



February 05, 2025

To,

The BSE Limited

Phiroze Jeejeebhoy Towers

Dalal Street, Mumbai-400001

Scrip code: 540203

The National Stock Exchange India Limited

Exchange Plaza, Bandra Kurla Complex

Bandra (E), Mumbai-400051

NSE Symbol: SFL

Subject: Transcript of Investors' Conference Call for Quarter and Nine-Month ended December 31, 2024 Financial Results.

Dear Sir/Madam,

Please find below the transcript of Investors' conference call organized on February 03, 2025 post declaration of financial results for the quarter and nine-month ended on December 31, 2024 for your information and records.

Thanking You,

Yours truly,

For Sheela Foam Limited

(Md. Iquebal Ahmad)

Company Secretary & Compliance Officer

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“Sheela Foam Limited

Conference Call”

February 03, 2025



MANAGEMENT: **MR. RAHUL GAUTAM – EXECUTIVE CHAIRMAN – SHEELA FOAM LIMITED**
MR. TUSHAAR GAUTAM – MANAGING DIRECTOR – SHEELA FOAM LIMITED
MR. RAKESH CHAHAR – WHOLE TIME DIRECTOR – SHEELA FOAM LIMITED
MR. NILESH MAZUMDAR – CHIEF EXECUTIVE OFFICER, INDIA BUSINESS – SHEELA FOAM LIMITED
MR. AMIT KUMAR GUPTA – GROUP CHIEF FINANCIAL OFFICER – SHEELA FOAM LIMITED
MR. MD IQEBAL AHMAD – COMPANY SECRETARY -- SHEELA FOAM LIMITED

MODERATOR: **MR. MOHIT DODEJA – EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good morning, and welcome to the Sheela Foam Limited Conference Call hosted by Emkay Global Financial Services. We have with us today, Rahul Gautam, Executive Chairman; Tushaar Gautam, Managing Director; Nilesh Mazumdar, CEO-India Business; Rakesh Chahar, Whole-Time Director; and Amit Kumar Gupta, Group CFO.

As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Dodeja from Emkay Global Financial Services. Thank you, and over to you.

Mohit Dodeja: Good morning, everyone. I would like to welcome the management and thank them for this opportunity. I shall now hand over the call to the management for the opening remarks. Over to you, sir.

Rahul Gautam: Good morning to everyone once again. I just introduced myself, I don't know if I was. This is Rahul Gautam from Sheela Foam. And along with me is Mr. Rakesh Chahar, Mr. Nilesh Mazumdar, Mr. Amit Gupta, and the Company Secretary.

So as always, we begin our meetings with our business statement. So I would just request you to hold on with me for a few seconds. Our vision, we will continue to be recognized as a leading organization in quality comfort products, while practicing values of integrity, reliability, proactivity and transparency to do business with a smile for customer delight and their commitment to society. Thank you very much.

So after my few remarks, Amit is here to take us through all the details of the financials for the Q3 earnings call that we are all attending. Let me begin with the highlights. So what we have seen in the industry is a lot of headwinds in the last 2 quarters for sure. And what was considered Q3, which is considered as one of our best-performing quarters relative to others. We saw those headwinds kind of continuing.

But in spite of that, let me say this that the strength of the brands and the distributions have held us in good stead and our performance has been definitely up to the mark. I would also like to add that the Kurlon acquisition that was done and the integration, which has been going on is now in their final stages, and we are well on our way to closing the acquisition accounting, hopefully in -- with -- definitely within this financial year.

As far as the vision for the company business is concerned, we have decided to focus more on the Indian side. And then within the Indian side, we have decided to focus more on the B2C side, which is primarily the mattresses and all the other accessories that kind of all are.

I will share with you that if I look at the India business and in line with our vision, which has been there. For the last 9 months or the beginning of the 9 months towards where we are, the international business has actually as a percentage shrunk from 22% to 27%. And similarly, the

mattress side, we have grown from 51% to 46% -- sorry, 46% to 51%. So we are completely in line with our vision of growing the Indian business and of growing the branded mattress business that we have been following.

On the mattress side, there are primarily 3 sectors that we deal with. The traditional sector, which is sometimes called as the off-line sector, then the online one, which is the e-commerce one; and of course, the new segment that we have started, which is a small town initiative or the rural mattress, which we are selling under the brands of Tarang and Aaram.

Both these brands have been growing over the -- from the time that they have been introduced. And we look upon them as something which is creating a kind of a base for us in the smaller towns, is also creating an opening or a door opening for this mainline sleep well products to be acquired by consumers as and when they progress in life.

Most initiatives that we have done, the e-commerce seems to have responded very quickly. I guess that's the nature of that beast that everything happens very quickly and very rapidly. And therefore, you will see that the performance or the growth on the mattress side has been high. Currently, e-commerce according to our understanding holds about 12% of the entire mattress business. And in that, we have made big strides. And in the last quarter, that has been a big contributor to the growth.

EBOs have also grown for us from a 5,000-odd number to about 6,700 that's been there. In fact, the total touch points have increased to 12,000. But the real impact of the growth on it will come as time kind of goes by. If I look at the entire portfolio in the last quarter, the volume has grown by 24% on a quarter-on-quarter basis, and the value has grown by 16%. So I repeat that we are very much on track with our vision of saying that India first and then B2C first in that area. And this definitely helps in solidifying our position as a leader in this segment.

As also comment a little bit about the other segments, which have been there, which are primarily the B2B, and in that B2B segment, so the main industries that we supply to, the lingerie, shoes, auto, helmet, etcetera, they have all been growing. Our share remains intact if it has not increased, and we have experienced about a 12% growth on a quarter-on-quarter basis on that.

In the other segments, the other area that we definitely look at and we believe that that's a growing one for us, which is the furniture cushioning part. We have also grown about 12%; and in that, the main initiative of Saathi program continues to grow.

That leaves us with the Comfort business, which we also conduct ourselves in. There has been a drop of about 5% in the comfort business side. Though when we look at the entire 9 months, we would see that there is a growth of about 5% instead of that. But this drop that we would see in the quarter 3, is also a reflection of the decommunitization that we are trying to push, which means that whoever was being sold as a mattress slab or just as a -- as a mattress core has now -- or slowly getting converted into the brands, into the branded side of the mattresses. And all this will pay out in the long run.

Let me now talk about our associated companies and subsidiaries that we have. Joyce Foam in Australia has seen a comeback on the EBITDA side. It's now at a double-digit number. We -- as we all would recall; this is a high market share. The market is reasonably small and not growing as time goes, but -- and we also have a high share in that. Both our units are well in place, commissioned, and there is a new segment that we are opening up. Primarily, we have been supplying to the Mattress segment, but now we are opening up the Furniture segment also as we proceed.

Our other subsidiary in Spain, which caters to the entire European market has a different flavor altogether. It is a small percentage of market share in a very, very large market that we operate in

. And it's a negligible market share. So -- but there are advantages of that when -- even if the market contracts as the European market has been, we continue to grow.

And happy to share with you that Interplasp, our company in Spain has grown -- in this year, has grown 15% on a volume basis. What we may not see is the same number getting reflected on the top line. And that's primarily because the raw material prices have fallen to their lowest in the last few months.

Our income tax -- sorry, the Internet communication company that we have Staqa, the IT company, there has been a healthy growth of more than 50%, and there is also the margins continue to be large. It is still relatively small compared to the mainline business. But as a company and as a business it's growing at a good rate at a fast rate.

We have made some investments into Furlenco, as we are all aware of. Furlenco is also -- Furlenco is a brand name, it's also referred as the House of Kieraya. Again, very happy to share with you that the profitability continues to be there. There is cash being generated, and that cash is being plowed back into the business to get more assets to increase the top line. Today, the annual run rate would be INR250 crores, which is way above what was about 7 months back. Also happy to share that the subscriber base for the company, which grows almost week-by-week, we are over 100,000 number at the moment.

I must comment a little bit on the budget, which was presented about 2 days back. We are all aware of the income tax savings that has brought about, and we believe that this extra savings in the hands of the middle class will help the consumer durable sector quite a bit. And I think added to that, would be a small thing, which is that instead of 1 dwelling or 1 house, you can now have 2 houses and not be burdened by any suppose income tax -- hello. Am I audible? Can somebody just respond to that? We've had a disturbance.

Moderator: Yes, please go ahead, sir.

Rahul Gautam: Yes. Okay. So I was just mentioning that the 2 houses proposition or concession that has come from the government should also help as far as our sector, consumer durable sector, is concerned.

One more thing, which is -- which definitely relates to our industry is a reduction of basic custom duty on the import of mattresses. It was earlier at a rate of 25% and now has been brought down to 20%.

But our understanding of it is, that it would be an insignificant impact as far as our business is concerned, mattresses do not get imported on account of the size or sizes that vary across the country and on account of the bulk that the mattresses are and therefore, the freights are very high.

So with those remarks, I would now hand over to Amit to take you through the financials.

Amit Kumar Gupta:

Thank you, sir, and good morning, everyone. I'll just take you through the financials for the quarter ended and the 9 months ended December 2024. So for the quarter ended on a stand-alone basis, we reported a total revenue of INR791 crores, which grew by around 54% year-on-year. EBITDA stood at INR71 crores, a growth of around 34% Y-o-Y. EBITDA margins were reported at 9% for the quarter, and net profit was at 25%, which was 19% lower than the year before.

For the 9 months ended 31st December, the stand-alone revenue were around INR1,897 crores, which grew by around 36% Y-o-Y. EBITDA for the period stood at INR189 crores, a growth of 19% Y-o-Y. EBITDA margins were reported at 10%. Net profit stood at INR100 crores, which is lower by around 11% on a Y-o-Y basis.

On the consolidated basis, for the third quarter, we reported revenues of INR967 crores, which is an increase of 10% year-on-year. Stand-alone maybe a little bit aberration because a lot of Kurlon sales are being routed through Sheela Foam now. However, when you look at a consolidated basis, we see that in spite of the headwinds, our business has grown by 10% on a Y-o-Y basis.

EBITDA for the quarter stood at INR88 crores, which was up by 15% on a Y-o-Y basis. EBITDA margins were reported at 9.1% for the -- and net profit stood at INR19 crores, which decreased by around 40% year-on-year. The primary reason for this decrease is enhanced depreciation on Kurlon as well as the additional interest costs which we had to incur because of Kurlon acquisition.

For the 9 months ended 31st December, we reported consolidated revenues of INR2,590 crores, which has increased by around 21% year-on-year. EBITDA for the period was INR217 crores, which declined by 1% Y-o-Y. EBITDA margins were reported at 8.4% and net profit was reported at INR75 crores, lower by around 37% on a Y-o-Y basis.

With that, we can open the floor to the questions-and-answer session. Thank you.

Moderator:

The first question comes from the line of Rahul Agarwal from IKIGAI Asset Management.

Rahul Agarwal: Just couple of questions, then maybe I'll get back in the queue. Firstly, as you alluded, Rahulji, clearly focus is on B2C versus B2B. But just from an industry standpoint, it looks like market demand and supply trends are also pretty different for both products.

So could you please share your thoughts on what kind of -- where does this revenue growth settle down for B2C, B2B over more of a medium term, let's say, 2- to 3-year view? And similarly on the margins. This is both for only the India business, and then maybe I'll come back on the international business.

Rahul Gautam: So thank you, Rahul. If I understand your question correctly, it is -- you are saying to comment a little more on the B2C strategy that we have. And the question is that how would the mattresses, or the growth in mattresses and the growth in the margin look in, let's say, 2 to 3 years' time. Is that correct?

Rahul Agarwal: Yes. And similar question on the B2B side, separately.

Rahul Gautam: Okay. So on the mattress side, we would see at least about 18% growth -- 18% to 19% growth in the coming 2 to 3 years' time. And the margins -- so would be about 15-odd percent as far as the B2C segment is concerned, that is the mattress side. So about 18% growth on the top line and about 15% EBITDA levels that we look at in the coming years.

Amit Kumar Gupta: Similarly, Rahul, this is Amit here. I will complete the second part of it. So if you look on the B2B side, though it will depend a lot on what sort of profitability the market is giving and how are the end user industry is growing. But we anticipate broadly an 8% to 10% growth in B2B, with some broad EBITDA margins, which could take the consolidated EBITDA margin somewhere between 12% to 14% in the next 3 years. And that's an estimate and what we are working towards broadly.

Rahul Agarwal: Got it. Any comments on the India overall margins? Because I see some kind of declines there on gross margin and EBITDA levels.

Amit Kumar Gupta: So the improvement in gross margins has come because of the savings on material that we had reported last time that continues unabated. Quarter 3, we had 2 major challenges, and I would say not challenges, one of them was an opportunity. The online segment had grown very fast, and that was very important for us to regain our share as a leader in the online segment. Profitability and gross margins on online segments are lesser, but for us, it was a little bit more denting because the volumes grew very fast and we had to accept a little higher level of sales returns, which we have taken care towards the month of December, and now we are at normalized level.

And secondly, the local supplier of TDI, which is GNFC, had a sudden plant shutdown in October, which resulted around 1.5 months for us in which we had to purchase TDI from open market on an emergency basis because it was a festive season for us. So that also consumes some portion of it. But both these are normalized now, and I can say that whatever margins we have been achieving in the past, more or less similar margins is our steady state gross margin level.

Rahul Agarwal: Got it, Amitji. Got that. And just lastly on -- though on the top line, EBITDA consol levels the direction is broadly right in terms of how you're guiding for. When I look at cash profits and operating cash flow for 9 months, doesn't look like it's at par, at least to me. If you could just clarify that? And how do we expect the cash flow to behave going forward, please?

Amit Kumar Gupta: So cash flow, if you see, it has basically, I would distribute it into 3 components. And not only operating, I would refer to full cash flow cycle of the company. And first part is operating, where if you have a higher profitability, you have a higher cash. So that will move in tandem with EBITDA because the remaining component, which is interest on which is a hit on cash is almost constant.

When you come to capex, if you see -- and I don't know whether we share balance sheet or not at this level, but our capex this year has been very small in comparison to last year, and we have been very strict on capex. Going forward in the next year, we should have almost only maintenance capex and nothing else.

On the working capital front, because of the consolidation of Kurlon and Sleepwell, we have not been able till now to build further efficiencies, but we are in the process of doing so. So we also anticipate some cash coming out of working capital.

Rahul Agarwal: Got it.

Amit Kumar Gupta: Just to add to that, we have a monetizable asset from some of the plants of Kurlon, which we have closed down, and that should be somewhere between INR100 crores to INR150 crores. And we expect that to flow down in the last quarter of this year and the next year, the total amount. So that would also augment the cash resources for the company.

Moderator: The next question comes from the line of Anushka Chitnis from Arihant Capital.

Anushka Chitnis: I wanted to know if you plan to take any price hikes in this coming year. And also, there was a sudden dip in other income, if you can explain that it would be great? And I also have a third question, but I'll ask that later. So yes, sir.

Rahul Gautam: Sure. On the price hike, Nilesh, can you respond to that, please?

Nilesh Mazumdar: Yes, Anushka, thanks for that question. On the price side, we have already announced a price increase in both the mattress brands of Kurlon and Sleepwell and they will come into effect in the month of February at different points of time. So yes, we have done that for matters as well as on the home side of it also in certain categories, we have already taken a price increase to offset some of the inflationary pressures which may have come in. And also, it's been a while that we have taken a price increase in mattress.

But as we are doing that, it's also important for us to understand that we need to stay competitive in the market as we move ahead so that the momentum that we have will continue.

Rahul Gautam: Thanks, Nilesh. Amit, will you take the other part?

Amit Kumar Gupta: Yes, second one. So on other income, Anushka, as you know, most of our cash is being parked in debt. In the last quarter, the yields on debt has gone up, which has -- instead of a positive impact, which has resulted into a negative impact on the income from other sources. But yes, that's a part of the game that is the money of the shareholders which we have to keep in debt. And that's why you see a little drop temporarily on the other income side.

Anushka Chitnis: Okay. And I also have 1 more question, if I may. Your Australia business degrew a fair bit this quarter on a Y-o-Y basis, which did sort of dampen the consolidated growth. So what kind of headwinds are being faced in this market in Q3?

Rahul Gautam: So Australia -- yes, I'll take that, Anushka. So Australia by and large has been a market which is -- which has been contracting a little bit. And this is just totally an economy-based aspect that, that is there. Both the inventory Australia which is talking about Australia and New Zealand together. So I see that as a temporary phase, but it's something that, that should get over by the end of this financial year. And there is no specific reason, except that generally, the sentiment being met. There is no reason on the industrial side or the economic side, but it's just a bit of sentiment that have not been proper on this quarter, which has kind of gone by.

Amit Kumar Gupta: But one thing, Anushka, you can see in Australia, especially, we have been able to derive some benefits on account of raw materials. We have been also able to reduce our -- some of the wastages and improve efficiency in Australia in this quarter. And hence, I would not refer to the quarter 3.

But if you see at 9 months ended period, our EBITDA margins have jumped to 6% from where it was earlier around 2%, 3%, 4% where it was. These efficiencies are expected to continue. So growth will come when the industry grows there, but more important for us was to -- was the coming back of the profitability, which we see coming back in this quarter.

Moderator: The next question comes from the line of Dhananjay Bagrodia from ASK Investment Managers Limited.

Dhananjai Bagrodia: So firstly, congratulations on a very strong set of results. We've actually on like -- on a year-to-year basis, we would be one of the strongest growing companies on a consumer discretionary segment. Any color on what we have done differently in rest of the market, not only why we're seeing such strong growth coming in the top line?

Nilesh Mazumdar: Rahulji, should I take that?

Rahul Gautam: All right, Nilesh.

Nilesh Mazumdar: Yes. So Dhananjay, thanks for that question. You see, since you would be tracking both the consumer durable and the FMCG companies. There are very few companies which have been able to announce our or have volume growth coming in the last quarter. We have to understand our category of mattress. In the category of mattress, there is a significant opportunity that India as a country still has on account of 2 things that within the modern mattress segment, the local

and the regional brands are still more than half of the market. And there is still a large amount of non-mattress users, which are the dari and the chatai users who are there in this country.

So therefore, the category penetration today is still a large opportunity in this country. And therefore, if we have our act together in our ability to address each of these segments, that's what has really given us the volume growth vis-a-vis any of the other industries that you would be tracking.

Dhananjai Bagrodia: But sir, this data, which you mentioned was known, let's say, a year or so go, 5 years ago, 10 years ago, what has changed this quarter where we are seeing strong growth? That is...

Nilesh Mazumdar: Two, 3 things, Dhananjay there. One is that the entire initiative of, first of all, the Tarang and the Aaram is something that we have introduced in this financial year. You would have been -- while we have been talking about it, but we made a strong play only in this financial year, number one.

Number two, our e-commerce strategy, we had till last year, we were trying to address that through a flanking brands like SleepX etcetera, and not leveraging the strength of Sleepwell as a brand. So we -- as you would -- if you're tracking us for a time -- sometime you would know that we did away with SleepX brand completely and we said that our biggest strength is Sleepwell, and therefore, that's where we need to play. And therefore, a lot of work was done on that on the e-commerce space and that should we are able to see some strong positive results on account of that strategy.

Dhananjai Bagrodia: Okay. Sir. And sir, margins going ahead -- so gross margins, you mentioned for this segment now as we enter both Tarang and Aaram and e-commerce that would be trending although volumes will go higher. So we don't look at on a GPM basis, if we look at GP plus cost or how do we look at it when we are internally tracking it?

Amit Kumar Gupta: So I'll take that, Nileshji. So Dhananjay, if you look at EBITDA margins, it will be better than or equal to our off-line segment for these segments because they involve a very minimal overheads and also lesser sales expenses for advertising costs. But if you refer at gross margin level, yes, they could impact a little bit, but that we have already taken into consideration to be offset by our efficiencies.

Moderator: The next question comes from the line of Rishi Mody from Marcellus Investment Manager.

Rishi Mody: Yes. Nilesh, on the price hike piece, could you quantify how much price hikes have we taken like on the B2C side and the B2B side?

Nilesh Mazumdar: So Rishi, so -- yes, we would not be able to give you specific details on that for obvious reasons. But as far as the Mattress segment is concerned, the price hikes would vary across brands and the model. And that from a consumer point of view, the mattress side because that's something that one can share will be anywhere between 3% to 5%. But on the B2B side, it's confidential, and we may not be able to share, please.

- Rishi Mody:** Okay. No problem. Second, I wanted to understand on the other income piece. So the decline in other income on a Q-o-Q basis, when I look at it, you mentioned that it's because of the interest rates going up. So is this a mark-to-market nonrealized loss on those investments that we have out here or it's a realized loss just like does it impact our cash flow realization?
- Amit Kumar Gupta:** It's a mark-to-market thing. It happens every quarter when the results are prepared, so not an actual realization.
- Rishi Mody:** Not an actual realization. All right. Yes.
- Moderator:** The next question comes from the line of Varun Singh from AlfAccurate Advisors.
- Varun Singh:** Congratulations for such a super strong volume growth numbers. Sir, my first question is on the realization bit. Given that you pointed out that we have taken a price hike and maybe buy side, it will come into effect. So given this context, will it be fair to assume that the realization for the India business would be better than the current quarter, what you have achieved?
- Rahul Gautam:** So obviously, as we progress, it's always an attempt to make it better. Exact quantum, we may not be able to share. But definitely, I can say that all the steps that we are taking with, it should improve.
- Varun Singh:** All right, sir. Good to know that. And secondly, like on the volume growth front, as you also pointed out that the focus has shifted to the India business and 18% to 19% is the growth that that we are attempting. So sir, in that context, I just wanted to know that earlier, our public guidance for consolidated revenue growth was around 14% to 15%, and given 25% of our business is international, where maybe the focus would be relatively moderate.
- And if we assume, for example, earlier you guided 7% to 10% kind of a growth -- sorry, 10% kind of growth in the international business. So if we assume that, that business grows by 7-odd percentage, so are we pretty much confident to drive more than 20% growth in the rest 70% of the business, which is India business, which also includes B2B other than B2C?
- Amit Kumar Gupta:** So Varun, let me bifurcate it a little bit. International business is only 22% of my business now, and that is anticipated to grow somewhere between 5% to 10%, depending on what the situations in those countries are. But the impact on the overall business will be minimal.
- Now if you look at India business, 55% of my business is mattress business, which I told you the rate -- which Rahulji told you the rate at which it will grow. And the rest of the business is expected to like 8% to 10% is what we are anticipating, but depending on end user industry. So together, this should give you somewhere around 12% to 14% of growth. I think mathematics would end up adding all this.
- Varun Singh:** Understood, sir. And sir, last question on the EBITDA margin front, I think earlier, we guided for a 14% to 15% kind of a steady-state margin for the company. And I think in the current call, you guided for the range between 10% to 14%, so just wanted to understand, sir, like what are the margin levers for us given that the volume growth is pretty good for us? And even realization

-- on the realization front also, we are expecting improvement, so if you can throw some light on that -- on the margin part, sir?

Amit Kumar Gupta: So broadly, Varun, if you see, we are a consumer brand with very strong brands in the category that we deal. Two of the best brands, which are there in the country are owned by us. Rationally, we should be somewhere between 14%, 15% sort of an EBITDA margin, and that is what we target for ourselves going forward.

Yes, we have faced a little bit of headwinds in the last year, primarily because of integration of Kurlon. But our direction, it still remains the same. And we are pretty hopeful that with the Mattress segment growing faster, which definitely has a higher profitability. We should be able to reach it, albeit it will take a little bit of time to do that. But you should see a continuous improvement trajectory towards that level.

Varun Singh: Sir, so the glide path from the current 9% on the level of EBITDA margin, do you think it will - I mean, in 2 to 3 quarters, we should be -- most likely be able to reach the steady state, I mean, post the integration, etcetera?

Amit Kumar Gupta: Varun, I would not say 2 to 3 -- So Varun, I would not say 2 to 3 quarters because that is also a function of the growth that will come into top line. So if the top line grows by say 12% to 15%, my costs don't grow by that level, right, and which flows to the bottom line. So if you remember, last time also we had guided that by the year 2027, we should be able to reach that area. It may be plus/minus 6 months or a year, but yes, that is what we are looking at.

Moderator: The next question comes from the line of Gaurav Khanna from CapGrow Capital.

Gaurav Khanna: Sir, my question is that our stock has been underperformer and trades at very high levels currently. So what do you think...

Rahul Gautam: Sorry, Gaurav, we can't hear you. Can you be a little bit clearer?

Gaurav Khanna: Sir, I'm saying our stock has been an underperformer and trades at high valuations. So what do you think would be required to improve the performance going ahead, and especially the profitability. Can you throw some light on that?

Amit Kumar Gupta: So Gaurav, we have guided on profitability and that our factors that will lead to profitability. On a stock price movement, we don't comment.

Moderator: The next question comes from the line of Resha Mehta from GreenEdge Wealth.

Resha Mehta: Yes. The first question is on the growth. So I think you did mention that the mattress India business will be growing at 18%. Is that correct? Or is it the overall India stand-alone business that we are guiding for 18% growth?

Rahul Gautam: That is correct. The India mattress business growing at 18%.

- Resha Mehta:** And what about the other businesses, the comfort and the technical -- the other segments, basically the rest of the 50% of India business, what kind of growth rates are we expecting there?
- Amit Kumar Gupta:** 8% to 10%. So Resha, as we have already said, one, it depends on end user industry. So if you refer to our technical foam business, it all leads back to the end user industry. But given normal growth scenario and the optimism that we have in India, we hope that we should be able to grow by 8% to 10% in the remaining categories.
- Resha Mehta:** Right. And Australia business, you've commented that it's a mature market and it's a saturated market. So where we may probably see muted growth, right? But same we export opportunity to the rest of the Europe is high, so what kind of growth rates are we expecting in Spain?
- Amit Kumar Gupta:** So in Spain, if you see exports were primarily target for U.S., but U.S. has put a anti-dumping duty...
- Rahul Gautam:** Talking about the export to the European area.
- Amit Kumar Gupta:** No, she is talking about exports from Spain...
- Resha Mehta:** No, so I'm talking about basically the Spain revenue growth potential, right? I mean that could be either in the domestic sale market or exports to Europe or U.S. So if you just comment on that.
- Rahul Gautam:** Exports to the Europe. So you see the entire European market is one market. And in that, Spain, like we said, is a small part of it. And we are, in this current year that has gone by or that's going actually at the moment, we are -- on a volume basis are growing at 15%.
- And the -- value terms, the top line appears to be a little muted, and that's primarily because the raw material prices are at their lowest. When we come -- and they are beginning to climb. As they come through their normal -- their normalcy, the value and volume growth will come -- become similar to each other.
- Resha Mehta:** Understood. And out of the INR180 crores, INR190 crores quarterly revenue run rate from outside India, how much of that -- what will be the split between that in Australia and Spain of the INR180 crores, INR190 crores?
- Amit Kumar Gupta:** So Resha, we had already given that in our investor presentation, you may have a look at it. We gave Spain and Australia financial separately.
- Rahul Gautam:** At similar levels.
- Resha Mehta:** Sure. Sure. Will have a look. And if you look at the gross margins of Australian and Spain, so there has been a wide gap, right? So Australia -- at least in the past it used to be around 50% and Spain at around 20%, 30%. So what's the different in the product mix there? And is there a B2B, B2C element difference as well?

Amit Kumar Gupta: So Resha, broadly, they have same type of material. There is not much of a difference. Yes, Spain is a little bit more diversified, but gross margin is a result of the it's structure prevalent in a particular country, like what sort of volumes are being taken away because if lower volumes are taken away or it's a smaller market, you recover more through gross margins to cover up your fixed cost.

If you see historically, Australia has been at around 50% gross margin, plus minus 2%, 3%, 4%, and Spain has been at around 30% gross margin plus minus 2%, 3%. So those are typically structured in those countries.

Resha Mehta: But essentially, Australia is a B2C market, would that understanding be right or is it a B2B market for us? And do we sell mattress there or...

Rahul Gautam: So Australia is -- as Amit said, Australia is a little different market. There are consumers that we -- industries that we supply to. However, the relationship and all that cannot be called as a pure B2B kind of a market. Relationship, understanding, technology sharing, and the R&D sharing and the safety health environment sharing is on a much, much higher level.

And that's the reason that it's not a pure B2B kind of a market. There is a bit of a decommoditization that, that takes place. That's why the gross margins are so much higher in Australia.

Resha Mehta: Right. And in Spain, what kind of products do we manufacture there and sell?

Rahul Gautam: Products are very similar, which is foam and foam blocks and then, foam rolls and foam sheets, which are supplied to the various industries. But as I said, because we are a part of an extremely huge market with a lot of production, a lot of companies operating in that area, and therefore, tends to be a little more competitive and a little more -- I hate to use the word commoditized, but definitely more in that direction. And that's why there are -- now for lesser gross margins that we have in Spain.

If you just look at the products that we are selling, I mean, in Spain, you would be selling more of foam blocks which are not so much a value addition to that. While in Australia, we would be selling probably sheets, which have been cut or even sheets, which have been cut, and there is a bit of more value addition. And that's why you have a gross margin of -- which is much higher.

Resha Mehta: Understood. And lastly, the guidance that you all have given for 14% to 15% EBITDA margin by 2027, so is that at a stand-alone or a consol level?

Amit Kumar Gupta: India business level.

Resha Mehta: India business, right? So it includes the comfort and the technical segments as well, right?

Amit Kumar Gupta: Yes, you are right.

Resha Mehta: Understood. And for -- purely the mattress part of India business, what would our EBITDA margins be currently in what range?

- Amit Kumar Gupta:** So we don't give out segment wise EBITDA margins or profitability, Resha.
- Moderator:** The next question comes from the line of Manan Madlani: from KamayaKya Wealth Management.
- Manan Madlani:** Sir, my first question was on the realization part for the mattresses. So if I look at the realization from last 4 quarters, Mostly, it's in the downward trend. So would it be fair to assume that the integration of Kurlon is lowering the realization or is it the online products are contributing to that? And when do you see it stabilize?
- Amit Kumar Gupta:** So I'll answer that. Nilishji, are you there?
- Nilesh Mazumdar:** Yes, I'm there, Amit.
- Amit Kumar Gupta:** So would you like to answer why our average sales price is coming down?
- Nilesh Mazumdar:** Yes. So Manan, number one, as we see the -- if you're talking of the average selling price, as we see the India business opportunity, the volume growth are going to be higher than the value growth rate because of 2 reasons. One, the opportunity at the economy end of the market is significant and the conversion of the nonuser to users that we have been talking of the Tarang and the Aaram, that is also at the economy end of the market. So those will give us larger volume growth as compared to value growth.
- Number two, the e-commerce segment. The large part of that business is coming through price points, which are sub, say, INR10,000 and therefore, that's also that ratio moving up and that volume growth is going to be also higher than the overall value growth that we will see. But having said that, the value growth also is going to be strong. And as we move ahead, the profitability that you're talking of, we will be looking at it in a comprehensive balance, so that we are able to deliver on the profitability objective also for the mattress as an overall segment.
- Manan Madlani:** Okay. Let me ask it in a different way. So is there any pricing difference for a similar product between the Sleepwell brand and Kurlon brand?
- Nilesh Mazumdar:** There will not be a difference in the pricing because of the -- as we have always said that we are not going to position one brand as a premium over the other because the strengths of the brand are very different in different geographies of the market.
- And when we have been discussing about the strategy, we've said that Kurlon as a brand is very strong, stronger than Sleepwell in the Southern markets and the Eastern markets. And when it comes to North and West, Sleepwell as a brand is stronger. Therefore, both the brands will straddle all price points, and we will not differ -- and we will position them as 2 independent brands in the consumer's mind. And we will not position one as a premium, one as -- at an economy end. That's not a part of the strategy.
- Manan Madlani:** Okay. Fair enough. And when you mentioned that on the mattress side, you are taking price hike, does it also imply for the Tarang brand as well?

Nilesh Mazumdar: Right now, whatever Tarang margins that we are seeing, they are also healthy as we have been saying that while we are building the Tarang and the Aaram business, and we also will be as we move ahead invest on communication and demand generation.

As of now, we don't see a requirement, but if it is required, we will take a price increase. I don't think that's going to be a challenge. And that's not going to impact us from a demand perspective because the products have been very well established, and we are seeing a good traction in both Tarang as well as Aaram.

Manan Madlani: Okay. And in terms of pricing, did you have any analysis of price difference between Tarang and the unorganized player? If you could tell?

Nilesh Mazumdar: Yes. Yes, we have done that. So there is -- I mean, at the end of the base value for life equation, Manan, for example, if you buy your cotton mattress, it is going to cost you anywhere between INR800 to INR1,000, whereas Tarang and Aaram will be almost 2.5x that if you just look at the per unit cost. But we have to remember that we are offering a 3-year warranty with these products. And therefore, that gives you a far greater value for the consumer, far greater comfort for the consumer and also other associated benefits of the ability to use the product, both for sleeping as well as sitting when they want to.

Manan Madlani: Okay. And one last question. On Furlenco you mentioned earlier that from February onwards, we should be on PBT level profitable. So I mean, how is the scenario going there? And what is our current run rate?

Amit Kumar Gupta: So February profitability level is from last year. So we are already PBT positive in Ferlunco and its February will be 1 year completed when we are PBT positive. Last year, we closed the top line at around INR147 crores and current run rate, as Rahulji just mentioned, is around INR250 crores per annum.

Moderator: The next question comes from the line of Viral Shah from ENAM Holdings.

Viral Shah: Sir, just one clarification on the mattress side that you said 18% to 19% growth. So this would be value growth or volume growth?

Rahul Gautam: So this would be similar.

Viral Shah: This would be similar. Okay. Just secondly, how big would our Tarang and Aaram brand be at the moment? And where do you foresee that to be in 3 years from now?

Nilesh Mazumdar: Yes. From a volume perspective, it is about 6.5%, 7% of the total mattress. But as we move ahead, there is a huge opportunity because the opportunity we see is not only in small town India, but we also see a large economy end than cotton mattress users also in urban markets, but we will need to play the game very, very carefully so that we don't cannibalize. So as we move ahead, we -- hopefully, it should come to about anywhere between 10% to 12%.

Viral Shah: Okay. And sir, just last question is, what would be your net debt position currently?

- Amit Kumar Gupta:** So net debt would be before lease liabilities around INR1,100 crores, INR1,150 crores and including lease liabilities should be around INR1,400 crores at a consolidated level, including Australia and Spain.
- Moderator:** The next question comes from the line of Nikhil from SiMPL.
- Nikhil:** Yes. Just one clarification. On the net debt, how do you see that thing playing out over the next 2 years? Because you mentioned there is some INR100 crores to INR150 crores of cash, which would be generated from noncore assets, and operationally also, we are looking at reducing the working capital and also where do you think our net debt should be in next 2 years?
- Amit Kumar Gupta:** So whatever will be generated either from the liquidation of assets or operations or operational efficiency, all will go to reduce the net debt. We don't have any intent or plans for making any material Capex.
- Nikhil:** And once these noncore assets are sold, as a part of our synergies, we had talked about some factory rationalization between the 2, would there be still more opportunities for rationalization, or we would be done with whatever factory setup we want to have?
- Amit Kumar Gupta:** So more -- this includes the entire rationalization plan that we had. So for now, yes, it will be done, if some opportunity comes up in the future, that is something we can't envisage at this time.
- Moderator:** The next question comes from the line of Manish, an Individual Investor.
- Manish:** Congratulations for the great numbers, sir. So I have 3 questions. My first question is after acquiring Kurlon. We discussed about that we'll have some benefits of, for example, distribution benefits, storage benefits and all. So have you realized everything, or they are still pending?
- Amit Kumar Gupta:** So a large portion of that has been realized. But yes, as we mentioned in our earlier call also, the rest would be realized by the end of this year.
- Manish:** Okay. Okay, sir. I have 2 more questions. The second question is we are going for a price hike in Feb. So what is the percentage that will reflect on the EBITDA of the price hike? Will it be a significant amount, or will it be minimum, 1% or 2%?
- Amit Kumar Gupta:** So I think the EBITDA guidance that we have given on an overall basis, it will be part of that only.
- Manish:** But can you quantify that? Because now we are growing at 9%. Will the price hike happen material impact on it or there will be no material impact?
- Amit Kumar Gupta:** You should see some improvement in this. But the EBITDA margin improvement will not only be a factor of price rise, it will have multiple factors. One, it will depend on the remaining realization of the synergies, price rise, of course, is one factor. Another most important factor is gradual movement of B2B business to B2C business because B2C business has better margins. So there are 4, 5 factors, which together lead to the improvement in profitability.

Manish: Okay, sir. And sir, Gautam, sir, sir I have one question. Last time I asked you that you had an idea of foldable mattress for lower section of society or the lower middle class. Sir, have we thought about targeting students, for example, if someone goes to university for a 4 years college or a 3 years college or medical for 6-year college when I went to Pune what we did is we bought the mattress for INR800 or INR1,000, but we replaced it every 2 years. So -- see, do we have that an idea to target students because you will get the students every year, a certain percent of students every year, if you target them and if they like it, then the volume can grow a lot.

Rahul Gautam: So Manish, thanks a lot. I think it's a good idea. Nilesh, are you still there?

Nilesh Mazumdar: Yes. Yes, Rahulji, I'm very much there. Manish, thank you for that question. So Manish, you're absolutely right. There is a large opportunity in the student segment, and you will be happy to know that, that is something that we are actively working on. In many of those institutions where you have hostels, large hostels, we are doing small camps, promotion camps inside the colleges, so that people are made aware of it, and we have already started this initiative and fingers crossed, it is giving us good results.

Manish: Yes, sir. Why I asked that question because I came from a small village, I went to Pune for my engineering...

Moderator: Manish, apologies to interrupt you. If you can please join back in the queue.

Manish: Just one question. Why I asked that question is because when I was in -- when I went from a small village to Pune, I did not know what the big brands, I only knew that there is a cotton mattress. So there's been be 100% students will not know about these needs. So if you have that in college and all, that will help a lot. That's it, sir.

Rahul Gautam: Thank you. Thanks, Manish.

Nilesh Mazumdar: Yes, you are absolutely right.

Moderator: The next question comes from the line of Rishab Bothra from Anand Rathi Shares and Stock Brokers Institutional Equities.

Rishab Bothra: Two things. Firstly, we had an asset turn of around 5% on net block up to 2020. Post that, I think there has been certain goodwill also. So excluding goodwill, that has dropped significantly. So as of now, I think our asset turn is -- at net block is around 1.1 or 1.2. So when can we scale up to around, let's say, 3, 3.5, if not 5?

Amit Kumar Gupta: So I think as such as what you should take on tangible assets only because when we acquired Kurlon, there were -- we acquired it for a price of around INR2,000-odd crores...

Rishab Bothra: Yes, excluded goodwill, sir. I excluded goodwill and looking at tangible only.

Amit Kumar Gupta: There are other intangible assets also in the form of brand and other things. So if you see, we have added only around INR300 crores, INR350-odd crores of fixed assets and even if you look currently, our assets turnover should be around 3 to 4x...

- Rishab Bothra:** Okay. Okay.
- Amit Kumar Gupta:** Yes. Yes, please do it. And in case you need any help, you may get in touch with our advisers, Valorem, and we can set up a call to explain you better.
- Rishab Bothra:** Sure. And secondly, on the margin front, we had around -- operating margin of somewhere around 31% or so if I'm not wrong?
- Amit Kumar Gupta:** Sorry?
- Rishab Bothra:** Operating margin. Operating margin of around 31% or so. My bad. Operating margin of around 14% in FY '20.
- Amit Kumar Gupta:** So you're asking to gross margins, right?
- Rishab Bothra:** Operating margins, sir. Operating margin of around 14%, 14% to 15% in 2021. Post that, it has reduced significantly to 10%, 11%.
- Amit Kumar Gupta:** So you will have to give some working Rishabh; actually, I have -- I don't know what -- which figures are you referring to. These are not standard figures, which we give our results. Maybe you can share your working, and I can help you with the reconciliation...
- Rishab Bothra:** Sure, we'll do that.
- Moderator:** The next question comes from the line of R Sen from MAS Capital.
- R Sen:** Sir, it's a twofold question. We see many companies marketing during the Maha Kumbh, are we not looking at this opportunity, and part B of the question, this is especially in the backdrop of your -- in one of the earlier con calls you had mentioned about the Jabalpur plant that will focus on the INR2,000 mark mattress. We see the new rise of tents as a concept, do we see a future of your venturing in this space, especially in the B2B space?
- Nilesh Mazumdar:** So I will take the first question, Rahulji.
- Rahul Gautam:** Okay. Go ahead.
- Nilesh Mazumdar:** As far as Kumbh is concerned, we have our presence very much in the congregation. We have put up stall both sleep -- for Sleepwell as a brand. We have put up a stall for Kurlon as a brand, with a small experience center also there going along with it. And we have also invested in doing branding around in that space. So we are very much present in the Kumbh Mela.
- The second question, Rahulji, I couldn't understand if you could take that with something around Jabalpur that was being asked.
- Rahul Gautam:** Yes. Listen, could you just repeat that question? I mean, I understand on Jabalpur and the quantum that is manufactured there, but there was something about the mattresses from Jabalpur that you said. It was not audible enough.

R Sen: Sure. Sir, my question was, given the Jabalpur plant is about -- it's like a low revenue when I say numbers, right, it's INR2,000, if I recall the numbers correctly. We see a lot of tents as a concept, the tourists, the spiritual a lot of concepts are coming up. Are we looking at this segment? And maybe a B2B initiative where we are focusing on the tents as the market and supplying to these tents?

Rahul Gautam: Sorry, there is -- in -- I mean, there's audibility on this...

Nilesh Mazumdar: Rahulji, I'll take that. Rahulji, I'll try and take that. I think what you are meaning is that along with the tent -- inside tent or a mattress if something can go along with it. I think you are referring to that and therefore a market to do that.

So you see today, currently, if you see inside the tent, the maximum consumption is not a cotton mattress only. That is what is used inside the tent in many of these areas that you have referred to. So the entire initiative of Tarang and Aaram is for that segment itself.

That in fact, the tent foldable mattress can definitely go inside, and while we have connected with during Kumbh congregation with some of the tent suppliers out there who have been there, but we have already carry a certain inventory and there is a government-related acquisition that happens. But at an overall level inside a tent, the cotton mattress getting used, and that's what we are planning to replace with this entire Tarang-Aaram initiative, and that will help us address that opportunity.

Rahul Gautam: So Nilesh, let me just add to that, that even as far as the tents in Kumbh are concerned, from our CSR activity, we have donated over 5,000 mattresses for the tents, which have come up there.

R Sen: Sure. I appreciate that, sir. Sir, my second question is on Furlenco. One of the statements made by the CEO of Furlenco earlier was Millennium subscribed because it gives them the freedom to unsubscribe, right? I think that was a statement which kind of stood out -- it was made a couple of years back.

Now that in its new avatar where Furlenco, like we have now 55% not share in the company. In QSR we have this concept of sales growth, right, FSG, is there a trend where you're seeing that the same set of millennials are subscribing and eventually buying those products, or is this too early to comment? Or any initial trends that you discovered after the acquisition of Furlenco?

Rahul Gautam: So we see that in bits and parts of people who rent or subscribers and then eventually go on to buy, but it's something which is very, very small. However, the direction is on the positive side. I have -- I mean I would do not hazard a guess as to say that would that become a substantial one. On the other side, pure sale versus pure subscription, we definitely see that the sales side is an increasing number.

Moderator: Ladies and gentlemen, in the interest of time, we take the last question from the line of Rahul Agarwal from IKIGAI Asset Management.

Rahul Agarwal: One clarification I was thinking about was in terms of marketing of Tarang and Aaram. Are we selling this in the same markets in terms of Tier 1 metros? And how do we differentiate between the sales channels here in terms of general trade or modern trade versus Sleepwell and Kurlon brand mattress, please?

Nilesh Mazumdar: Okay. Rahul, I take that question. Yes, I'll take that question. You see today, in the economic segment exists, first of all, in every market. It is just not by pop strata data for example, if I take a city like Bombay, Dharavi will be a huge market, which will be at the economy end. So therefore, we will need to obviously cater has presence in all the pop strata and all geography.

We have designed the product and the margin structure in such a manner so that we are able to prevent cannibalization because I'm assuming that your question is that how will we prevent cannibalization. The channel also here will be different because the -- our current exclusive showrooms or the -- the multi-brand outlets cater to a certain kind of consumers.

Most of them would not have cotton mattresses being present, while it might be there, but it will be a very fraction of the number. So the channel will also be different as far as even we are going to operate in the same geographies.

Rahul Agarwal: And in any way, when we brand the mattress or we print the name on the Tarang or Aaram, is there any mention of Sleepwell or Kurlon like Tarang has Sleepwell...

Nilesh Mazumdar: Yes, there will be mention of Sleepwell -- yes, there -- because today, it has to have the umbrella presence of these 2 brands because that's how the consumer will give me the premium for the brand saliency and it is therefore important that we have that presence on the packaging, but we are conscious of the cannibalization challenge, and therefore, we are moving cautiously so that in every element, as we move ahead, the positioning of the brand is very different. And for the consumer, there is no confusion. And therefore, that we will hopefully be able to prevent as much as possible of the cannibalization.

Rahul Agarwal: Got that. And a couple of data points. Could we have the revenue value share for Tarang, Aaram and e-commerce, whether as percent to B2C sales or India sales or whatever we have right now?

Rahul Gautam: So I think we can share that just get in touch with our advisers, Valorem, and offline, we can share that data.

Rahul Agarwal: Okay. And lastly, just on the average selling price. Obviously, given the mix and given the focus and more volume growth on the economic range as well as online, this number obviously has come off to about 4,000 right now, if I add up Sleepwell, Kurlon, everything put together on the mattress and accessory side. Would you like to put out a number in terms of where should it settle down, let's say, 3 years out?

Amit Kumar Gupta: So maybe, Rahul, we don't give out details into the details that you are asking for. If you have any clarification, we can talk separately, but those level of details is difficult to give out.

Moderator: The next question comes from the line of Avinash Nahata from Parami Financial Services.

- Avinash Nahata:** Okay. Can you talk about a little bit about the TDI? You briefly made a remark on the disruption which happened for 45 days as far as the GNFC plant is concerned. Just tell us about the pricing, how it has behaved in the quarter gone by and during the 9 months? And what kind of difficulty in price did you face buying on a spot basis from traders? And some color on that?
- Rahul Gautam:** Thanks. I think it's a very large question, and we are looking at the last 9 months. Let me just state the current situation, current position. Rakesh, are you there?
- Rakesh Chahar** Yes, I'm here.
- Rahul Gautam:** Can you answer that?
- Rakesh Chahar** Yes. So GNFC went took a shutdown and it shutdown extended by 90 days. So when the extension happened, there was scarcity of TDI in the market and this led to the price increase by the traders. So to maintain the serviceability of the market other than GNFC, we were buying TDI outside at a premium. So this continued till end of November. From December onwards, the situation stabilized. Does that answer your question?
- Avinash Nahata:** Sir, directionally I understood, but what kind of disruption in the prices it led to?
- Rahul Gautam:** Listen, I'll take that question, Rakesh. I'll just take that question. So number one, the disruptions always happen a little abruptly, because when you have local supplies, and there is something that happens at the plant, the impact comes very quickly. There are these spot guys. There are the traders who are there existing. Generally, we do carry at least 15 to 20 days of inventory.
- But sometimes, we have to buy from these. And at that time, really there is no clear formula as to what would the spot price be or sometimes it can be high and sometimes it can be low. But it's definitely a little higher than what we generally buy from.
- Avinash Nahata:** Okay. Is this the only capacity of GNFC or it was one of the plants of GNFC?
- Rahul Gautam:** No, So this was in one of the plants of GNFC. GNFC has 2 plants, and it has total capacity of almost about 50,000 tons, which is a large number as far as India is concerned, and it was in one of the plants that, that is there.
- Avinash Nahata:** Okay. Sir, I have one more question. Is it possible to share -- I don't know I could have missed the early part of the call. In terms of the quarter gone by and the 9 months, how much mattresses we have sold in terms of number of units -- in our B2C business?
- Amit Kumar Gupta:** That is already there in the presentation that we have shared.
- Avinash Nahata:** Yes. So there's a question related to that. So what is the maximum Kurlon would have sold in a year in terms of number of units before we acquired this?
- Amit Kumar Gupta:** So I think what we are doing now is we are selling Kurlon and Sleepwell in a manner that it becomes immaterial to us, which one of them sells. So there is no brand-specific sales push, intent is to maximize both the brands together. So I don't think we should be sharing separate

numbers. We don't share now the numbers of both the brands. Why we are giving growth rates, it's just to give confidence to the investor community that yes, both the brands are growing and whatever we have acquired is making sense of it.

Avinash Nahata: Fair enough. Sir, at what price are we buying TDI on an average?

Amit Kumar Gupta: If you look into Investor Presentation, we have given a chart of price, so it should be around 200 plus.

Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to the management for their closing comments.

Rahul Gautam: Great. Thank you. Thank you to each one of you for joining in. I hope that all questions have been answered to your satisfaction. If there are any, which are left over, please do get in touch with our advisors, Valorem. And the questions will reach us, and we can connect up directly.

For us, too, there's -- like always, there's been a learning exercise, and we will continue to push our focus on India and the B2C brands that are there and completing the acquisition, integration and the margin realization as soon as we can. So we will see you in the next meeting after this current quarter. Thank you.

Moderator: On behalf of Emkay Global Financial Services, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.