"Astral Limited

Management Conference Call"

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**MODERATOR:** **MR. RITESH SHAH – INVESTEC INDIA**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Astral Limited Management Conference Call hosted by Investec India. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ritesh Shah, Joint Head of Research and Analyst, Midcaps, Materials and ESG at Investec India. Thank you, and over to you, sir.

**Ritesh Shah:** Thank you, Swapnali. Thank you all for joining on a Saturday afternoon. The idea to host this call on a short notice was to have a brief on the approved demerger straight from the management. Please note there won't be any questions with respect to the quarter which shall be taken up. Today we have with us Mr. Sandeep Engineer, Mr. Kairav Engineer, Mr. Saumya Engineer, and Mr. Hiranand Savlani. I request Hiranand bhai and Sandeep bhai to first run past the rationale why the event right now and the structuring of the transaction to start with on their initial remarks, post which we will have a Q&A for all the investors. Thank you and over to you, Sandeep bhai.

**Sandeep Engineer:** Thank you, thank you. Good afternoon everyone. And thank you for joining us on a short notice. First, let me brief you about why we have proposed to have the two businesses and two verticals demerged. There are a lot of initiatives happening in both the businesses and we would like to go through everything.

Firstly, the adhesive business has been on a continuous growth path. Many chemistries have been added in last one and a half years. We have almost completed our expansion at the Dahej plant. The fully automised solvent cement plant is under trials and will be operational in a short time. So the capex cycle which was going through at the Dahej has almost been completed. We are also pleased to let you know that a lot of pull is coming from the construction chemicals and construction chemicals is equally growing.

We've also put in many new products like the white glue also has been growing at a good pace. We have also made our own certain products like we have the electric tapes now made in India, and many such products which we were actually importing and just repacking and selling have also come into production in last couple of last year and couple of months.

Going through the paint also, paint has been giving us a good growth. The capacities are already there, so there is a minimum capex cycle which is going to happen except some small capex cycle on putting up the decorative paint in the Western region. Already the Southern region has its plant and we have taken ample of land to suffice the growth of the complete chemical adhesive paint division for coming two, three years and even five years. So there is no capex cycle going to happen on that front also.

Recently, we have acquired a very state-of-the-art facility and a very huge R&D setup called DSS Limited. DSS has many products in its basket which have been researched. Some of them have recently gone into commercial production. And these are all the products used in the adhesive business in making epoxies and many other products and even some of the researches on the paint business. And the DSS is giving us the products which actually India does not make.

We have to import them from outside and use them. So when they have a commercial setup and we have already started a commercial production at DSS, and at some stage, we would also like to scale up the production facilities at DSS as well as put up a state-of-the-art chemical facility. Actually, the capex cycles are not so heavy here, but there are a lot of benefits which come from using the product in-house and there is a huge potential of exports.

So when we are continuously coming and meeting our respected investors, there was always a confusion between the businesses which we got into. One was a purely chemical and chemical-based business which also had a good cycle and growth, and the similarly, we had a piping business which was growing at a pace and faucets and ceramic. So this gives everyone a clear picture on both the verticals, how they are performing, growing, and how the future stands.

Now, in adhesive, I would like to even bring it to the notice, without numbers, that as we have communicated, the UK, the US businesses have been doing excellently well. We'll be shortly putting numbers for you, but they have been growing, they have been converted into good EBITDA margins, as well as there are a lot of opportunities in UK which have started striking our doors and which will help us to even use the facility at a higher scale.

And there are few customers, big customers and big DIY stores who want and who are now in the process of tying up to buy the product from Bond It or Seal It. And similar things are happening in US. US now, apart from the silicone tapes, the other products which we made there have also started going to the market.

But more perspective we would like to give you when we have the question-answers or even Hiranand bhai will share. And one more thing is that this whole process is a longer process. By the time it ends, we'll be finishing the fiscal year and by the end of the fiscal year, there will be a substantial number of the chemical business as well as the pipe business.

And it was a process where there was a plus and minus that what time we should make it happen. But going through the whole process and going through the time cycle, we are sure that by the end this process kicks up, the numbers will be at a level where everyone would feel that this is the number where this is the right moment things have happened.

Coming to the pipe business, the CPVC plant is going ahead of cycle, ahead of the decision which we are at the timeline we have communicated. So we would be ready with production of CPVC by the fiscal end and the CPVC will help us in our piping business not only for growth, but also to improve margins. In the piping business, our Pex aluminum Pex, the state-of-the-art product, is starting in couple of months.

Certain products are growing at a good pace. Again, we'll communicate it when we come connect to you in next one and one and a half months. And certain new products in drainage are already there. The OPVC is in a full scale. We are ready and we have launched PPR also. We have launched HDPE PE pipes for certain gas applications. We've already started getting some good traction on certain products which we have added. And the Al-Aziz is also now getting on a full track and growth plan.

The second thing is the faucet has been a growing phenomena for us, and it will continue to grow and it's also growing at a better pace. So there also we would like to take more initiatives for its growth, take steps to see the growth continues. And at the same time, we have put facilities for pipes at different places, so the capex cycle is already at a level where it is not going to be there high. But using these capacities and adding a few machines at this location will be also generating good amount of growth and revenue in the piping business.

But when we come to the question and answer, I'll be ready to answer whatever queries you have on both the business, as well as Saumya is also here, and Kairav is here, and Hiranand bhai is also here, so we'll be extensively clearing all your questions, all your doubts, and making it transparently clear on the steps which we have taken consciously and in the betterment of both the business for the transparency growth and the future prospects which we see of both the verticals in the coming years, in one or two years. And we are very sure that this will help us to keep the growth path on.

Secondly, the capex cycles are not heavy. The manpower cycle also in adhesive is coming under great control and that also we'll keep talking in these three quarters as we unfold the numbers. And at the same time, we are getting good traction and we have covered a good manpower scale reduction in our piping and faucet division.

I'll hand over now to Hiranand bhai to go take you through the other aspects and then we will be getting through you with the question and answer. Thank you very much.

**Hiranand Savlani:** Good afternoon, everyone, and sorry to trouble all of you on a Saturday holiday. But this was the need of hour and we thought that it is better that we clarify rather than a lot of grapevine going on in the market. Better we clarify from our side so that there should not be any doubt in anybody's mind. Let us first understand the structure of the company. What was there earlier and what is now. So a lot of confusions are going on in that structure also.

So I think we have clearly given the structure on a very clear message on our press release that how we are going to divide the two businesses. The message is very clear, but still any doubt, we will clear here. Whatever the businesses related to the chemical, they will be forming part of this Astral Coatings or now it is Astral Chemie. And whatever the businesses related to pipe, they all will be combined in the pipe entity. So there will be a two entity in future. One is the Astral Chemie, which will be the part of the chemical-related businesses and then the Astral Limited, which will be related to pipe and the bathware.

Now let us discuss the individual company so that you have a more clarity. Like today, we are having Al-Aziz. Al-Aziz is completely into the manufacturing or the electrofusion fitting, so it is completely related with the pipe. So it is going to be merged with the pipe. Then we have a second entity, Nexelon, where Astral has 80% stake, which is going to manufacture the CPVC resin. So CPVC resin is also connected with the pipe, so that is going to be under the umbrella of the pipe. Thirdly, Astral Foundation, that is mainly for the CSR activities, that will be common. But it will be the part of the Astral Limited.

And then there is an entity called Seal It UK. So Seal It UK will be the adhesive-related business, so that will be in future the part of the chemical business. And then similarly, paint business. So paint will also be the part of the chemical, so that will be in the Astral Chemie Limited. And then Seal It US. Seal It US is also subsidiary or today the step-down subsidiary of Astral, again it's related to the adhesive, which is under the Seal It UK, so that will also be moving to the chemical business.

Similarly, Seal It Ireland, that is a small subsidiary, step-down subsidiary we have opened up just to take the advantage of the tax structure of UK and US, so that will also be the part of the adhesive division, so that will also fall into the chemical division. And then the recently acquired the specialty chemical business of DSS LLP, where Astral is a 60% stakeholder and that will also be related to the chemical, so that will also fall under the Astral Chemie Limited.

So in future, Astral Pipe will be having only two businesses, two companies, that is the Nexelon and the Astral Foundation. This Kenya venture is shut down, only the land is lying over there. So whenever that will be sold, at that time whatever money will be coming, that we will receive at that time and that time we will shut down that company. But till that time, we have to operationally keep this company on our books. So that's why Kenya will also be forming part of the pipe division.

Now in chemical division, this paint business will be there, that is Astral Coatings. And whatever the adhesive division is there in pipe, that will demerge from pipe and will go to the chemical division. And then the Seal It UK will be there and then Seal It Ireland will be there and Seal It US will be there. And now recently acquired DSS, that is the specialty company, that will be forming part of the chemical. Now, if you have a still any concern, you can raise the question during this con-call.

I think Sandeep bhai has explained you in detail. The objective of demerger is very clear that we want to grow very high in both vertical and at the same time we want to have a capital discipline also that every business should generate their cash flow and that should be deployed in the growth of that respective business, so that there should not be any interlap between the two company. And that is the reason we are doing.

Secondly, I think high synergy between the paint and the adhesive business is there. A lot of dealer distributors are common. Similarly, warehouses will be common. And at the same time, plant will also be sizably helping each other. So because of that, I think the synergy is perfectly fitted to that and that is going to help us to save a lot costing saving and that is why we have decided that these business should be merged.

Otherwise, it will be having a lot issue on the operational front, related party transaction will be there, then a lot of transfer pricing-related issues will be there. So all these challenges we will have to face. So because of that, to come out from this operational discomfort, if this entity will be combined, then it is going to help a lot.

The overlapping between two businesses will be only to the extent of solvent cement. Astral is selling only one brand that is the Weld-On which is roughly about INR100 crores brand. And total -- out of total business of INR225 crores to INR250 crores of our adhesive, 40% is with Astral because Astral is selling only this brand. Now, as far as our adhesive business is concerned, they are having multiple brand into the solvent and they are directly selling to the dealer, which has a no relevance with the pipe business. They are directly selling to the dealer and distributor and they are taking care into the other piping company's business.

It is not related to the Astral Pipe which can be a Solvobond brand is there, Truzo is there, and Emero is there. So all three brands are already independent and they are selling independently to the different categories of dealer, which is not having any relevance to the pipe name. So overlapping of two businesses only to the tune of only INR100 crores. So in future, this adhesive division Astral Chemie will be manufacturing and Astral will be buying from them or adhesive can directly also sell to the Astral Pipe vertical also. So otherwise, there is no overlapping of two businesses.

Now coming to the number point of view, I think last completed year, we have closed the chemical division to the tune of INR1,861 crores, and with the EBITDA of INR192 crores. This was low in terms of EBITDA because we have already clarified earlier that because paint business is new, we are expanding very fast because we are expecting this business to grow very fast. So because of that, we have added lot of overhead. So now I think this year it is going to get over and this year we have already communicated that we will be into the EBITDA positive, so we don't see any dragging of profit from that division.

Secondly, Sandeep bhai has already clarified that whatever capex that division is needed, whether it is into the adhesive or whether it is into the paint, that all will be completed this year. For the next three years, we are not seeing any big ticket capex, maybe small capex may come, INR25 crores, INR30 crores, or maybe INR40 crores, INR50 crores capex may come. But that business is self-sufficient to take care of that capex from their internal accrual, because you can understand that this year is INR192 crores of EBITDA, next year will be sizably high.

So close to about INR250 crores kind of, I'm putting a hypothetical number, it can be little bit plus minus, but even if INR250 crores of EBITDA will be generated, I don't think that business will be having any shortage of cash because they don't need additional capex. Whatever the additional money they will be requiring, that will be required for the growth of the business and that is in the form of working capital. So that unit will also be self-sufficient and will not be requiring any big ticket cash flow for its growth.

Now coming to the recent acquisition which we have done, that is the DSS which we have disclosed in our press release also when we have acquired. It's a very beautiful business and very, very high growth business and not only high growth, but high margin. We've already communicated that our margin profile will be 25% to 30%, sorry 20% to 25% EBITDA.

So that business is also going to generate lot of cash flow in the next three to five years' time. And today they don't need too much of, with a minimal capex, maybe INR10 crores, INR15 crores max to max capex, they are going to generate INR150 crores of revenue. So now with INR150 crores of revenue, 20% to 25% kind of EBITDA, so that business is also going to generate INR30 crores, INR35 crores, INR40 crores of EBITDA from the next year onward.

So that business is also going to generate the cash flow and for that future growth whatever capex will be needed, first of all, the low capex is needed in that business because it's a high margin business and that also will be taken care from their internal accrual because that much of cash flow will be generated from that business.

So from here on, we don't see any big ticket capex requirement is there in the adhesive business or chemical business, because every businesses are going to generate cash flow from this year onward, whether it is the paint, whether it is the UK. Whatever challenges were there, Sandeep bhai has very, very categorically clarified that we are already into the positive trajectory.

Even last full year, if you see the number, there also we have generated a positive EBITDA of INR15 crores. So it is not a any problem now, it is going to be a sizable improvement, maybe 100 more than 100% improvement into the EBITDA this year. So that business is also going to generate a lot of cash flow.

Now team has taken charge and now team is already settled down, new CEO is also settled down over there. We have already started getting a big ticket inquiries from the big store, they are ready to join with Bond It. So I think going forward, that business is also going to generate lot of cash flow.

So as far as the cash flow is concerned, we are not seeing any challenges to any of the business. Pipe is anyway generating a high cash flow, but with this backward integration of CPVC, we are highly confident that this business is going to take place a new shape and we will be very, very aggressive into the market and we are going to continuously gain the market share into the CPVC market, which you can see in the piping results also that continuously last 10 year, I'm not talking you one year or two year, last 10 year every year Astral has taken the market share.

And that rate will accelerate in the coming time with this help of the backward integration. We've already communicated that by December our plant will be ready and January, February, March, we are going to do a lot of trials and will be ready with that and from next year full we will be getting the full advantage of this vertical. So cash flow for that vertical is not going to be a big challenge.

So I think it's the right move at this stage because anyway at a later stage we can do this demerger that scale it is going to be a big challenge. Rather it is better that a early stage we can segregate and we can settle down so that growth trajectory we should not be facing the problem.

If we do at a INR4,000 crores or INR5,000 crores level, then the different kind of operational challenges will be there. So it is better that now we can settle down now and you will see by year-end itself, this adhesive business will be close to about INR2,300 crores, INR2,400 crores. So almost you can say we have reached at a stage that's why we have taken this decision.

Now with this, I want to open up the floor for the question-answer. Thank you.

**Moderator:** Thank you very much. We will now begin with the question-and-answer session. We have the first question from the line of Keshav Lahoti from HDFC Securities. Please go ahead.

**Keshav Lahoti:** Hello hi. Thank you for the opportunity. Sir, firstly just want to understand what is the total of the demerged entity? Reason I'm asking because the press release mentioned the amount as INR12.6 billion. If you combine chemical and paint the number is still a larger one?

**Hiranand Savlani:** I think in my initial remarks, I've already given the number. The adhesive or in the chemical division, last year number is INR1,861 crores, and the EBITDA of that business is INR192 crores. And these numbers are already we have published in our last presentation during analyst meet. So you can verify that number from that presentation also.

And shortly, we are going to give you the separate P&L for both the vertical, chemical vertical and pipe vertical, at the same time separate balance sheet also. So give us some time, maybe we will be ready by Q1 number. When the Q1 number call will be there, by the time we are going to give you the separate balance sheet of two and separate P&L also. So investors have a very, very clarity -- much clarity.

**Keshav Lahoti:** Understood. Got it. That would be helpful. Just a just to highlight because the press release, you know, you mentioned for the demerger the amount possibly needs to be corrected. So that's why it was creating a confusion. But secondly

**Hiranand Savlani:** No no, press release, because the coating business is paint business is separate and UK business is separate, that's why we can give only the Indian number. But otherwise, I have clarified you and even if it is a mistake, we are sorry for that. But now onward you will be getting all the consolidated number.

**Keshav Lahoti:** Understood. Got it. Tell me whether by, demerging this business, possibly the growth of the company could, further accelerate what we were expecting earlier because as you highlighted the focus of the team will increase. And secondly, how would be the management team structure for both of these companies?

**Hiranand Savlani:** So I think we have already clearly said that with this demerger we are going to go into the higher growth trajectory, rather than I can say higher growth, it's a fast track growth strategy. And that is why we are doing. So because decentralization of power is always going to help the organization. And that is the reason why we have done this thing.

So we are very confident that with this demerger we are going to grow at a very, very high speed and that will be reflected to you in the coming time. Today we are just on a paper we are saying, but once you will be waiting for some time, you will see on the ground that we are going to grow at a very fast track in both the businesses.

**Sandeep Engineer:** Yes, I'd like to clear one basic thing that at the helm it is myself going to remain for both the companies and the all of us together, whether Kairav also plays the role in both and Saumya plays the role, Hiranandji plays the role, but myself as I created the business for pipe from a scratch from CPVC, bringing a new polymer, creating a new vertical, creating new products, still innovating new products, going backward in CPVC, getting our own faucet ceramicware plants and putting a plant to make those in-house with new designs.

Similarly, there is a great opportunity which we see here in the growth trajectories with the new chemistries which are there, the new products which are there, the epoxy where we are one of the leading players, the cyanoacrylates which is growing, we've also come on the platforms where the products are taken to the home also by the buyers, and also we are equally bringing new products for waterproofing and the construction chemicals.

At the same time in paints also a lot of innovations are happening, there are a lot of new paint technologies which we are working on. So the whole concentration to grow both the verticals, both in the product line, the adhesive is a completely B2C business and even the paint is B2C business, the backward integrations happening in the pipe is also helping -- pipe is also major B2C and also B2B projects.

At the same time, in some of the good product lines, we are also growing with some of the great infrastructure projects of India. And at the same time, in adhesives, we are also going backward with these acquisitions. So the strategy and the theory is that both the babies have to grow and both the babies are at the helm. I will be there and we will be seeing that as we grow the pipe business from a scratch, we'll grow this business to a next level.

**Keshav Lahoti:** Thank you. Got it. That is good to hear. Congratulations to the whole team.

**Sandeep Engineer:** Thank you. Thank you.

**Moderator:** Thank you. We have the next question from the line of Praveen Sahay from PL Capital. Please go ahead.

**Praveen Sahay:** Yes. Thank you first of all for the opportunity and hosting this call. My first question is related to the cost. So post demerger chemical business how they are going to reallocate the cost related to technology or corporate heads? How that's going to be there? Is that cost burden expected to increase looking at the size of the chemical business right now? And where you will see this margin in medium term to be done?

**Hiranand Savlani:** So I think cost side, we don't see any much increment will be there. Maybe few positioning at the administrative side or maybe accounting side or maybe finance side can be added. But that amount wise, it's not going to be a substantial. But at the same time, lot of cost saving aspect is there, because lot of operational ease will be there at the plant level, at the warehousing level, at the market level.

So synergy is very high between the paint and the adhesive division. So that is going to help us in a big way. So whatever little bit cost increase will be there on the administrative side or maybe a compliance side, that will be sizably offsetted rather than I can see on the contrary will be saving side will be more rather than the cost side.

Because the synergy wise whatever operational we are seeing, there we are going to save a lot money. So I don't personally see any cost inflation will be there because of demerger. Little bit increase will be only the compliance side or maybe to some extent other administrative side. But otherwise, saving will be more rather than the cost will be there.

**Praveen Sahay:** And where you will see the margin as this 10% of margin where to move in?

**Hiranand Savlani:** So, I think 10% you are seeing the consolidated margin, that is mainly because two businesses were not generating the margin, that is UK business and the paint business. Now from this year onward, both are going to generate the positive EBITDA. So with that, we are of the view that we can easily reaching to the 14% to 15% kind of trajectory, maybe by next year. So we are confident that we will be there in this 14% to 15% trajectory next year.

**Praveen Sahay:** Right. Second thing you had highlighted about the growth the way forward, the growth for this business would be a quite a high, capex has been almost done. So can you give some color like next four to five years where you wanted to see this chemical business, this INR1,800 crores-INR1,900 crores business to grow at? And if possible, which segment would be on the higher side of the contribution in the next four to five years?

**Hiranand Savlani:** So I personally feel that the all vertical will be growing fast. I am putting this question to Saumya. Let Saumya to answer because he is already day-to-day basis involved. I also know, but I want that the Saumya should come and now onward he is going to interact with all of you. So let him to answer this question. And if anything is left out, I will add on to that.

**Saumya Engineer:** So next Saumya here. So I think as Hiranand bhai said, this year we closed our figures around 1,861 for the chemical business. And next four to five years, I think internally we are aiming at a number between INR4,400 crores to INR5,000 crores for the chemical business.

And majority will be coming from the India adhesive business with I think mostly equal contribution from the UK, US as well as a little bit higher contribution than now from the paint business because it will be growing at a much faster pace for us.

So, I think overall the bigger chunk will always be the India adhesive business and which is you know our main adhesive, sealant and construction chemical business for us, which we have been running from 2014 since the acquisition.

**Hiranand Savlani:** And [we had 0:32:16] specialty.

**Saumya Engineer:** And specialty chemical will also -- so in this the DSS chunk will also be added. I think DSS as Hiranand bhai said that we are gearing up for around INR150 crores for the DSS business next year.

And I think we are adding capacities with not that much capex infusion in the business and already there are certain capacities right now in place for DSS which can start the commercial production and help into the backward integration for the adhesive business, but also we can offload some capacities in the market and set up our specialty B2B business.

And I think one of the things which I would also like to kind of make it clear is currently our India adhesive business, the B2C business comprises of around 90% and B2B is around 10% with specialty business of DSS, I think we'll still maintain 10% into the B2B, but with better margins.

**Hiranand Savlani:** I think the best part is that in DSS, the most of the products are import substitute. That is the beauty of that business. So scaling up that business will be very, very fast and margin lucrative. And beside that, lot of I can say the export opportunity. So I can give you an example that recently we have acquired one order from the export.

The single kg cost of that chemical is EUR65. So you can understand the kind of product specialty will be there and where there the margins will be very, very high. So if that business which we have already communicated in past that we are targeting INR500 crores revenue in next four to five year and maybe early also if we can do right things so fast, then that business is going to generate a huge margin for the chemical vertical.

**Praveen Sahay:** Right, sir. Just a clarification. Next year means FY27 you are talking?

**Hiranand Savlani:** FY28, INR150 crores.

**Praveen Sahay:** Okay. Okay. Okay. And also DSS related you wanted to go with the some backward integration as well because this is raw material for the adhesive and the other product which you are manufacturing. So this INR150 crores is the external sales you are talking about or the club of the backward integration?

**Hiranand Savlani:** It is the club of both.

**Praveen Sahay:** Okay.

**Hiranand Savlani:** But already this year from this month, they have started two products' commercial production which is going to help us in both ways as improving the margins and these are more modern-based products where the chemistry of the product also is getting improved in a big way.

**Praveen Sahay:** Right. Perfect, sir. And the last question is definitely you said that you will share the balance sheet later. But if you can give some color on the return profile, how is going to be look for this Astral Chemi and also the cash or investment which you have in the balance sheet of around INR940 crores award, how is that's going to divide?

**Hiranand Savlani:** So I think right now the working is going on, so we will be ready by I think once the first quarter number will be out, at that time we will be able to tell you exactly the number will be there. Right now, it will be too early for me to tell you. So please wait for three, four quarter because now quarter is almost on the verge of completing and we are targeting to publish the number by July end. So by that time, you will be having everything ready with you.

**Praveen Sahay:** Okay. Thank you, sir, and all the best.

**Hiranand Savlani:** Thank you. Thank you, Praveen.

**Moderator:** Thank you. We will take the next question from the line of Sneha Talreja from Nuvama Wealth. Please go ahead.

**Sneha Talreja:** Hi. Good afternoon team and thanks a lot for the opportunity. Just couple of questions. Generally we have seen this kind of a demerger happening at a mature age, but Sandeep sir, you also mentioned that you did you did see lot of pluses and minuses. Could you actually tell us what were the pluses and the minuses while you were looking at the demerger of both these businesses from your view?

**Sandeep Engineer:** There were many pluses. The plus is one that both businesses though the product goes in the construction world, the way they are sold and the way they are perceived in both as a business, B2C completely, one is B2C and part of B2B directly projects. Second, the way of manufacturing, especially the way of manufacturing in the sense that one is a polymer related product and other is a chemicals related product.

And third is the both these adhesives and paints go hand in hand in sales also, in certain uses also and the people who apply it are also common. There is also one more aspect which we bring is a more transparency to communicate to all our investors because when we are meeting and there is a lot of confusion on the chemical side, sometimes the pipe side, sometimes the faucet side, which gives you a complete transparency now on both the verticals which act and which go in the same market.

But there are certain things which are different in both these verticals. Third is the plus side is the opportunity of growth prospects of both are different, both are going backwards, both are taking on lot of new initiatives and there are lot of initiatives coming to our doorsteps. So all these things are where we need to take the call that it's both the babies are there, but the both babies have to grow independently, generate business, generate cash flows and grow at a very high pace.

The third thing is that the businesses will be almost full of capital cycles completion by the time it gets demerged and also the actually impetus to growth and the impetus to deliver the numbers will be much higher from as the fiscals go ahead. So at some certain high level of size, the demerger would have been more challengeable.

And always there are certain minuses like when you see now you will see and look at both the companies in its own perspective and there will be certain small challenges always happening here and there on the operation sides. But seeing the whole way the synergies and the organization and the way we have been structured the organization for growth, innovation and backward integration, I think it will be giving a more positive result from the all the angles for the both the companies, verticals happening going forward.

**Sneha Talreja:** Understood sir. That was useful. Just understanding since you said both of them are currently there are both the divisions where there are lot of commonalities be it branding, be it distribution, we were looking at like one building material sort of company which gives adhesives, paint, pipes across the board. How do we see branding and distribution going forward?

**Sandeep Engineer:** There has been no commonality in branding. Let me tell you very frankly that. I never said that because any way make a ad for white glue, it's a white glue ad. You cannot say I am a pipe and a white glue ad. Like Ranbir comes and says about white glue, he doesn't say that are the pipes are good.

Secondly, for the distribution, the distribution channels for pipes only go into construction chemical sale, but most of these the B2C products of adhesive and paints we are going direct to the dealer model. So no distribution channel in between and in adhesive there are smaller distribution like in Ahmedabad we may have six pipe distributors.

But for adhesive we'll need 10 to 15 distributors region-wise because the distributor has to cover 200 shops or odd 150 shops average distributor. So the commonalities of sales as per se is as a user perspective it is there, but as the distribution pattern it is not that much common. Faucet and ceramic ware, many pipe distributors because pipe and faucet go hand in hand.

So those are sold through many distributors, but lot of new showrooms and people have been added who now deal only in faucet ceramic ware and not in pipes. So looking to all the perspectives, we don't see any great things happening. Even when you say warehouses, the pipe warehouses don't need that much fire protection, whereas the adhesive warehouses need more fire protection. So even they are at a common premises, we need to differentiate how do we store both the products.

**Hiranand Savlani:** Secondly, Sneha, your question related to the branding. The umbrella brand, the parent brand is still remain Astral only. So it is not going to change that, so it is going to complement each businesses. So that is not going to affect.

**Sandeep Engineer:** Yes, when you do a branding called Astral, it carries to the entire Astral. The people we call the entire Astral. But let me tell you one my small thing and I think this is very practical answer if you all understand. When we always used to tell Astral, people would only relate a pipe business and people would always say that it is a pipe company and pipe business.

So though we were in chemical, adhesives leading being a number two in the market, creating lot of things in number one, number two in many chemistries and doing hard work, the Astral Chemi differentiate as a chemi will always help us that yes we have a pipe division called Astral and we have a Astral chemical also, which this differentiate will like to push the chemical business out of that shadow.

And bring it to a level where it will also be equally been seen, perceived and also taking forward a perceived company will always help us and at the same time Astral which leads in a product category will also be equally growing in its own category. So it's a very practical thing when we go and ask or if I meet somebody and talk, this is going to help us in a big way in the future also.

**Sneha Talreja:** Understood sir. Thanks a lot team and all the best.

**Sandeep Engineer:** Thank you.

**Moderator:** Thank you. We will take the next question from the line of Tejas Pradhan from Citigroup. Please go ahead.

**Tejas Pradhan:** Yes. Hi, sir. Just continuing on the earlier discussion point on the brand Astral. So would both the entities, listed entities have access to the brand or any sort of brand fee type arrangement just to get some clarity on that?

**Hiranand Savlani:** No, both will be having access to the brand Astral.

**Tejas Pradhan:** And there won't be any brand fee for the access?

**Hiranand Savlani:** No, that will not be there.

**Tejas Pradhan:** Okay. Understood.

**Moderator:** Sorry to interrupt in between Tejas I will request you to please repeat your question as you were not audible.

**Tejas Pradhan:** Am I audible now?

**Moderator:** Yes, you are audible

**Tejas Pradhan:** Yes. The revenue contribution of solvent cement to adhesive segment I know you mentioned that in the initial comment, but I just missed it. Can you repeat?

**Hiranand Savlani:** So it is the overlapping is only INR100 crores that is the Weld-On brand. Rest all the three brand which I mentioned, Solobond, Trujoy, Ambro, all this is the separate. That brand itself is a INR125 crores kind of level. So that they are directly anyway selling to the market which has no connect with the pipe vertical.

**Tejas Pradhan:** Okay. Understood. And the dividend policy now the both the businesses would have different cash needs, right? So at an Astral, level currently we had a dividend payout of 20%-odd. Any sense how would that change on the piping entity and the adhesive entity?

**Hiranand Savlani:** So to be very honest, we have not yet decided. I think that Board will decide that policy. So we may be communicating once this complete process will get over maybe another 9 months or so. Then after we will be in a position to communicate that how much percentage dividend we are going to distribute from each company.

**Tejas Pradhan:** Okay. Thanks. And just lastly, just a data question. Could you just share for FY26 how much revenue and EBITDA was there from India Adhesive, UK, and the paint business?

**Hiranand Savlani:** So like India adhesive was revenue of INR1,263 crores and EBITDA was INR191 crores. UK adhesive was INR385 crores. EBITDA was INR15 crores. Paint was INR240 crores with a negative EBITDA of INR14 crores.

**Tejas Pradhan:** Negative INR14 crores EBITDA.

**Hiranand Savlani:** Total INR1,861 crores and INR192 crores.

**Tejas Pradhan:** Okay. Understood. Thanks.

**Hiranand Savlani:** Thank you.

**Moderator:** Thank you. We will take the next question from the line of Ritesh Shah from Investec India. Please go ahead.

**Ritesh Shah:** Yes. Hi. Thanks for the opportunity. I want Saumya to answer this question if possible. Saumya, my question is if we look at Resinova, broadly say INR1,260 crores, if you take solvent out broadly we are looking at INR1,000 crores. You did indicate B2C-B2B at 10-90, which is great.

But if we had to look at this residual revenue, stripping out solvent, wherein we are looking at INR1000 crores, how should we appreciate the quality of this revenue base? I think Sandeep bhai in the initial remarks did indicate for few chemistries we are leading on number one, number two position.

If possible, if you could just highlight what is the market share say to the best extent possible say PVA, Epoxy, Epoxy Putty, Cyano. The sort of ramp-up that we have done and I think you did indicate INR4,000 crores, INR4,500 crores which impounds effectively around 20%-25% CAGR over next 4 to 5 years, which is a great number. But if one had to bifurcate it by chemistry, what's our confidence level, what's the strategy over here? That would be useful. Thanks.

**Saumya Engineer:** Yes. So I'll briefly take you through all the points. So basically if I you know take you through the adhesive India, I think if we as Hiranand bhai said if we remove the solvent, I think we don't remove the complete INR250 crores solvent, I think we remove the INR100 odd crores solvent.

So I think Solobond, Ambro, Trujoy is still being operated. So I think the base is not INR1,000 crores but little bit INR100 crores, INR150 crores up base I would say in terms of solvent cement. So solvent cement if we put Astral family together, all the brands including Weld-On, we are number one position I would say in the Indian market when it comes to solvent cement.

I think now if I move to you know chemistries where India adhesive business would operate would be epoxies, epoxy putties, solvent cement, cyanoacrylate, silicones, PVA, construction chemical in which we will have waterproofing, coatings, integral, as well as cementitious products.

We will be into wood working adhesives where it will be white glue, PVA, as well as rubber adhesives which will be used for specialty applications in creating furniture as well as we have also been now putting ourselves into the tape market with lot of focus into expansion of tapes as well, whether it is plumbing tapes or electrical tapes or paper tapes and going backward into that as well in terms of understanding, how we want to expand our tape.

So as you know with confidence I could say that everything Astral produces in-house. So there is a strong support of supply chain, there is a strong support of manufacturing footprint right now already present which gives us utmost confidence that the India adhesive business as the number communicated for next 4 to 5 years and the growth trajectory of India adhesive business could be will be in line to our aspirations and also the India market growing at a fast pace with maybe two or three players only present in this space in terms of and it is also a niche market.

It is not like a humongous market when it comes to the adhesive sealant space. I would put the construction chemical aside but adhesive sealant space is still like a niche market and you know it's a very specialized market with very few players in it. So I think we are positioned very nicely into it and I think we have fairly good products.

I think in silicone chemistries, epoxy chemistries, and few chemistries I would, definitely put ourselves up there in the top three positions in the Indian adhesive and sealant market. So I think definitely with this we will expand the market footprint and our market shares in times to come and grow in our distribution as well.

So as you know that the business itself as I mentioned 10 chemistries, those 10 chemistries are also split into different specialized selling verticals within the India adhesive business with proper focus into each chemistry. So that also gives us good confidence in terms of how we want to expand our distribution, expand our retail reach, and reach the end user and get our product, talking in the market and acceptable in the market.

So I think you know just few numbers I would like to say, it would be an approximation, I wouldn't go into exact things. So we reach unique almost 2 lakh outlets in adhesive business. And in rural we are reaching almost 13,000 towns and we want to expand into almost 20,000 towns in coming year to 2 years.

So now you can understand that you know how aggressively we are planning in distribution and how we want to get our footprint strong in the Indian adhesive space. I hope you know it kind of broadly covers what you were asking.

**Ritesh Shah:** This this helps, Saumya. Just to drill a little bit, you did indicate like in few chemistries we are number two, number three or in top three. Solvent you indicated number one. Which would be the other ones? I presume it's Epoxy Putty?

**Saumya Engineer:** Yes. And silicones.

**Ritesh Shah:** And silicone as well. Okay. That's encouraging…

**Saumya Engineer:** And cyanoacrylates.

**Ritesh Shah:** Cyanoacrylate. Okay. Would it be possible for you to indicate qualitatively which is the chemistry where you are most excited about? Like solvent probably will grow in line with plumbing or probably better than that, but the other chemistries, is it more a function of the distribution reach or is it something beyond that we are planning to actually get to that 20%-25% CAGR?

**Saumya Engineer:** I think with time we'll go into the numbers in terms of distribution reach. Now if in the distribution reach you can see itself that we are planning to grow the distribution reach by let's say more than 25% to 30%. Now that is our aspiration to grow the distribution reach by 25%-30%. But that aspiration is backed by the chemistry penetration also in the market in terms of shelf space or taking the product to the shelf.

Now going into the chemistry-wise breakups, I think with time we will, form an internal strategy of how we want to communicate our chemistry-wise kind of thought process, but I think all our chemistries will fairly grow and give us that mark of higher numbers in the India adhesive business.

So fairly it won't be Epoxy not growing and silicone growing, so fairly we are taking a robust figures of all our chemistries and you know as you also know in the market that we are fairly small in this space still looking at the current market size and the growth of the market, so I think we still have a lot of room ourselves to take this business forward to the next level.

**Ritesh Shah:** That's great. Just a follow-up like revenue is great, but if one has to look at the profitable growth as you speak about distribution, how should we look at A&P plus S&P plus distribution related spend because historically this number has been like 3.5%-4% at Astral consol level, which has been pretty much okay.

Now, if I just assume say 20% growth next year assuming say 4% on A&P, that number effectively stands at INR90 crores, which looks quite steep versus the reported EBITDA if you look at Paints, Resinova, Seal It combined which was INR190 crores last year. So would you like to give some colour on how should we understand the costs going ahead given this business is great but the competitive intensity is also very high? So any numbers on A&P, S&P, marketing spends, margin profile, that will help.

**Saumya Engineer:** So I think overall we'll go into the cost. I think manpower cost is always a debate we have internally, me and Hiranand also, so he always has a check on us as well in terms of you know the cost factor when it comes to manpower. So I think with the increase in sales and our distribution strength getting stronger and stronger, I think we won't be equivalently increasing the manpower cost.

It will be rationalizing and going down, so that is a very positive sign we are seeing in terms of the cost factor. So I think in this digital age and how we are reaching our retailers and how we are increasing our retailer points in terms of hitting the shelf space, I think we are using lot of digitalization and digital processes also in terms of, you know, order taking or you know all those things.

So I think we are we are investing in in in understanding that what would be the new ways of distribution and taking this adhesive space forward and not just increasing our manpower cost. And when it comes to creating a brand, I think yes, definitely it's a cost and I think it would be in line of our expenditures going on in last one year or two years and it would incrementally I think grow keeping you know in check with our top lines and of course taking a very logical step and I think we won't do something where we are you know not understanding our sales and our overall gross margins and you know taking rash decisions anywhere in terms of spends.

But again those spends are for the investment of the brands and creation of the brand. And in adhesive space, we definitely have Astral as a mother brand for the piping as well as adhesive business, but it's very important when we look at our peers and long-term players in the market who have been fairly successful in this space, we need to create the brand effect of our sub-brands, so Bondtite will always be our anchor brand and we will be betting very strong on Bondtite brand in times to come.

**Hiranand Savlani:** Secondly, Ritesh, I can add what Saumya said, that once this separate P&L will start hitting from the Q1 onward, I think lot of analysis will be done at a line level. So wherever any cost we feel that it is high, so we'll start controlling that side also and wherever spend which we feel that it is not relevant at this stage, we can cut that also. So I think line level management will start from the Q1 onward, that is going to help us in a big way in the coming time, because once you make a separate P&L level at a you can say net profit level, then you will clearly understand where the missing part is there, where the improvement is there.

So that will start happening in the short term. So I don't want to say that in a one quarter or two quarter we are going to do any miracle, but definitely by year-end our team will be geared up with that I think reading of the MIS, and that is going to help us in a big way.

So wait for few quarter and you will see a lot change in the coming time and lot of cost control mechanism will also be there. But these things cannot happen overnight. So I think with this separate P&L, we are going to do that thing and which is going to definitely help to the organization at the investors also.

**Ritesh Shah:** Sure. Just a quick one. I think Sandeep indicated Dahej further expansion. He also indicated about Paint's expansion in West and DSS incrementally there might be some capex. Would it be possible to put some number cumulatively all three this, three variables together and if hypothetically we do this, what can be the best case revenues? Will this be over and above what you indicated INR4,500 crores?

**Sandeep Engineer:** So I think DSS, the first stage of expansion, we are working on that and will not be much, maybe INR8 crores, INR10 crores will be there, is not going to be a substantial at the first phase. Second phase maybe will come next year-end, next year mean FY28, by the time we will be ready with our second phase of expansion.

With this first INR150 crores of revenue, we are not going to spend a much, INR8 crores, INR10 crores capex will be there. And that company is self-sufficient to generate their cash flow because now the revenue has already started from this quarter. This quarter will be, June quarter will be little low, but from July onward, it is going to ramp up very fast because of backward integration of our products also and at the same time forward sale also.

So I think they will generating their cash flow, so they will not be much dependent on the Astral per se or the chemical division per se. Now coming to the adhesive side and the paint side expansion, I think that is also going to get over this year. So I don't think from the next year onward, it is going to be any substantial, maybe routine kind of INR40 crores, INR50 crores kind of expansion will be there with the product addition or maybe some anything else we want to do.

But at the same time, we are expecting another INR50 crores, INR60 crores of cash flow from adhesive division by this year because we are going to sell out our office which is there in the Bangalore, because we don't think that now we need that office because that is in the prime location and because we are now going to keep the head office in Ahmedabad because we are with this consolidation.

So close to about INR60 crores cash flow we are expecting from that office also which will be materialized this year. So with that additional cash flow also, I don't think that division need any extra cash flow. Whatever that requirement will be there, they will be able to fulfil from their internal accrual. And even this adhesive and paint will not need much cash flow this year also.

Secondly, what I to finish that yes, with all these expansions and the things in line which are about to get completed and that's why we are aggressively going to increase our dealer network reach and distributors. So obviously it will help in the growth strategy of the business.

**Ritesh Shah:** Sure. Hiranand, any accumulated losses? How should we look at the tax rate for the new entity? I presume there could be something for Paints?

**Hiranand Savlani:** Tax rate as far as this adhesive is -- our pipe is concerned, it is going to remain same, close to about 25%. Adhesive tax rate will be low initially because lot of write-off we are doing every year if you see we are amortizing close to about INR27 crores.

So because of that the tax rate will be low, that is a book entry only, but tax advantage will be there. Plus accumulated losses of paint division of last couple of year. So that will also be giving the benefit, so that tax rate will be sizably low. How much low, I have not done the calculation, so I will not be able to tell you exactly how much benefit will be there, but definitely this year will be a next year onward it will be low only.

**Ritesh Shah:** Sure. One last question before I join back the queue. Sandeep, when we look at the holding, so I'm approaching purely from a standpoint that if I'm one of the sons, the implied market cap assuming a certain multiple for adhesives would be significantly lower. Now, based on my reading of the shareholding, I don't think either Kairav or Saumya have direct holding into the listed entity. I think it's more under your name and madam's name.

So if one has to say fast-track 10 years out, how would you look at it to ensure that everything goes smooth given what we have done right now is also more proactive step to ensure that things actually move in a smooth fashion say over next 20, 30, 40 years? So if I have to just fast-forward 10 years out, any thoughts on that particular variable?

**Sandeep Engineer:** The holding will absolutely remain the way the pattern it is today and for the coming years also. So it will be the holding will be in the name of myself, madam, and our two Kairav Chemicals and Saumya Polymers entities. There won't be any change or deviations happening.

**Ritesh Shah:** Okay. Fine. Thank you so much for the answers. I'll join back the queue. Thank you.

**Sandeep Engineer:** Thank you.

**Moderator:** Thank you. We will take the next question from the line of Utkarsh Nopany from Anand Rathi Shares & Stock Brokers Limited. Please go ahead.

**Utkarsh Nopany:** Yes. Hi. Good afternoon, sir. Sir, my first question is regarding the return ratio profile of the chemical division. So based on our understanding, it appears that the chemical division is making an ROE of around say mid-single digit, whereas the plumbing division is making an ROE of around say 17% to 18% in FY26.

So just wanted to know whether the return ratio profile of the chemical division is likely to be significantly lower compared to the pipe division going forward, or whether it could reach near to the plumbing division in future as we are expecting significant improvement in the performance of [sealants 1:03:49] paint business going forward?

**Hiranand Savlani:** I think your understanding is correct right now at this number, but going forward it is going to be completely change. If you see the first, I'm talking about the piping division. Piping division we have spent a lot money into the expansion, though we were not needed, because we were doing the decentralization of plant.

So, we added the South plant, we added the East plant, we now recently added the North plant. So, because we wanted to be a Pan-India company and wanted to grow fast, that is why we did the sizable capex into that vertical. And definitely once you do sizable capex, your return ratio will be low. Secondly, we are sitting on a high cash also, so that also drag your return to some extent.

So going forward, the sizable capex is not needed to that vertical, so return ratio will shoot up very quickly, which you can see in the -- this year itself I can say. So that will change the return profile of the piping vertical. Now coming to the adhesive vertical, the similar story, because we have spent a lot money into the paint, we have spent a lot money into this adhesive expansion activities and all and then we have invested into the new businesses also. So, because of that also, the return ratios are low.

And particularly the last year, two division UK and paint had not generated a positive EBITDA. UK had little bit generated, but paint was in the negative. So, if I combine paint and UK, it was a zero EBITDA. So now from this year onward, we are confident that the both vertical is going to generate a positive EBITDA. Paint may be little low single digit EBITDA, but UK definitely going to generate the double-digit EBITDA.

So, with this change, you will see that FY27 number, it will shoot up very fast. So, this was a specific reason, that's why FY26 number looks like that, but I'm sure and I'm very high conviction that FY27 this number will be completely getting changed.

**Utkarsh Nopany:** Okay. Sir, can you just say what could be the sustainable ROE for the chemical division which we can see over next say three, four years period? If you can give some sense, sir.

**Hiranand Savlani:** So, I think FY28 onward, this will start pushing upwardly. But then maybe '29 onward it will be maturing, so we are considering both the business from ROCE point of view if I tell you, because still the different balance sheets are not getting ready, so we'll be ready by maybe in couple of week or three week.

But pipe division will be having 20% minimum ROCE, maybe going forward two year down the line it can go up to 25% also, because we are expecting a sizable growth and at the same time sizable improvement into the EBITDA with a low capex. As far as adhesive division is concerned, once couple of year will go away and this specialty business will gear up, we are expecting at least 15% kind of 15% to 17% kind of ROCE and at a later stage our wish is that we should be in the range of 20% kind of run rate. But that will take three to four years' time.

**Utkarsh Nopany:** Okay. Thanks a lot, sir. And my sir second question is on the specialty chemical business where we have done the acquisition last week. So, we have guided that we are expecting a significant growth in the revenue. So, it was around say INR3 crores in FY26 and now we are expecting it to go up to INR500 crores over the next five years. So just wanted to know like why the earlier promoter decided to pair-down the stake if there is such a strong growth potential in that business and what are the key products of the specialty chemical and who are the major competitors in India?

**Hiranand Savlani:** So as far as the previous promoters are concerned, they were basically the scientist. They were running the R&D facility more of rather than the commercial selling. So, they were innovating the product. Okay. So, they are not a commercial people also to scale up the business. That was the basically reason that they join the hand with a company like Astral. So, they were in the development stage.

Once the development took place and they realized that now we can commercially launch these products, at that time they wanted a commercial partner and which was synergistically fitted to their product also and the wavelength also. So, we were talking to them for last one year and we were discussing each other and we have given them the plan for the growth and they got convinced that okay, these are the easily doable plan.

And based on their understanding and our understanding, we realized that the few products are already ready to launch. Okay. And we've already launched. That's why we are confidently saying that this year itself you will see a sizable growth, because from the current month June onward we have started using their product in our plant. And at the same time, we have started forward selling also.

We have also started getting the export orders also. And once this commercially launched product and people will be happy with this product, we are going to get a sizable flow of inquiries. And we are confident that the moment we will spend another INR8 crores to INR10 crores in the capex side because they are already having the facility but with this additional few reactor.

We are going to take up the capacity which can take care of INR150 crores of revenue next year. And we've understood everything in detail and then only with confidence we are telling you. But that you have to wait for some time. But we are confident, you will see in the Q2 number where the DSS number will be shoot up very fast. I'm not telling you far away. I'm telling you Q2, from July, August, September quarter itself you will see sizable improvement into the revenue.

So earlier whatever the revenue you are seeing, that was the testing revenue, they were giving selling the you can say the pilot plant batches to the customer and getting the feel of the customer that whether the product is right, whether they are happy with the performance. So there the volume you can't see, the value can't see. Value will come now because now we are we have already launched the commercial.

**Utkarsh Nopany:** Okay, sir. So, can you please help us to understand their product profile, what are the key products, okay, and who all are the major competitors operating in this space? That is my last question, sir.

**Saumya Engineer:** So, I think it would be it's quite technical, so I won't be able to take you through all the product profile. But their main would be they are highly into amines. So, amine is something which it is an import substitute, India imports mostly all the amines from outside of India, whether it is Japan or Korea or China. So, I think it is an import substitute, so it is a it is a very technical product.

And I think the segments which we are trying to focus on, besides the internal consumption so which would benefit us, but outside would be adhesives for renewable energy like wind and solar, and also, we would we have certain products which could be used in defense as well. So, we will go one step at a time, do our trials, create a good product, create a good impactful business with it.

And I think our main focus like Hiranand bhai said, when we got together with the promoter, we wanted to give something to the Indian market that why we cannot make all this chemistries and highly technical products in India and why we need to import from outside. So, there is a vision also behind it of you know how we could make in India and you know kind of give the Indian market all this specialized and technical products. Thank you.

**Hiranand Savlani:** I think we can take the last question and then Kairav will ramp up the things. If you have anything to ask Kairav, you can ask the Kairav also.

**Moderator:** Sir, yes, he has left the queue.

**Hiranand Savlani:** Okay. So, Ritesh, you can I think we can conclude the call.

**Ritesh Shah:** Yes. Just question one question for Kairav. I think Sandeep bhai indicated in the initial remarks that CPVC resin is by end of fiscal. Is there any change in date because to my understanding it was by December that we expected the plant to be commissioned?

**Kairav Engineer:** We are planning for a commercial production by Q1 next year. Everything is on track.

**Hiranand Savlani:** Commercial Ritesh will be from April onward, trial will be there in -- Q4. So, some quantity will come, maybe 5,000 ton, 3,000 ton, some that kind of quantity we are expecting in the last quarter, but big bang full capacity utilization will be from the April onward and that is all we communicated in the last quarter call also.

**Ritesh Shah:** Perfect. That's perfect. Kairav, any closing remarks, Kairav, from the plumbing side and overall Hiranand ji?

**Kairav Engineer:** No, I not many remarks, just saying in short that you know whatever decision we have taken is for the overall betterment and growth of Astral and its businesses and the family and all the teams are working together and will always work together to continue to grow both the verticals and both the companies in the same spirit and same aggression.

**Sandeep Engineer:** So, Ritesh, the same closing remark is there. Please don't create any other confusions. We are all as a team and I will be leading and we will be the whole thing is for the growth of the two businesses which are going to create a great landmark in the coming years in the Indian industry space.

And that's the spirit with which the family is going ahead and we all are going ahead as a team. Hiranand bhai, the both sons and all the teams who have been working with us from many years. And it's at complete confidence in all of you that your confidence will go up, increase, and we'll create a value for the brand Astral and both the verticals put together.

**Ritesh Shah:** Perfect. Thank you, Sandeep bhai. Thank you, Hiranand ji. Thank you, Kairav and Saumya. Thank you all for joining. Thank you all and Investec for joining.

**Sandeep Engineer:** Thank you. Thank you, Ritesh for joining hosting the call on a short notice. Thank you.

**Ritesh Shah:** Thanks.

**Moderator:** Thank you. Thank you, members of the management. On behalf of Investec India, we conclude this conference. Thank you everyone for joining us with us today and you may now disconnect your line.

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