more players who are coming and bidding for the tenders. So that's -- we are, as far as potential is concerned, potential definitely is much higher. So we are also -- besides catering to the current requirement, we are also developing a product, which will give us a competitive edge by which we can increase our market share substantially, so which is a growth, which is under process, and that will give us a good competitive edge.

Rahul Gautam: So Ritesh I can try and put some numbers and Rakesh, I'm sure you will agree that at the moment, the estimate of the market is about INR800 crores annually for the seats and cushions, in about 3 years' time, we should be looking at about INR300 crores to INR350 crores number. And at the moment, we're doing annually about INR60 crores. So -- and the way to growth is contracts. Ritesh to the second part of your question, which was on Quest and the footfalls and the conversions, etcetera. Nilesh, I would like with the bit of pressure look that you have had, you can.

Nilesh Mazumdar: So it is, frankly, bit fair the 2 drivers of business for us is footfalls and second is conversion. Now the Quest initiative was really to try and see if we can get a higher uptick on conversion. Now conversion, what we are realizing is already we have a pretty healthy percentage for us. Our conversion rate is anywhere between 30% and 50%. So the challenge today for us as a brand is really footfall and how do we, therefore, get footfall for the brand in the marketplace.

So, a, is in the footfall, which is happening in the marketplace, how do I participate in that mode and that can happen through having an intelligent channel expansion in markets -- micro markets where I'm not currently represented adequately. And therefore, that's a drive, which we can forward from quarter 4 onwards. And hopefully, we will start seeing some results of that as we move into quarter 2. Going down the Pops data also to towns which are smaller in size and seeing how we increase our representation there. That will be the other program that we will have.

We've also engaged with a new advertising agency called [SightBase 0:26:44]. And as you see sometime in quarter 2 -- end of quarter 2 or beginning of quarter 3, we will have a new campaign around Sleepwell in order to connect with the consumer. So these are some of the initiatives that we -- besides, of course, what Rahulji in the beginning mentioned about our program for upgrading the bottom of the pyramid that pilot is as we speak just about starting. But by the end of quarter 2, we would have seen some results of that initiative, which is to upgrade the cotton mattress users. So that's the other part that we are looking at.

So it's basically between footfall and conversion. Footfall, how to get more footfall is really the business challenge, which we have to solve for.

Ritesh Shah: Sure. And sir, would it be possible for you to comment whether do we have a variable component for the workforce and the incentive schemes, I think we had taken a backseat, I think, during COVID. But has all of it got imposed again, how are we looking at it?

Rahul Gautam: Yes, very much, we have now a variable pay, which is a substantial portion of our workforce, our salesforce total salary and CTC. So that's been brought back now.

Ritesh Shah: And sir incentives for the channel?

Rahul Gautam: Sorry, I missed that question.

Ritesh Shah: Sir, incentives for the channel for distributors, retailers.

Rahul Gautam: So for retailers also the performance-based incentive is back. For the salesforce, it is back. For employees, it is back. So the variable component, the performance-linked incentive for all stakeholders is now at place.

Ritesh Shah: Tanvi, I'll request to take Hitesh please for the question. I'll join back with you all. Thank you.

Moderator: The next question is from the line of Hitesh Taunk from ICICI Direct. Please go ahead.

Hitesh Taunk: Sir, my question on the demand front again. Most of the discretionary space universe, be it paints or be it electrical consumers, also be it pipes, which are generally used for a home improvement segment, have seen a kind of a minimum double-digit growth, at least for a year-on-year basis, but we haven't witnessed kind of improvement in demand. That's a bit surprise to me. I just wanted to know whether we are -- we have lost any market share or is it a kind of an industry where the demand was lagging? This is my first question.

And the second question, sir, again, on the gross margin point of view. I mean, despite raw material prices are coming down, and we have been introducing a new product category, the gross margin profile still lower than our pre-COVID level margins, so now when the raw material prices on a declining mode, do we see a further recovery on the gross margin from here on? Or are we going to focus on the market share? These are the 2 questions as of now for me.

Rahul Gautam: Thanks, Hitesh. So let me take the first one first -- or sorry, the second one first on the gross margin part of it. So if you would see the last couple of years, just because the raw materials have been fluctuating so much and so widely that it may not be fair to just talk of pre-COVID and post-COVID. And my response to your question regarding gross margin changing as we go forward is that if Q4 is not any indication, is the indication for the stability of raw material prices sort of contributing to the gross margin, this is going to continue. And therefore, if we would look at the gross margins for Q4, I think it was more like 11.9% or 12%. Davinder, is that right -- around 12%. And as we go forward, this will only increase because of the stability that's coming in the raw material prices.

Going back to your first question of saying that in the discretionary stage, our space, there has been double-digit growth. And therefore, the question is that are we kind of losing out some market share? So one of the indicators of the market share is that this industry goes through regular market researches, which were -- which are done every half year. And the last one that has come out has only shown that the share of Sleepwell and of course, we are including performance of Starlite in that has increased as far as the industry is concerned, which definitely indicates that the market share, there has not been any loss of market share.

However, on this part that comparing it to the other discretionary space, why is mattresses kind of lagging behind. All I can say is that is just a question of one following the other and it will happen. It has to happen and that is a reason why it might be just lagging behind a little bit. Anybody else from our team who would want to sort of add to this?

Rakesh Chahar: I think Rahul responded well. I think that's what is happening in the market. And as far as mattresses are concerned, industry also experienced pent-up demand. So that's also impacting the current purchase cycle and the footfalls, especially on the micro side, we have exclusive stores. So we have a clear understanding of the micro markets and the footfalls coming in. So there is definitely a slowdown both on the furniture, furnishing and on the mattress side.

Davinder Kumar Ahuja: Yes, one updation from my side. Davinder Ahuja this side, sir. So [inaudible 0:34:05] gross margins have improved to 39% vis-a-vis last year quarter 4, 34%. So we have seen a journey of 5% improvement over a year's time in our gross profit margins level.

Moderator: Hitesh do you have any further questions?

Hitesh Taunk: Yes. if I can allow for another 2 questions. I have 2 more questions. Sir, I understand there was a delayed -- maybe delayed in demand. Sir, can you throw some light how our advertisement expenditures have moved over the last 1 or 2 years, I mean as in percentage of sales, if you can guide and what is our plan to take it forward? If you can quantify some numbers on that front? The first thing is that.

And the second thing is, if you can share what is the channel -- what is our distribution channel network as of now in terms of number? And in your opening remarks, you said like the focus is on channel expansion in Tire 2, 3 cities. What kind of expansion growth are you expecting? Or are you planning anything on sort of that going forward? That will be my 2 questions.

Rakesh Chahar: You want me to take that?

Rahul Gautam: Yes, Rakesh.

Rakesh Chahar: So Hiteshji, as far as advertising expenses are concerned, obviously during the COVID times, etcetera, we would have cut down majorly on advertising for obvious reasons. But going forward, I would want to keep advertising expenses between 5% and 6% of the net sales, and that's how we will plan as we move ahead with higher spends happening during certain quarters when we have some amount of seasonality in, let's say, in quarter 2, quarter 3 to invest on ATL campaigns, digital, etcetera. So that's as far as the advertising planning is concerned.

As far as the network expense is concerned, we usually have an addition of, say, 8% to 10% may be happening in a year that was the plan, but we are taking a little bit more aggressive. We were looking at almost about 20% expansion in active channel, which means over the next 3 months at anywhere between 800 to 1,000 outlets for Sleepwell as the brand. So that's the channel expansion plan that's looking at, especially looking at those markets where we are not adequately represented.

Moderator: Hitesh, do you have any further questions?

Hitesh Taunk: No, thanks. I'll come in the queue if I have more.

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

Ritesh Shah: A couple of questions. First is, sir, can you spell out how much did we block on the online sales on B2C in FY '23? And any guidance on this number going forward?

Rahul Gautam: Sorry, I didn't quite hear it. Is it a question on online sales?

Ritesh Shah: Yes, sir.

Rahul Gautam: Nilesh, do you want to take that?

Nilesh Mazumdar: Yes. So current sales on online will be approximately between 8% to 9% of the mattress sales.

Ritesh Shah: Sure. And sir, probably I'll link it with the next question that I had. How do you see this number going forward? Or how would you look to balance volume growth versus profitable growth for D2C and traditional business?

Nilesh Mazumdar: You see mattress as a category, if you were to look at even internationally, the online sale is in the developed countries, what I'm given to understand is about between 12% to 15% because this is as a category where the consumer would want to have a touch and feel of the product before buying it. Of course, the percentage of the online sales went up during COVID. But after that, even internationally, what I understand is that it is hovering around that level.

So for us, it is just not about online sales. What we have to be clear on that, there is obviously a lot happening on the digital experience and digital marketing, which is required because consumers would do search online perhaps and then go and buy offline after a touch and feel of the product.

So our ratios would perhaps remain at that level of around 10%. But if the question is around that, what do we need to do for the more digital savvy consumer? Yes, a lot of searches happen digitally. And there we will need to enhance our presence.

Ritesh Shah: Sure. This is helpful. And last one for Rahulji. Sir, we had earlier indicated that we were looking to extend it to living room from bedroom wherein we were looking at sofas or some options over there. I do understand from our check that we did some pilot runs in -- mainly around markets. Any takeaways from that? Are we looking at any initiatives on that side?

Nilesh Mazumdar: May I also take that Rahulji?

Rahul Gautam: Yes, absolutely.

Nilesh Mazumdar: Yes. So frankly, given the current level of performance, what we have internally strategically decided is that since given the fact that the volumes are under pressure, and we need to get the volume and the top line delivery online. So we are now focusing on the core more, so hence, the focus on mattress and furniture cushioning and the technical form would be far higher. And for the moment, we are saying that we may do small pilots here and there to just get an understanding of the category, etcetera. But strategically, for this quarter, the next quarter, our focus on the core is going to be higher.

Ritesh Shah: Sure. Tanvi, I would request you if you could please take Hiten for the next question.

Moderator: Next question is from the line of Hiten Boricha from Sequent Investments. Please go ahead.

Hiten Boricha: Sir, most of my questions have already been answered. So I have only 1 question left. So as you mentioned, the demand in export market as well as the -- you can see some kind of recovery in demand in Indian market as well. So just wanted to understand what kind of growth we are looking as a blended as a company. And also on the margin side as TDI and other RM prices are coming down. So any scope of margin improvement from here, because even our operating leverage is also going to play. So just some thought on that.

Rahul Gautam: So on the growth side, and as I said, of course, this is a bit of an if to say that things begin to stabilize and are stabilizing as they are appearing right now. It should be a double-digit growth and should be more like 12%, 13%, 14% growth per annum. And on the -- just the blended one that you stated, which is the export on the domestic side. And on the margin side, I have already indicated, I said that we are experiencing the expansion on the margin. So the Q4 was an indication of that. And as we move forward, this should be higher than the 12% that we have achieved in Q4.

Hiten Boricha: So we can expect at least 100 bps of margin expansion this year, right?

Rahul Gautam: Yes.

Moderator: Hiten, do you have any further questions?

Hiten Boricha: No. Thank you.

Moderator: The next question is from the line of Hiren Trivedi from Axis Securities. Please go ahead.

Hiren Trivedi: Just wanted to know this data point, what part of your demand for mattresses is coming from replacement versus those which are buying it for the first time. So is there any observation or any number you can share with us?

Rahul Gautam: Does anybody want to take that question? Otherwise, I will attempt.

Nilesh Mazumdar: I will take that question. So you see -- and this is basis the understanding that if a consumer is buying more than one mattress at a point of time, it would probably be a new house that he is occupying and therefore, buying a mattress for that. And whenever a single mattress is being bought, it is probably as a replacement. So it's one we are working with that assumption. Then currently from our understanding about 42% of the business is from new and balance is from replacement.

Ritesh Shah: Tanvi, I'll just take the last one. So Rahulji, I would request if you would like to spell out some guidance for next year. I think margins you did indicate, but any specific volume value guidance for the next fiscal? And any closing remarks, that would be great, sir.

Rahul Gautam: Thank you, Ritesh. Generally, I would say in these kinds of uncertain times I would not hazard any guesses as to what kind of future are we looking forward to. But let's say the indications or the directions that we see and the steps that we have taken. And I will go a little geography by geography.

I am already expecting that Australia should have a high single-digit growth. And this is mind you in the environment or a market where it is a complete saturation. However, there is a change that is happening post-COVID and that's a bit of nationalistic feeling coming in and people want to buy Australian stuff. And therefore, I expect that we have all the imports of mattresses that are happening in Australia. There would be some parts where we will have some part to play in that.

Spain, I have indicated that many times that the entire European market, we are an extremely small part of it. In the last year, there has been a reduction in the market side by almost about 25%. While we have suffered a fall of about 7%, 8%. And that's indicating that we are doing -- gaining on market share? The opportunity is large, both for manufacturing in Spain itself and the second is the bit of exports that takes place across the Atlantic growth to the U.S. I expect that Spain would grow again by low double-digit numbers.

As far as India and all the steps that we have taken, whether it's the new product, which is the Mattress for Every Indian. The -- all the steps that we are taking to strengthen the Sleepwell brand, the steps that we have taken to increase the footfalls and a general stability and improvement in the economy that we all expect to happen. It should be again a double-digit growth that we should experience this year.

And as a closing thing, Ritesh, I want to thank you and your company for -- Investec for hosting this call for us. Thanks a lot to Tanvi for doing a great job, coordinating everything. And of course, thanks to all the investors and all the questions that you have put forward. Like always, they are initiatives, they are a learning exercise for us. Maybe some of the answers that we knew, but it definitely helps us to focus on areas where we may have -- they may have stepped out of our data.

I also take this opportunity to -- because we just concluded our Annual Board Meeting yesterday, so to thank the Board members and all the senior management and the company for helping in the year that's gone by. And of course, last but not the least, I thank the team, which has been there with me on this call. So thank you very much and look forward to seeing you soon.

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