



“Sheela Foam Limited  
Q4 FY2022 Earnings Conference Call”

May 13, 2022



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**Moderator:** Ladies and gentlemen, good day and welcome to the Sheela Foam Limited Q4 FY2022 earnings conference call hosted by Ambit Capital. Joining us from the team of Sheela Foam Limited the management team is Mr. Rahul Gautam, Chairman and Managing Director, Mr. Rakesh Chahar, Whole Time Director, Mr. Tushaar Gautam, Whole Time Director, CEO of India Business, Mr. Nikhil Datye, Group Chief Financial Officer, and Mr. Davinder Ahuja, Group Finance Controller. 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 “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahul Gautam, Chairman and Managing Director. Thank you and over to you Sir!

**Rahul Gautam:** Thank you madam. Thank you very much and thanking Ambit Capital for hosting this call. This is Rahul Gautam welcoming you to the Q4 FY2022 and the annual FY2022 earnings results. Let me just begin with saying that undoubtedly the environment has been very challenging and to be honest it has been quite adverse with commodity inflations, with forex bouncing around, volatility in the raw materials, which is at unprecedented levels and there was also a demand slowdown. As all of you know that summer came a bit early and therefore from February onwards almost mid February onwards right through to March when the summer came then obviously the discretion in spending changed to fans, coolers and aircons, etc. and products like ours definitely took the backseat but this is temporary for sure and let me assure you that the basic fundamentals of the company remain extremely strong and all these adverse conditions that somehow kind of collected together I already see that there are signs of things cooling off and that visibility is quite clear subsequent to the March closing.

The raw material volatility which is probably impacted the maximum is clearly a supply chain issue. We know that on a global level the production capacity versus the demand the balance is in favor of the production side and that is not only true right now, but it is true right up to 2026 when we look at what the possible demands are going to be and we look at what the capacities are going to be created for both our raw materials polyurethane and TDI feel comfortable but that is on a macro level. When it comes down to moving the materials around obviously there has been disruptions and that has created the shipping issue or container issue or shutdown that we are experiencing as part of China is concerned so all these things have been there, but eventually it has to end. All our expansion projects in Australia, in Spain as well as in India the progression is well. The only little impact that there would have been was probably if the steel prices or the availability of some steel, etc., but that is only taking some time which would also kind of settle down that may impact the cost a little bit and there may be a little bit of a delay in them coming on stream, but we will be ready. With the production capacities that we have we will be absolutely ready for the future as I said the adverse conditions begin to ease out and the need and requirements comes on the market and the constraint will



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definitely not affect the manufacturing side. From our side we have also restored in the last quarter the sales and marketing expense which we had kind of held back and the impact of that will be visible soon. You know during the Corona times and the extended Corona times generally these spends has lessened or it was reduced as well as whatever activities that we needed to do to increase our sale of our mattresses through the EBO and through the channel those activities had to be curtailed. Now that process is already on whether it is renewing these exclusive stores that we have or placing and training people who are selling and we are already beginning to see some good results out of that. So with these words I just say thank you very much to all of you for joining in this conference and we would be open for your questions. Thank you very much.

**Moderator:** Thank you very much Sir. We will now begin the question and answer session. We will take our first question from the line of Nihal Jham from Edelweiss. Please go ahead.

**Nihal Jham:** Just three questions from my side. The first is you did mention about the environment if I had specifically discuss one number which is say the mattress volume growth that is obviously seen in the Q2 of degrowth and I guess it is mainly related to as you said a lot of external challenges? In case say the Omicron impact would have not happened in January would you have an assessment of how this number could have been say looking at the run rate in February or March?

**Rahul Gautam:** Nihal I did sort of allude to that. You see as far as increasing mattress sales especially through our EBO system there used to be a little bit of an effort prior to getting the whole thing moving. The inertia was definitely in favor of people not visiting showrooms. Our actions were also where we did not do things on the storefront. That part has already started and therefore I say that yes the numbers have been on the lower side but those numbers had Omicron not there, I mean that is a good wish, the numbers would definitely have been different and it not only this particular quarter that I am talking about. I am talking about what we need to do prior to that which we have begun doing now.

**Nihal Jham:** Understood and if I could just maybe this closing April maybe difficult but say how was the run rates for March in terms of volume versus pre COVID?

**Rahul Gautam:** I have no problems in talking about March and April as a bit of a continue and they are on the rise.

**Nihal Jham:** Sure that is helpful. The second question was that I know we do not bifurcate Sleepwell and Starlite anymore but given that the year is closed and this brand at least Starlite has been in presence for the last three years could you just give a qualitative sense of how each of these brands are performing and I would assume that even you looked at both of them separately internally?

**Rahul Gautam:** Yes we do look at them. Nikhil do we have the numbers separately for them.



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- Nikhil Datye:** Yes we do have
- Rahul Gautam:** You have them ready or would you want to send them.
- Nikhil Datye:** I will send you but directionally we can talk about it so just to give you some idea in terms of Starlite versus Sleepwell so Sleepwell obviously has a much wider range in terms of variety of mattresses that we sell while Starlite is specifically focused on economy range and economy range obviously is growing much faster considering you know the price points and availability so compared to Sleepwell Starlite has grown faster in last year as well. Specific numbers I can send you as a follow-up.
- Nihal Jham:** Yes I would be keen on that and I will maybe discuss after the call? Just one last question from my side was that if I look at the international business margin both Australia and Spain separately while Australia has seen a slight dissipation there has been quite a lot of volatility in Spain if you could just highlight that and I will be done from my side?
- Rahul Gautam:** Nihal could you just repeat that question. Let me say it as I have understood, which is to say that relative to Australia, Spain has been more volatile is that the correct question okay.
- Nihal Jham:** Absolutely.
- Rahul Gautam:** Yes thanks so Nihal it is just the way that the raw material is sold. Australia there is quarterly pricing, not even quarterly pricing one month before the quarter begins the prices are settled which allows you to prepare for it and prepare your customers for it and the prices are held steady. That used to be the way of the world many, many, many years back, but since then Europe has moved to a monthly pricing and even in the monthly pricing the time that you get is maybe two days or so before that and if I cut to India it almost weekly or fortnightly pricing with no kind of advancement. So Australia tends to be far more stable. The only reason being that the system is like that the way that the raw materials are available there everybody supplies to there and the stability.
- Nihal Jham:** That is clear. I understand. I will come back in the queue. Thank you so much.
- Moderator:** Thank you. We will take our next question from the line of Ritesh Shah from Investec. Please go ahead.
- Ritesh Shah:** Sir thanks for the opportunity. Sir couple of questions first is I think the company has multiple likes for growth? I had like five sub questions over here? It would be great if you could provide some color over here? The first is exports out of India we visited recently a facility in Gujarat I think it was phenomenal? If you could provide some color on the investment over there, the amount of exports that we are looking from ICDL that is the first one and the second is I think in the prior call you have



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indicated about mattress for every Indian? How should one look at the price point, the product and any color on distribution that is the second point? The third question is pertaining to Indian Railways any specific progress? The fourth is on ecommerce basically where we are I think around Rs.100 Crores plus? What is our strategy over there and fifth is we are a formidable brand? We can actually make good on the Omni channel? Are there any specific measures on branding where we can actually leverage our ongoing presence and make good so those are five questions for you Sir? Thank you.

**Rahul Gautam:**

Thank you Ritesh. Thank you for the five questions. They virtually covered the entire business. Let me try and attempt responding to it. As far as exports are concerned yes we started well. We invested money into a unit close to Mumbai and started producing. There have been some, what I would say starting up kind of hiccups like shipping, availability of containers, then the geopolitical situation changing and therefore the customer saying let us put it on a little bit of a hold. Then there is a start and there is a stock, etc., but I can just say that most of those things or the feeding troubles are getting sorted out and I look to a number without any kind of you know specific guidance but a three figure kind of number as far as this year is concerned and if nothing else at least we are far more experienced onto sorting this. Some things are not in our hand for example the shipping and the availability of containers, but we are doing. I think it is not only the availability it is also the cost of it what used to be about \$3500 to \$4000 for a container to the US it is suddenly \$14,000 to \$15,000 and therefore the customer says hold on a little while let the prices cool off. I think it is bouncing around. It needs to settle. On the mattress the facility that we are putting up in Jamalpur the buildings are about getting ready, the machines may be delayed a little bit and that is on account of availability of right grades of steel. I understand from the supplier in UK that most of the steel was manufactured out of Ukraine, but it is slowly progressing. There may be a couple of months of delay, but it should happen before the year gets over. You said to provide some kind of a price point. I think I have said that mentioned that before that we are looking at something of the order of Rs.3000 for a mattress and this is the mattress for the Indian. On the distribution definitely need to get to need more deeper into the state and therefore it is even beyond the district level that we look a block enterprise level but to begin with we will be setting up in the 700 odd districts I think out of them 500 which are amenable for a kind of a distribution and this will be a direct distribution to those places. The organization is getting set up. Trials and piloting and all that would begin in two to three months time. The third question was on the railways so I can only say we are on track. The product is well accepted. The orders are coming in a bit slow, but the guidelines are that 70% orders should go to polyurethane form and balance 30% should really be going to the existing suppliers which is a fiber thermal block or something know as silicon foam and the transition has it come to the 70% level no but it is ramping up and the acceptability of the product is good. E-commerce we have done about Rs.80 odd Crores this year and if you just look at the year the growth have been upwards of 50% from the previous year. Let us say we are not blasting away in the sense that the outlook is a little different from a startup so we want to be upfront cash but then we want it to be profitable even if it is marginally profitable and that is why if the progress still is large. It is more than 50% but it is not like doubling in



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a year or something, but I think we are on track and if we continue at this rate it is already is, but it will be a sizable business as far as range is concerned. Your last point was on omni channel and that is exactly what is getting into place which is to see how we can leverage the brand, how we can leverage the extensive EBO network that we have and how can we ensure that it does not matter where the customer goes he or she gets it. I can offline talk a little more in detail on this but that I think your thoughts are very similar to what is going to happen or is happening.

**Ritesh Shah:** Thank you so much for the detailed answers. Just two questions one is Sir if I look at the cash flow statement for the company we see investments in bonds and debentures that is quite unusual? I have not noticed something of that sort how should one read into it? Is it like are we looking at some an organic opportunity or how should one read into that particular line item that is one question and the second is if you could touch upon competitive intensity in the space so we understand there are multiple assets probably on the block is it something that we would be keen at if at all? Are there any leverage ratios that we have in mind that we would not cross if at all we had to pursue inorganic growth thank you so much?

**Rahul Gautam:** On the inorganic part I would say there are some very promising ones on the radar, some progress too, but I will not go beyond that and I mean previously have always mentioned that we will open for the right one, etc., and at this time I can only say it is very promising and progressing. On leveraging the balance sheet Nikhil would you want to respond to that?

**Nikhil Datye:** Yes I can take that so Ritesh the investment in bonds obviously we are also making good returns on that investment and as we have said earlier also the reserves are built to ensure that it provides for expansion capex as well as for any future opportunities which Rahul just alluded upon.

**Ritesh Shah:** Sure thank you so I will join back in the queue.

**Moderator:** Thank you. Our next question is from the line of Ashish Kanodia from Ambit Capital. Please go ahead.

**Ashish Kanodia:** Sir in your opening remarks you talked about that there was some slowdown in the category as well because the summer came early but basis on our channel feedback are you seeing any kind of a down trading from the consumers or was it that the entire category was impacted and there was no market share loss?

**Rahul Gautam:** Ashish I can say with a lot of certainty that there was no market share loss at all. If there would have it they would actually be on the other side and the category per se, so two things one the market how we define the market size but the market is diminished a little bit and it also moved on the lower end of the average sales prices.



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**Ashish Kanodia:** Sure Sir secondly in terms of you know given that our demand trend has been slightly muted so do you need to provide more support to the channel whether in terms of higher margins or maybe in terms of higher marketing spend so do you believe that there is a need to invest more into the channel or provide a higher margins to the channel?

**Rahul Gautam:** So the way that we have structured Ashish providing higher margin to the channel because most of our channels is on an exclusive basis and therefore when the consumer walks in or the customer walks in he is well attended to and it is not that the extra margin would drive the retailer to do better than what he is doing. I think clearly the problem was on the footfalls and the footfalls are not only for Sleepwell showrooms but footfalls into the mattress category as a segment. Something that needs to be done is on increasing those footfall and also for improving the conversion that is happening within the shop so both are in progress. You will see that and our process for the conversion part of it that has started in a big way on at the retail showroom and I am sure that when we do the next quarter call we will have a different feeling about it.

**Ashish Kanodia:** Thank you for that. Thank you.

**Moderator:** Thank you. We will take our next question from the line of Resham Jain from DSP Investment Managers. Please go ahead.

**Resham Jain:** Good evening so I have just one question. Currently we are doing this capex across India, Spain, and Australia and all these capacities will be available maybe by the end of this year different points so from the growth perspective over the next three to four years how are you seeing the trends like your internal ambition in terms of growth plan given that we are aggressively investing across all the geographies?

**Rahul Gautam:** Thank you Resham. Thank you for that question. On the capex yes we are doing in all the three geographies and each geography has a little bit of a different flavor to it. Let me begin with Australia. Australia it started off with providing comfort to our existing suppliers because it was dependent on one unit and Australia is also a very spread out country and therefore another unit in Adelaide really brought us much closer to the Western part of Australia, etc., but having said that people believe that Australia is a matured market, settled and nothing much will happen and nothing much will grow. We have been also having restricted capacity where we were doing and therefore for us to bring in any kind of aggression into selling or acquiring more customers was tough and therefore once this unit comes in we will go with a little more aggression in the market. There are two or three other changes that we are seeing post Corona as far as Australia is concerned and that is that some manufacturing is coming back into the country. Our furniture manufacturing and some of the mattresses which are imported from outside which are built in a box kind of thing that is coming back into the country so we expect that to be leveraged. Exact numbers I would probably be able to tell you a little later in the



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year. On Spain we are already at the 100% capacity level and therefore we had to increase the capacity and that is by only improving some curing space and some storage spaces, etc., and maybe some conveyors. It would enhance our capacity by 30% to 35% and let me just say Spain happens to be a very small part of the large European market and therefore this 30% to 35% we should be able to get that as soon as we begin to kind of produce this. It should the end of this year. I know that the Spanish numbers have been under stress as far as the last quarter is concerned and that primarily that raw material that was fluctuating but we have already begun a process because we are in a position where the capacity is limited we are already looking at sort of sorting out the customers and looking at preferential selling, etc., to improve the numbers, but the fluctuations part is also full will settle down. Third is India which is the double pole capacity completely new facility and with a new technology and that technology I have spoken before it is unique to us. Almost globally it is unique to us. It helps us to produce newer grades of foam. It helps us to take care of the environment much better. It is a greener process and it also helps to bring some cost down and primarily on the mattress for every Indian which we will be starting a little delays on it and I would not expect it to start by the end of this year but it will be more before the financial year end which will as we have already shared the numbers before as to what we look at in the next two to three years time for that to happen.

- Resham Jain:** Okay so Sir I was just asking in the context that all these plants are coming so next three to four years our internal ambition any ballpark number if you can help it?
- Rahul Gautam:** So I am not sure whether I am allowed to or not to speak for those numbers but guidance you can give an ADIP number.
- Resham Jain:** I am not asking for a guidance, but generally 15% or 20%?
- Rahul Gautam:** So Tushaar can you just give a number on that.
- Tushaar Gautam:** I think the overall number to look at anywhere between 15%, 17% to 18% would be a fair number.
- Resham Jain:** CAGR?
- Tushaar Gautam:** Yes.
- Resham Jain:** Understood and the last one is we have seen some as you mentioned volatility because of raw material and all our margins are a little soft but do you expect this to normalize over the next couple of quarters or you think that this will be difficult to comment on raw material but do you think it is coming back any time?





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- Tushaar Gautam:** Resham whenever I have tried to guess I have been wrong so I would still say that because we have the advantage of some high-end site that would have happened for the year closed, it is coming down and it is in public domain. For example TDI prices in the last 15 days has come down by 10%.
- Resham Jain:** Great Sir. Thank you and all the best.
- Moderator:** Thank you. We will take our next question from the line of Ritesh Shah from Investec. Please go ahead.
- Ritesh Shah:** Sir thanks for the opportunity again. Sir I had a specific question pertaining to ISCL when we set up a facility normally when we have contracts and when we cater to exports is the pricing typically on FOB or a CIF basis? You did indicate that the container rate is moving from \$3500 to \$4000 to \$13000 round and it could potentially imply only Rs.100 Crores I hope it is a quarterly run rate? It is not per annum so I would like some clarification over there and when we are targeting exports right how does the commercial work? Typically is it on an FOB basis or is it not CIF basis given the volatility in the freight markets?
- Rahul Gautam:** So Ritesh prices are on a FOB basis because and even if the customer has to arrange for the containers the cost of containers eventually gets added to him so and therefore he tends to delay it hoping for it to kind of come down but our price Tushaar is that correct it is on the FOB basis?
- Tushaar Gautam:** That is correct.
- Rahul Gautam:** FOB and delivered to the port. All I can say **inaudible 33:04** Rs.100 Crores becomes the run rate for the quarter. We are being a little conservative because we have been just bitten a little bit on export. It was a new business and there was something else which kind of happened on the supply chain side or on the logistics side therefore a little conservatively I said we would look at a three-figure mark, the capacity for to produce the product and the ability and the way that it is seeming it should be far more.
- Ritesh Shah:** So would it be like Rs.400 Crores per annum would that be a fair number or upwards of that?
- Rahul Gautam:** Ritesh I do not want to give a number. As I said there are so many parts which are there and all I can say the capacity to manufacture is there and the ability for that market to pick up is there but in between there are so many things. For example something positive that has happened I will say is the exchange rate which is hovering around 77 plus at least to a dollar which used to be 75. We have something positive that has happened. Now we need to look at all the other aspects. I would just restrain myself to maybe give you a better number by the next quarter.



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**Ritesh Shah:** Sure so just to understand this further if I have the capital and if I deploy that capital to set up a facility in Mexico would this model be of also of interest to the US vendors, which we are targeting so I am just trying to understand from a competitiveness standpoint China plus one I think India benefits but when it comes to South America are we as competitive given rate will also be against us on a delivered cost basis?

**Tushaar Gautam:** Rahul I can take that so broadly I think the issue is this disruption of raw material which is happening disproportionately at the moment so if I look at polyol TDI prices I think for the first time that any of us recall there is a 16%, 17% and 20% premium in Europe versus Asia and for the US is kind of somewhere in the middle, but then you have the freight costs, which are also disproportionately high at the moment, but if I look at any stable state for sure India or even Spain supply is cost effective compared to Mexican supply. Historic raw material stability, not stability parity across the world which is whatever are the normal 1%, 2% or 3% differences on the monthly basis that happen across geographies and whatever is normalized straight.

**Ritesh Shah:** Sure sir if I may just dig in a little more sir when we say competitive it is on what particular variable is that like the technology is different or is it the labor cost or is it the inland freight or is it the electricity how should one understand that?

**Tushaar Gautam:** Because it is all of the above but raw materials again I would say not so much but on the overheads, on the electricity, on the manpower cost for example a spring mattress that we do out of India which is the facilities somebody said that they had visited recently. The manpower component of that product just because of the complexity of making that product in North America will be extremely high. It is not possible to do it there in terms of cost effectiveness. In Spain where we kind of have an advantage is of course it is probably one of the cheapest cost Europeans supplies. It is not very expensive at all in terms of labor but again like Rahul said the core technology in which we are investing as a group to be the variable pressure technology that gives us the cost advantage on cost and product quality advantage on the final foam product. So it is a mix of all of those. It depends on what product we are talking about from what geography.

**Ritesh Shah:** Perfect and just one last question. Sir can you please elaborate more on Indian Railways? I think that opportunity is very, very big? If you could provide some details on exactly where we are? I understand that Indian Railways have zonal divisions? Are we supplying to certain parts in Northern or Western and where exactly we are and what can be a blue sky scenario over here say three years out if things had to work out?

**Rakesh Chahar:** The supply to railways has started so we are doing coaches every month supplying to the seat in those manufactures and this is going to the coach factory so the same is the transition like Rahul said there are two existing materials which are there which have been there for quite a long time so there is a

transition which is happening which is taking longer than it should and like a typical government organization so that is where we are today. On the potential side so in India we look at total 7000 coaches and also the chair car business so that is the potential, so I would say that the beginning is good. The product is acceptable. The coach factories are happy with the fitting, with the comfort factor with the consumer, and the fire and safety norms, but it is just that it is taking time to realize the potential.

**Rahul Gautam:** I will just add to that this is absolutely right that our product is the best combination of comfort and safety that is possible so the railways recognized that, their research organization recognizes that and the various coach factories recognized. They have begun to place the orders and it is only a transition time that has taken. The directions or the guidelines laid down by the railways 70% materials they would buy, they will never stick to one. They just want to have some alternate requirement for them.

**Ritesh Shah:** Sure that is quite helpful. Thank you so much for the answers.

**Moderator:** Thank you. We will take our next question from the line of Nihal Jham from Edelweiss. Please go ahead.

**Nihal Jham:** Yes thank you so much again so just clarifying the 15% to 18% number that you mentioned earlier in relation to what parameter was that?

**Rahul Gautam:** 15% to 18% of CAGR.

**Nihal Jham:** Yes?

**Rahul Gautam:** Tushaar you mentioned that would you take that question.

**Tushaar Gautam:** I think the question was on a three to four five years outlook on revenue with all of these investment and capacity enhancements that are going to happen what should we look at.

**Nihal Jham:** Yes and the other question was that if I look at the technical performance for this year we have seen a very strong growth and I assume that at this despite the 50% of our business coming from the auto sector which is I think still to get to pre COVID recovery so have we added any new segments or new customers which is leading to this kind of growth in this segment?

**Rahul Gautam:** Rakesh would you just that please.

**Rakesh Chahar:** Nihal could you just repeat the last sentence.



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- Nihal Jham:** Rakesh I was checking for the technical foam segment we have seen a very strong growth this year which is an exceeded pre-COVID and my understanding was that majority or at least 50% of it was coming from the auto sector which is I think failed to touch pre-COVID level so is it that we have added new customers or a new segment to the technical foam business which is led to this kind of strong growth for us?
- Rakesh Chahar:** Just a quick clarification Nihal are you talking about the complete financial year.
- Nihal Jham:** Yeah for the complete financial level we have done Rs.450 Crores?
- Rakesh Chahar:** So previous year two and a half months was a complete washout.
- Nihal Jham:** But even for FY2020 we did around Rs.320 Crores so even if I compare that?
- Rahul Gautam:** So you are right Nihal so two things have happened. One the same customers have started consuming more which is reflective of the growth in automobile sector so that is one strong thing. The second yes we have added two more customers large customers to our portfolio and so the technical foam auto is about yes you are right about 35% to 40% but there are also other segments which has done well for the technical sales which is on the acoustic side which is on the shoe side so those also have done well so all put together has given the growth plus I would also just be mindful that there is also because of the raw material increased so there also has been a increase in the ASP so that has also contributed to value growth.
- Nihal Jham:** And those two customers of the auto or the non auto segment?
- Rahul Gautam:** Which one.
- Nihal Jham:** You mentioned two new customers?
- Rahul Gautam:** So I am saying there have been some auto customers who are kind of partly buying so they have increased their share with us completely so that is we have got the complete share of those customers and that is on the auto side and on the other side like I was saying acoustic and the other industry that we supply to so they have also done well and which is again the factors were the domestic demand, the China one plus and all those kind of things have played out in the market.
- Nihal Jham:** Understood that is good. Thank you so much.
- Moderator:** Thank you. As there are no further questions from the participants I would now like to hand the floor back to Mr. Nikhil Datye for closing comments. Over to you Sir.



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**Nikhil Datye:**

Thank you everyone for actively participating in the earnings call. As we always say all these questions help us also to introspect and recheck where we are heading, our strategy and definitely helps in having valuable inputs from your side so thank you for all the questions. Before we close the call I would like to mention on behalf of the management that the year gone by has many black swan events be it Corona, shutdowns, and crude going up and down. In the last quarter again Russia and Ukraine war so it has been a very volatile environment. Going forward in the medium term while this volatility may continue for some time, but our outlook on the industry specifically for furniture and mattress industry which falls under a discretionary spend remains quite strong because of the favorable demographics and rising affluence in the Indian population. Per capita consumption of foam it is still very low compared to other markets so there is a large room to grow and that is where a lot of new initiatives, be it M5, exports or even ecom will kick in to capitalize on that opportunity. Our value drivers for growth in the immediate financial year will be clear focus on the core brands. Margins will remain modest. They may expand further from here. Capacity expansion in international business will unfold and the opportunities for acquisition is something which we will continue to work on and there are few which we are very favorable. In addition to that you know we are building an organization which is the future fit and purpose lead and we will continue to have more focus on our commitments to environmental, social and governance related responsibilities so ESG commitment will continue to be the backbone and strong foundation of our company. So with those remarks, I would like to conclude this call and thank you all once again for participating. Have a good evening.

**Moderator:**

Thank you members of the management. Ladies and gentlemen, on behalf of Ambit Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines.