14th August, 2024

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Mumbai - 400 001
Stock Code – 500331

The Secretary
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex,
Bandra (E),
Mumbai - 400 051
Stock Code - PIDILITIND

Sub: Transcript of the Earnings Call

Dear Sir,

We enclose herewith, a transcript of the Earnings Call held with Analyst/Investors on 8th August, 2024.

A recording of the transcript is available on the website of the Company viz. www.pidilite.com.

Kindly take the same on records.

Thanking You,

Yours faithfully,

For Pidilite Industries Limited

MANISHA RAKESH SHETTY

Digitally signed by MANISHA RAKESH SHETTY
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“Pidilite Industries Limited

Q1 FY'25 Results Conference Call”

August 08, 2024

MANAGEMENT: **MR. BHARAT PURI – MANAGING DIRECTOR – PIDILITE INDUSTRIES LIMITED**
MR. SUDHANSHU VATS – MANAGING DIRECTOR DESIGNATE – PIDILITE INDUSTRIES LIMITED
MR. SANDEEP BATRA – EXECUTIVE DIRECTOR, FINANCE AND CHIEF FINANCIAL OFFICER – PIDILITE INDUSTRIES LIMITED
MR. DHARMENDRA LODHA – SENIOR VICE PRESIDENT, FINANCE – PIDILITE INDUSTRIES LIMITED

MODERATOR: **MR. PERCY PANTHAKI – IIFL SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Pidilite Industries Limited Q1 FY'25 Results Conference Call, hosted by IIFL Securities Limited. 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 any assistance during the conference call, please signal an operator by pressing * and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Percy Panthaki from IIFL Securities. Please go ahead.

Percy Panthaki: Hi, everyone. Good evening. It's our pleasure and privilege to host the results call for Pidilite Industries Limited. From the company, we have with us Mr. Bharat Puri, Managing Director; Mr. Sudhanshu Vats, Managing Director Designate; Mr. Sandeep Batra, Executive Director -Finance and CFO; and Mr. Dharmendra Lodha, Senior Vice President, Finance.

I'll hand over the call to the management for their initial comments, and then we'll open up for Q&A. Over to you, sir.

Sandeep Batra: Thank you, Percy, and good afternoon to everybody on the call. I'll keep my opening remarks brief so that we have enough time for Q&A. I'll take you through the headlines of the results for the first quarter, which were approved by the Board yesterday.

For the quarter, we reported underlying volume growth of 9.6% with Consumer and Bazaar (C&B) businesses growing UVG by 8%, whereas our Business to Business (B2B) businesses reported strong UVG of 18%, driven by both domestic and export segments.

Our growth in Emerging India continued to be higher than in urban markets. Value growth lagged UVG due to pricing actions taken as a result of softer input prices. But as you would have noticed, the gap between value and volume has been narrowing.

Gross margins continued to expand year-on-year on account of moderation in input prices. And for the quarter under review, improved by 465 basis points over Q1 last year. EBITDA margins for the standalone entity at 24.6% were higher than Q1 last year by 187 basis points.

VAM consumption in the quarter was $1,022 a ton versus $1,137 in the same period last year. We continue to invest in our brands, upgrading and building new manufacturing facilities and expanding our distribution network. The working capital situation remained healthy, and in absolute terms, was lower than March '24, which resulted in strong cash flows.

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Consolidated revenues for the quarter were INR 3,384 crores, and if you adjust for the fact that in last year, we had the Brazil and the U.S. businesses, but excluding those from the base period, the net sales growth is about 6%. International subsidiaries, again, excluding Pidilite USA and Pulvitec in last year's numbers, revenues grew by 9%, along with an EBITDA margin improvement by 190 basis points. Domestic subsidiary revenues remained flat. However, margins continue to remain healthy.

We continue to increase our distribution touch points across India, both in urban and rural markets, along with effective use of digitization and analytics. That's about it in terms of opening comments, I now open the floor for question and answers.

Moderator: The first question is from the line of Abneesh Roy from Nuvama.

Abneesh Roy: Congrats on a good set of numbers. My first question is on the Kerala market. One of the paint companies said that they and all the paint players saw very muted demand, in fact, dip in volume in Kerala, a significant slow demand. Would you have also seen a slow demand in Kerala or any of the states in Q1, because your overall volume growth is quite healthy? I wanted to check if there is any issue in Kerala or any of the markets?

Bharat Puri: Good to hear from you, Abneesh. Yes, Kerala vis-à-vis other markets has been soft. There is clearly an issue of demand in Kerala vis-à-vis the normal buoyant conditions. So I would say, yes, there has been a demand issue in Kerala. The magnitude of the demand issue may differ from company to company.

Abneesh Roy: And any logic you are able to put there because the paint companies are saying they don't have any specific reason for this. Because why I'm asking this, this could go to other markets also. Because generally, in India, we don't see a slowdown being there for a long time in any of the markets. So, any reasons you are able to pick up?

Bharat Puri: See, right now, Abneesh, I would just say we are hearing all kinds of anecdotal reasons. Kerala as a market has always been dependent on the large amount of foreign remittances coming to the market from a variety of geographies. A. That, and the government itself spending are being cited as reasons but frankly, I won't go there. I would just wait and rather the real time is now when Onam comes in August, September, if the same thing continues for the next 3 months, then we would worry. I mean, right now, let the monsoon in Kerala subside, then Onam comes, then the festive season is on, and Kerala normally has Onam to pretty much March as a good season. So that's when we look at the market.

Abneesh Roy: Sure. My second question is on your CNBC interview. So you mentioned that your exterior new product is being launched, which is somewhere in the bridge between paints and cement. Could you talk more about it because this clearly is a very differentiated product with very long shelf-life durability for the customer also. So in terms of pricing, etc, what is the addressable market you can have from this over a longer time frame. Of course, this will take time I understand that. But longer time frame, how big can this market be taking cue from developed markets?

Bharat Puri: See, Abneesh, we have just started piloting into geographies, and we are obviously wanting to answer the same question that you are asking, namely, A) how big can it be? B) are there any application issues specific to India? C) what's the best demand generation module? D) what's the best-selling module? So, it's very early days, ask the same question I would say 6 months from now and I'll give you good answers. But I mean, if you look at markets like Southern Europe, whether you look at France or you look at Italy or you look at Spain, this is like up to 15% to 20% of the exteriors market.

Abneesh Roy: That's quite helpful. I'll ask this again after six months.

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

Sonali S.: Thank you for the opportunity and congratulations on double-digit UVG yet again, third consecutive quarter, I guess. So, my first question is regarding the price rollbacks. We saw around mid-single-digit price rollbacks in FY24. Have we taken any pricing action in Q1? Or do we anticipate it to take any further?

Bharat Puri: Good to hear from you, Sonali. As of now, in the first quarter, we have not taken any significant pricing rollbacks. What you are seeing is really the impact of what we have done over the course of all of last year. As far as further pricing cuts is concerned, as I said, in this current geopolitical world, now what happens 3, 6 months from now, we will have to wait and watch, if there are significant reductions in input prices, we would definitely look at price reductions. But from where we sit now, it doesn't appear that it's going to go much lower. But again, then these days, it's far better to really fly the plane visually than plan 6 months in advance.

Sonali: Understood. Very clear. Sir, if I may just ask what is the VAM price currently? Sandeep sir did talk about the average of the quarter, but currently, what is the VAM price?

Bharat Puri: Currently, the VAM price is fluctuating because one of the big guys had a force majeure, so on. I would say it's between $850 and $1,000 depending on where you are.

Sonali: Understood. Sir, and my second question will be on any update on our NBFC business?

Bharat Puri: On the NBFC business, as per plan, what we told you it is just rolled out, we have started, we have given out our first set of loans, the same parameters remain. It is in one city, one geography as a pilot with a limited amount of capital. We will give it about 6 months in the pilot and then come back to you and tell you fellows what we want to do with this, if you want to do anything.

Sonali: And my last question will be rural versus urban. Now yes, we have termed rural as Emerging India, and the growth in Emerging India has outpaced urban yet again. So, could we understand exactly which of the spots in rural or probably, whether it is C&B or B2B that are growing well? Any color on rural growth would be really helpful.

Bharat Puri: See, as far as rural is concerned, it is primarily B2C. There is very little B2B that is in rural/semi-urban. And as far as we are concerned, we have always maintained we find there is substantial penetration opportunity still that exists for our products and there is also a substantial range incremental opportunity that still exists for our products. We have continuously, therefore, resourced to rural India.

And now you would see this is the eighth quarter where we have had double-digit growth in rural India. So as far as we are concerned, all the efforts and the focus that we have put in, I mean, to give you a little statistics, we now have 14,000 Pidilite Ki Duniyas, where now currently in a situation where villages below 10,000, we are now covering about 28,000 villages directly.

So, there is a substantial amount of effort that we are putting in, and that effort really is the one which you would see now over not 3, 6 or 9, but over 24 months is yielding us results. And frankly, as we look at it, in the next 2 years, we would look at rural outpacing urban.

Sonali S.: This is good to know, thank you and all the best.

Moderator: The next question is from the line of Divyata Dalal from Trident Capital Investments.

Divyata Dalal: Congratulations on the good set of numbers. Sir, my question pertains more to our capex and capacity utilization. So, on a longer duration if we see over the last 5 years, we have done almost INR 2,000-odd crores worth of capex versus the INR 1,000 crores in the previous 5 years stood at, that is FY'15 to '19 versus FY'20 to FY'25. So we've seen that the asset turnover has started to come down. So I would like to understand from you, has the nature of capex changed or what would be the normalized level of asset turnover that we are looking?

Bharat Puri: I think that's a great question, Divyata. I must tell you that your analysis is correct. Basically, 2 things have happened. On our core categories, you remember as a matter of strategy, we have consistently said to grow core at 1x to 2x GDP, Growth 2x to 4x and keep adding 1 to 2, pioneer categories 5-year, because COVID in the middle actually became a little bit of a stop. We have added a lot more capex for our newer categories, whether they be tile adhesives, whether they would be tile grouts, whether they be marble glues.

So therefore, what has happened is if you compare the '15 to '19 period, a large part of that capex is really around core and a little bit of growth. In '19 to 24, it is now core growth and pioneer, and therefore, you are seeing a much larger asset base. Obviously, you are also seeing a much larger turnover. And therefore, as far as we are concerned, we are now in a stable equilibrium place, where you will find us spend capex between 3% to 5% of sales every year as long as we maintain our double-digit growth ambition.

Divyata Dalal: Okay. So has the nature of capex changed such that we will not be going back to the earlier asset points? And this will be the new normal? Is that true?

Bharat Puri: No, that is not true because what will happen is, some of these pioneer categories may take a little longer. In the end, our objective is to grow these at a far faster rate than the core. So, over a period of time, you will see because of the lumpiness that happened because of almost 2 years of non-activity because of COVID, you are seeing part of this, but this will all equalize over the next 2 to 3 years.

Divyata Dalal: Okay. Got it. That's very helpful. And what would be your current capacity utilization?

Bharat Puri: See, it's very difficult for us to give you capacity because you remember, we operate across 30 different verticals. To give you back of the envelope, we remain between 70 and 75. The moment, we crossed 75, we start looking at fresh capacity. So as we speak, actually 20 of our current plants are undergoing some form of brownfield expansion. So I mean, this is a constant process with Pidilite simply because of the wide variety of home improvement products and the range that we make.

Moderator: The next question is from the line of Latika Chopra from JPMorgan.

Latika Chopra: My first question was, if you keep the pricing where it is right now, how soon can we expect overall pricing growth to become sluggish of inflationary impact?

Bharat Puri: Latika, firstly, always good to hear from you. As far as pricing is concerned, if we keep pricing at the current levels, and we don't have any massive volatility or major volatility in raw materials, starting the second quarter, but definitely by the second half, you will see value and volume converge.

Latika Chopra: All right. The second one was any color that you can share with us on your paints foray. Anything more that you can talk about? It's been many more months since your initial launch?

Bharat Puri: As we said, Latika last time, give us a little more time on paints because company with our sales and distribution network and reach just through a channel field, you will always see good results in the first 6 months. I would be best equipped to answer this question after these markets have gone through one festive season and we see where we settle.

Having said that, we are happy with our progress, but we have always maintained that, listen, we are not entering this ring with all the big bang and fighting with the 300-pound gorilla, we will go about it our way organically. Where we are, we are happy with where we are.

Latika Chopra: We saw a flattish revenue growth. If you talk about domestic subsidiaries, we think about what's happened in Q1? And what do you anticipate in coming quarters? The domestic subsidiary.

Bharat Puri: Okay. See, as far as domestic subsidiaries are concerned, again, this is because of massive, more of the heat wave and some part of the election. But frankly, by the second half, you will see them all normalize because demand conditions will continuously improve. I mean the festive season really comes on from September onwards. So, to my mind, we are not a cause of concern or worry as far as we are concerned.

Moderator: The next question is from the line of Percy Panthaki from IIFL Securities.

Percy Panthaki: Sir, so we have always held that we will keep a margin band of about 20% to 24%. Now this quarter, we are at the top end of that band almost. How do you see it for the rest of the year? If basically, you are saying the input costs are quite stable. And in that case, your pricing will also remain stable. Should we interpret that the Q1 margin will more or less continue for the remainder of the year?

Bharat Puri: That's a good question, Percy. Good to hear from you. See, we have always maintained that we will be in that range. The way it looks right now, we may be at the higher end of the range, but 9 months is still a long period of time. What's going to happen, geopolitically, what happens to oil price, so on and so forth? Let's play it quarter by quarter. As of now, as we said, we will be in the 20% to 24% range, probably a little more at the higher end. But as we see signs of stability, we will invest back more aggressively for growth.

Percy Panthaki: Okay. But is there any particular seasonality this quarter, which causes the margin to sort of be on the higher side? The reason why I ask is that sequentially, that is versus March quarter, your EBITDA margin has shot up quite a lot.

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Bharat Puri: See, there is always some element of seasonality, some element related to advertising and promotional spends. But, we don't manage the costs on a quarter-to-quarter basis, we will obviously manage them strongly on a year-to-year basis. Where we think we are confident that we will be in this range, probably at the higher end of the range, if everything remains benign. But if we are finding that there is a certain amount of softness in input prices, we will take both pricing and aggressive actions in the market to take volume growth up.

Percy Panthaki: Got it. My second question is on the core, pioneer and growth categories. So could you give me a rough sense of what the percentage contribution to the overall revenue, each of these 3 categories has today? And how it has changed versus, let's say, 5 years ago?

Bharat Puri: See, I would say when we started on this journey, Percy, we were 80-20, 80 was core and 20 was growth and pioneer. We are now close to 55-45.

Percy Panthaki: Okay. And this is over how many years?

Bharat Puri: Over the last 7 to 8 years, I would say.

Percy Panthaki: Okay. And again, within the core and pioneer, would I be right in assuming that between growth and pioneer, the pioneer would be significantly smaller than the growth categories?

Bharat Puri: Absolutely, because the moment the Pioneer category in 3 years, touches INR 100 crores, it becomes a growth category. That's why we clubbed the 2 of them together.

Moderator: The next question is from the line of Jay Doshi from Kotak.

Jay Doshi: Could you explain us a little bit about your B2B portfolio, and typically, what is the visibility you have in this business? For us, a lot of that is kind of black box, our ability to predict forecast is limited. And how should we think from a 2- to 3-years perspective, will the growth rate be broadly similar to see Consumer and Bazaar, or do you expect it to grow faster? Or you think overall medium term, the growth rates can be probably lower than Consumer and Bazaar?

Bharat Puri: See, that's a great question, Jay. Always good to hear from you. As far as B2B is concerned, very broadly, we define the B2B business, we also have a core growth pioneer for B2B, but for the purposes of simplicity, we have 3 large verticals. One is what we call industrial adhesives. One is what we call, pigment and paper and textile emulsions, which is the pigments division, which is the second part of the business.

And the third is the B2B project business, which is largely waterproofing and a certain amount of other project businesses. These are the 3 right now, when we look at it, all

3 are growing healthily. The strong comeback has been from the pigments business, largely because if you remember in the same quarter last year, it was challenged.

So I would not definitely say that this 18% growth will not continuously repeat itself. But we are very clear that not only this year, but on a 2 to 3 year basis, as we keep transforming this portfolio into a more value-added portfolio, the objective here also is very clearly double-digit underlying volume growth.

Jay Doshi: Understood. That's helpful. Could you also give some color on your international exports. What are the opportunities? How do you think from the medium-term perspective, especially Africa as the market?

Bharat Puri: See, we have always maintained that, we have a very simple strategy. We will perfect the model in India, and then we will do a cut, copy, paste to other markets which is what we are doing in markets of Africa, the Middle East, the neighbouring areas so on and so forth. Now we now have, in fact, have 2 factories and pretty much a large number of people in Africa.

Africa is growing substantially for us. In fact, now on a consistent basis over the last 3 years would have been a fast-growing geography. That is also true for the Middle East. So slowly and steadily in our neighbouring Indian subcontinent, the Middle East and Africa, we continue to grow in strong double-digit numbers.

Jay Doshi: Understood. Lastly, on the core demand environment in India, you remain as confident as you were maybe 6 months or a year ago, has anything changed in terms of the way you are seeing demand?

Bharat Puri: How I would answer this, Jay, is we remain as confident because there is no reason for us to not believe otherwise. But frankly, this question will be best answered in September. I know a lot of my colleagues across lots of sectors are all talking of quarter 2. But frankly, quarter 2 is such a small quarter, and there is such a strong monsoon.

The basic indicators of good festive demand and where the new normal only emerges in September. We are all optimistic because there is no reason to see that demand should not be good given what we have seen in the first quarter. But having said that, if you ask me, where is my degree of confidence? I mean, I think we should ask the same question at the end of September.

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

Rishi Mody: Sir, just on the other expenses front, I see Q-o-Q flattish other expenses, the last 5 years, normally, Q1 has always been higher than Q4. So just could you explain what's happened in that expense line item?

Sandeep Batra: So nothing in that sense, which is abnormal or out of the ordinary. One of the biggest chunks of this other expenses will be advertising and sales promotion expenses, which is something that we are continuing to dial-up as we see opportunities to build our brands and categories. But across whether you look at Q1 of last year or you looked at Q4, it's pretty much in the same trajectory. There's nothing abnormal.

Rishi Mody: Okay. So we have not conserved our ad spends for the quarter which we might reinvest in Q3?

Sandeep Batra: So we have already started, if you recall, increasing them in the fourth quarter last year, and that we have continued and had, quite honestly, it's not something that we plan on a quarter-to-quarter basis. It's something we plan for a longer period. And as our margin situation remains healthy, we will continue to step up investments behind our brands and categories.

Rishi Mody: Okay. Got it. Second question I had was on the rural front. A lot of our growth, what my understanding is it largely penetration line and hence, there would be a onetime sale that we would be doing when we open new accounts. So if you were to split the rural growth between what is an Same-Store Sales Growth (SSG) or what is a repeat rate from accounts open, say, in the last 1 year versus what's the growth from new accounts fresh selling.

If you could just guide that. And second, on the rural front, how much more do you envision that we got at a similar profitability or a similar ROCE level that we can penetrate in the rural markets?

Bharat Puri: See, firstly, Rishi, just let me clarify, 90% of our growth is same-store growth. The new outlets, etc. is less than 10%. So we still have a massive opportunity in penetration in existing markets with existing stores. So this is not a onetime where you are stocking an outlet. The fact of the matter is that the average rural consumer is unaware of a large amount of our range.

And therefore, we have a massive education opportunity, whether it would be in the area of glues, whether it would be in the area of waterproofing, whether it be in the area of tile adhesive, whether it be in the area of Araldite, which is an epoxy adhesive. So 90% of the growth, frankly, is same store. It is not new accounts, which are getting stocked up once, that is a smaller part. We obviously continue that process. The largest part is penetration in existing accounts and the increase in range in existing accounts.

As far as your question, therefore, of the runway for growth, frankly, for the next 2 to 3 years, for us, rural will continue to outpace urban.

Rishi Mody: And what's this multiple, if I can ask, of rural on urban?

Bharat Puri: Our internal objective is 1.5 times.

Rishi Mody: 1.5x, okay. And finally, Mr. Bharat, I just wanted to get your view on the VAM pricing. Right now we're seeing they are below Q1 levels as well, in Q2, $850 to $1,000 that you guided. In history, what has been the bottom for VAM prices? Or is it nearing bottom? And secondly, till what level can we sustain in the 20% to 24% EBITDA band without taking price hikes?

Bharat Puri: See, firstly, as far as the VAM bottom is concerned, when we speak to VAM manufacturers currently. In fact, the largest one of them actually declared a force majeure in its U.S. and Mexico plants because they found these levels itself not satisfactory. So I would say we are very near the bottom. This is very near the bottom. And as far as price is concerned, if it remains at this level, we are very comfortable with our 20% to 24% range.

And as we have always maintained, we have a very clear model on how much premium our products can afford. The moment we find the premium is going higher than that, we cut price because we are clear that profitable volume growth is our objective. And if it is going lower, then we look at pricing actions. Right now, obviously, we haven't found the need either to increase or decrease price, but let's see how the next 9 months unfold.

Moderator: The next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance.

Keyur Pandya: Congratulations to the team for good results. 2 questions. First, on the core category. So of course, we have maintained growth in the range of 1x to 2x GDP growth. But just as a proxy to say, real estate-linked demand, have you seen any acceleration in the growth of core category, even within this range? Or I mean, any color on whether we are seeing this real estate-led demand in core category or even in the growth category per se?

Bharat Puri: Good to hear from you, Keyur. See, right now, remember, we are largely beneficiaries of the real estate cycle in larger towns in a T+3, T+4 years. The real estate move in most cases is in its second year. So we are seeing a substantial amount of inquiry. We are seeing some amount of institutional waterproofing sales because obviously, waterproofing takes place along with construction. But there is not a significant upturn in the other categories.

Normally, what we have observed in the past when real estate is taken off, its year 3 and 4 that give you a multiplier much stronger than years 1 and 2. So I suspect starting maybe the end of this year, beginning of next year, you will start seeing the multiplier as long as real estate continues to boom.

Keyur Pandya: Understood. So basically, the current growth rate is without those benefits and probably it would accelerate from here?

Bharat Puri: It's without a substantial amount of the benefit. There is some benefits on the waterproofing, definitely.

Keyur Pandya: Yes, yes, yes. Okay. Second, on this B2B side, so we are doing some, say, category or products addition to cater to, say, electronic or electronic vehicle-related demand. If you can just throw some more light, this or anything other than that, are we adding to our portfolio in this B2B category?

Bharat Puri: We are constantly adding to our portfolio, Keyur. We have tied up with a Chinese/German company in the area of electronic adhesives, which is just beginning off, we are in the initial stages. In some other areas, as and when the time is right, we will declare what we are doing. But obviously, we keep a very close watch on where the market is going and whether we have a play in that part of the market and whether we can add value. So, you will keep seeing that happen.

Keyur Pandya: Okay. And just last question. probably may look repetitive, but at the end of the Q4 con call, you mentioned about double-digit volume growth for the full year with some deceleration in Q1. Now with Q1 having some challenges like heatwaves and election, if the volume growth is 8%, are we confident of the overall double-digit volume growth for the full year?

Bharat Puri: See, again, barring any black-swan events, that's our clear objective. I mean, we have clearly maintained that for us, success is profitable double digit. And remember, just for people on the call, I want to keep stressing, we measure underlying volume growth, which is turnover at constant prices. A large number of the home improvement companies, everybody reports total volume growth, which in a sense, therefore, advantages, people were selling cheaper items.

If we were to look at our total volume growth for the first quarter, our actual volume growth is 19% in terms of tonnage. But frankly, we don't believe that's fair, I think underlying volume growth is a far better indicator of real growth rather than total volume growth.

Sandeep Batra: And also, just to clarify, Keyur our Q1 underlying volume growth was 9.6%, not very far from the double-digit target that we have for the year.

Moderator: The next question is from the line of Bharat Sheth from Quest Investments.

Bharat Sheth: Congratulations on a good set of numbers. Sir, taking forward the previous participant question, as you say that core category real growth will start from real estate boom, end of say 3rd year or end of 2nd year. So does that mean that what we are talking of core category growth double of GDP, that will start reflecting from next year onwards? Is that understanding, correct?

Bharat Puri: Good to hear from you Bharat. See, what we are seeing is, remember for us, between new construction and repair and renovation, repair and renovation is normally 2/3 of demand and real estate construction, etc, is 1/3 of demand. In that 1/3 of demand, what we are seeing, yes, that normally, what we found in the past is when there is a real estate boom in years 3, 4 and 5 of the real estate boom, you get a multiplier in terms of your product sales simply because that's when projects come for completion. So if there are no unforeseen events and the real estate boom continues, we will definitely see greater benefits in years 3, 4 and 5.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Sandeep Batra: Thank you very much. No specific closing comments. I wanted to thank all the participants on the call for their continued interest in Pidilite, and wishing each one a very good evening. Thank you.

Bharat Puri: Thank you so much.

Moderator: Thank you. On behalf of IIFL Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

(This document has been edited to improve readability)

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