



**“Prince Pipes and Fittings
2Q FY2022 Post Results Conference Call”**

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Moderator: Good morning ladies and gentlemen. Welcome to Prince Pipes and Fittings Q2 FY2022 post results conference call hosted by Antique Stock Broking. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Zade from Antique Stock broking. Thank you and over to you Sir!

Amit Zade: Thanks, and good morning, everyone. Thanks for joining us on the call. We thank the management of Prince Pipes and Fittings for giving us the opportunity to host this post results quarterly conference call. Today, we have with us the senior management team of company represented by Mr. Parag Chheda - Joint Managing Director, Mr. Shyam Sarda - CFO, Mr. Anand Gupta - Deputy CFO, Mr. Nihar Chheda - VP- Strategy. Without further delay, I hand over the call to the management for the opening remarks. Post that, we can open the floor for Q&A. Thank you and over to you Sir!

Parag Chheda: Thank you, Amit. A very good morning to all and best wishes for the festive season to all our participants today. Thank you for joining us for our Q2 FY2022 Earnings Call.

The presentation and the press release have been issued to the stock exchanges and uploaded on our website. In the September Quarter, the economic activity started normalizing. This normalisation has been supported by the ramp up of the vaccination drives favorable sentiments in the Indian real estate sector and an overall revival of the global growth.

India’s economy which contracted by about 7.3 % due to the COVID-19 pandemic has been projected by IMF to be the fastest growing economy in the world in 2022. I believe we at Prince Pipes are well placed to ride the industry tailwinds, which is augmented by positive economic, momentum.

On this quarter’s performance, we have been able to drive a robust growth in both value and volume. Our volume in Q2 FY2022 was at approximately 42,845 metric tonnes, which is a growth of 22% compared to the base of Q2 FY2021, which was already a robust quarter in terms of volume delivery.

On the back of this, I am delighted to state that we have delivered the highest quarterly volume performance in our history. We have been able to achieve this by focusing on network expansion, product portfolio expansion combined with strong supply security.

Furthermore, this has been attained on the back of ongoing industry consolidation and in the face of a global supply chain crisis. Given the current trajectory, we are moving in the right direction. As we continue to strengthen business fundamentals.

On behalf of the team, I am delighted to share that my Jaipur facility has won gold in the eighth edition of National Awards for Manufacturing Competitiveness–2021, organized by the International Research Institute for Manufacturing. The jury audited several core attributes of leadership, expertise, quality and excellence. The program recognizes manufacturing organizations that have excelled in their business through implementation of strong competitive strategy, coherence to its growth plan to become world class.

Also, I am glad to share that our team in Hyderabad, conducted a vaccination drive to secure the health of retailers, and plumbers in Hyderabad City. Our plumbers are an important part of our ecosystem. And we have been undertaking several activities for their welfare, which we will continue, as we move ahead and work together.

We also released our sustainability report ahead of mandatory timelines of next year, signifying clearly that we are committed to sustainability goals in true spirit and not merely on paper. Prince has been making steady headway on the ESG front. As you are all aware, we manufacture plastic pipes and fittings using four different polymers, which is UPVC, CPVC, PPR and HDPE.

Our deep technical know-how offers our channel, quality-driven and eco-friendly products. Furthermore, this also helps us to design our systems that are energy-efficient, adaptive to climate change and promote environmental protection with easy installation.

Our products are majorly lead-free, easy to reuse and recycle, low noise, low-bacteria growth, and assured of leading quality while minimizing any corrosion and leakage issues. While our annual sustainability report outlines our ESG initiatives in detail, our focus continues on the following goals.

First, adherences to environmental protection and focus on product innovation; second, increasing our solar energy usage and reducing the dependence on grid; third, focus on social causes and community services, with a measurement of impact; fourth, increasing women participation workforce in our organization; fifth, ethical and integrity-led business growth; and lastly sixth, adherence to the highest governance standards.

Through this quarter, we continue to take various brand building and social initiatives to make powerful impact in not only the marketplace, but also in our society. We distributed Storefit water tanks of 500 liters capacity to villages along LOC Kashmir with the

assistance of the Indian Army. Water distribution and transportation is the critical issue across our country, especially, in remote locations along the LOC. We are very grateful to the Indian Army for helping us drive this activity and we hope to better the ease of living, health and quality of life of rural India.

This quarter, Prince also participated in the Rath Yatra in Odisha by distributing food grains and groceries to devotees. I am proud to announce that Prince is the co-branding sponsorer of the Blockbuster Suryavanshi, the much awaited film, stars our brand ambassador - Akshay Kumar, and we believe the film shall have a strong mass connect with retailers, plumbers and homeowners across India. This is in continuation with our co-branding association with Akshay Kumar's film 'Mission Mangal' in 2018, through which we were able to foster better brand recall and stronger brand positioning. Thank you for your time and mind share. I will now hand it over to Shyam to take you through the key financials.

Shyam Sharda:

Thank you Parag Bhai, and good morning, friends. I will be taking you through the Q2 FY22 financials now.

In this quarter, the company saw a robust revenue growth of 66% at Rs. 761 Crores, compared to Rs. 459 Crores in Q2 FY2021. The volume grew by 22% at approximately 42,845 metric tonne. EBITDA was at Rs.123 Crores in Q2 FY2022, compared to Rs. 80 Crores in Q2 FY2021 indicating a growth of 53%. EBITDA margin is at 16.1% in Q2 FY2022. A&P spend increased by 36% over the previous year quarter and was at Rs. 9.6 Crores during the relevant quarter.

Further, our finance cost has reduced by 40% due to the complete repayment of long-term debt and continuous improvement in cost of borrowings. Profit after tax stood at Rs.76 Crores compared to Rs 47 Crores, translating to a growth of healthy 62%. Given the current raw material supply shortage, we have taken a conscious decision to have higher inventory levels, and our inventory is presently at 86 days. While our creditors, is at 64 days.

Despite a robust volume growth, we have seen an improvement in debtors, which is currently at 48 days. In a consolidating market, we need to achieve sustainable growth by driving discipline in our receivables. We have started to further realign our overall credit policy, using multiple levers; one such a step in this direction is the application of interest on overdues in certain markets. We hope to tighten our debtors' levels without compromising on the volume growth. With this, we would like to open the floor for the questions please. Thank you.

Moderator:

Should we open up for questions?

- Amit Zade:** Yes, please.
- Moderator:** Thank you. The first question is from the line of the Mr. Sujit Jain, from ASK Investment Managers Limited., please go ahead.
- Sujit Jain:** Congratulations on your highest ever volumes. My question is related with six months volume growth which is up 2%, could this run rate 40-42,000 per quarter be sustained in Q3 and Q4?
- Nihar Chheda:** Thank you Sujit. So, if I look at the first half, like you rightly said that we have been able to grow year-on-year. If you look at it from a Q2 to Q2 and a H1 to H1 perspective, even in the challenging circumstances, I think it is more important to look in volume terms rather than in value terms, because of the kind of increase we have seen in the realizations. As far as run rate going forward, I think what we need to understand is that last year December quarter and March quarter also were very, very robust for us. I think if I look at Q3 last year, we posted 18% Y-O-Y volume growth and in Q4 last year, we posted more than 25% volume growth on a year-on-year basis. So again, similarly, like the current base of second quarter, we are looking at a very high base, going forward. And I think, given the environment today, the kind of supply security that we have and the various initiatives that we are doing, as far as network expansion and product portfolio expansion is concerned, we would like to consistently deliver this kind of growth in the current environment.
- Sujit Jain:** So, for the full year, would we be reaching 145,000-15,0000 kind of a volume, 150,000?
- Nihar Chheda:** See, I will refrain from giving such specific detailed volume numbers. We are sitting only in the half year today. So, it is not fair for me to give an exact volume guidance. I think our focus has to just be on network expansion, product portfolio expansion, and keeping our supply security strong and we will be in the right place to consistently deliver growth, but I will refrain from giving such a quantified guidance's today.
- Sujit Jain:** What I am asking is basically, there is issue with the dealers at high prices, picking up inventory, their reluctance. Would that affect? Would that impact or not have an impact?
- Nihar Chheda:** Of course, it does have an impact. It has an impact across the value chain, right from the processor, distributor and then downward as well. So, you know, even if I look at my current quarter, we have been able to deliver 22% volume growth, and still reduce our receivables, which is a testament, of how we have been able to balance bringing in a discipline on the receivables and still being able to post this kind of a volume growth. Yes, there is going to be certain resistance in the channel, but we are having those conversations with our key distributors in our principal markets, encouraging them to increase the

investment in the business. As of today, anyone who is investing in the business is bound to make a profitable investment, given the way commodities have moved and the way the PVC cycle is moving. Distributors are ready to invest, because they see that, if they invest and play, they will have a more profitable bottom-line, rather than not investing.

Sujit Jain: Sir, very helpful and one quick question is on your realization versus the realization of the industry leader in CPVC. Because of very high realization in the market and some down trading in the market, has the gap narrowed down?

Nihar Chheda: Yes, the gap in CPVC, if I look at a per ton basis, Prince realization versus the market leader realization has narrowed down. I think this journey of narrowing this price gap down, not only in CPVC but in PVC as well started around two or three years ago, specifically coming to CPVC, the gap used to be maybe 10% or even 15% in some markets, which we were able to reduce when we got FlowGuard, the gap was around 7 to 8%. And now post FlowGuard, we have been able to further reduce that gap to 2-3%. In fact, in some markets where we are strong, we have received a very encouraging take off of our CPVC products. We are selling at parity, or even at a premium in some markets. So that gap has more or less moved out and despite that, we have had high double-digit growth in CPVC polymer as well, in volume. All I was saying is in CPVC the growth has been high double digit in volume and value terms.

Sujit Jain: Sure. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Rahul Agarwal from Incred Capital. Please, go ahead.

Rahul Agarwal: Good morning. Thanks for the opportunity. Sir, three quick questions, firstly on the sales mix. Could you give some detail as in how was the plumbing and Agri mix for the second quarter in first-half please?

Nihar Chheda: Yes, so as you are aware, you know, as an Industry norm and Company policy. We do not share segmental breakups. But again, we will give you a direction, the growth especially in the September quarter has been led by plumbing and SWR segment, both in B2C and B2B, where we are making some early entry. So, this growth has been largely driven by plumbing and SWR. I think this trend will continue in December quarter as well. And if I must look further ahead into March quarter, I am pretty optimistic about agri season seeing a fair amount of resilience, and a comeback in the March quarter, simply because of the monsoons being robust. We do believe that the income per capita in rural India will be increasing and there will be a positive sentiment amongst rural India. And especially, since the past agri season, agri pipe season has been poor in the first quarter. I think fourth quarter

we could see plumbing continuing the momentum, which will then get enhanced by the agri volumes as well in the March quarter.

Rahul Agarwal: Got it Sir, the first half mix for agri would be how much in terms of whatever you want to give revenue, volume or either way, just the percentage in terms of agri non-agri?

Nihar Chheda: Around 30% to 35% is usually agri, in terms of contribution.

Rahul Agarwal: Got it Sir, Sir, secondly on the inventory, obviously you mentioned that it is higher than normal. When does this normalize because the inventory has gone up by 300 Crores in first half, when I compare the balance sheet between March and September and that is also impacting the cash flows, the operating cash flow is negative for the first half. Could you help understand that please?

Nihar Chheda: Absolutely, I think that is a very important question, which needs to be understood. So, there are two parts to this. One is the rupees per ton itself has gone up, because of the upward cycle in PVC. So, one is that, even if I am keeping the same volume in Crores, or in value, the inventory will be looking higher. So that is one impact. And the second impact is the fact, that we took a conscious decision at the beginning of this year, somewhere in the first quarter to work with higher inventory, given the kind of global supply chain issues we are seeing, or I would rather call it a global supply chain crisis. So I think one of the reasons we have been able to outperform the industry in the September quarter has been the kind of supply security we have had, we have had the stability, the flexibility to have this kind of volume growth, because apart from all the marketing initiatives that we are doing we have had a very robust supply security across all four polymers and that will continue for the rest of the year. So, inventories will continue to be slightly elevated. It is tough to comment exactly when it will normalize. It is a function of how the global supply chain moves, and how the commodity prices move. So, that is something that our internal think tank has to take those calls and these things are monitored closely on a monthly basis.

Rahul Agarwal: Got it, Sir. Could you help clarify for all across four polymer how we are sourcing as in domestic versus import?

Nihar Chheda: Sure, so I would not go polymer wise, but broadly speaking, we have dependence both on domestic and on import. CPVC, if I must talk specifically, then that is completely with Lubrizol, which we source locally from their Dahej plant. The rest are a combination of domestic and import.

Rahul Agarwal: Got it, Sir. Lastly if I may, just on the capex, first half for 80 Crores, any direction for the full year, this year and next year please? Thank you so much.

- Nihar Chheda:** I think should be a similar sort of capex in the second half of the year; again, depending on the demand supply situation, but a similar capex in the second half of the year. Thank you.
- Rahul Agarwal:** Thank you so much and wish you wish everybody at Prince a very Happy Diwali and a Prosperous New Year. Thank you.
- Moderator:** Thank you. The next question is from the line of Madhav Marda, from Fidelity Investments, please go ahead.
- Madhav Marda:** Good morning. Thanks for your time and the opportunity. I just wanted to check that, has there been any shift in demand that we are seeing from PVC to CPVC because of the higher prices? And could you also help us understand the PVC prices which have moved up a lot, how much has been the present increase in CPVC prices in the last three to six months?
- Nihar Chheda:** Thank you Madhav. We have seen some amount of structural change in demand, to some extent from PVC to CPVC, because of that pricing gap between CPVC and PVC really narrowing down. So, we have seen a shift in demand in the September quarter towards CPVC. Going forward, I do think that it is important that this gap paves the way for this to be a structural change in the consumer trend. I believe that this is only a temporary phenomenon. I think, again the gap between PVC and CPVC will widen. I cannot quantify what the gap will be, or how it would compare to what the gap was previously. But I think that for a structural change to happen from PVC to CPVC this kind of gap needs to remain for a few continuous quarters, and I think we will have a better assessment of this at the end of the financial year.
- Madhav Marda:** And how much was the gap broadly between PVC and CPVC like maybe six months or nine months back, and how much the gap narrowed down to today?
- Nihar Chheda:** So, it used to be around, so I do not have the exact numbers, Madhav. I am happy to share offline. You can get in touch with my team and we can share the exact numbers. But broadly speaking, CPVC was maybe one and a half to two times, more expensive than PVC and that gap has significantly come down.
- Madhav Marda:** Got it, and obviously, I think CPVC in terms of gross margin per kg. I think it is a higher margin product. So that must be I think on a margin spike up.
- Nihar Chheda:** Absolutely, I think the focus has been not only on CPVC but on over all plumbing and SWR, the entire household segment or the domestic use segment is more value added at the gross margin level relative to agri. And there has been a conscious effort to have a higher

contribution from that segment, which has been reflected in our performance over the past two to three years.

Madhav Marda: There is no element of like an inventory gain or loss in any meaningful way in Q2 right like, straightforward numbers?

Nihar Chheda: Yes, no significant gain or loss in September.

Madhav Marda: Just the last question was on the government spending on the pipe water supply sector, are we seeing good momentum for that on the ground now? And do we expect once the season picks up like January onwards; it could be strong or is it still sort of in a nascent stage?

Nihar Chheda: I think, this Jal Jeevan Mission was a major contributor to the growth that we were able to deliver in the December and in the March quarter last year, I would say it has cooled off to some extent in the first half of the current fiscal. However, in certain states, we are seeing green shoots of demand and I am very optimistic that in the second half of this year or maybe in the March quarter, we should see an increase in the orders from the Jal Jeevan Mission.

Madhav Marda: Understood. Thank you. Thanks a lot.

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

Achal Lohade: Thank you for the opportunity. Congratulations for the great performance. You know, my first question is, in terms of, you said the receivable days you want to tighten it further. Can you help us understand a) Is there a change in terms of the credit norms and b) the channel financing stock bill discounting and what has been the quantum for September and March?

Nihar Chheda: I think, it is clear, internally, we have a clarity of thought that we want to improve on our receivable days. Again, this journey has started four or five years ago and our receivables have significantly reduced from where there were four or five years ago. Even today, if I look at my receivable days, relative to my peers, we are still not happy with where we are today. There is definitely room to improve from here on. To answer your question, specifically, is there a change in the credit policy? Yes, and the existing credit policy also, we have made certain changes. So like, we said in our initial remarks that we have started charging interest on overdue payments in certain markets, and if we are able to see a positive impact of that, we will ramp that up to a national level, eventually, in a phase by phase manner. We have also started implementing our credit policy in a much tighter

manner. And trying to find a better balance between growth and receivables and specifically again on the channel financing outstanding as of the quarter end was 60 Crores.

Achal Lohade: Which means it is kind of reduced a bit actually compared to March, is that right?

Nihar Chheda: Yes. So, just to clarify as a part of our overall credit policy tightening, we do not have any intention of ramping up channel finance, as we have repeatedly stated that now all our key distributors in principle markets, whoever needed channel finance is now enrolled in the program. This is not something that we are trying to scale up in a major way. So, this outstanding amount should be range-bound and you are right, we have seen a slight reduction in this amount relative to the March end.

Achal Lohade: Great, if I look at the first half volumes and see it on a two year because for last year first half was impacted I see actually the volume growth is just steady actually for us, even for the others you know it is barely positive, it is not mildly negative, so how do you see this demand, do you see that it is entirely attributed to an agri drop and the plumbing has grown or you think plumbing was just flattish and now you will see a momentum there?

Nihar Chheda: That is a good question Achal and that is something we have been analyzing internally as well, if I look at our two-year volume performance you are right it is stable, am I happy with that? Of course not, but if I look at the context, one relative to the industry or relative to the other organized players, I think we are in a much better position, if I look at the two-year growth in terms of H1. Secondly, I think if you are coming to why this has happened, it is of course because of the pandemic and the lockdown has severely impacted our H1 last year and severely impacted our quarter one in the current year as well and also impacted the kind of agri sales we would have had in a normal year, so I think it is largely attributed to that, but if I look at the full year basis even with the tailwinds of COVID and the lockdown, etc., last year we were able to give a 3% or 4% volume growth relative to FY2021, so I think if I look at overall basis we have done pretty well and I think the focus needs to be on outperforming the industry in terms of value and volume.

Achal Lohade: Is it possible to give some colour how the industry growth has been for the plumbing and how it is looking like for the coming 12 to 18 months?

Nihar Chheda: I think these sort of sentimental growth at an industrial level I think we usually have a better off picture at the end of the year in March, but if I have to give a qualitative perspective here you know whatever end users I have been interacting with over the past quarter builders and contractors across the country metros like Delhi and Bengaluru, Hyderabad, Pune, etc., even Mumbai there seems to be a very buoyant sentiment in real estate and I think over the long term or even the medium term of two to three years from now on I think

we should be very, very bullish on the plumbing and SWR segment given the kind of recovery and resilience we are seeing in the Indian real estate market and with our partnership with Lubrizol and our entry into the B2B segment, I think the timing has been opportune to be able to encash on these headwinds that real estate sector is great.

Achal Lohade: Great, just one more question again pertaining to the industry with respect to the unorganized players, we have seen in the last couple of years it has been significant shift, now you think what would be the mix, I know it is very hard to say, but your opinion on the same and the current demand pricing, etc., you see how much further reduction in the unorganized mix?

Nihar Chheda: You know, we have been a firm believer in terms of market consolidation, which obviously augurs well not only for the organized players, but also for the end homeowner and plumbers. In terms of how that has shaped up I think the market consolidation has only accelerated in the September quarter, simply because of two reasons, one is PVC in itself the per ton cost has increased by 60%, 70%, 80% on a year-on-year basis so that kind of working capital, that kind of strength in the balance sheet is required to be able to have supply security, which the smaller players obviously do not have and second is even if they do have the balance sheet or the flexibility the material availability in itself has been a challenge, so these times when you look at purchasing commodity like PVC it is not about price, this market is about supply, so even if these players have the kind of working capital strength, availability in itself has been a challenge, in fact availability has not been a challenge only for the smaller players, some of the larger players also are facing a supply security issue so I think there has been, I cannot quantify, but I think that this consolidation will continue to accelerate and it has definitely moved in the right direction in the September quarter for the reasons that I have discussed.

Achal Lohade: Fair point, I will come back for the follow up questions. Thank you so much.

Moderator: Thank you. We will move on to the next question that is from the line of Chirag Lodaya from Valuequest. Please go ahead.

Chirag Lodaya: Thank you for the opportunity and congratulations on a great set of numbers. Sir, my first question was on channel inventory, so you mention at a company level we have a robust security going into H2, but how is overall channel inventory and how are we placed at this moment?

Nihar Chheda: Thank you, Chirag. Again, I think that is a good question. I think channel inventory right now would be moderate and would depend from market to market and some type of distributors, there are some distributors that are larger in size and have the flexibility to

invest and the conversations that we have been having with our distributors like I said earlier on the call is urging them or pushing them to invest in the business, so that they are able to still pay us on time, adhere to our credit policy and still end up winning in the marketplace and the way the PVC cycle has moved, any of my channel partners who have invested in the business invested in stocks and worked in the market have earned very well because of the kind of movement that we seen in PVC, and this is a phenomenon not only of the last quarter, but I am talking about the last two years, so certain distributors who are financially well off and larger in size have worked with larger inventories and certain distributors I think would have moderate inventory.

Chirag Lodaya: The second question was passing on price to the dealers, so we have seen two to three price hike now in August and substantial price hike in October, so is there a time lag which has increased for passing on the prices or we had not been able to pass on the prices?

Nihar Chheda: This is something which is important to understand, the lag with which we used to pass on maybe in a normal scenario would be one to two weeks, which I think in this kind of a scenario where maybe two to three weeks or slightly higher than that and the reason for that is this kind of PVC prices is unprecedented, it is going to create a certain level of shock in the system if we pass it on immediately with full effect so what we have done is we have tried to pass on the price hikes in a phase wise manner, so for example if you have to pass on an 8% increase, we would pass on maybe 3% immediately another 3% after 15 days and then another 2% in five or seven days after that so that have been done in phased wise manner simply because we had stock, we had supply security, we wanted to focus on a balance of margin as well as healthy volume growth and outperforming the industry and that is why we have taken a call to do this phase wise passing on so the channel does not freeze or does not shock with these kind of increase.

Chirag Lodaya: Right, so is it fair to understand or conclude that whatever inventory gains you would have enjoyed last year, definitely this year despite prices moving up and we are having the inventory will not be able to get inventory gain this year, it will be more focusing on volume rather than profitability?

Nihar Chheda: I think you are on the right direction, but it may not be that in the coming quarters it really depends on the demand supply situation, it is not that the inventory gain might be completely passed onto the market, but I think today when the rest of the market or a large part of the market is struggling with supply and certain players who have strong supply security, we have now the luxury or the privilege of focusing on a balance between margin and volume growth simply because we are in a unique position today and with volume growth I think we must not underestimate the operating leverage benefits and the cost absorption benefits that come in with volume growth and that have certainly helped in the

September quarter and I think will continue to help us as long as we are able to have healthy volume growth.

Moderator: Sorry for interrupting Mr. Lodaya, may we request that you return to the question queue that the participants are waiting for their turn.

Chirag Lodaya: Sure.

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

Sneha Talreja: Thanks for the opportunity and congratulations on strong set of numbers. Two questions from my end, now you rightly said that you would be looking at continuing this set of volume growth, what I wanted to understand is after two sharp price increases, which have taken in the month of October 1 and then I think on October 15, which is around Rs.15 odd, what is the part of the reaction and terms of demand that you have already seen, so if you could give some colour on terms of volume growth that has been going on, I think that would be helpful?

Nihar Chheda: Sneha, thank you for that. I think the focus as I said needs to be on volume growth, but with a balance of at least sustaining margin to some extent and growing in a profitable manner and of course that is going to be a function of the demand environment is going forward. See the pricing has been in an upward trend, a significant upward trend and like you correctly pointed out we are seeing Rs.20 increase in the October month, so one I think the channel expected this kind of an increase was not something which was unforeseen. It was a foreseen increase because we had been actively interacting with our channel partners and encouraging them to give this kind of information to their channel retailer and the wholesale level as well or even to contractors and consultants, so this kind of an increase was firstly foreseen, it was not unforeseen and furthermore this kind of an increase has been seen in other building material categories like steel and cement as well, which you guys would know better, so of course prices would not be sustainable in the long-term, but currently given the feedstock prices, given the electricity prices that we are seeing globally, I do not see any major correction or major softening in the prices in the coming quarter or in the rest of the year that is the situation as of today and that is the information that we are passing on to a channel who are then passing that on to their channels further, so I do not think there is much debate about that.

Sneha Talreja: That means there is no hesitance in terms of picking up of inventory by the channel given that I would have expected it to be in that high level?

Nihar Chheda: I would say a certain level of resistance at every level. I think if I look at even last year where we saw sharp rises immediately after the price hike there was some level of resistance, but then the market also is absorbing that, market also needs time to get used to it and that is exactly why we are doing it in a phase wise manner both the Rs.10 increases we took 15 to 20 days to pass it onto the market in a phased wise manner initially there is some level of resistance but then the market knows that in December and January, there is going to be further tightening in PVC, so initial resistance, but eventually the market has to absorb given what it is going to happen in the next three to six months.

Sneha Talreja: Got it that is helpful, my second question was related to BIS norms implementation, we understand that Kerala has put a stay, but rest of the states have not put any stay, so what is the situation there, are those manufacturers having to shutdown the operations and are we getting some benefits of consolidation already, because that started from October 1. 2021. I just wanted to have a clear picture on that?

Nihar Chheda: I think if I am being honest I do not have a 100% clear picture as well, I think it will take some time to get further clarity, but you are right in terms of there have been major processors in that state who were operating in this non-ISI segment, as I would think partially some have stopped and some continue to give the non-ISI product while some have stopped, I think it is too early to assess whether we have started getting the benefits, but one thing I do know for sure if this continues and there is no further stay from the rest of the states on maybe 9 to 12 months horizon from today they should definitely give a major impetus to not only Prince, but to the entire branded segment of the industry, so I am still a firm believer and continue to be optimistic that any such kind of regulation from BIS which if implemented in the right manner with the right resources will lead to a good consolidation and this whatever improvement in regulation we have seen it may not be ideal, it may not be perfect, still there may be question marks around the implementation, but I think the overall direction is very clear, the overall intent is very clear, now it is not a matter of if this is going to happen, it is only a matter of when this is going to happen.

Sneha Talreja: Got that, thanks and just a last question if I can squeeze in?

Moderator: Sorry for interrupting, Sneha we request to come back in the queue.

Sneha Talreja: Sure, I will come back in the queue.

Moderator: Thank you. The next question is from the line of Praveen Sahay from Edelweiss Financial. Please go ahead.

Praveen Sahay: Thank you for taking my question, so I have only one question that is related to the volume growth and the PVC resin prices, so in the first half I can see that you had given good numbers, so can you give us some colour on, is it driven by the market share gain or end user industry or the pent up demand, how much is the contribution from these and if scenario of the PVC resin prices on the uptrend, what is your view especially on the resin prices in the coming quarters to sustain here or how that is it looking because that is driving your margins and the pent up as well, so where you will see this margin to stabilize. Thank you.

Nihar Chheda: Thank you, Praveen. So in terms of contribution to our growth, I think it has been a combination of three key parameters, one is network expansion, second is a product portfolio expansion within our existing applications coupled with the last reason, which has strong supply security. A confluence of these three factors has helped us grow and gain market share in such an inflationary environment as well and if I have to comment on resin prices, I think it is something which is obviously not easy to comment on given the way all commodities have moved over the past to 12 to 24 months, but if you have to talk in terms of fundamentals for PVC raw material manufacturers their feedstock prices and their power costs across the globe is only increasing, so I think going forward PVC should continue to remain stable to tight there could be minor corrections here and there, but if I have to talk on a 6 month basis I think it will continue to remain tight.

Praveen Sahay: So, in that case as you had mentioned earlier in the call that PVC versus CPVC prices which has narrowed down the price gap, so that will not happen also?

Nihar Chheda: No, I think we need to understand CPVC is made from PVC. Like I said we need to assess at the end of the year whether the gap of CPVC and PVC widens or narrows, my view is that end of the day CPVC is made from PVC, CPVC is chlorinated PVC, so eventually that gap will normalize over the long term, I think need to wait and watch.

Praveen Sahay: Thank you.

Moderator: Thank you. We will move on to the next question that is from the line of Ashish Poddar from Systematix Institutional Equities Advisors Limited. Please go ahead.

Ashish Poddar: Thank you. So, my question is on the operational front, so if I look at your EBITDA per kg historically which used to be around Rs.16 to Rs.17 over the last four to five quarters it is now in the range Rs.27 to Rs.28, so while we believe that in the next two to three years timeframe, the PVC prices will normalize, but do you think that this EBITDA per kg will again go back to the earlier range, or because of various drivers that will kick in this will remain at the elevated level of Rs.25 plus, your comment on that? Thank you.

Nihar Chheda: Thank you, Ashish. I think if I have to look at the operating performance on a per tonne basis or a percentage basis, I think there has been multiple factors that will play a part in this, definitely there is no denying that there has been a good amount of inventory gain over the past four to five quarters, in the September quarter we have not seen a major inventory gain, but in the past four to five quarters we have shared the inventory numbers on a quarterly basis as well, so I think going forward I think PVC will continue to remain tight, but what we need to understand is that why this EBITDA per kg has moved up, one of the reasons is inventory gain, the second reason is product mix as we move towards plumbing and SWR towards more CPVC and PPR our gross margins are down to improve and third is pricing power like I said that in a consolidated market with higher investment into branding that we are making in a conscious and strategic manner, I think the pricing power for national brand like Prince is bound to improve going forward, which we have tried to consciously improve and trying to balance that with the volume growth, which also delivers operating leverage and cost absorption benefits, so I think we have to try to find that sweet spot between volume growth and operating leverage versus pricing power, which we will continue to track and implement on a quarterly basis.

Ashish Poddar: Any number which you can think is sustainable over a long term?

Nihar Chheda: I will refrain from giving a specific guidance on that given the current scenario.

Ashish Poddar: So that is why I am asking about the long term, not immediate quarters, but do you think that this 20 to 25 is for any sort of number which is sustainable for you or which you are targeting in the long term maybe next two, three, four years whatever?

Nihar Chheda: So, we do definitely have long term targets, but I would keep that as internal targets which we want to achieve, but from a guidance perspective even on a short term or long-term basis we need to focus on volume growth, we need to focus on pricing power and we need to focus on finding the right balance between both, i will refrain from giving this guidance.

Ashish Poddar: Got it. Thank you so much and all the very best.

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

Ritesh Shah: Thanks for the opportunity, wanted to understand first thing on the sourcing for PVC as well as CPVC, that is one basically how much of it is domestic, how much it is imports and if one could actually put some number or sense to around 300 Crores of inventory there on the books, which is visible from the balance sheet statement that is my first question, I will come to the second question, which is more specific on CPVC?

- Nihar Chheda:** Thank you, Ritesh. Like I had said earlier on the call that our polymer sourcing is a function of or rather a balance of import and domestic, the ratio between import and domestic is dynamic and dependent on how we see the trend in PVC price going forward so it is a balance of domestic and imports.
- Ritesh Shah:** Possible to quantify it given we are large player I think I would assume the local sourcing should be higher and it should benefit us on the working capital as well as on pricing?
- Nihar Chheda:** I do not wish to quantify that it is a balance of import and domestic, I do not think it is something as an industry norm to share these kinds of details and I am sure you would appreciate something like sourcing is very important in this kind of an industry.
- Ritesh Shah:** Sure, how can you get comfort on the amount of inventory which we have and how much of it is PVC and CPVC, the reason over here I seek clarity is to understand CPVC, I think the compound prices by Lubrizol has got increased and they are also seeking a further increase, so just wanted to understand the inventory that we have if you can split it up between PVC and CPVC and you also made a comment that the differentiate in pricing versus the top player has reduced from 10% to 15% to 7% to 2% to 3%, if you can put some sense to it with respect to the cost of increase, how should one understand that?
- Nihar Chheda:** If you are looking for a breakup in terms of my inventory it is going to be a function of my sales, so it is largely going to be PVC followed by CPVC and then PPR and HDPE, so we would keep inventories accordingly, I did not understand the second part of your question.
- Ritesh Shah:** Second part of my question relates to how much is the CPVC inventory because what we understand I think the industry even the larger players are actually in the south for CPVC resin as well as compounds, so if you can provide some comfort that there would not be any disruption on production specifically on the CPVC side that would be useful that is one and secondly we understand that Lubrizol has already increased prices I think from 2.4 to 2.8 plus and they are looking for further increases if that is the context of the cost of increase for a company and what you indicated is against the top player in CPVC, the differential has reduced from 10% to 15% to 2% to 3%, so is it to what we are implying is that the price increases that we have taken is higher than the market leader or are we okay to give our market share and play on better pricing?
- Nihar Chheda:** I think it obviously comes down to the same thing that we have to find the balance between pricing and volume growth, I think we are never going to take a call of a letting market share go and we are never going to take a call of selling without profit, so I think the core of business is to be able to find the balance between volume growth and pricing, I think I am sure, yes, Lubrizol have taken price increases, but so as the rest of the industry because the

fundamentals of cost has gone up everywhere for all polymers, for all commodities, what I am very sure of is that today we have a robust supply security across all our polymers which is why we have been able to drive this kind of a volume growth and our tie-up with Lubrizol ensures that we are in a position today to fuel our aggressive growth aspirations in the plumbing and SWR segment and in the short term, the medium term and in the long term, we have superior supply security relative to the industry.

Ritesh Shah: And on price increases?

Nihar Chheda: We have taken sharper price increases relative to the market leader in the last one or two years that has been the trend and that is how we have been able to reduce the pricing gap.

Ritesh Shah: Got it. I will join back in the queue, I have more questions, I will join back the queue.

Moderator: Thank you. The next question is from the line of Utkarsh Nopany from Haitong Securities. Please go ahead.

Utkarsh Nopany: Good morning, Sir. Thanks for taking my question. So, my first is if we see them you were sitting with a pretty large inventory at the end of June quarter and despite rising price environment our gross profit per unit has still gone down from Rs.53 per kg in June where we had an inventory loss of around 5 Crores, Rs.50 per kg in September quarter, can you please explain the reason for this and provisionally that has prices stabilized at the current level and then do we see a gross profit per unit to come under pressure going forward?

Nihar Chheda: So I think, thank you for your question, Utkarsh. If I look at the total increase in the September quarter it has been Rs.24 per kg increase out of that Rs.24 increase around Rs.17 has happened in the last 30 days and like I said earlier on the call we have been able to pass on the price hike with a lag of maybe 15 to 25 days hence that kind of an inventory gain was not seen which we saw maybe in the earlier quarters last year, I think the focus was on the EBITDA in terms of margin or in terms of per tonne basis simply because we had a strong supply security and we wanted to leverage that for volume growth and for operative leverage and this kind of a volume growth has helped us absorb cost and make up for whatever we lost at the gross level and we have been able to largely sustain that at an EBITDA level.

Utkarsh Nopany: Sir, going forward if the rising prices remains at a stable level, do we see that our gross profit is because even during favorable environment time, if we are seeing a decline in the gross profit per unit, so my question, I just wanted to understand from you that are we seeing some kind of pressure for the gross profit per unit from December quarter onwards?

- Nihar Chheda:** No, I do not foresee any major pressure on the gross profit going forward, what you must understand is these kind of calls need to take on a quarterly basis, at the beginning of this quarter we realized we had a strong supply security when the industry did not, so we wanted to have a good volume growth, which would help us absorb cost and net, net increase our overall value that we are able to create, in some quarter where we feel like it more beneficial to hold onto price and you know not to go aggressive on volume when we would take that call depending on the demand supply scenario, so it is really a function of what the demand supply environment is and what is the reading of that situation and then what is the result in strategy, this quarter we had a clear strategy to focus at the operating level and as long as we were able to sustain EBITDA margins and have this kind of a high double digit growth I think it was a sound strategy at the end of the day.
- Utkarsh Nopany:** Sir, my second question is how much capex we have on Telangana plant in the first half of FY2022 and how much more we make to spent to take 50,000 tonnes and what is our present pipe and present capacity?
- Nihar Chheda:** So, existing we have only fitting capacity, pipe capacity is in the process and hopefully in the December quarter we would be able to build up the right piping capacity so I think at the end of the December quarter we would be able to give a very clear picture as far as the Telangana capacities are concerned.
- Utkarsh Nopany:** Sir, how much capex incurred on Telangana in the first half?
- Nihar Chheda:** So total capex on Telangana right now is around 75 Crores.
- Utkarsh Nopany:** 75 Crores is the aggregate capex we have spent on Telangana till date?
- Shyam Sharda:** Yes, so this is the amount which has been capitalized apart from that there is a substantial capital WIP as well, so we would be almost like 18 Crores is what has been deployed in the Q2 of this year and as on September it will be like 171 Crores odd total, capital WIP along with the capitalized amount.
- Utkarsh Nopany:** Thanks a lot, Sir.
- Moderator:** Thank you. The next question is from the line of Karan from Asian Market Securities. Please go ahead.
- Karan:** Sir, thank you for the opportunity. Sir, first quarter which is seasonally heavy for agri, was a washout this year, is it correct to assume that some bit of demand has flown to the second quarter?

- Nihar Chheda:** I think maybe to a very small excellent, but largely September quarter has been driven by plumbing and SWR.
- Karan:** Correct and second things from my end is, just wanted to understand the momentum, so we closed October, so is it correct to assume that we can see it as the monthly averages during the second quarter?
- Parag Chheda:** I think I do not want to give mid quarter numbers, I think it is best to assess the quarter at the end of quarterly performance, I think we can maintain that as a company policy going forward.
- Karan:** Thank you, that is all from mine.
- Moderator:** Thank you. We will move on to the next question that is from the line of Dhaval Shah from Svan Investments. Please go ahead.
- Dhaval Shah:** My question is again on the PVC side, last couple of days we see a lot of volatility especially coming from Chinese PVC future which is going up and down 10%, 15%, 5% so in such scenario how do you decide in terms of pricing, sourcing, what sort of conversations do you have with your suppliers and how relevant are these prices for you to in the purchase cost?
- Nihar Chheda:** So, I think over the past quarter if I have to look at what the conversation has been with suppliers that have been more about supply rather than price, I am talking at an industry level not only about Prince because you know prices are only on paper if you do not have the right supply, so even if I look at our strategy going forward I think the first principle of sourcing has to be supply security and keeping the channel, the end retailer, the end plumber, who is loyal to Prince ensuring that they are not starving for material, so I think first focus always has to be on supply security and we have always maintained that inventory gain or inventory loss is a part and parcel of doing business in this industry and more or less at an annualized basis or over the long term it evens out, so our focus has to be on supply security and how we can keep our channels appetite with the right stock.
- Dhaval Shah:** But these Chinese prices are they reflective of the cost at which companies like Prince buy PVC domestically or from the import or are they very relevant in the actual front?
- Nihar Chheda:** They are not reflective of the actual market, like you correctly mentioned there is a high level of volatility, currently the regulators have tried to crack down on the speculators in the Chinese market and we have seen extremely high level of volatility in the Chinese PVC prices, which is not accurately reflecting of what the global pricing is, China to point out is

not a major supplier of PVC to the Indian market because of the duty structures, the antidumping structures that we have as a country on Chinese PVC so of course China is a big part of the global supply chain and it would have an impact on global trade flow, but to answer your question in short, these prices that we are seeing on the index in China is not reflective of the prices in the physical market place.

Dhaval Shah: Sure and Sir, my second question is that right now we would be roughly having around two to three months of raw material inventory?

Nihar Chheda: Yes, it would be around closer to two months.

Dhaval Shah: So this is much higher than given the current scenario and if we compared to the past is much higher and we are planning to run with the same kind of number at least in FY2022, right?

Nihar Chheda: Whatever it takes to keep my channel secure depending on how the supply situation tightens or softens, we cannot let our channel be dry so whatever is required to keep our channel full and grow will be done as far as sourcing is concerned.

Dhaval Shah: Got it, perfect, Sir. I will come back in the queue. Thank you very much.

Moderator: Thank you. The next question is from the line of Aasim Bharde from Dam Capital Advisors Private Limited. Please go ahead.

Aasim Bharde: Thanks for taking my question. Actually I wanted to get some insights on the CPVC markets, so you did talk about ever since Lubrizol has partnered with you guys your CPVC pricing parity between you and the leaders have come down and certain markets currently it is probably at par or at a premium, so CPVC prices going up or maybe one factor I just want to understand is there a supply issue among competitors so they are not able to feed the market to a greater extent which Prince has been able to capitalize completely procuring it locally, while the others are also depending on exports and with the logistical supply issue there?

Nihar Chheda: I think the kind of growth that we had in CPVC can be attributed to two reasons, one is the kind of initiatives we are taking on the marketing front whether it is our entry into B2B and building a whole new vertical internally for the project sales, second is the kind of working what we would have been doing in the secondary markets with our retailers and plumbers, so all those initiatives have helped us improve our positioning as a premium brand as a CPVC brand not only as a PVC brand along with that the weaker supplier security at the industry level has helped us, grow so both these parameters have contributed to the growth.

Aasim Bharde: Just as a followup assuming that the supply situation improve at the industry level, will you still be able to maintain the current improvement in pricing that you have done or would there be competitive pressure and that might affect you as well?

Nihar Chheda: So what I would like to point out is this narrowing of the price gap has happened much before the supply security challenge, much before tying up with FlowGuard as well, I think FlowGuard is a one part of our overall strategy, but this narrowing of the price gap across polymers have started a few years ago now as the investments into brand building and brand positioning have been ramped up and making Price a premium brand in the marketplace, so these steps we have started taking maybe two to two-and-a-half years ago, FlowGuard was an important part of that overall strategy and now the supply security issue has been one part, so I think the narrowing of the price gap is not because we signed up with FlowGuard or not but because there has been supply security issues, we have just made it a more conducive environment to be able to pass on these prices but this journey has started a long time ago much before these events.

Aasim Bharde: You will be able to quantify maybe roughly how much was the improvement before FlowGuard came into the picture and how much would it have been after that?

Nihar Chheda: So, I will give you a range, I will not be able to give you exact because market to market have different price, but I think initially the gap used to be around 10 to 15% which was down to around 7% to 8% before FlowGuard and post FlowGuard the 7% to 8% has been brought to 2% to 3%.

Aasim Bharde: Sir, my second question basically we have high PVC price environment there will be a rub off on CPVC price as you talk about would be possible to encourage PPR or HDPE pipes as an acceptable substitute both on construction or on the agriculture side and are we doing something on the ground to encourage this?

Nihar Chheda: Yes, I think there is going to be a certain level of migration to two other polymers like HDPE and PPR, but there are challenges in that as well, so it is not easy for that change to happen, it will happen to certain extent simply because of the jointing process, CPVC and PVC today you can join the pipe and fittings, it is cold fusion which can we join using solvent cement, whereas with the other polymer, hot fusion is required or electro fusion is required so in India unfortunately the applicators who are plumbers or contractors are not as well trained or do not have access to the right equipment hence we have become primarily a PVC and CPVC country, so any such migration can take place in the long term if PVC and CPVC continues to surge then that will happen and we are trying to do our bit in terms of promoting other products and trying to do a better range selling in the marketplace.

- Aasim Bharde:** But has there been any traction on that side given the fact that PVC price had been very high for almost a year now?
- Nihar Chheda:** We have seen some green shoots I would say.
- Aasim Bharde:** Sure, thanks a lot.
- Moderator:** Thank you. The next question is from the line of Rahul Ramakrishnan from Vista Investment. Please go ahead.
- Rahul Ramakrishnan:** Congratulations on the good set of numbers. Sir, could you please talk a bit about your Prince ONEFIT of CPVC, how is that product is lined up?
- Nihar Chheda:** Thank you, so introducing Prince Onefit was a key milestone for us as we try to build a robust portfolio not only in plumbing and SWR but also in the industrial space and like we had said that the main rationale for entering into this space was this would be a very high gross margin product and would complement our existing product portfolio as well, so currently we are in the process of building those relations with the influencers and channel partners building their network as there is the capacity at the back end and I think by the end of this fiscal we would be able to give good direction as to how our industrial vertical is doing internally.
- Rahul Ramakrishnan:** Thank you, I have just one more question could also give me an update on how are you update on the real estate projects as well?
- Nihar Chheda:** I think we been able to successfully build pretty strong team internally with Pan India Head dedicated for the projects business specifically and I think we have been able to get good entry into some top prestigious projects across the seven or eight metros of India then again this is very relationship oriented business and having the right relationships with builders and plumbing consultants and we are in the process of strengthening those relationships and we are moving in the right direction and I think B2B have delivered for us in September quarter and over the long term will be a major driver for Prince going forward.
- Rahul Ramakrishnan:** Sir, do you have a percentage in mind, let us say by FY2025 it needs to contribute, let us say 10% or 15% as a benchmark?
- Nihar Chheda:** So I would not go in the percentage way because we are still B2C which will continue to be the core of the business and B2C will continue to grow aggressively for us so I do not want to put a percentage on it simply because the rest of the part which is our bread and butter today will continue to grow as well, we have internal three year target in absolute value that

has been given to the project team and I am fairly confident that we would be close to achieving the targets over the long time.

Rahul Ramakrishnan: Thank you, Sir.

Moderator: Thank you. We will move on to the next question that is from the line of Rajesh Ravi from HDFC Securities. Please go ahead.

Rajesh Ravi: Good afternoon, most of my questions had been answered, I had a query on the capex numbers, so first half I see around 80 Crores capex spent and around 35 Crores is going into CWIP, so first if you could innumerate how is this 90 Crores, where is this being 90 Crores and you mentioned second half is going to be sooner than that and secondly if I look at your presentation the quarterly presentation the capacity we give keeps on fluctuating between the factories, so what is driving that?

Nihar Chheda: So, I will answer the second part of a question first before handing it over to Shyam to answer the capex related questions, we were always realigning our capacities within the plant to understand what local demand is like because for us, freight is big part of our cost structure and whatever SKUs are required in a particular market and are more running in that particular market we then try to shift that to our closest plant so that we are able to move closer to the market, have a more efficient supply chain and also reduce the net freight costs, so I think that's going to continue to happen in a small way and as far as capex is concerned I think Shyam can answer.

Shyam Sharda: On capex basically apart from the Telangana, which of course is the bulk of the capex, we continue to spend closer to around 45 Crores to 50 Crores for our six plants and some for the seventh plant, so overall spends on the capex would be in the region of around 130 Crores to 135 Crores of which majority has got spent in the first six months itself.

Rajesh Ravi: Sorry, so 135 Crores you saying is for the full year?

Shyam Sharda: Yes, absolutely.

Rajesh Ravi: Of which 90 Crores is already done, right?

Shyam Sharda: Yes.

Rajesh Ravi: What is its total capex size for the Telangana?

- Shyam Sharda:** Telangana is around 180 Crores full amount and the amount which we have raised through the IPO for this specific purpose and major of the portion of that has been spent and the remaining would be spent in the next couple of quarters.
- Rajesh Ravi:** How much is that pending in post Q2?
- Shyam Sharda:** So, almost like 40 Crores odd.
- Rajesh Ravi:** And capitalized or it is all you know how much of this 180 Crores is capitalized?
- Shyam Sharda:** So capitalized is around 80 Crores and the remaining is all in capital WIP.
- Rajesh Ravi:** Right, so when you spend 40 Crores by next year the full capacity 50,000 is expected to be operational by then?
- Nihar Chheda:** So that 40 Crores is basically to be invested in the second half of this current fiscal maybe there could be some spillover into the next financial year, but as long as demand supports us we would try to do it as soon as possible to have the capacity in place so that they are able to grow in South India, which is a key market for us going forward.
- Rajesh Ravi:** And lastly what sort of logistics benefit do you see when this plant is available to you on the demand that you are seeing in the southern market and southern eastern market you would be servicing?
- Nihar Chheda:** Currently that you know the entire fitting part of the portfolio of the South India is serviced from the Haridwar unit, so it is fairly logistics heavy, which now we would be making locally in Telangana, initially I would pass onto the market to ramp up the capacity utilization and ramp up market share and once we see that we are in a good position in South India the way we are in north and west we would then take that benefit for ourselves, but at least for the first 12 to 18 months post ramping up production we would like a share that benefit with the channel to ramp up the capacity utilization and ramp up our market share, and apart logistic benefit what I am more excited about is the better service and better spotlight that we will be able to offer to our southern market coupled with this freight benefit is going to be a real kicker for us in South India, which is also one of the biggest CPVC markets in the country.
- Rajesh Ravi:** Great, Sir. Thank you, I will come back in queue.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for their closing comments.

Nihar Chheda: Thank you to all the participants and wish you a Happy Deepavali. Thank you.

Parag Chheda: Thanks everyone and wishing you all Happy Deepavali.

Moderator: Thank you. Ladies and gentlemen, on behalf of Antique Stock Broking that concludes this conference call. Thank you for joining us. You may now disconnect your lines.