

"Astral Limited's Q2 FY'23 Earnings Conference Call"

November 11, 2022







MANAGEMENT: Mr. SANDEEP ENGINEER - CHAIRMAN & MANAGING

DIRECTOR, ASTRAL LIMITED

Mr. Kairav Engineer – Head, Business

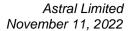
DEVELOPMENT, ASTRAL LIMITED

MR. HIRANAND SAVLANI - CHIEF FINANCIAL OFFICER,

ASTRAL LIMITED

MODERATOR: MR. RITESH SHAH – HEAD, MID-MARKET RESEARCH

COVERAGE & ESG, INVESTEC INDIA





Moderator:

Ladies and gentlemen, good day and welcome to the Q2 FY'23 Earnings Conference Call of Astral Limited hosted by Investec Capital Services. As a reminder, all participant lines will be in 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. Ritesh Shah – Head, Mid-Market Research Coverage and ESG, Investec India. Thank you. And over to you, sir.

Ritesh Shah:

Welcome all for Astral's Q2 Conference Call. We have with us Mr. Sandeep Engineer -- Chairman and Managing Director; Mr. Kairav Engineer, Head, Business Development; and Mr. Hiranand Saylani -- Chief Financial Officer.

Without much ado, I'll pass on the call to Sandeep bhai for the Initial Remarks, post which we can have a Q&A Session. Over to you, sir. Thank you so much.

Sandeep Engineer:

Thank you, everyone for joining the Earning Call of Q2 & the First Half of this Fiscal.

As you are all aware, that the industry is passing through a very heavy turmoil of PVC price fluctuation, under which we have also passed. In last six months, PVC was down by almost Rs.60-plus and in Q2 alone PVC was almost down by Rs.30. Under such a heavy inventory loss, I am very happy that Astral team has fairly done a great job, and we are a player in the industry which has delivered a very healthy double-digit EBITDA growth.

Now, let us discuss segment-wise business and what is being planned and what is being done. Pipe has been doing well and continues to do well, we have a marginal degrowth in this second quarter of 4% in volume. And this is because of the higher base effect of destocking by the channel.

I would also like to point out that we lost almost six days due to the merger of Astral Pipes and Resinova post NCLT order. Our data migration in the SAP system took some time and also the NCLT order came a little late than originally our system people and we had Planned. Due to that, there was a disruption in business activity, and it started a little late than originally planned. This was a one-time loss and as everyone know that there is a great advantage with this merger, and we have already communicated the advantages which the company in both the segments will get post the merger of Resinova and Astral which is now merged with Astral and it is now in Adhesives division as well as the Pipes division.

The margins have been better in spite the loss in the PVC inventory and rupee depreciation. If we remove the effect of PVC inventory loss, we are very much very we have a very healthy margin as usual as we have always delivered.

We already in our concall has communicated that the PVC loss will also continue in the Q2 and we had already given this guidance of the loss in PVC for Q2 and which is one of the reasons



for this decrease in EBITDA margin. But, the demand scenario in the market is very healthy. There is a very low inventory in the system. The stocks carried by the distributor and dealer are at the minimal level and so there is going to be good demand in the second half of this fiscal.

The real estate demand is also on the rise. Because of the low polymer price, there is going to be healthy growth in volumes and we will deliver in a high double-digit growth in the volume, which we are very sure of.

Our tank production has been rolled out from the east plant, and it's fully operational. The tank production is fully operational and we are serving these markets with water tank.

Even the PVC products, which we are in, have been started manufacturing and is started selling from our east plant, and we are gearing up the utilization of east plant and by Q3 and Q4, the east plant will be fully operational with all our product lines and selling to the east market. So, we are very much in line with what we had communicated about our east plant and its startup, its product lines and sales in this fiscal.

We have launched our new product line of valves. The sale has commenced from Q2 a little late, we got some sale in Q2 but Q3 we are expecting to ramp it up and we should get full advantage of its revenue from Q4 onwards. So, our valve manufacturing facility is up and running for both the plumbing Valve as well as the industrial work.

Now coming to the Adhesives business. The business has grown reasonably good under the market situation. We have continued our growth in the segment and this year we are expecting that we will keep growing at a high double-digit number in our adhesives. Margins were under pressure due to higher raw material cost and due to higher raw material cost inventory. The costs have started cooling off and we see good benefit in Q3 and Q4 on both the margin improvements and further growth in the segments in a higher double-digit number.

We are happy to share that recently we have launched our White Glue which we are already there, but we have launched under our flagship brand Bondtite, and we will penetrate with this Bondtite umbrella the complete range of white glue to the different geographies of our country, and we expect that there will be a fast growth in the white glue segment under the flagship brand of Bondtite.

Our new adhesives plant would be ready and would be operational by March '23, that is the Q4 at Dahej and a state-of-the-art plant is coming up, which will not only increase the capacity, but it is a plant with high level of production efficiency as well as safety.

Coming to the water tank business, which I would like to again communicate is that, we are going very much in the guidance given by us on the sale number and we will be crossing Rs.100 crores of sales in water tank by the end of this fiscal.



There is also a lot of balancing activities going on in different plants of pipes and adhesives to increase the capacity and to see that we match up with the growth of the second half as well as the coming year.

On Faucets and Sanitaryware business, we are progressing very well. And since we are coming with a different strategy, it is taking some more time than normally we had planned in this new business.

We have made it compulsory that without a showroom display, we will not appoint a distributor or a dealer. With the showroom display, the sale numbers will be coming faster than what we can go through the channel. So, the showroom displays being made up. There are 34 showroom display centers which are now ready and the sale from there has already been started. 97 more showroom display centers work is in progress and we are expecting to complete it within next one or two months.

We are also expecting minimum 500 showroom display centers will be operational by the fiscal year end and they will be operational and selling the product line to the market. So, the sale has started rolling, the complete range of production has been done, we have completed the range of products to be made in the faucets segment as well as the sanitaryware segment. So, we are very much in line with our plans, as well as the product line and the selling strategy is also being rolled in the best way, and in short time, everyone will see Astral sanitaryware and faucets products to India through a display at different showrooms.

In Paints, we have communicated that the present management is taking care of the operational activities. Once our team is fully functional, we will be taking multiple decisions; we will be opening the market for pan India basis, we will be working on rebranding our brand and the Astral network and logos, and we would be also launching with very different strategies to see that we cover up the major markets of India.

At present for certain segments in the paints, we have already started moving in. The finances all now within our team is handling. We have also started taking over the technical part of the production, the QC, the R&D are directly being monitored by our teams. And so by strategic moves, we will be by March ending to get into the complete understanding of the business and details of the business and rollout our strategies of this new business from the next fiscal April onwards.

Due to the heavy rainfalls, which happened in India, especially in the south, there were some effect on the sale of paints, but still, paints business has grown by 29% in the last fiscal and a healthy EBITDA of 17%-plus.

Overall, the business is going smoothly in line with our philosophy of consistent growth and healthy margin. Again, I'm reemphasizing, healthy margin is very important with a consistent growth with a very minimal margin is not what we would like to think of.



Now, I hand over to Mr. Hiranand bhai, our CFO, for his view on the business environment, then we'll open the floor for question-and-answers. Thank you very much.

Hiranand Savlani:

Thank you, everyone for joining this earning call for Q2. Thanks, Ritesh, for organizing and hosting this concall.

As Sandeep bhai has rightly said that the quarter was heavily loaded with continuous hole in PVC price. But as rightly said, in spite of these difficult circumstances, as communicated in past, our company always believe in sustainable growth and reasonable margin. This you can see very well in this quarter also. In spite of huge challenges, we were able to deliver a very, very healthy margin, perhaps it may be the highest margin in the industry.

I just want to highlight a few key numbers because press release is with you and the numbers are with you, so I don't want to take much time into that side, but I want to only highlight few numbers. So, the overall consolidated top line were degrown by 2.4% in this quarter, but on a half yearly basis we were up by almost 25%, 26%.

Similarly, if you see the individual performance of this plumbing business, plumbing business were degrown by 10% mainly because of this PVC pole sizeable inventory losses was there, so top line was eroded because of PVC pole. And at the same time, this adhesives and the paints business has grown by almost 27% in this quarter, and on a half yearly basis it was around 46%. EBITDA level performance, I think, pipes has delivered this quarter 13.4%, on a half yearly basis it is 14.2%. And for the paints and adhesives business, EBITDA was around 13.4% in this quarter and half yearly it was 14.4%.

Now, our key focus will be how to do the things in a right way execution so that our new businesses contribution start moving very fast. So, as communicated earlier, our first priority is whatever we have guided to deliver that things. So, we will be focusing on the tank business, which is our new business for us and we are going as per our I think guided line, close to about 7, 8 crores run rate is going on for the tank. So, I think we are maintaining that Rs.100 crores guidance and normally tank business is better in the second half because monsoon season will be over so the sales will start picking up. So, we are as per our guidance going on very well.

Similarly, in valve business, we have already communicated that we have rolled out certain valve but that was a very, very small SKUs which was rolled out. So, we have rolled out only 12 SKUs so far in the valve business, but in this quarter we are targeting to roll out another 108 SKUs of valve in this quarter so that the total tally of our new valve launches will be 120 SKUs. And that all are the value added products. So, from there, you can understand that it is going to help us to improve our margins also.

Our flagship product from where our expectations are very high, that is the sanitaryware and the faucets. And you all know and we have already mentioned in the press release also, Sandeep bhai also communicated, I am again reiterating that number, already 34 showrooms are ready,



you can visit Gujarat, Maharashtra and Delhi, 97 showrooms work is going on, they are almost on the verge of finishing, some are half-finishing, and somewhere some work has started. And our team is quite confident that before March end, we'll be ready with 500 such showrooms, because it's a new concept, because we are not going to sell this product on the counter. So, this will be completely a showroom concept so that the brand visibility will be there and at the same time dealers and distributors focus will be there on the brand, Astral. So, these 500 showrooms will be ready and we are expecting that the number will start flowing up from the next year onward. This year, definitely some numbers will be there, but the sizable number flow will come from the Q1 onward.

Another good thing of this sanitary ware and faucets is that we are coming with the full range. So, we are going to take care of everyone. So, it will be a high-end range also, upper mid-range will be there, mid-range will be there and the lower-end range will be there, Ss, all four categories of range. So, we are going to cater all the categories of customer, it is not only restricted to only high-end customer. So, we are going to take care of every categories of customer.

As of today, we are ready with 136 SKUs in sanitaryware and 411 SKUs in faucet. So, you can understand the kind of range we are bringing into the market, it is not a small range, 136 SKUs in sanitaryware and 411 SKUs into the faucet.

Our core focus will be on retail. But definitely Astral is a very, very strong brand in this project business. So, we will be equally focused on the project and I'm very happy and proudly say that our team has done a very good job. And so far still we have just launched, and our team has got a confirmed purchase order of 820 bathrooms in Mumbai in three projects; in Gujarat, they have got 950 bathrooms order in seven projects and 105-bathroom projects in Pune. So, you can understand the kind of confidence the developer is putting in the new category of brand like Astral. So, we are very, very happy with the initial. But again, I'm repeating real number which everyone wants to see and even our team want to see that will flow from the next year, this is just the beginning, but from next year onwards, we are expecting that number will be reasonably a good number.

Secondly, we have come up with a completely different design in the market. We will not copy any of the players design and full back up service support. It is not only the product sale, we are going to give equally the good services to our customers.

We are going to sell our product only through dealers showrooms. As I said earlier, there will not be at all a counter sale. So, we are very categorically clear. This is the aesthetic value product and we want to create a brand image of Astral, so it will be only through a display center. So, we are not going to sell this product to each and every one.

Most of you must have seen our Ahmedabad Gallery by now. And if you are not able to see you are most welcome to see our Ahmedabad Gallery for sanitaryware and faucet. And even if you



are not able to see, I'm quite confident, we are going to create 500 such showrooms shortly by March, so you will be seeing in your city itself, so no need to travel to Ahmedabad also.

Paints, Sandeep bhai has already said that our team has already started interacting with the existing team, whether it is finance team, whether it is HR, purchase, plant, all teams are getting integrated, and we have already started working for this implementation of SAP. And once everything will be ready, then we will come up with our plan for growth and how we are going to launch this product under the brand Astral in different geographies of the country.

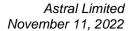
Bondtite, we are now promoting as our flagship brand in the adhesives category. Recently, we have launched Bondtite Quick that is an instant joint, Rs.5 product and it's working very well in the market. And this one we have launched Bondtite White Glue, that is a PVA. So, now we are trying to bring our Bondtite as a flagship brand in the market in the adhesives category from Astral. We want to see that people can be connected with the Bondtite brand rather than individual different, different brand names. We want to Connect only one brand bondtite brand.

Last, but not least, business sentiment is very good barring volatility of the raw material price. Within that also, in most cases, we are seeing that the prices are on a southward, and which will not only improve the volumes, but margins in the coming quarter. And we are confident and we are Stand buying have strengthening with doubling our revenue in five years guidance which we have communicated in our FY'21 presentation, and I'm very happy to say that we are moving much, much ahead than what we have guided in our guidance in FY'21 which was the first-time guidance Astral has given for the next five years.

Now, coming to the specific quarter number, I'm sure you must be interested in that. So, sanitaryware and faucets revenue was not there, but we have spent close to about Rs.9 crores to Rs.10 crores in the first half, so that expenses are loaded in this EBITDA, so to that extent EBITDA is low. Advertising and promotional activity was also loaded in the first half and we have spent additional Rs.20 crores for branding and promotional activity, that was mainly because we were not able to meet with the dealers, plumbers and all this thing in the past couple of years because of this corona, now, we have started aggressively to do this thing, so, we are spending more money, so we have spent additional Rs.20 crores in this half.

And also, we have signed Mr. Allu Arjun sir. So, there also we have done the signing activity plus we have completed the shooting and now we already released the ad also and the dealer modes also, there also we are spending.

After two years, we took all our distributor to the UK trip. In the last two years because of corona we were not able to take them overseas travel. But this year because two years we have saved a lot money, so, this year we spent a little extra money and taken them to the far destination normally we do nearby destination, but this time we have kept it to the UK, so that spend is also there, plus our Goa Meet was there for dealers and launch of this sanitaryware and faucet.





Similarly, Ranveer Singh's ad was ready. But, we were not able to release last year, So, this year, we have released Ranveer Singh's ad also. So, all this cost us an additional Rs.20 crores than the normal spend which we are doing. Last year it was Rs.33 crores, this year we have spent Rs.52 crores for this all spend, so, additional Rs.20 crores we have spent this year.

Last quarter also, we communicated to all of you that every quarter Rs.7 crores we are writing off by way of amortization because of the consolidation of Gem Paints because you can say the amortization of all this distribution cost and all this thing, so that Rs.7 crores every quarter, so, in two quarters last year write-off of close to about Rs.14 crores and this will continue for another seven years.

FOREX loss was to the tune of close to about Rs 20 crores and I think Rs.15 crores is M2M loss. And if the rupee will appreciate to that extent, it is a conservative policy and as per the accounting guidelines, we have to do the provisioning, so we have done the provisioning of this Rs 20 crores.

And with this, I think I'm ending my initial remarks and opening up the floor for the Q&A Session.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Sujit

Jain from ASK. Please go ahead.

Sujit Jain: What will be our H1 CPVC volume growth?

Hiranand Savlani: I think volume growth we don't share separately for the PVC and CPVC, but it was a very high

growth I can say.

Sujit Jain: So, would we have gained market share there in CPVC?

Sandeep Engineer: Yes, we have gained market share and the growth is much better, which is obviously reflected

CPVC in a better way. gaining market share, as well as growing more in our PVC portfolio for plumbing and construction industry because the volume raised, with the PVC falling was heavy in the competitor arena in the market. So, selling more PVC on the lower front in the markets like agriculture or other segments would always be impactable on losses which we have carefully seen that we don't want to gain money out in both ways by way of value loss because of the stocks which we carried in PVC and we have to take that hit and even if we take the hit by selling

the lower end of the product line with no margins would have been more affected in the overall

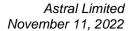
in our overall margin improvement. And our focus had been on both selling and growing in

scenarios. So, that's how things are.

Sujit Jain: Would we have cleared most of the high-cost inventory during the quarter?

Hiranand Savlani: I think in PVC some inventory will be there because PVC still continuous fall is there. So, we

cannot say that the complete 100% we have cleaned up because after September also prices are





falling. So, some loss of inventory will definitely come in Q3 also, but the velocity will be very low because the kind of loss which we have seen in the last two quarters, that was almost Rs.60, 62, that much will not be there, but very-very difficult to predict the polymer cycle and we are feeling that now it is going to be a bottom, but it is not happening like that, because there are so many reasons. Earlier, the Chinese dumping was there. Now, Chinese threat has gone away. Now, the US dumping is coming. Somebody is saying that caustic soda people are making more money. That's why they are selling PVC cheap. So, there are so many things are moving in this market. And you all know that very-very difficult to predict how the globe is behaving. So, whether this is bottom or not, I think I am not the right person to tell you. But yes, it looks like near-term somewhere another 5%, 7% drop maybe there, but ultimately somewhere bottom will be there because in dollar terms we are already bottom up, compared to the pre-COVID also, we are low. So, rupee depreciation is also there. So, we have to see how long this fall will continue. Even last couple of days before also, Reliance has dropped Rs.3 in price. So, very, very difficult to predict what is happening at the globe level. But it looks like that sooner or later the bottom will form.

Sujit Jain: If you can quantify Resinova sales and EBIT for the quarter and Gem Paints sales and EBIT?

Hiranand Savlani: Gem was roughly about 19% EBITDA this quarter and half yearly it was around 17%. Adhesives as a basket, I don't have number with me. You can call me separately. But Resinova and UK was

around 13% kind of levels.

Sujit Jain: Are the problems in the UK resolved in Resinova business?

Hiranand Savlani: Which problem in UK? There is no problem.

Sujit Jain: There were the capacity issues in UK -.

Hiranand Savlani: Last time we said, yes. That we have sorted out and we are going to put a few crores of rupees

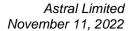
expansion over there. This time, we lost top line of UK mainly because rupee appreciated versus pound. Normally, it is the other way round. Against the dollar, we are depreciating, but again in pound we have appreciated. So, because of that we have lost 8% top line of our adhesives business. Adhesives business still is better I can say, but this 8% loss would have not been then, then we could have done even a better number. But currency is beyond anybody's control. So, very-very difficult to predict currency. So, that is also one of the reasons that our top line was

affected in adhesives business.

Moderator: The next question is from the line of Sonali Salgaonkar from Jefferies. Please go ahead.

Sonali Salgaonkar: My first question is regarding your new products more from the strategic point of view. What is

the kind of distribution overlap that you foresee of the new products with your present pipes or tanks business? And secondly, what is the kind of ad spends that you think you will need to





spend over the next two, three years, either you can say in absolute terms or in terms of percentage of sales for strengthening your brand in these new products?

Hiranand Savlani:

Pure spend, we are going to spend around 2%, 2.5% only. Promotional and all depend on quarter-on-quarter basis, but purely spend wise we are not going to spend more than 2%, 2.5%.

Sandeep Engineer:

Actually, Sonali, the total expenditure will remain the same. We will just keep on changing the amounts between the different verticals. So, if we feel that we don't need to pump in some money after the piping business for a quarter, we can divert that funds towards the sanitaryware on the faucets business or from adhesives to the paints business like that. But that the overall ad expenditure will remain in line with what we have been doing since the last 10-odd years.

Sonali Salgaonkar:

Which segment do you foresee that you have to invest most in recreating a new distribution channel?

Hiranand Savlani:

Can you repeat the question, Sonali?

Sonali Salgaonkar:

Sir, amongst your new product segments, which segment do you foresee that you need to spend the maximum for creating a new distribution channel and where do you think you can capitalize on your existing product distribution channel?

Hiranand Savlani:

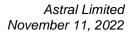
So, both the new businesses are somewhat complementary to each other, like sanitaryware and faucetshas a 65%-70 overlap with the piping business because about 65%-70% of our channel already does that product. When you look at the paints and adhesives business, again, there is a major channel overlap between the two. So, we need to utilize the existing channels for the new businesses. And whichever geographies our channels are weak or not present, those geographies and those areas, we will have to work upon. So, there is a significant overlap in both the businesses, though as such we don't see a major challenge in developing any sort of channels or markets for these products.

Sonali Salgaonkar:

Sir, my second question is regarding the CAPEX. What kind of CAPEX do you foresee in the near-term? Now that you have launched these new segments. And are you presently outsourcing the production of all these new verticals?

Hiranand Savlani:

Like sanitaryware, we are outsourcing faucets we have already invested in Jamnagar unit, so, now we have started manufacturing over there, and some part we are outsourcing also. I think on CAPEX side, there will not be a sizeable CAPEX except whatever the left-out CAPEX is there, maybe Resinova plant is going on in Dahej or maybe in east plant some machines are still pending to come. So, whatever we have guided of Rs.200-250 crores for this year. And post that we don't see a sizeable CAPEX is there except maintenance CAPEX and maybe some new product addition will be there. So, to that extent, CAPEX will be there, but the sizeable CAPEX we have completed. In paints also, we are having enough capacity with us. So, no need to spend





much money on the paints side also. The adhesives will be completed by this February or so. I don't think anywhere sizeable CAPEX is needed post all this completion in this year.

Sonali Salgaonkar:

Is it possible to quantify the inventory loss because of PVC this quarter? And also, what were the pricing trends in CPVC for Q2 and any price revision that you foresee in Q3?

Hiranand Savlani:

Like we have communicated in the first half, we have lost close to about Rs.70 crores, but again I am repeating, this may not be a perfect number, that is the best judgment we have arrived with this number because it is very-very difficult to arrive exact inventory loss number. But on a best judgment basis, we have worked out roughly about Rs.70 crores we have lost in the first half and we see some loss may come in this Q3 also for PVC because PVC is still falling. As far as CPVC is concerned, I think because of anti-dumping duty, we don't see a sizeable drop, but yes, some drop may come if the international markets some supply easiness comes, then in that case, some easiness may come into the price, but right now, because of the limited supply at the international level and local supplies still gearing up, so then some correction may happen, but it will not be a sizeable correction because of the anti-dumping duty.

Sonali Salgaonkar:

So, on YTD, was CPVC corrected at all or still stable?

Hiranand Savlani:

Till September, definitely no correction.

Moderator:

The next question is from the line of Girish Pathak from WhiteOak Capital. Please go ahead.

Girish Pathak:

This .500 display outlets that you will have for bathware, what is the spend that the dealer partner has to do on an average per store and is there something that you are also investing per store?

Hiranand Savlani:

No, we are not investing anything in the store.

Sandeep Engineer:

So, I will give some clarity on that. Basically, there is an agreement with say a retailer wants to do an Astral display store, we have sort of a clarity with them as to how much investment they need to make to become our channel partner. And from our end, we are not giving them anything. It's a total cost borne by the retailer because he wants to join the brand.

Girish Pathak:

So, what is that on an average? Obviously, depend on the size.

Sandeep Engineer:

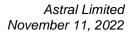
Depends on the size of the store and how much area he wants to give to our product line. So, it can go anywhere from 25,000, 30,000 display to 1,00,000, 150,000 display depending on the location of his store and how much he wants to give to us.

Girish Pathak:

So, these are not exclusive outlets, these are –

Sandeep Engineer:

There will be multi-brand outlets, wherever our distributors are there, exclusive outlets are there. But at the retail level, obviously, there will be multiple brands in that outlet.





Sandeep Engineer: That would be mix of exclusive as well as multi-brands.

Hiranand Savlani: Now, coming to your question, this outlet can sell any number between 10 lakhs to as high as 3

crores number. It depends on the size of the outlet and how connect he has with the developer

and the retail channels and all this.

Girish Pathak: So, when you said 60% overlap, obviously, for pipes you don't need such kind of display centers

as per my understanding, overlap, you mean the person in his family is doing for you, he is also

doing the pipes business for you, right, like that you meant the overlap.

Hiranand Savlani: Yes, that is also possible. Father is doing pipes; son can put it in bathware.

Sandeep Engineer: He may be a distributor, he will do pipes also and this also, both. But he has to create a display

center and then only he can sell.

Girish Pathak: But I am just trying to understand, when you say 60% overlap, does it mean that 60% of your

pipes already have some kind of a display center -?

Sandeep Engineer: Yes, they are already associated.

Girish Pathak: Adding your brand to their already –

Sandeep Engineer: It is multiple. Some have association, some don't have. It is always there in this trade. Some

people are in faucets and sanitaryware but overall if you see the pipes channel, we have a great advantage because very few people do both, most of the people are doing pipes and they are putting separate very exclusive showrooms for the display centers for our sanitaryware and

faucet.

Hiranand Savlani: I can add what Sandeep bhai has said that 60% of our retail counter who are selling the pipe,

they are selling sanitaryware and faucets or any other brands, it maybe a local brand, it can be a branded product, it can be any other, but they are selling sanitaryware and the faucet. So, that is how we have worked out. So, this 500 number which we are giving you, this is very-very miniscule number considering the size of dealers and distribution network today Astral is having. Today, we are having a 40,000 kind of counter with us. So, this 500 is very-very still a miniscule number, but because we want to go in a phased manner, that's why we are starting with 500, but this number will grow in coming time, very, very fast growth, because our existing dealer-

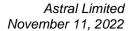
distributor itself will be sizeable in this business.

Girish Pathak: This valve and tank, that is included in the plumbing, so are you giving separately the revenue

for the tank and valves for the quarter?

Hiranand Savlani: No, we don't give separately, but we have communicated that we are running Rs.7, 8 crores kind

of run rate with tank. And valve, I said that close to about 12 SKUs we have launched, and now





we are going to launch 108 SKUs, so total 120 SKUs. We will not be going to give this individual number in the coming time.

Moderator:

The next question is from the line of Rahul Agarwal from InCred Capital. Please go ahead.

Rahul Agarwal:

Obviously, you have mentioned that the second half growth looks better because PVC is right now almost coming to pre-COVID in dollar term. Could I understand how do you see next year in terms of volume growth? My imagination tells me that of the 15%, 16% YoY volume growth is not impossible at all. Obviously, CPVC has not changed much but PVC surprise positively. If you could help me understand what are you seeing about volume growth next year for pipes business?

busines

Hiranand Savlani: Yes, we can do easily 15%. Don't worry.

Rahul Agarwal: Not worrying sir. What I am saying is what is the range like, could it be 20%?

Hiranand Savlani:

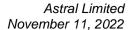
Because you see what are the trigger points in the economy. You have to understand that also. PVC is at an all-time low. We are going to close to about that kind of level. After two, three years, this \$700 kind of PVC price at the international market is there. so, at this price, I think everyone is comfortable as far as the pricing is concerned. So, definitely that volume will support next year. This year second half definitely will be good, but next year will be better. Secondly, real estate scenario has improved a lot. I am sure you must have seen across all the country level the Sunday newspaper full page is loaded with ad with the new launches. So, all these things are indicating that the construction industry is doing reasonably good in the country. And now if this commodity price will start falling, then it is going to support further to the industry. Even if you see the first six months also, our growth is there, it is not that our growth is not there. Even in volume terms also, if you see, we are still better off. We are 15%-plus in volume also in the first half. And in fact, in our press release, we have also given the last figures of four-year CAGR also. That in this difficult turmoil time if we can grow double digit, when good time come growing 15% should not be the challenge. Unless something goes abnormally wrong in the economy, then I think we will be helpless. Otherwise, I don't see any challenge into that. We are missing one thing here that our east plant will be fully operational by year-end. So, that is also going to support us in volume next year.

Rahul Agarwal:

Secondly, on adhesives, we are doing about Rs.330 crores run rate per quarter. Broadly, you are talking about Rs.1,400 crores for the year. Anything you could guide us on growth for next year and margins coming back to 15%, 16%, is it possible next year?

Hiranand Savlani:

Yes, because the way chemicals prices have started falling, it looks that 15% margin should not be the challenge for next year. As far as the growth is concerned, I think you can safely predict 15% plus growth for next year also, on a higher base also.





Rahul Agarwal:

Last question on bathware. I understand a lot of showrooms come up into the second half. You talked about Rs.500 crores I think going into the next three, four years, but any sense or anything on EBITDA would you expect to change?

Hiranand Savlani:

I think initially EBITDA will be low because spend will be more and the economy of scale will not be there. But going forward, whatever the industry average is there, we will be trying to maintain that 15%, 16% kind of run rate.

Rahul Agarwal:

On the revenue side for bathware?

Hiranand Savlani:

I think it's too early. Let's first complete this year. Because it all depends how fast and how quick the showrooms construction work is going. If that will happen fast, we can grow fast. We have to see how our team is executing the showroom construction part. It all depends on that right now, the progress is good, numbers we already published, but keep fingers crossed, we have to wait till March and then by year end we will be in a much, much better position to guide to say 500 or 600 or whatever number is ready, so now minimum this much revenue will be there. So, give us one or two quarters. By next year I think in analyst meet, we will come up with the guidance also.

Moderator:

The next question is from the line of Nitin Jain from Fairview Investment. Please go ahead.

Nitin Jain:

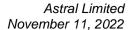
So, my questions are in the piping business. So, despite the PVC drop, some of your peers have seen a decent volume growth in Q2 while Astral's volumes have dropped about 4%. So, can you throw some light here as to why we have lost the market share?

Hiranand Savlani:

It is not that we have lost the market share. There were a few reasons behind that. One, we already communicated that six days of September we lost mainly because of the integration of the data. Secondly, you have to also see that last two or three years we were continuously growing while the others were not growing. So, our base was very high. Thirdly, whatever the competitor have grown up, if you check their numbers, the major chunk is coming from the agri, whereas Astral has very-very low pressure in the agri business. So, in agri, raw material plus Rs.4 or raw material plus Rs.5 kind of business. There fetching the volume is very easy. Plumbing is you can say steady set of business. There you can't see the abnormal kind of a number. In agri, in a particular quarter doing 100, 200 MT, it's very easy, because you are selling at a very-very commodity price with raw material plus Rs.5. So, that is the reason that you are seeing a few of our competitors are giving the higher volume because in the last two years their base was low, because agri sale was very low, now agri has started picking up, that's why you can see their margins also. If the volume is high there, then their margin should be much, much better for us also. But, that is not the case. But that is mainly volumes are high because of the agri business.

Nitin Jain:

Just a follow up on the piping business, sir. As per management guidance, CPVC is above 50% of our piping business volumes where prices have remained stable in the first half. So, despite





that, we see a decent amount of margin decline. So, has the CPVC contribution gone done in this quarter, how should we read?

Hiranand Savlani:

No-no, your understanding is not right, sir. CPVC volume is not 50%. Value might be 45%, 50%. Top line wise, 45% will be there from CPVC, but volume wise PVC will be high. If you remove this inventory losses, our margins are still much, much better. Our historical margins are in the range of 15%, 16%. This is because of the inventory gain in the last couple of years. Our margin went up to as high as 20%, 21%. I think that's now correcting because of inventory losses. We are always selling 15% to 17% in a broader range or maybe 16% to 17% will be the normal range in normal circumstances if inventory losses are not there. In every commentary, we have communicated transparently to every investor that these are not sustainable margins. You can go through our previous transcript also. In every concall, we have guided that these are the abnormal margins and there is a sizeable element of inventory gain into that. That's why it is there. It is not that today we are telling. Even we have communicated this thing in the past concalls also.

Sandeep Engineer:

And in the opening remark also, our CFO has communicated that there are certain expenses which have been loaded of the new businesses which have not come into rolling of the sales of the division created for faucets and sanitaryware, and he has given that number also and certain expenses were loaded in the first half for the branding as well as various activities taken up after the liberalization of COVID on dealer distributor reach and even a trip was organized for our key distributors performance which we took them for a foreign destination and these are the expenses which have been loaded, have been also communicated in his opening remark.

Nitin Jain:

Sir, my last question is related to the paints business. You mentioned that you have seen a margin of around 19% in this quarter. Am I right in reading that or did I get it wrong?

Hiranand Savlani:

Yes, correct.

Nitin Jain:

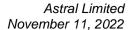
This is unlike the industry trend like industry has seen margins fall, but your EBITDA margins have grown this quarter. What you are doing that you are seeing the margin bump and with the raw material cost coming down, do we see this going up further in H2?

Hiranand Savlani:

No-no-no, these are the high margin also, we also agree. But because the companies are small, a lot of expenditures are not there, branding cost is not allocated over there. But once Astral will be there, I think we will be more interested in the volume growth and plus we have to aid a lot of people over there and plus we have to spend money on the branding activity also. So, there it's a small size company. So, all these costs are not loaded right now. Because of that, right now, it is a little higher margin. But these kind of margins on a long-term basis on a volume it will not be sustainable. The normal margin range will be around 14%, 15%.

Moderator:

The next question is from the line of Sandesh Barmecha from Haitong. Please go ahead.





Sandesh Barmecha:

A couple of questions from my end. Sir, in Q1 call, we guided that we would plan to spend around Rs.200 crores for full year. But we have already spent around Rs.156 crores in this first half. So, what would be our revised guidance for FY'23?

Hiranand Savlani:

We have said Rs.200-250 crores revised, because we have added this unit of faucets also, close to about Rs.25, 30 crores we are going to spend there, almost Rs.25 crores we have already spent, that was not originally planned. So, that was one additional thing. But otherwise, I think more or less we are going in line only with what we have said.

Sandesh Barmecha:

So, it will be around Rs.250 crores, right, sir?

Hiranand Savlani:

Yes, Rs.200-250 crores.

Sandesh Barmecha:

Just a connecting question, sir. One of major CPVC competitors has recently commenced operation of a Greenfield unit in the East and now plans to spend around Rs.750-800 crores, to open two more Greenfield plants in south by FY'25. So, in that scenario sir, our competitor is likely to gain market share over the medium term and as they are being aggressive, and our cash flow is also getting diverted towards non-pipes business, so, do we expect to lose market share, sir?

Hiranand Savlani:

We don't have any problem of divergent of the cash flow. After diverting cash flow, still we are sitting at Rs.450 crores of cash. I don't think we will shy away if anything is required to spend, we will definitely spend and we will see that our market share is maintained. We will be also equally aggressive because our plant is now ready in east.

Sandeep Engineer:

We already have provision in Telangana. If need be, we can start construction immediately. In Hosur also, we have the provision to expand our facility, plus we have a facility in Bhubaneswar plant, our warehouses are there across the south market, in Vijayawada, Hyderabad, Coimbatore, Hosur. So, I think we are very well covered in that way. That is also one of the reasons why we have taken a southern celebrity to bolster our image in the south market because we know it's a big market for CPVC and we have to continue working on our brand in that market. So, we are taking adequate steps with regards to your question.

Sandesh Barmecha:

Sir, reported segment EBITDA mentioned in press release includes other income. So, if we were to exclude, it appears that our paints and adhesives segment EBITDA margin come down sharply quarter-on-quarter basis from 15.6 in June quarter to 10.6 in September. So, what is the reason for the same?

Hiranand Savlani:

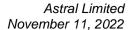
I think I have to check the number. You can call me separately. We will discuss individual number. I don't have ready that individual number.

Sandesh Barmecha:

Sir, you said 19% EBITDA for our Gem Paints business. But what is the revenue for this quarter?

Hiranand Savlani:

Revenue for this quarter was around Rs.50 crores.





Moderator: The next question is from the line of Sneha Talreja from Edelweiss. Please go ahead.

Sneha Talreja: Just want to understand a couple of things from the management here especially with regards to

demand. We are seeing a lot of building material category struggling and speaking about muted demand, whereas we are showing a lot of optimism. Since we are dealing with both retail as well as project segment, could you tell us where is the most excitement coming from -- is it from the

projects or is it from the retail that you are seeing good amount of demand?

Hiranand Savlani: I think retail is still doing better. Projects were still slow. But I think now started picking up. So,

in the coming time, we are expecting that the project business will also start picking up fast. That

is why we are of the view that we will be able to maintain our growth rate.

Sneha Talreja: Any regional flavor can we get from you like is it more stronger in rural areas or is it more in

urban, tier-1, tier-2 cities, where is the optimism coming from?

Hiranand Savlani: Every state has a different issue, like the south now it was fully loaded with the rain, so, some

problems were coming from the south. North is having some problems of construction activities and all. So, every quarter, every geography has a different problem. So, I think it is very-very difficult to say. So, all of sudden some pent-up demand come and you will also sometimes surprised that what happen that all of sudden demand came, and at the same time all of sudden something goes wrong and the demand goes away also. I think a lot of unevenness is there in the system. So, very, very difficult to say what is that. But I think urban is still doing much better

than the rural.

Sneha Talreja: Secondly, what I wanted to understand was on the CPVC side. We have seen most of the players

reporting very strong double-digit sort of volume growth. Just wanted to understand is that the market growth rate or could you tell us who is exactly losing market share, is something

happening to the smaller players there because of which we all are gaining market share?

Hiranand Savlani: Major chunk is with the big four only. So, smaller players are anyway having lower share. So,

very, very difficult to say what somebody is saying. Nobody is giving the number. Very-very difficult to arrive what is happening in the market. But on margin, it is very difficult to understand if everyone is gaining so much of the market share, then why they are reporting losses? So, very, very difficult to understand what is happening in the market. We can tell you

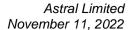
about our side. We cannot comment on what others are telling. Very, very difficult to understand

what everybody is saying.

Sneha Talreja: We must be in the double-digit volume growth in CPVC versus PVC, some sense?

Hiranand Savlani: Yes, definitely.

Moderator: The next question is from the line of Abhishek Ghosh from DSP. Please go ahead.





Abhishek Ghosh:

Sir, two questions. If I look at your absolute inventory, it has increased on a first half basis, while the absolute PVC prices have dropped. So, have you kind of built-up inventory expecting better volume or is it related to any other segment, any color will be helpful?

Hiranand Savlani:

If you see the history, normally, the first half is around 40%, 45% of the volume. The second half is around 55-60% kind of volume. So, naturally you have to create some extra inventory for that. Secondly, CPVC availability was a challenge in past and we have lost some sale because of that in past, now in this quarter. So, we were also sitting with the lean inventory, but now availability has improved, because of that we have also increased this, because ultimately we are also dependent on demand, so we have to keep certain inventory. Third thing, we have added the sanitaryware and the faucets inventory also, because that sale has now started. So, that inventory is also there into the overall inventory, because you have to create the inventory first and then only you can start fit in the market. So, that is also there. And plus you can see that Gem Paints inventory is also added. Because last year number, the paints inventory was not there in our consol number, while this year paints inventory is also there. If you ask me the number of days, I think compared to last year, it was 65, 66-days, this year also we have maintained the same number of days. So, I don't see any much rise in there into the inventory, but yes, absolute level, because of the sanitaryware and faucets, paints and a little bit higher inventory of CPVC, yes, absolute number is high.

Abhishek Ghosh:

Sir, you also mentioned in your opening remark that the channel is sitting on a lean inventory. If you can help us broadly understand from an average whatever day the channel usually sits in an inventory vis-à-vis currently what would be that, very broad sense would be helpful?

Hiranand Savlani:

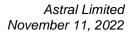
I think say for example if some distributor is sitting with on an average four week inventory, now they might be sitting with one week inventory.

Abhishek Ghosh:

We have seen every other company reporting such huge losses because of inventory. So, if you can help us with your thoughts that what happens to the unorganized, semi-branded players because you all have very strong balance sheet and profitability to kind of support. But how does it work in past cycles? I know these drops are unprecedented but anything to take away from the competitor scenario at least from the unorganized or unbranded, any thoughts?

Hiranand Savlani:

I think unorganized is definitely going to suffer a lot, because they don't have that kind of strength. That's why you can see listed companies also, when they are publishing their number, they are reporting heavy losses and their blanace sheet may not be able to support them for a longer period. Still Q3 will be loaded with losses. Particularly, we will be still with the miniscule loss in the Q3 because we are more dependent on the local material because our almost 85%, 90% requirement is from Reliance or maybe Chemplast and Morgan, all these players. But some maybe companies who are importing 70% PVC and these companies will suffer big losses in Q3 also, because normally three months pipeline will be there in the sea, but it will be either in the sea or may not be dispatched from the plant, so these losses will come in Q3. Our company has still much advantage because we are dependent locally. That's why we are still much better





positioned that whenever price drop is there, we are immediately getting the advantage because we are bind locally, but people who are importing they will be suffering a lot and smaller companies normally they import less, so, to that extent, their losses will be low. But particularly even a big ticket or a mid-size PVC-oriented company who are more dependent on PVC, they will be suffering a lot in Q3 also. So, still these losses are not over. You wait for the Q3 number also. These losses is going to mount up in Q3 and everyone did not write-off everything. So, unorganized also suffer and even the organized player who are more dependent on import, they will be suffering a lot.

Moderator:

The next question is from the line of Achal Lohade from JM Financial. Please go ahead.

Achal Lohade:

In terms of plumbing, would it be fair to say that given our focus on the margins and not trying to push by reducing the price, our exposure in the non-plumbing segment will be less than 10%, 15%, would that be a fair assumption?

Hiranand Savlani:

Our non-plumbing is what? It is agri only. What is other than that? Because SWR and all are falling under the plumbing category only. So, even less than 10%, not 10% -

Sandeep Engineer:

Even the agri pipes that we are selling are being used in the construction only because in certain geographies of India, the developers and plumbers prefer to use the pressure pipes for draining application in place of the traditional SWR pipes. So, even the agri pipes that we are selling, are being used in the plumbing only.

Achal Lohade:

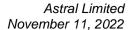
You earlier mentioned about 45% of revenue would be CPVC. I presume this was when the PVC prices were kind of pretty high. If I were to ask you, sir, four years ago, how significant was the PVC mix, that was 30% and it has grown over a period of time?

Hiranand Savlani

Earlier also, it was 50-50% kind of mix and now also 45-55% kind of mix is there. So, definitely, PVC value wise some share has improved because we have continuously launched not only PVC but other polymers, Silenco, DrainPro. All these are not PVC products, these are other polymers. Also, our infra product also is there and even tank is there. So, all these are falling other than PVC. That's why our CPVC ratio has come down in the top line.

Achal Lohade:

Sir, just a clarification. If I look at the margins prior to 2019 in percentage term, it was between 11-13% kind of a range and in terms of per Kg, it was somewhere around Rs.18-20. Today, the same percentage is anywhere between 16-17%, even this quarter adjusted for the inventory loss, it's 18-19%. So, what I am trying to understand is that given the COVID impact, supply chain issues, inventory gains, now inventory losses, the underlying core margins have improved meaningfully. Wanted to understand your perspective, are these kind of sustainable in terms of rupees per kg or percentage or you think given the kind of competitive intensity in terms of numerous players are adding capacities across polymers, across geographies, there could be a pressure on the margins in medium-term?





Sandeep Engineer:

No, I don't think there should be any pressure on margin. I think whatever we have communicated between 15-17%, it's achievable and we will deliver the same. And as far as the competitive intensity and the competitors in the market go, Astral has always been known as a quality player and has always been known as a player that sells at its price and its terms to the market. We are not in a rat race with anyone nor do we want to sacrifice our margins in lieu of volumes for a short-term basis. We have brand value to uphold. So, we will be selling in a very disciplined manner in the market and we will continue to deliver on our bottom line promise.

Hiranand Savlani:

If you see the kind of economy of scale is happening now with this east plant and all these things, so, that is also contributing to your margin. So, even in a competition in a particular geography, we want to sacrifice a couple of percentage or maybe 3% margin, we can still do that part also, because ultimately there are so many triggers are there for the margin growth like a lot of value added products are getting added in the Astral basket. So, that is also contributing us a better margin. So, somewhere we are getting better margin. So, we can sacrifice somewhere if we feel that here the competitors are going to get aggressive and they are trying to enter in our market or maybe trying to reduce our volume, we can also become aggressive. We will not shy away that because margins is going away, we will not fight. We will fight, that's not a problem to Astral. Even if we lose 1% or 2% margin, we are sitting with the highest industry margin. So, there is no problem in reducing 1% or 2% margin if required. As of today, we are able to maintain that part. But even in future if it is needed, we will be happy to do that part. So, we will not be sacrificing our market share, rather we will be happy to give an extra 1% or 2% if required. But as of today, we are able to give an extra 1% or 2%, but we are fetching this 1% or 2% extra from value added products, and we are trying to balance out. But even if it is not there, we will be happy to sacrifice 1% or 2%, that's not a problem to us.

Moderator: The next question is from the line of Shubham Agarwal from Axis Capital. Please go ahead.

Shubham Agarwal: Just some book-keeping questions, sir. I think I have missed out, sir, sorry for this. Can you

repeat the inventory loss for Q2 FY'23?

Hiranand Saylani: In the first half, we lost around Rs.70 crores, and we have given Q2 also 25, 45, maybe little bit

here and there, maybe Q2 maybe high because exact calculation is very difficult to arrive.

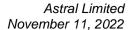
Shubham Agarwal: Secondly, what is the Gem Paints revenue for Q2 FY'23 and Q2 FY'22 if you can give us?

Hiranand Savlani: I think first quarter was around Rs.56 crores and this quarter was around Rs.50 crores.

Shubham Agarwal: Sir, with respect to the distribution expansion which you are launching, you said that there is a

> 60% overlap over a period. So, when you say that you had 500 new showrooms. What kind of showroom size are you looking generally at an average when you are opening these showrooms

till now and the 94 showrooms which are still under construction?





Hiranand Savlani:

It depends. If it is an exclusive showroom, then the size will be very high. Maybe you can say as high as 1,000 sq.ft. or so. And if it is a small size, if any dealer is giving a display gallery, then it may be 8x10 or maybe 10x10 or something like that. It depends what the space is available with the dealer or distributor. But definitely our exclusive dealer, our exclusive distributor, they are offering us a very, very big ticket. If you want to see, we can tell you a few of them are ready, even in Pune recently one bigger ticket showroom size is ready. You can visit there also which is a very big ticket showroom. So, many such exclusive showrooms are also coming up. But right now, I said only 34 is constructed. So, wait for a couple of months. By quarter end, I think we will be ready with 120, 130 kind of level. So, you can visit there and you can see the size and how the display is there. If you want to see the product, you can come down to Ahmedabad also, we can show you, we have put up our showroom also.

Shubham Agarwal:

I definitely do that. Just wanted to get a sense. That was helpful.

Moderator:

The next question is from the line of Akhil Parekh from Centrum Broking. Please go ahead.

Akhil Parekh:

My first is on sanitaryware and faucets. What we read and here is it's more service-based segment rather than purely a product-based segment. So, any kind of work we are doing in terms of how to provide after-sales service?

Hiranand Savlani:

I think we are already working on that and we already created a customer care center and we already appointed engineers for the services, in some places we have tie up with the agencies, in some places our distributors are appointed and we are doing arrangement with them also. I think in every city we are doing that kind of arrangement and we understand very well. And you have rightly pointed out that these are very, very important things in the sanitaryware business. So, we are definitely taking care of that part.

Sandeep Engineer:

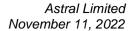
One very good USP about our product which will be visible when you visit our showrooms and our display centers is that we are using the German cartridges and the German heritors in our product which are from the best of the best companies. And we are one of the first Indian companies to use the German parts. Also, the beauty of our products is that we have designed it in such a way that the number of spares are very less. In case of an issue, our service guy or our distributor doesn't need to keep a lot of different SKU of spares with him. The same spare part can be worked in a multiple of models, so, make the service and aftersales very good for the consumers.

Akhil Parekh:

Given that the price differential between PVC and CPVC is probably kind of flat all-time high, do we see the transition of consumers who are using PVC and moving away from PVC to CPVC might kind of slow down given the price differential between the two actually?

Hiranand Savlani:

I don't think so, because the application is different. Normally, CPVC is used for hot and cold plumbing application, while PVC cannot be used for hot water application. So, temporarily maybe 1% or 2% here and there can happen, but it's a completely different application.





Sandeep Engineer: Most of the markets have completely switched to CPVC or the entire plumbing application. And

these markets won't be changing with the pricing on moving again to PVC. So, we don't see any disruption happening with the price in the PVC market, which will keep on building its own

market and segment and growth and PVC will continue again in its own segment.

Akhil Parekh: Just one clarification. The price differential would be more than 2x between PVC and CPVC at

the current point of time?

Sandeep Engineer: No, it won't be there, because CPVC follows copper tube size, PVC follows iron pipe size. So,

if you go in weight-by-weight, the price differentiation is not so much. To explain that we have

to go into individual numbers. We can do it individually if you want.

Hiranand Savlani: I think we are already at 6:20. We have already taken a lot of time. So, if any question is left out,

I think we can individually handle. You can call me anytime. So, over to moderator, Ritesh, for

any closing remarks.

Ritesh Shah: Sir, I had a few questions. I will call you separately. I like to thank the management for giving

this opportunity and taking time of more than an hour for answering all the questions in a pretty detailed way. Sandeep bhai, any closing remarks from your side before we conclude the call,

please?

Sandeep Engineer: Firstly, we thank everyone for joining this call and supporting us in asking and understanding

about the business. We also assure everyone that as Astral management, as a team, we have now

four segments to address which are all critical as far as the business is concerned in the

construction industry and with our team and with our transparency we would be doing our best and assure for the best set of numbers in the coming quarters and we will be putting our best

brand behind the growth and the development of four of the industrial segments which we are

now working. So, thank you, everyone for joining the call and thanks for patiently listening to

us. And if there are any other questions, the management as well as our CFO, Hiranand ji, is

always available. Thank you everyone.

Hiranand Savlani: Thank you, Ritesh, for hosting this call and thanks to all the participants for joining this call.

Moderator: Ladies and gentlemen, on behalf of Investec Capital Services, that concludes this conference.

We thank you all for joining us and you may now disconnect your lines.