“Berger Paints India Limited

Q2 FY25 Results Conference Call”

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MODERATOR: MR. NITIN GUPTA – EMKAY GLOBAL FINANCIAL SERVICES

Transcript

Nitin Gupta

00:00:09

Good evening, everyone. This is Nitin Gupta from Emkay, Global.

- I would like to welcome all to the Q2 FY25 Results Conference call of Berger Paints India Limited.
- I thank Berger Paints Management for allowing us to host.
- We have with us today Mr. Abhijit Roy, Managing Director and CEO,
- Mr. Kaushik Ghosh, CFO.
- Mr. Sujyoti Mukherjee, Vice President, Finance and Accounts.
- and Mr Sayantan Sarkar GM- Finance and Accounts.
- I shall now hand over the call to the management for opening remarks post which we will proceed with Q&A session
- over to you, gentlemen.

Sujyoti Mukherjee

00:00:46

Thank you, Nitin.

- And a very warm welcome to ladies and gentlemen.
- and we also convey our festive greetings to you.
- Welcome to Berger Paints India Limited.
- Q2 FY 25 Earnings call.
- The management presentation has already been circulated, and it is already updated in the website.
- I would request Mr. Roy, our MD. and CEO, to walk you through this presentation.
- followed by your questions.
- So over to you, Mr. Roy.

Abhijit Roy

00:01:22

Thank you, Sujyoti, and good evening to all of you.

- and a belated, happy diwali
- I'll take you through the quarter. 2 results

- top line was muted as you would have seen, remained almost flat on a year on year basis
- impacted by extended monsoon and flooding in some key markets.
- However, some traction was seen at the fag end of the quarter towards the end of September.
- We believe that we have continued to gain market share in quarter 2. In spite of the muted performance
- product price increase of about 2.3% undertaken in the quarter
- highest gross margin of 40.4% in the stand alone, and 41.7% in Consolidated in the last 10
- operating margin, remained within the guided range of 15 to 17%,
- and Company continued to maintain his net cat. Positive position at the end of the quarter
- volume growth for quarter 2 3.6% on a half yearly basis at 7.8%
- value growth 0 point 4% negative.
- almost flat and 1.1% positive on a half yearly basis.
- The company recorded single digit volume growth.
- There were 2 major impacts, unusually extended monsoon
- and excessive rains and flooding in many parts of our key markets
- like Andhra, Kerala, West Bengal, Gujarat, and Maharastra
- sales picked up towards the last part of September
- volume Value Gap.
- which existed because of the price drop which had happened last year
- was partly mitigated through product price increase undertaken in this quarter
- an improvement in product. Mix especially greater sales of premium and luxury products
- and much lesser sale
- of basic products like patty distemper.
- protective and infrastructure, business recorded good growth in the quarter
- on a standalone basis
- on a half yearly basis. If we look at it, volume sales growth 2 year Cagr is 9.8
- 3 year is 14.5
- and 4 years is 19.5%.
- If we look at the value sales, Cagr percentage
- 2 year 3.8 3 year is 13.8, and on a 4 year basis. It is 22.2%.
- So the volume value gap as you look at it on 3 and 4 year basis 3 year is very close to each other 4 year. In fact, value growth is slightly higher.
- It's only in this last 2 years, due to the price drop that the volume value gap has gone up
- which will start winning off in quarter 3 and quarter 4
- maintained strong compounded growth consistently over the past 3 to 4 years.
- The last 2 years volume growth has been moderately okay, but value growth
- because of the price drop. I've been suffering
- highest gross margin in the last 10 quarters.
- 40.4% was registered. As you can see, we were hovering around 35, 36 earlier, and then then it went up to 39 40.
- We have been at that point, and this quarter too slightly ahead of everything, you know. 40.4%.
- Last year quarter 2 was at 40%
- now.

- The gross margin expanded in spite of the price decrease, impact
- on the back of improvement in products. Mix in the quarter. As I mentioned, double digit volume, growth in premium and luxury products
- and flat or a degrowth in mass products like putty, distemper, primer and enamel.
- sustained improvement in margin of industrial business
- on account of
- raw material price. Drop also helped in improving the gross margin.
- Operating margin was lower on account of higher manpower addition
- for urban initiatives which we have taken up.
- and construction, chemical and waterproofing business. This is an investment which we have made, and which will come out very useful for us in the coming quarters. Conscious call to maintain higher advertisement spends as well.
- Operating. Margin, however, remained
- in the band of 15 to 17% as guided earlier.
- So operating margin, as you can see
- on an average, was been hovering between 15 and 17. There's 1 aberration of 18.8, and then another one on the lower side at 12.9,
- but otherwise it it is in that range.
- And this time, too, it was at 15.8%.
- As I said, though the gross margin was high, we did spend on increased manpower cost.
- Conscious call has been taken where we have added some, you know, manpower for business growth in the future.
- and at the same time advertisement expenses were maintained at a good level.
- Financial results. Quarter 2.
- This is how it stands. Sales growth minus 0 point 4 Vbdit, minus 4.9
- and Pvt at minus 5.9 pat at minus 6.1
- ytd
- at 1.1% growth.
- Pvd at minus 5.4 and pat at minus 6.3
- decorative business for quarter, 2 recorded single digit volume growth affected by the weather conditions.
- Premium segment did well in the quarter
- construction, chemical and waterproofing and wood coating products had a robust performance.
- Mass consumption products are either flat or negative growth rate.
- Aggressive network expansion continued.
- we added 2,200 retail touch points
- and installed more than 2,000 color bank machines. In this quarter
- differentiated products.
- We have a large range of this now anti-dust, easy, clean silo, prime.
- long life.
- long life, 15 long life, Flexo.
- waterproof putty.
- and a new one, which we have added roof, cool and seal. All of them did very well registered, strong double digit growth
- that has helped us also to improve our margin overall.
- In the construction chemical category
- we have added a few more products.

- The range is being constantly expanded. We now have almost a full portfolio, almost 80 85% of the major products in the construction chemical range we have already introduced.
- and we will continue to fill the rest of the gaps as well
- in terms of media. As I said, we continue to spend
- reasonably well, both in television and also digitally.
- mostly in digital media. We, you know, spent heavily on express painting, lead, generation, etcetera.
- on the
- television front. We had, you know, major advertisements on anti dust, easy, clean, and then roof coolant seals
- the new initiative for the urban markets which we have taken. You know the urban initiative that I have mentioned. We added manpower.
- and a new team is in place from the month of August onwards. You know, this has been, fully operational
- to increase our focus on the urban markets.
- Various strategic changes won't. Stores, franchises, store
- lot of project work related. Manpower has been added, have been initiated to improve brand visibility and penetration.
- The results will be visible in the coming quarters.
- Industrial business.
- protective coating business continued its good performance
- with a double digit volume growth
- and a mid single digit value growth for the quarter
- automotive, general industrial and powder coating business line at a flat growth
- on the back of suppressed demand from 2 wheelers and commercial vehicle for quarter 2
- and home appliance industry. In October, of course, the 2 Wheeler industry did much better, and the growth was restored in automotive
- net cash.
- March 24. We had begun with 3, 41. We had gone up to 6, 92. Then we had a lot of dividend outflow
- of about 400 plus crores, and
- now, in September 22, we are at 242 crore
- October collection has been very good, and we expect that the net cash position will improve substantially by end of December.
- Financial results for consolidated for quarter 2,
- total income from operations 0 point 3%
- and pat at minus 7.9 operating profit minus 8.3
- on a Ytd basis. Total income from operations, 1.2% operating profit minus 7.2 pat at minus 3.7
- Consolidated performance in Poland had a robust top line growth in the quarter. However, profitability suffered on account of certain one off costs on project business
- in the 3rd quarter that will not be there, so there will be possibly a good strong double digit
- value growth and a profit growth in quarter, 3
- companies overseas. Subsidiary Bj. And Nepal had another quarter of degrowth, both on top line and profitability. As the credit crunch in the economy continued.

- however, the cash flow has improved significantly towards the end of the quarter, and we expect substantially better performance in quarter 3. In fact, last month we had a double digit value growth
- and the coming current month. Because of the low muted base, we will have substantially higher growth, probably in the tune of 40 to 50% growth in Nepal. So
- we should have a good equation as far as Quarter 3 is concerned. In Nepal
- Company. Subsidiary Stp had a quarter of
- soft top line growth, however, profitability suffered on account of
- higher raw material cost, and some of the one off items
- in employee cost which we took in quarter. 2
- sbl speciality coatings had a marginal degrowth in top line, due to deterioration in the mix.
- expecting better growth in coming quarters.
- The joint venture Berger Becker coatings had a healthy growth both on top line and profitability on a muted base
- company's joint venture. Berger Nippon Paint automotive coatings had a small top line growth and a robust profitability growth, aided by gross margin, expansion and cost, restructuring
- the business outlook.
- decorative business likely to show better growth in second half on the back of Uptick in demand, sentiment and channel inventory reduction.
- As presently seen.
- the volume Value Gap is expected to decline in quarter 3
- through price increases implemented in quarter 2 to the tune of almost 2.5%,
- coupled with the meaning of price decrease impact taken in November last year.
- further improvements can be seen in quarter 4. Once the impact of price decrease, taken in January 24 is negative
- moderation of inflationary trend, post, normal monsoon
- likely to shore up rural demand.
- Urban initiative program taken by us to shore up volume growth in the urban areas
- in quarter 3 and quarter 4.
- Industrial business outlook seen better
- on the back of increased government, spending on infrastructure post State elections.
- Auto, especially 2. Wheeler, is also looking up.
- Both Nepal and Bullix
- is likely to deliver strong double digit sales and profit growth. In Q. 3.
- Some impact of raw material price decrease will show in q. 3. On account of the inventory effect.
- improving profitability marginally
- overall business prospects look encouraging.
- Geopolitics may pose some risk, though.
- thank you. And we can then go to the question and answers.
-

Nitin Gupta

00:14:35

Thanks, Abhiji, so we will now start with Q. And a session.

- I hand over the call to my colleague, Pinky Matho
- Q. And a session over to you, Pinky.

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Pinky Mahato

00:14:46

Thanks, Nitin.

- Those of you who have questions can raise your hand. We will announce your name and unmute your line also, which you can ask questions, please highlight your full name and the organization you are representing.
- The 1st question is from the line of Anirud Joshi, please go ahead.

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Aniruddha Joshi

00:15:17

Hello!

•

Abhijit Roy

00:15:18

Yes, it is.

•

Aniruddha Joshi

00:15:19

Yeah. Thanks. Thanks for the opportunity, sir. Anirudh Joshi from Icici. Security is here.

- Sir. The question regarding now, we have seen one of the Mnc. Player in paint industry.
- Has, its parent has kept the India business
- to sell so what will be budget strategy in this case. Whether the acquisition will help strengthen the market shares, or we are seeing some of the non paint players also bidding for that. So if something like that happens, then the
- competitive intensity might go up further. So question number one, what is the strategy of Berger? In this regard, and question number 2 is now we are at the peak
- gross margin. Now in a sector where the competitive intensity is rising with almost every quarter now.

- So we are operating at such a high margin. So in a way, it's it's literally an easy invitation for competition to
- in a way gain some market share, spoke margins from us. So what are the
- thoughts on these 2 things from the management. Yeah, that's it from my side. Thank you.
- So thank you.

kaushik ghosh

00:16:41

Think this is.

Abhijit Roy

00:16:42

Commute.

kaushik ghosh

00:16:44

Some of my ideas is- is- is.

Abhijit Roy

00:16:51

Yeah, better

- so, anuro. They know. To answer your 1st question about what can we do about exhaust? 1st of all, you know.
- Axio has not made his intention clear as event, you know, as to what they want to do. In the 1st place.
- whether they want to sell the decorative part of it, whether they want to sell the whole part of it, whether
- you know they want to do mergers or joint ventures. You know, it's all
- up in the air as of now.
- they being a very professional company, I'm sure you know.
- They will come out with the full disclosure and what they want to do.

- Once that is clear, we will make up our mind as to how to react to that situation as of now. I think it is very premature to say anything. There's a lot of speculation going on.
- This fellow will buy. That fellow will buy, but there is no surety
- as to what is to be put on the table, and unless that is clear, I don't think anyone has got a clarity as to what needs to be done.
- They have only made a statement that it can be any of these possibilities.
- We have to wait for the final, you know, shape
- to emerge, and only then we can take a call.
- as far as the second question is concerned, on the gross margin front
- the paint industry has always been very, very competitive.
- you know. Earlier, too. You know, there has been intense competition both from foreign and local players.
- And we have.
- you know, seen this happening, you know whether it is paint or any of the Fmcg category. The margins have been always gross. Margins has been reasonably comfortable in India.
- The leaders always command, you know, sort of a premium in the market, and we are able to maintain the gross margins.
- We believe that we should be able to therefore carry on with our margins. In fact, we will try our best, not only to retain, but to improve further on this
- by launching more and more differentiated products and making them more successful.
-

Aniruddha Joshi

00:18:59

Yeah. Understood, sir, this is

- very helpful. Yeah, thank you.
-

Abhijit Roy

00:19:04

Thanks.

-

Pinky Mahato

00:19:08

Thank you. Next question is from line of Aditya Bharthya.

- Please go ahead.
-

Aditya Bhartia

00:19:24

What you spoke about.

- Hello!

Abhijit Roy

00:19:27

Yes, Aytha, carry on, please.

Aditya Bhartia

00:19:30

So my 1st question is on the urban initiatives that you spoke about. Firstly wanted to understand what was the need or the rationale of undertaking any changes in our urban strategy.

- And, secondly, what exactly are we doing? You mentioned some own stores as well as franchise stores? So so if you could just kind of throw some more color on that.

Abhijit Roy

00:19:52

Yeah. So you know, these urban markets? Specifically more so in the key Metros.

- we have had a very weak presence. You know our our overall share, maybe around 20%.
- But in these major metros our share hovers around 10%
- like Bangalore, Mumbai, Pune, Ahmedabad Chennai, Hyderabad, you know, these are markets where you know it's completely dominated by the leader currently.
- And there is a lot of therefore, possibility of growing. This is a pretty large size market.
- The key markets alone has about 15,000 crore potential
- and we are barely scratching the surface with, about, you know, 1,400 1,500 course of sale.
- The objective is to have a much higher presence, you know, in these markets, if we in other markets, in up country and in smaller towns we can have a good share. There is no reason why, you know we cannot have a
- better share in these urban markets. Now, it's been a difficult one, you know, because
- these markets, you need distribution. You need contractors, you need, you know, equation, build up with the builders, etcetera.

- And therefore, that needs a special focus. So we have got a separate team. Now, 1st of all, you know, to cater to this requirement, so that
- you know, the tendency is that you know, if you get higher sales in the upcountry markets.
- yeah, focus shifts in that direction because this is more difficult, and hence the team tends to focus on the upcountry markets rather than on the urban market. So we have separated them completely, so that you know the focus comes on to the urban markets because their life and death depends on the success of their urban performance.
- The second is the strategy change, because urban market requirements are quite different. If you look at any of these cities, whether it is Bangalore or Mumbai, or you know, Hyderabad, it is all multi-storied buildings. There are no houses of individuals as such, and so, therefore, the strategy is quite different, for these markets, which are required to be implemented on the ground compared to residential houses and bungalows in the upcountry markets.
- So the strategic change calls for a different type of a thinking as well, and and therefore the go to market strategy differs. Which is why I said that you know there will be stores, etc. Which will be there in these urban markets.
- We have initiated some of these changes already, and we should see positive
- action on this and positive results coming out of it in the quarter 3, partly, and quarter 4 slightly more
- going forward, we will persist and continue to, you know, strengthen our presence in the urban markets.

Aditya Bhartia

00:22:42

Understood, sir, that's very, very helpful. My second question is that you had spoken about some one off costs, especially in international subsidies. if you could just spell out, what exactly did they pertain? To? What kind of projects are we speaking about? And what could be the quantum.

Abhijit Roy

00:23:01

So this was, you know, in the bullik subsidiary that we had in Uk. You know, there was a project which was going on in which, partial completion of the job had happened. We had booked that

- in terms of revenue, you know, and then there was a little bit of a dispute with the party concerned. And hence the partially booked revenue had to be reversed.
- That part. You know once that we are very sure, or rather rather hopeful, that this will get resolved very soon, and once that happens, you know, we will get back our revenue again.
- So that's how it happened.

-

Aditya Bhartia

00:23:39

Understood, sir, could you also quantify the number.

-

Abhijit Roy

00:23:44

Which was about 12 pros, you know, which was, you know, booked, you know, at that point of time. So not very meaningful. But you know, from the console. It makes an impact.

-

Aditya Bhartia

00:23:54

Sure, sir. Helpful. Thank you so much.

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Pinky Mahato

00:24:06

Thank you.

- Next question is from line of Mihir Pisha. Please go ahead.

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Mihir P Shah

00:24:12

Hi, sir, thank you for taking my question. I hope I'm audible.

-

Abhijit Roy

00:24:15

Yes, you are mute.

Mihir P Shah

00:24:17

Hi, sir, this is mihiriya from Nomura so, firstly, on the demand environment.

- you know, post the you know, heavy monsoon, etc. How are you seeing the demand environment shaping in the coming quarters for the 3rd quarter and 4th quarter? Would it be fair to say that double digit volume growth is in is still a target that we would be trying to.
- You know, gun for. And maybe it's in an achievable range, a double digit volume growth.

Abhijit Roy

00:24:49

May, you know, to answer your question. You know we see it improving in quarter 3

- and quarter 4. It will be improving further, so as far as quarter 3 is concerned.
- we will be possibly be close to the, you know, double digit volume growth rate.
- My expectation is between 7 8% to 10% anywhere in that range
- for the volume growth.
- And in the 4th quarter there will be definite double digit volume growth, which will happen
- as of now half yearly. We are sitting at about 7 point something percentage, you know, near about 8 percentage. You can say in terms of volume growth.
- and I think if we do well in the 4th quarter, as I envisage we should be doing, we should be very close to the double digit volume growth rate at the end of the year.
- As far as value growth is concerned. As I have indicated, you know, in the quarter 3 there will be some relief from the 5%. 6%. You know, backlog that we were having because of the price drops
- and 2 and a half percent of price increase plus about 1%, which will happen because of the price decrease effect going away. So we will bridge this 5, 6% to about 3 and a half, 4%, so 2% gap will still remain between the volume and the value in quarter 3
- and in quarter 4 value should be 1% ahead of the volume growth.
- So, therefore, the value growth will consistently improve in quarter 3, and then further in quarter 4.

Mihir P Shah

00:26:27

Got it, sir, understood

- so, secondly, on the exit of Exxonobil. And now, you know, with the entry of
- Grassim, you know, so it seems to be, there is a balancing off that is happening.
- How can one assume that this is a positive move, you know, and the fear of competitive intensity impacting the entire paints. Yes, I mean, normal competition will be there.
- But you know that. you know, the the disruptive competition
- that was expected is no longer visible, I mean, did you see any disruptive competition in the festive
- you know? And so so would we. Would one say that with the exit of Exo now one can safely assume that the fear of you know extreme competitive intensity can be behind. I mean, would you read it in that way.
-

Abhijit Roy

00:27:16

I think you know that fear is, you know.

- built up too much in, I would say in the minds of you know the analysts much more
- I do not see that, you know, as a big fear existing. Yes, there is competition, intensity, will, and has gone up a little bit.
- but that was expected, and you know, with exo, you know, announcing that, you know, they may look at an exit. It's not very clear as of now, as I had mentioned earlier.
- Unless they clarify what they want to do, we don't know for sure what they are up to.
- But overall one player has come if another player goes away. So we are back to the normal levels of 4 major players in the marketplace
- one getting replaced by another
- the competition would have been there. But you know, as I had always, you know, insisted that the impact won't be so
- high that you know it will be disruptive for the industry.
- It's a healthy good competition
- keeps you on your toes helps you to improve as well.
- So I would look at it from that perspective.
-

Mihir P Shah

00:28:34

Got it. Thank you very much, sir, wishing you all the very best.

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Abhijit Roy

00:28:38

Thank you, mate.

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Pinky Mahato

00:28:40

Thank you. Next question is from line of Marin mei. Please go ahead.

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Mrunmayee

00:28:49

Hello! Hi, sir! I hope I am audible.

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Abhijit Roy

00:28:51

Yes, you are.

•

Mrunmayee

00:28:53

Yeah, Hi, this is intermediate. So, sir, my question was regarding the urban initiative. So is there any specific target attached to it like any you know, number of dealerships that you would like to reach, or any timeline with respect to this. And the second question being

- that the increase employee cost with respect to this. Can you quantify the impact of that.

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Abhijit Roy

00:29:19

So what we are planning to do is, you know, we are currently at around 10%, you know, in terms of market share in that particular urban zone. If you look at it.

- we want to improve it in the short run to about 1212 and a half percent.

- and in 2 and a half to 3 years. You know, we should be around 15% in these markets. That's our, you know, to gain a little bit of share. First, st you know, in 3 years time frame reach at least at around 15% in these urban markets.
- So that's 1 part, you know. So that is what we aim to do.
- as far as manpower is concerned. For all of these markets we have put in manpower there. I know both managers and on the ground field off role. Also, some of them will get added. As time progresses, more investment will be made in manpower in these markets, so as of now. It's difficult for me to quantify exactly, because that figure will keep changing as the months progress.

Mrunmayee

00:30:20

Okay, sir. Got it. Thank you.

Abhijit Roy

00:30:22

Right.

Pinky Mahato

00:30:25

Thank you. Next question is from line of Karthik Chalapa.

- Please go ahead.

Karthik Chellappa- Indus Capital Advisors HK Ltd

00:30:31

Yeah. Good evening, sir. Am I audible?

Abhijit Roy

00:30:34

Yes, you are, Karthik.

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Karthik Chellappa- Indus Capital Advisors HK Ltd

00:30:35

Okay, thank you very much for the opportunity, sir. 3 questions. The 1st question is, this quarter. The premium and luxury have actually grown double digit, and they naturally carry higher realizations

- despite that the volume to value gap is still about 4% odd. So I'm just trying to get a sense of the degree of decline in. You know the distempers, enamels, and the degree of price cuts there, because I would have thought that this favorable mix would have narrowed the gap even further. That's my 1st question, sir.

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Abhijit Roy

00:31:08

Okay.

- So yes, you know, you're right, Karthik, you know.
- this. Actually, if you look at it last quarter. The gap was very high, much higher than even, I think 7% plus was where we were. And therefore that has got narrowed down to 4% a part of it is, 1% is coming out of the price increases. That we have taken this quarter to
- the rest is primarily due to the mix change which has happened right? So there has been a mix change, and that is why that is why the gap has narrowed. This will narrow further in quarter 3. Because, furthermore, you know, impact of the negative impact of price decrease. Part of it will go away, and the full impact of the price increase of quarter 2 will come into play, we will still have a gap of about 2% between the volume and the value in quarter 3,
- which will reverse in quarter 4, we will get a positive impact in quarter 4 between volume value with about 1% value growth higher than the volume growth rate.

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Karthik Chellappa- Indus Capital Advisors HK Ltd

00:32:08

And, sir, your underlying assumption in all this is the economy. Segment volume continues to remain challenged. Right? It's just that the mix improves and the price increase annualizes, and so that becomes a favorable base.

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Abhijit Roy

00:32:21

It's a choice we have exerted, Karthik, you know. So it depends on the competitive intensity and pressure on pricing of especially items like party

- where we have deliberately. You know, we have gone negative in 30 this quarter.
- Because we found the prices very challenging and unnecessarily so.
- And therefore, you know, we stayed away from from negative gross margin.
- Wherever you know, in whichever markets that was happening. So that is why we we suffered a little bit, but that is something which is dependent on whether this will continue in the future. If it doesn't, then possibly we will have little better performance in some of these basic products.

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Karthik Chellappa- Indus Capital Advisors HK Ltd

00:33:05

Got it. Thank you very much. So my second question is the observation made in the presentation that we believe we have gained share in the second quarter. I'm just curious to understand how you have actually computed that market share, because, you know, the grassim numbers are not yet clearly available in the public domain.

- and the market leader is also yet to report. So I'm just curious to understand the background of this observation.

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Abhijit Roy

00:33:31

This is a you know, market feedback that we keep taking, you know, from various. You know, we have our own way of getting it.

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Karthik Chellappa- Indus Capital Advisors HK Ltd

00:33:40

Okay.

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Abhijit Roy

00:33:41

And so suffice it to say that you know you will see the results. Of course, you know, when when it comes out

- my understanding is that you know, in terms of top line we would have done better than you know most of the companies. At least you know the industry. Whatever is the average, you would have done better than that.
- and that will give us a market share gain.
- As far as Grassim is concerned. We are not considering them as as of now in the entire Kitty. Because you know that share is as of now small, you know. So.
- Of course, you know, we have a fairly decent idea of how much they have done. Possibly.
- So that's something, you know, which will impact, but not so much as of now.

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Karthik Chellappa- Indus Capital Advisors HK Ltd

00:34:31

Got it. My last question, sir, is on a year on year basis. What was the increase in the headcount.

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Abhijit Roy

00:34:39

Well, exact number is not we clear, but the the overall manpower growth has been budgeted at about 1718% growth, you know. So that's substantially higher than normally what we do.

•

Karthik Chellappa- Indus Capital Advisors HK Ltd

00:34:50

Correct. So I'm just trying to get a sense of how much of this is pure.

•

Abhijit Roy

00:34:53

Out of that. 8 to 9% is, you know, incremental growth, you know, which means, you know, about, you know, which we give us increments, etc. And the 8 to 9% is an addition of manpower.

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Karthik Chellappa- Indus Capital Advisors HK Ltd

00:35:06

Okay, excellent, that's all. From my side, sir. Wish you all the best for the remaining quarters.

•

Abhijit Roy

00:35:10

Thank you.

•

Pinky Mahato

00:35:13

Thank you. Next question is from line of amit purohit.

- Please go ahead.

•

Amit Purohit

00:35:20

Yeah, thank you very much, sir, for the opportunity. Am I audible.

•

Abhijit Roy

00:35:24

Yes, Amitivar, go ahead.

•

Amit Purohit

00:35:26

Yeah. Amit here from Ellara securities. Now, sir. Just one on the overall industry trend like you highlighted the Q 2 you would have done. But what would have been the industry, growth either in volume or volume? What's your best estimate on this.

•

Abhijit Roy

00:35:43

See, my guess estimate will be, you know, it will be probably around minus 1 1.5% overall for the industry

- in terms of value. Growth
- volume is anyone's guess, you know, because those are.
- It depends on the mix of products that you have.
- If you sell a lot of patty and tile adhesive and products like that. The volume growth can go up. But that's
- not the way of looking at it. I think it better to focus on the value growth.
- And I think you know that's the reported number as well. And and that's something which I'm
- you know, saying that you know, that's probably going to be around that point.

•

Amit Purohit

00:36:22

Sure. And, sir just on your comment that you've seen some pickup now, in the October month any regional trends you would like to highlight in Q 2. Or and now

- is there any divergence in growth? Whether south, west, north if you could highlight that.

•

Abhijit Roy

00:36:41

So you know, east, which was underperforming a bit, has bounced back a bit in the month of October.

- Parts of south in. For example, Kerala, you know we did fairly well.
- and that's because the bases are low. From October onwards in Kerala last year the basis started, you know, slipping from October so we are likely to continue to grow a bit in in that market. These 2 are important markets for us, so it will have a positive impact as far as we are concerned.

•

Amit Purohit

00:37:15

And at an industry level would. The is suffice to say that the growth is picked up across regions or there will be some divergence in growth.

Abhijit Roy

00:37:23

No, there will be some divergence, I think. You know some places are still little bit struggling.

- but some other places, you know, it has picked up.

Amit Purohit

00:37:32

So would that reason which are struggling would be is it south or west? Or how does one thing generally, just to get a sense sorry what to.

Abhijit Roy

00:37:41

No part parts of you know, like Andhra Pradesh and Telangana, still little bit under performance going on there in those locations

- primarily in the south and the West, you know where Gujarat still little bit underperforming.
- but otherwise yes, you know, other places are reviving.

Amit Purohit

00:38:01

Okay, and that would be largely to do with the rainfall which has continued like.

Abhijit Roy

00:38:05

Yeah. Upcountry, for example, Bizar did quite well, actually in October.

- So other country, Madhya Pradesh, you know. So these are the rural belt seems to be doing, you know reasonably well in October.

Amit Purohit

00:38:18

And, sir just on the point that you highlighted. With respect to increasing your focus on urban

- So one line of item, is the employee cost you indicated? Would there be any increase in the other expenditure? Also? Likely. Because when I look at your 1st half performance
- I mean, broadly. I haven't seen a significant increase in other expenditure. So your thoughts should be expect that this should be now a slightly higher than the revenue growth. Is the assumption to look at it or.

Abhijit Roy

00:38:53

No other expenses.

Amit Purohit

00:38:54

To me.

Abhijit Roy

00:38:55

Other expenses will be kept under control. I don't think, you know there will be too much of a

- overspend there the overheads will be under control completely. In fact, you know, we will try and squeeze it a little bit
- but in terms of manpower expenses we will continue with our budgeted strategy, and we will continue to invest there. You know, as far as advertisement is concerned, we will again continue there. So these 2 areas I don't think we are looking at in a short term way we will continue to invest wherever required.

Amit Purohit

00:39:29

And, sir, last question on the on the console minus stand load. So the subsidiary part I see other expenditure has gone up significantly. Your 100 has been about 45 46 crores this quarter has been 68.8 crore. Is that I mean the 12 crore that you highlighted is coming in the other expenditure, or is coming in the lower getting deducted from the revenue.

•

Abhijit Roy

00:39:55

So part of it is basically that bullocks episode which happened, you know, and which is why you are seeing that expense going up.

- That is a 1 off issue, and it will win off in quarter quarter 3 and quarter 4.

•

Amit Purohit

00:40:08

Will not be there in quarter 3 and quarter.

•

Abhijit Roy

00:40:10

Will not be there in quarter 3 and quarter 4.

•

Amit Purohit

00:40:13

And the the amount is 12 rows that you.

•

Abhijit Roy

00:40:16

That's right, correct.

•

Amit Purohit

00:40:19

Okay.

- Okay, okay, thanks a lot, sir. Thank you so much.

•

Pinky Mahato

00:40:25

Thank you. Next question is from the line of Avi mehta. Please go ahead.

•

Avi Mehta

00:40:31

Hi, sir, am I audible?

•

Abhijit Roy

00:40:33

Yes, you are.

•

Avi Mehta

00:40:35

So Hi, Hi, avita! I just had 2 questions I have. First, st I just wanted to understand the new entrant behavior. See, in particular where I'm coming from is they have not taken a price increase. Have you seen any pushback from trade to give higher discounts because of this.

- you know would be useful to understand that part.

•

Abhijit Roy

00:40:56

Yeah. So as of now, you know, they are just establishing themselves, you know. There is a little bit of a price differential, which is, which was always there.

- It has, you know, gone up marginally because we took up a price increase of 2 2.5% approximately between 2 and 2.5,
- so that I don't think is a major play, you know, on the ground
- it does not make too much of a difference. There has been no pushback from the retailers asking for higher discount.
- Because the brands in which you know, we are investing
- the differentiated products could doesn't matter at all, because they don't even have equivalents
- and in the products where the branded products exist, you know where we are advertising, and you know there the price of one or 2% makes no difference, so that does not actually come into effect at all.

Avi Mehta

00:41:50

Got it, sir, so in a sense, you know, there is no sorry

- in a sense there is no Hello!

Abhijit Roy

00:41:55

No, there has been no push back, and no effect

- so far in the.

Avi Mehta

00:41:59

Okay.

Abhijit Roy

00:42:00

Components.

•

Avi Mehta

00:42:01

Perfect, sir. So in this it is kind of not suggesting that there is possibility of pricing being cause of concern from competition. Fair enough.

•

Abhijit Roy

00:42:08

Not really.

•

Avi Mehta

00:42:09

So the second bit is on the urban initiatives. Now I understand. You know where you're coming from. But historically, this focus

- has also required, I mean at least, reading your history in rural markets. You saw A. J. Curve emerge where you know the brand was known. You invested in brand development, and over time it resulted in a sharp uptick in sales. Now, the benefit is that in urban India I'm assuming that that investment is not required is that the right understanding, or
- I think these urban and would need marketing spends as well in some.

•

Abhijit Roy

00:42:40

No marketing spend will be much lesser. So the brand is known, unfortunately like, for in Bangalore, for example, just to give you an example. You know our brand is pretty well known, you know there are a lot of people who settle down from West Bengal who settled from Kerala.

- you know, settled from Andhra Pradesh, and they are very well aware of our brand. It is strongly represented there in these States, right? So they're familiar with the brand. However, availability is an issue. And the other problem is, you know, we don't have enough contractors and painters to execute the jobs on the ground. So we have to do the basic. And and that is where you know, we run into problems, because, you know, the existing lot of dealers and painters don't seem to align with us

- because they've already, you know, tied up with the existing companies. So we are trying to create our own sort of network in these markets which will enable us to bypass this, you know, stranglehold on the dealers and printers by the existing place.

Avi Mehta

00:43:41

And, sir, you see, you see this benefit, not taking a lot of time because you said 3 queues when we should start seeing the benefit itself.

Abhijit Roy

00:43:47

Some benefit will come in in quarter. 3 little bit more in quarter 4

- and and the next year we should see, you know much better benefit coming up.

Avi Mehta

00:43:58

So, lastly, sort of bookkeeping we are reiterating, we have been able to maintain our 15 to 17% kind of expectation.

- I'm assuming there is no reason to revisit that range either on the upside or on the downside right. I just wanted to reconfirm that.

Abhijit Roy

00:44:14

Yeah, I am reconfirming very clearly that it will be within that range.

- at least in the foreseeable short term, future.

Avi Mehta

00:44:22

Perfect, sir. Thanks a lot, sir. This is very helpful. Thank you. And congratulations on this.

Abhijit Roy

00:44:26

Thank you.

Pinky Mahato

00:44:28

Thank you in the interest of time. Please request please restrict your question to 2 per participant.

- Next question is from line of Abnish, Roy, please go ahead.

Abneesh Roy , Nuvama

00:44:43

Yeah. Am I audible?

Abhijit Roy

00:44:45

Yes, Avnesh, you are.

Abneesh Roy , Nuvama

00:44:47

Sure, sure, thanks. So 1st is you did the mention on the miss in q. 1 q. 2. Because of the extraneous factors. So q, 1. There was the heat wave and elections. Q. 2. There was the impact of 8% higher rates. Do you see this pent up demand coming back at some stage, not asking Q. 3, q. 4. Because currently there is a very high food inflation, urban India. But ultimately the demand which was not met has to come back.

- So do you see that coming back? Say either in H. 2 or fi. 26 marriage days are very high. And now we have lax of marriage in the next few weeks. That also should help. So what's your prognosis on the pent up demand?
- Yeah.

Abhijit Roy

00:45:29

Is, you know.

- we feel that. You know it has happened in the time of Covid. Also, you know, demand. Always, you know, in pain doesn't get destroyed, you know. It gets postponed, as you rightly said.
- and we expect that you know this postponed demand to come up. Now, when will it come up? Whether it will be this quarter next quarter, or the quarter after, is a difficult thing to say. However, you know we did see that in October, you know, there was a very good traction. We did not get the full month, you know, because for Diwali we had to close it around 28th of the October.
- But in that short period the collection was very robust, you know, and which means that secondary sales would have been very strong.
- We had the highest collection in that month. So all that, you know pumping in of stock that we had done in the months of August and September
- got liquidated, plus, we were able to cover the base of October fully. So, which means that, you know market was quite positive as far as October is concerned. If this trend continues into November, December, we should be able to register decent growths in in the 3rd quarter
- and in 4th quarter. It can be even better. Of course, you know, as you rightly said again, you know urban areas, there is some sort of, you know, restriction in terms of consumption which we are seeing in the Fmcg Companies figures.
- But you know, we are actually a small player, and with our urban initiative we should be able to counter this comfortably is my feeling especially little bit in quarter 3, and much more so in quarter 4.

Abneesh Roy , Nuvama

00:47:10

Second question is you mentioned competition is more in the minds of analysts. So my question is, last 2 years Pd. Light has launched in few markets in internal deco interior deco.

- Similarly, other players, names I won't take. Everyone knows that my question is on your remark that this phase has been a healthy learning for you, and you have taken some improvement. So if you could talk about one or 2 examples of specific improvement you have done in your business. That is one question on competition. Second is, you did mention that in 40 negative gross margins is being done by some players.

- Now, why would any player or any industry have negative, gross margin? That is very rare, right? This is a very stable, large industry. So I'm sure that's related to the new competition because they are very large and putty. And now they have come into paints. Could you discuss that part a bit. Why, that's happening where that's happening.
-

Abhijit Roy

00:48:06

So you know, avanish, as far as competition is concerned. You mentioned Pedalite, you mentioned another.

- you know. So the bureaus have also come in. And you know. So there there is
- competition building up definitely. But pitilight so far, has been, you know, lukewarm. You know. They haven't been very seriously, you know, impacting anywhere in the paint business as yet.
- As far as you know, the concerned, you know. They have installed a large number of machines across
- the country, and and also in terms of you know, their effort on the consumer and printer front. They have been persistent on that. So far the impact has been not very strong. Our estimate is that you know, we would have lost about 1.5% of our growth. I had estimated about 2 and a half to 3% loss which should happen to us.
- And and you know that has to be compensated through other areas of growth. And that's what something will which you know we are working towards. You know the strategy is very clear. You know there will be some amount of skirmish, some amount of, you know, value growth, loss on account of competition, but that we should be able to recover from other areas.
-

Abneesh Roy , Nuvama

00:49:27

And on the pudding.

-

Abhijit Roy

00:49:29

On the pupti, you know. Actually, it is unnecessary. I think you know, as you are right, that you know. Why should anyone do it, but it is happening in the marketplace. Some of the markets, possibly, you know the intensification of competition between 2 players, you know, resulting in, you know a little bit of

- price erosion there, and I think you know, that will settle down to very soon. Comfortable levels, you know, because it's it's a short, you know fight which is on.

- And in these 2 3 months, you know. They will realize that, you know it's not. No one is gaining in in doing so, because this price game, you know, there is no end to it. You know anyone can play this game, and it's better, therefore, you know, to see what happens, because it's a pure play commodity. So the moment you give price, you know, one brand gets displaced by the other. So
- it does not make sense to gain in this way, because it is not a sustainable thing. So from our perspective, we are very clear, you know. If we see positivity, then only we play. Otherwise, you know, we do other things around that space, so we can have a different graded. Parties may be launched, or something like that. To avoid this direct confrontation.

Abneesh Roy , Nuvama

00:50:41

Sure. Thanks, that's all from my side.

Pinky Mahato

00:50:45

Thank you. Next question is from the line of tejas. Please go ahead.

Tejash S

00:50:55

Yeah. Hi, sir, am I audible?

Abhijit Roy

00:50:57

Yes, there is.

Tejash S

00:50:58

Yeah, sir, thanks for the opportunity. So the 1st question pertains to our urban initiative, and and I'll try to ask this question as efficiently as possible. So for a company which has been around for 100 years, and then under the new ownership for 30 years.

- I'm assuming that we would have tried or pursued this urban market strategy in past also, and then the route to market strategy that we are adopting. Many Fmc companies have done it in past so like what specific changes that we are making this time
- that kind of gives us confidence that it will be different from our past initiatives. I'm assuming that you made it in past.
- And then what insight prompted us to kind of go urban at this stage, where I'm assuming that the cost of this market share will be way higher than it would have been. Let's say, 3 years back, because of the new competition.
-

Abhijit Roy

00:51:51

Right, you know. So 1st of all, you know, we did not attempt the way we are doing it now, you know, earlier, what was there was a lot of

- otherwise opportunities in many of the markets in the upcountry areas itself there is still that opportunity which exists in many markets. So we continue. We have a good strategy for the urban up country markets
- and those upcountry markets are growing at a good decent pace, and we would like to continue in that direction.
- However, you know what was happening. As I mentioned, you know, a little bit earlier. That, you know, when we have a say, a depot town, and around it a many up country market. Since we are relatively performing better and growing faster in the upcountry markets, the depot town, or the major town, like Bangalore or Mumbai, used to get neglected by our
- people who were there because they found it easier to grow in the, in the upcountry areas and more difficult to grow in the cities. So the attention used to get diverted. Now, what we have done is divided this into 2 clear teams, one which is focused on the upcountry areas, and the one which is on urban is focused completely on the urban markets.
- So 1st of all, therefore, that brings more seriousness in the effort that is being put, and primarily because his life and death depends on on the urban markets, he will put in that much more effort and consistent strong effort in that
- second is the nature of the market itself. In the urban areas have changed over the last 8, 10 years, it's become completely verticalized, and many of the other markets will soon go in that direction.
- There is a dearth of land, and it's going vertical again and again. And in that vertical thing, if you look at, you know, typically Mumbai, most of you stay there, you know. So if you look at that, you know, the decision making is not done by, for the exterior of the building is not done by an individual anymore. It's done by the society or the consultant who advises to the society members. So it it becomes therefore important to, you know, go a different route in these type of markets.

- and that's something which we are investing in consciously knowing fully well that you know this is a different nature compared to the upcountry markets up country markets. Dealer, painter, that type of dependency is much stronger, and brand becomes very critical. In
- in the urban markets brand is important. Our brand is already known in both urban and upcountry, but along with that comes no project, knowledge, execution, skills. So all of that becomes very critical. So that is something which we are working on. We are developing special teams around that to work in the urban markets.

•

Tejash S

00:54:36

Very clear, sir, and all the best with that. So the second question

- and and this is slightly speculative in nature. But if Exo were to decide, as you said, that they have not still announced. But if Exo has to decide that they they are planning to sell.
- and as of. Now the street is assuming that only incumbents would participate in that transaction.
- But from your market read, do you see a chance or possibility that a new player, like a cement company or another company can jump in and and make this this consolidation more of an expansion exercise rather than favoring the industry.

•

Abhijit Roy

00:55:12

So anything is possible. Yes, you know, but you know one needs to look at the valuation as well.

- You know whether it is worth it. You know whether one would like to spend, you know the amount of money. And what do you get out of it? What is it that is of, you know ultimately for sale. Everything has to be considered, you know you. A decision can only be taken once. 1st of all, clarity emerges as to what is you know up there?
- They are a very, you know. Well, run professional company, you know. I'm sure they will come with a lot of clarity once they decide and make up their mind first.st
- Only then one can say, you know what is to be done. But you know 2 factors are definitely important. The valuation, you know. And what do you gain out of it? You know it? Will it make sense, therefore, to, you know, go for it.

•

Tejash S

00:56:03

And so just associated. Question, if I may. Do you see the kind of fancy that we are seeing around this asset? Now.

- do you see that at least in near term you, you spoke about margins, that that is defendable. But do you see that our capital efficiency of the business or the industry will get compromised, at least in the near term.

Abhijit Roy

00:56:25

So if if someone acquires and you know pays a lot of value for it, for which, against which, you know, they may not get the return. Yes, you know the Roc will get impacted for that particular company, you know. That's for sure, you know, and that's going to happen

- in case the the the type of valuation that exists, you know. It might happen that way.

Tejash S

00:56:44

Perfect.

- that's all. From my side, sir. All the best for coming quarters.

Abhijit Roy

00:56:48

Thank you.

Pinky Mahato

00:56:50

Thank you. Next question is from line of Devin Kulkarni. Please go ahead.

Deven Kulkarni

00:56:59

Yeah. Hi, am I already? Good.

Abhijit Roy

00:57:01

Yes, David.

Deven Kulkarni

00:57:03

Yeah. So my question is on the employee cost. So is there also any impact of higher competitive intensity on the employee costs in Q, 2. Because in in q 1, we also saw employee cost grew by almost 15% for the market leader as well. When the volume growth is flattish, so across the industry we are seeing very high growth in employee cost.

Abhijit Roy

00:57:28

No. So, Devin, you know, to answer your question. In our case, at least, that's not the case, you know. As I said, you know, about 8 to 9% was on account of the normal increases, you know, which we give every year, and in fact, slightly lower this year

- but the other part is, you know, in addition of the increased manpower for these 2 activities, one is the urban initiative, and the other one is the construction, chemical and waterproofing, where we are expanding the range of products, and therefore we need a little bit more number of people
- to take that forward. So from that perspective, it is additional manpower for future business growth. You know, it's not so much from competitive intensity, and therefore, you know, giving more increments to our existing people.

Deven Kulkarni

00:58:15

Okay, okay, got it. Thank you.

Pinky Mahato

00:58:21

Thank you. Next question is from line of Vedant Mehta. Please go ahead.

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Vedant Mehta

00:58:26

Hi! Thanks for the opportunity.

- I just wanted to. Understand, what share of the revenues is contributed by differentiated products, and what are the gross margins on these products?

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Abhijit Roy

00:58:40

So you know, it is upwards of 20%, you know, which is the differentiated products and the gross margin is typically higher than the average. Obviously

- some of them are much higher. Some of them are slightly higher, but it's higher always.

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Vedant Mehta

00:58:55

And could you share any numbers on the market share of these differentiated products?

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Abhijit Roy

00:59:02

So, you know, differentiated products are. Some of these are not even copied. Some are copied, but you know we have a dominant market share. In most cases.

•

Vedant Mehta

00:59:10

Okay, that's all from me. Thank you.

Abhijit Roy

00:59:12

Thank you.

Pinky Mahato

00:59:15

Thank you. Next question is from line of Lakshmi. Narayan, please go ahead.

Lakshminarayanan K G (TUNGA INVESTMENTS)

00:59:22

Yeah.

- How complimentary is access portfolio to us, and if it if we were to evaluate them for a strategic in a purchase or a joint venture whatsoever.

Abhijit Roy

00:59:36

So Laxmi, and you know I don't think we will like to comment at this stage unless Axo comes out with clarity as to what they want to do.

- As far as in my.

Lakshminarayanan K G (TUNGA INVESTMENTS)

00:59:48

Say is, how complimentary it is, Sir.

Abhijit Roy

00:59:50

It is, you know, you know, for because they are mostly into urban markets, and mostly the luxury end of the products.

- It suits us, you know, in terms of complementary. It is pretty okay, pretty good, you know. That's for sure.

Lakshminarayanan K G (TUNGA INVESTMENTS)

01:00:06

Got it, and second is, what's our mix of premium luxury and non premium in our overall revenue mix of.

Abhijit Roy

01:00:18

So that you know we don't look at it. You know I don't have that distinctively. I can't give you the figures as well, but we have a fairly good representation.

- you know, in the premium luxury category as well, especially
- the just below the luxury area. We are fairly, I would say, you know, leadership roles are there in both easy, clean, and anti dust. We are a clear leader in the market
- and the luxury category, you know. We will be number 2 in the case of exterior luxury.
- and a close number
- 2 3, you know, in the interior, luxury, category.

Lakshminarayanan K G (TUNGA INVESTMENTS)

01:00:55

And one last question, I mean, in terms of opinions, how people buy paint you mentioned in apartment complex, how people make decision? Can you just touch upon how, in urban and maybe in the top tier, 2 cities, decisions are being taken in decoratives.

- Is it the housewife slash the owner of the house, or it is still through the Project people or the masons. I just want to understand how that is now, and how it has evolved in the last 2, 3 years, that's all.

Abhijit Roy

01:01:26

So in the upcountry markets, typically the consumers play a very important role

- they typically go to the stores themselves, you know, get advice from dealers, from painters as well, but they they decide, you know, primarily because they it is their house, then both exterior and the interior, and they go for the better quality, paint normally, or value for money, whichever they think you know, is suitable for them. So it is much more of a consumer play, of course, influenced strongly by the dealer and the painter.

Lakshminarayanan K G (TUNGA INVESTMENTS)

01:02:01

Got it. So just one more question if I can squeeze you mentioned that the High End paints had a double digit growth, while the others did not have any reason why the monsoon, etc. Did not affect the high end. Slash, premium, and luxury.

Abhijit Roy

01:02:19

No, it affected, you know, but to a lesser extent, the effort, you know, from our side has also been consistently on this luxury and premium category.

- We do a lot of activities around that and promote these products strongly. So you know, that is why there is better traction of these products than the mass products. Also the premium luxury, category customers
- are less impacted, you know, they tend, you know, from the inflation. They don't mind spending. So that is the trend which you will observe in across Fmcg, that the premium category has grown much faster. The mass products are the ones which are suffering.

Lakshminarayanan K G (TUNGA INVESTMENTS)

01:03:01

Got it. Thank you, sir. Thank you so much.

Pinky Mahato

01:03:04

Thank you. Next question is from line of Jaykumar doshi. Please go ahead.

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Jaykumar Doshi (Kotak)

01:03:14

Hi, Abhijit! Thanks for the opportunity.

- and in case, you know, if I was on and off on the call, so if my question has already been addressed. You let me know. I'll get back in the queue.
- Just one question from I am.
- You know you've you've been growing faster than the market and market leader for several quarters. Now nearly, you know, 2 to 3 years, very consistently, maybe 200 bits better.
- And now you're doubling down focus on,
- you know, urban markets.
- So should we expect this, you know, outperformance versus market to widen or expand.
- or you think whatever initiatives help you grow faster over the last 2, 3 years will probably, you know, that will taper off, and that will be offset by, you know, urban focus.

•

Abhijit Roy

01:04:00

Yeah, you know, our expectation is that it will add a little bit more push to the overall differential growth

- the upcountry growth. Opportunity still exists for us, and whatever we have been doing has been giving us decent results, and will continue. But I would say, little bit of tapering might happen in the country growth rate differentials
- but that will be more than made up for by the urban growth rates. Now, which will kick off.

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Jaykumar Doshi (Kotak)

01:04:28

Sure, and should we expect this benefit from December quarter, or maybe next I mean second half this year, or next year.

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Abhijit Roy

01:04:35

I think you know quarter 4, you will see. Distinct benefit, you know, should have.

- Second, this quarter also. Little bit of benefit will come through
- but next year will be probably be much better.

Jaykumar Doshi (Kotak)

01:04:51

Thank you so much, and good luck. With this initiative.

Abhijit Roy

01:04:54

Thank you.

Pinky Mahato

01:04:57

Thank you. We consider that as a last question for the day, I hand over to management for closing remarks.

Abhijit Roy

01:05:04

So thank you all for coming, and spending time here, you know, and wish you a very good time ahead, you know, hopefully, for all of us. The market will become stronger, and we'll do better in the coming quarters. Thank you again.

Pinky Mahato

01:05:22

Thank you. Thanks to all of you.

- Thank you. On behalf of Emkay Global Financial services that concludes this conference. Thank you for joining us.