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14.11.2023

To,
BSE Limited
Floor- 25, P J Tower,
Dalal Street,
Mumbai 400001

Scrip Code: 514448

Dear Sirs,

Sub.: Q2 and H1 FY24 Post Earnings Conference Call Transcript

With reference to Regulation 30 and Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform that Q2 & H1 FY24 Post Earnings Conference Call transcript is enclosed.

The intimation is being given for the information of Shareholders/ Members.

Thanking you,

Yours faithfully,

For, Jyoti Resins and Adhesives Ltd.

Utkarsh Jagdishbhai Patel
Managing Director
DIN: 02874427



Jyoti Resins and Adhesives LTD

Q2 & H1 FY24

POST RESULT CONFERENCE CALL

Management Team

Utkarsh Patel – Managing Director

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentleman, I welcome you all to the Q2 FY24, Post-Earnings Conference Call of Jyoti Resins & Adhesives Ltd.

Today on the call from the management side we have with us Mr. Utkarsh Patel, Managing Director.

As a standard disclaimer, I would like to inform all of you that this call may contain forward-looking statements which may involve risks and uncertainties. Also, this is a reminder that this call is being recorded.

I would now request Mr. Patel to detail us about the performance highlights for the quarter that went by, your plans and visions for the coming quarter and years. Post which we will open the floor for Q&A.

Over to you Sir. Utkarshji, I invite you to give your opening comments.

Utkarsh Patel:

Thank you, Vijayji. Good afternoon, everybody. Welcome to quarter two concall. First of all, thank you to all of you for putting so much trust in our organization, and trust in. And you have invested in company and we like to take this journey forward with all of you.

Yes, of course, Vinayji quarter two was challenging because of due to maybe the monsoon seasons and festival seasons, but anyhow we maintained good profit margins. And yes, about as I have explained for the next three-year journey, we are planning with good top line with a good EBITDA margin. And I want to introduce -- I want to -- I delighted to share with you that Mr. Milan Thakkar has joined us as the CEO, and he has 20 years of experience in the field. Milan Thakkar, can you please introduce yourself?

Milan Thakkar:

Good afternoon. Hello, everybody. Okay, firstly, excited to be on board. Thank you, Utkarsh bhai, for putting your trust in me. And I'm sure with your vision, we will take this journey to the next level. Looks very, very promising way forward and way ahead.

My background, my name is Milan Thakkar. I've spent 20 years in industry, in the Allied Industries. And my last assignment was I was the CEO for a company called Walplast, where I was driving the B2B and with the B2C business. I spent seven years with Walplast, and give them 300% growth in my seven years despite RERA, COVID, note bandi, all

the challenges, and I hope I will do much more. And I pray to the Almighty, and Utkarshji, to give me guidance to take his vision to the next level. So that's a little bit about me. I look forward to working with all of you guys and growing together and realizing the promoters' vision and taking this journey way forward. Thank you so much.

Moderator: Thank you, Utkarshji, thank you Milan. We will open the floor for questions now. We have uploaded the investor presentation so all of you would have gone through it. We are happy to take questions. Please use the option of raise hand to ask a question.

Yes, Manoj, you can go ahead and ask a question.

Manoj Kumar: Hello. Am I audible?

Moderator: Yes, yes.

Manoj Kumar: First of all, let me welcome Mr. Thakkar as a COO of the company. Looking forward to work closely with them as an investor. And Utkarshji, namaste. First of all, I would like to congratulate your entire team for maintaining your profit margin even in these very difficult times. I have two to three questions. The first question is, topline growth has not been at its peak for the last five quarters. What is reason for it? We are around INR61 crore, INR62 crore in the same range we have been there. Though we have been registering profit, but topline sales is not improving, what is the reason?

Particularly when we are in -- despite being getting into UP and the Delhi State, I thought that this quarter, we would have some better top line. So, this is my first query? Should I raise another query or one by one I should come?

Moderator: No, we can start with this query first, Utkarshji.

Utkarsh Patel: Yes. You're very right that our topline is static pretty much for last two quarters. But I like to share with you that as we are in domestic retail segments, all over, if you see, if we talk at international level, because of the recession period into US and China, but that is good at that view, because we have penetrated domestically but we don't have that effect on it. But what is special about the domestic market is that what we have focused on, is to penetrate more into the existing territory only.

And if about UP and Delhi states so we just recently started that. We have started our product placements; our product awareness programs over there. And yes of course we have started all our plans for the rest

of the states where we want to increase our topline. As you can see Mr. Millan Tucker has joined us. So he will also give his experience to this journey. And with his experience and guidance, we will get deep penetration and growth in other state also.

And yes, of course we have more focus for the carpenter leads, gatherings, dealer leads, so here we want that not only primary sales will happen but we want to reach the bottom level of our product, carpenters, users, influencers and for that a lot of efforts have been put in our journey. So perhaps this is the reason why we are not growing as a primary sale so quickly, but definitely result will be visible within the next year or two years on topline base.

Manoj Kumar: Utkarshji, my second question was that you have so much cash with you. I think you have invested FD and all, that is okay, but have you not considered that there are many small players in the same field in the same businesses whom you can acquire? We should contemplate to we should evaluate if we have a good opportunity, we should try to take some of the company and acquire them. Are we thinking that plan, Utkarshji?

Utkarsh Patel: See right now we are not in a hurry to take any decisions that may be disturb our existing structure. So, you're very right if we get a good opportunity, definitely we will plan for that. But right now, we have enough capacity of the productions we have right now utilizing 60% of our capacity.

We have already planned to create new capacity. We want to focus more, want to take more market share in this single product. We have more things to do. And yes, we will utilize this cash flow, you will see the result in next two years. We have planned everything now; we just need implementation.

Manoj Kumar: Okay, thank you. One point was that, I think it was last 3 to 4 quarters when I met you, we had spoken, you are thinking of listing on NSE, when you are planning to do so? What is the plan of management?

Utkarsh Patel: Guidelines for getting listed in NSE is 75 crores of network, should be there for 30 years continuous. We have planned last year also. So after two years we can apply for that and we will definitely plan for that.

Manoj Kumar: Okay, thank you. I have more query, will ask later.

Utkarsh Patel: Okay, Manoj. Thank you.

Moderator: We'll take the next question from Satvik Jain. Satvik, you can unmute and ask you questions.

Satvik Jain: Yeah, good afternoon, everyone. So, sir if we look at the sales side in last 5 to 6 quarters it's not increasing, it is basically due to one part is the market has been slow and then is it also that other players then especially like the leader, they have become aggressive in the market that we are not being able to penetrate into newer markets?

Utkarsh Patel: Not due to competition, because see, as you can see entire market is down in almost all industries since the last two quarters. But as I share any how we have maintained that top line with the good bottom line. The reason behind this we haven't done business like this before, we are not doing it and we won't do this in future too, where we just focus on primary sales. We make sure there will be no disturbance with our channel, channel partners or distributors or dealers.

So yes of course maybe we are slow in top line but we always try to maintain the good EBITDA with good penetration so always we believe that our products should be popular in the market. That thing should reach the market and carpenters, and repeat orders should come from it.

Yes, we are focusing right now in existing states what we have already developed on. We are doing more penetrations on what has already been done. But in future, when there will be significant improvement in our management, definitely within two or three quarters you will see the top line is also increasing. We have set the entire network and now it is time to just give boost to the market.

Satvik Jain: Right, right. And sir, last questions, I was seeing that receivable already we are reducing it and sales is increasing relatively and quarter on quarter we are also decreasing receivable. So in future are you planning to maintain cash flow, and reduces receivable and focus on further CapEx, once we reach 80%, 90% utilization?

Utkarsh Patel: See like I said, we would definitely like to reduce the receivables where our product is already well established. But in the future journey, we want to develop our products in the states where we want to do more penetration, so that there might be chances of receivables will increase in the initial periods.

But yes, as we have experienced of this product, this market since 16, 17 years, so we are very confident with our business model that we are not getting any disturbance regarding this. Wherever it seems, we will definitely increase our investment. And it is possible that the

receivables may increase at the time of commencement. But it will be a combo, with the territory where our product has already been developed and established, and the profits that we are getting from there, we would definitely like to share with other states to increase the topline. This will be the combo.

Satvik Jain: Thank you, Sir. That was all from my side. All the best.

Utkarsh Patel: Thank you.

Moderator: We'll take the next question from Saket Saraogi. Saket, you can unmute and ask your question

Saket Saraogi: Thank you, sir. Sir, I had question regarding the sales route itself and on the margins also. As everybody's already asked regarding the sales route part, I'd like to know what the margin, margin the company is getting now, last, if you see the PAT margin has almost doubled, is now standing close to 25%, 26%. So I would like to know what has contributed to this margin growth, significant margin growth and sustainability level of PAT level margins what it should be?

Utkarsh Patel: See in the last three quarters the raw materials have gone down, that is the main reason, why our bottom line has grown so well. I think it's almost double from last year. We are able to achieve 33%, 35% of EBITDA margin. So raw material cost are down a lot, due to which the margin has increased. Plus as I mentioned the territories which have developed nicely, there our promotions and discounts, etc., we have been able to reduce them in the last two, three quarters. So there also our profitability has increased. The premium products where our margins are good, we have increased those products more.

This is the mix reason, where we have been able to reduce our overheads and increase profit.

Saket Saraogi: So, these sales that we are having this year it's down from last year. So, what will the volume level like, be to last year?

Utkarsh Patel: It is more or less same. I think Vinayji. We have shared the data.

Vinay Pandit: Yeah, year-on-year our volume is flat. Quarter on quarter our volume is up around 6%

Saket Saraogi: This month like suppose the prices of the routers have fallen significantly. So does the company take price cuts or how does the company -- because if there's such a gap then chances that a

competition can come and decrease the price of their product. So how do we take these things like?

Utkarsh Patel: See as if we talk about the competition, all companies are as they are doing for the past 4, 5 years, you know that company. But we believe always quality and service what we have delivered to customers. Customers' loyalty that could be earned, right we cannot buy that. So I don't think so, okay only profit margin which has such a big gap, and the discount structure which we have passed that is the only reason for that. What quality we have maintained, what service we have maintained that is the main factor, key factor our relationship between customers, our teams relationship. So these all matters and yes, of course it may be the price reduces, price value then also I think 25% EBITDA margin we will be able to maintain. That is we are very confident with that.

Saket Saraogi: Thank you so much.

Moderator: We take the next question from Balakrishnan.

Balakrishnan: So I have one question on the carpenter line. So I think for two, three quarters, more than two, three quarters we have just seen that the number of dealers and the number of carpenters is not changed at all even though we are trying to expand the regions and penetrating existing markets. So is there any reason why we are not seeing increased carpenters and dealers network?

Utkarsh Patel: We have already increased our dealer networks but still not have updated the numbers, I can say because we are now coming with the proper professional strategy branding. So within two, three months, you will see the difference of the numbers and we have not updated that because you know it's an ongoing process. If right now we are penetrating in some states UP or Delhi. So it's a process that we are appointing dealers, daily to daily base, maybe 20 dealers, 25 dealers, 30 dealers they are adding to our portfolio. So, it will be different. You will see in the next quarter, where we will come with different numbers. If I talk about the carpenters so we are right now registering the carpenters into our loyalty programs. So that is also in process.

So, we want to share the numbers that after some difference of that quantity. So, you'll see the difference within -- after one quarter.

Balakrishnan: Okay, that's it from my side.

- Moderator:** We take the next question from Harish Shah. Harish you can unmute and ask your question.
- Harish Shah:** Hello.
- Moderator:** Yes. Harish, please go ahead.
- Harish Shah:** Yeah, good afternoon, sir. I want to know, that what is the company export segment planning for next three years, company planning for the potential in third world country for export-oriented product.
- Utkarsh Patel:** See I have already shared with you, if you see in industries, since the last two quarters, the topline of the companies solely dependent on exports has been hit significantly due to this recession and etc. That is the reason they operate domestically if you see, India revenues is so high it has not been hit so much. So I would like to take the company forward. The reason is that we want to achieve lot of market share here. We are not thinking INR1,000 crore of top line for any other products or any other export markets. We want to do within India because the INR6,000 crore market done by Pidilite, we want to achieve that at least INR1,000 crore of market share growth.
- Harish Shah:** Definitely, definitely. It could be more than twice, thrice. I see the very much potential in India as well as in next three years I would say that now it is a situation, so definitely after three years demand will increase, after the war is over, redevelopment work will come. For that time I hope that you start export projection from now only. I say that as a shareholder. Okay, thank you. My question is over.
- Utkarsh Patel:** Thank you.
- Moderator:** We take the next question from Puneet Bhardwaj. Puneet, you can unmute and ask your query.
- Puneet Bhardwaj:** Good afternoon, sir. First of all, as we keep the projection to double our capacity every two to three years, as we doubled in '17, '19 and '22. So is there any CapEx plan to double it in '24 also?
- Utkarsh Patel:** Right now we have enough capacity to grow more. And yes definitely we'll plan but not in 2024. But will it start from 2025. We will start the project to double the capacity at that time. Whether greenfield or brownfield that depends upon the situation of the territory at that time. But yes, we will plan in 2025.

- Puneet Bhardwaj:** As we are seeing our PAT margin is around 24%, 25%. Comparing to industry leader Pidilite, are we bringing some variation in chemicals or production quality, due to which our PAT margin is more as compared to the industry leader?
- Utkarsh Patel:** See, if you see Pidilite, there are various products into their balance sheet. So we cannot compare that, because Pidilite they have more than 400 products. So our products is only white group. But yes, as I said, the reduction in raw materials is the main reason from where the margin is coming from. The rest of the margin as I said, when the product is strong, we get repeat orders and the consumption is increased. So obviously the business of repeat products is very different compared to primary business. That is also there.
- Puneet Bhardwaj:** Sir, as you said before also...
- Moderator:** Hello. I think -- yeah Puneet, go ahead.
- Puneet Bhardwaj:** Sir, as we can see, you are entering new states, and what you said now, you have not disclosed the number of carpenter, which according to me must have increased appreciably. Can we know, as you had given the last number in 2021, which was around 3 lakh carpenters. What is the addition in carpenters we are doing month or month, or quarter on quarter?
- Utkarsh Patel:** Approximately we have increased 20% to 30%, on that figure. So we are close to reach 4 lakh carpenters.
- Puneet Bhardwaj:** Thank you, sir. That's all from my side. Thank you.
- Moderator:** Manoj, please go ahead.
- Manoj:** Utkarshji, at the start you said that the pressure on the topline in this quarter, due to monsoon, etc., and other reasons, now the current quarter which started from October and it also includes Deepavali and other festivals, how is the order inflow, sir?
- Utkarsh Patel:** We are very optimistic for quarter three and quarter four, because if you see all over in constructions material. The demand in quarter three quarter four, is always more, as you can go with the history. So yes we are very optimistic with the quarter three and four, especially for quarter four. Because if you see in quarter one practically we need to understand the markets in quarter one, April and May month there is a migration period of the labors. From all over India's carpenters, plumbers, the persons from Rajasthan and UP, there are marriage etc.,

in May, so quarter one is always soft. Quarter two because of the monsoon and the festivals, August, in Maharashtra, there is Ganesh, and pan-India also those festivals are running, all that disturbs. As compared to, you can see that that is a total 40% to 45% and 65% around quarter three and quarter four.

Manoj: My next point is, it's not a question, but a point, that our AGM in September, first our AGM was going to be physical and I was very excited that I would come the way every time I come I thought that I will have the opportunity to meet you and Jagdishji, but certainly you made it virtual, so I was disappointed that I could not meet with you. I thought that I must share this with you.

Utkarsh Patel: You're most welcome anytime.

Manoj: I know that. Okay, sir. Thank you. This is all from my side. Wish you all the very best. To you and your new team, Mr. Thakkar particularly.

Moderator: Thank you, Manoj ji. We'll take the next question from Rajeev. Rajeev, you can unmute and ask your question.

Rajiv: Good afternoon, sir. I have a few sets of questions. First being, can you throw some light on the size of white glue market and your focus area?

Utkarsh Patel: In white glue market, if I talk of retail domestic it is at least INR7,000 crore market. And I think that industry is growing by 7% to 10%. And same market, at least INR4,000 crore to INR5,000 crore market is industrial market, OEMs where cold press or press units, furniture makers. So at least INR10,000 crore of market.

Rajiv: Next is like you have INR88 crores of cash and cash equivalents. Any plan on increasing, and dividend payouts this year considering you have such huge cash reserves?

Utkarsh Patel: Yes, as a dividend you are seeing from last three years, we are making dividend payout continuously. So, yes we are definitely planning to continue with that.

Rajiv: Okay, and regarding my -- actually third question is, you have been guiding at 50% to 60% capacity. So are you anywhere planning to increase it by 90% or 80%?

Utkarsh Patel: As we have done the planning where we want to increase our width. So as we increase our width, we will be able to utilize this capacity. So we

have plans that within more two, three quarters, we can utilize this capacity. We have kept the back support ready, so that we do not have any disturbance in the future in the manufacturing process.

Rajiv: Thank you. Thank you, sir.

Moderator: Thanks, Rajeev. We'll take the next question from Saket. Saket, you can unmute and ask your questions.

Saket Saraogi: Thank you. I have one more question, regarding the product side, like yeah as of now what I've seen 600 products the company is operating. So suppose two, three years down the line what kind of product base, the company is planning or can you give some guideline into what kind of product range?

Utkarsh Patel: See we have established the entire range already. So wherever whatever requirement is there of the users we already have the products. So as I said there is a INR6,000 retail market, \$4,000 crore OEM market, so we would like to increase our share in this market in these products. So I do not feel that we should plan or add additional products in the basket and divert the focus. This is our strength, so we want to continue with this strength.

Saket Saraogi: Thank you.

Moderator: We'll take the next question from Puneet Bhardwaj.

Puneet Bhardwaj: So like Pidilite is in the industry, there is a '20 around '18, '19 there used to be a difference of 30%, 35%, which has increased...

Utkarsh Patel: Sorry how ware you saying?

Puneet Bhardwaj: I am saying that our retail price, before five years, the difference in our price and Pidilite's price, the industry leader's price there was a 30%, 35% difference, which has expanded to 50%. So should we do a price hike -- basic question is that is the company thinking of a price hike to expand the margins?

Utkarsh Patel: If we see the price, maybe there is some misunderstanding with the data, because earlier we were also same with the pricing point of view with Pidilite, but we have the good discount structures compared with that.

Puneet Bhardwaj: Sir, this guidance of 25% are we maintaining it?

- Utkarsh Patel:** EBITDA?
- Puneet Bhardwaj:** Yes, sir.
- Utkarsh Patel:** We will be able to maintain EBITDA.
- Puneet Bhardwaj:** And we were talking of topline for 25%.
- Utkarsh Patel:** Yes, like I told you quarter three and quarter four we are very optimistic, because these quarters we always get a push in building construction materials. So yes, we have the plan to get at least 20%, 25% of top line number.
- Puneet Bhardwaj:** Thank you very much, sir. Best of luck for the future. Thank you.
- Utkarsh Patel:** Thank you.
- Moderator:** We take the next question from Umesh Gupta.
- Umesh Gupta:** Yeah, hi. Just to follow-up on the previous question, which you said now, 20%, 25% growth for the next two quarters. So, this you are saying for the next two quarters or for full year full year '24, 20%, 25% growth.
- Utkarsh Patel:** No, planning is for FY24 and our work and our efforts are in that direction at how Q1 and Q2 were softer as you know that. But we are optimistic with the Q3 and Q4, because we always get a jump here. And the network that we have established, we have plan to achieve that. Let's see how the market evolves, otherwise I'm very optimistic with the domestic market of India.
- Umesh Gupta:** So if you see, you will need to grow 50%, 60%, for next two quarters to achieve it.
- Utkarsh Patel:** You are right. Practically it is correct, but definitely we want to grow, because not at any cost, where we bleed badly in the market or there is some other problem. We will grow with strong and steady process.
- Umesh Gupta:** Okay, thanks. And the question was on Mr. Milan Thakkar coming on board. So first time in the presentation you mentioned that you have hired someone as Chief Operating Officer. So that someone else other than Mr. Milan Thakkar, because I think Milan Thakkar, you mentioned he has joined as a CEO. So you've hired a CEO and COO both?

- Utkarsh Patel:** We have hired, Milan Thakkar has joined us with the CEO position and that is the same person what we are talking about.
- Umesh Gupta:** Okay, so maybe in your presentation, there is a little mistake because you have mentioned as COO. Anyway. So my question was that now with Mr. Milan Thakkar joining company. So between you and Mr. Milan Thakkar, how are you going to divide responsibilities in terms of -- or have you kind of figured out that Mr. Thakkar will be responsible for either the growth of the company or the operations of the company, or both of you will jointly do everything together or have you kind of figured out some understanding with Mr. Thakkar that how both of you are going to take forward this company?
- Utkarsh Patel:** See, it's a very good question. I like to share with you some thoughts of mine. I think that Thakkar has very good experience, a very professional and he has vast experience. So definitely his experience will help in our journey. I will learn a lot from him. Plus our 17 years of experience in white glue, that also will be a supporting stand of Mr. Milind. So I think a combo, together we will do better growth. What do you say, Milindji?
- Milan Thakkar:** Absolutely, absolutely. That's right. I think just to -- Umeshji, just to respond specifically to your question, see roles and responsibilities over time, there is a lot I have to learn from the industry in the industry. I come from the construction background as well. And I have contributed heavily to the industry. So overall roles and responsibility may -- operationally involvement will take a little while for transition. But operationally I will be driving and Utkarshji will be guiding us with his heavy experience in the white glue space. And that's how we will evolve together as a team. There will be a fine tuning which we will done over course of time, just to give you a little snapshot Umeshji. But it will definitely be a win-win. You will see some good results in course of time once I integrate. Utkarshji has given me some time to integrate. So I think I will get the ball rolling very soon. And let the results talk and not me. Yeah, thank you, Umeshji, I hope it addresses what your question is, please.
- Umesh Gupta:** That's really helpful. Thank you. Thank you, Mr. Thakkar and Utkarshji. The other thing I wanted to understand from a management vision perspective, is there any ESOP plan for Mr. Thakkar? Or I mean, what is the -- or maybe I can ask directly to Mr. Thakkar also, that what exactly did you see when you when you moved from, you were in another company, and you moved from that company to here? So what is it that excites you about joining a smaller, I don't know what size of that company was, but even Jyoti Resin is quite small

from a stock market perspective, in terms of market cap, in terms of size. So what is that which excites you about joining this company? And what do you see for yourself in this company in the next 3, 4, 5 years?

Milan Thakkar: Firstly, it's that the size is what excites me. And I've been a part of growth stories in the past. And with 300% growth, which I gave to my last organization in my stint of seven years. So I think that is exciting. Second is, I see a more passionate professional in Utkarshji than me. So I think that is what I am joining. Utkarshji's passion and vision for the white glue space, and the overall INR10,000 crore market, we have just hit the tip of the iceberg. And there's a lot of penetration to be done. And I see a huge potential of penetrating the market and ensuring that we all grow together Umesh bhai. That is what, if I were to give you a snapshot is the potential is humongous. And the vision is very, very, very vast, of Utkarshji bhai, which, which is what I'm joining.

Umesh Gupta: Thank you. Thank you so much. Wish you all the best for a rewarding journey here.

Milan Thakkar: Thank you Umeshji. Thank you so much.

Moderator: Thanks, Umesh. We'll take the next question from Binoy Jariwala. He's unable to raise his hand. Binoy, you can unmute and ask your questions.

Binoy Jariwala: Am I audible?

Moderator: Yes.

Binoy Jariwala: Okay, thank you for the opportunity. Utkarshji, just a few questions from my end. Your carpenter loyalty program that you've rolled out, has it being rolled out across all the 13 territories or it is only in certain states?

Utkarsh Patel: Almost it is -- right now we have launched in all the states but it is in process. Still a lot to do with this loyalty program. Registration process is ongoing and a lot remains. The new states which you are talking there lot of work remains. I feel that we have the plan for the next 1.5 year, we want to bring a lot of carpenters on this platform. We are increasing back office team also, we are increasing the promotion team also. So I think in 1.5 years we will see a lot of difference.

- Binoy Jariwala:** So essentially you are saying that you have launch in all the states but not fully penetrated?
- Utkarsh Patel:** It is in process. So it's not an overnight journey but the launch is complete in all the states.
- Harish Shah:** Okay. Total you said, you reached roughly about 4 lakh carpenters. So the states in which you have a presence, any study or any study you have figured out, what is the total potential carpenters you can reach?
- Utkarsh Patel:** See, the 3 lakh carpenters network we are showing, that data we have already and the needs of those carpenters, all the carpenter's gathering promotion we have done in past 17 years. Yes, of course there is lot of such datas where there is not so much potential, and the reason behind that maybe awareness of the product or availability of the product in particular, for that villages or small towns which are there. But we have the data and we have the team what we have established, that we have increased our promotions teams in the small towns also.
- So we want to penetrate more into Metro mega cities also we will go for the town and villages also. So we are covering two areas, rural and urban. So our plan is that in 1.5 years 4 lakh carpenters come on our platform, and we will work on the data and get a lot of output.
- Binoy Jariwala:** So essentially you are saying that you do not have any plans to increase this 4 lakh. Basically you have to service this 4 lakh better or penetrate better?
- Utkarsh Patel:** Yes, it's a very huge number. It's a very huge number. It's not a small number or if we give these same carpenters better service, definitely service will matter. So we want to penetrate more and give more quality and service. It will impact on our revenue also.
- Binoy Jariwala:** Okay, and these 4 lakh carpenter how many are in these four states?
- Utkarsh Patel:** This is a bit competitive. So I can share this detail, sorry.
- Binoy Jariwala:** Fair enough. A couple of questions on the data, I mean, on the balance sheet and the P&L. Can you help me with the exact volume for Q2, FY24 and Q2 FY23, the sales volume please?
- Vinay Pandit:** Binoy we wish to refrain from giving specific volume data due to competitive reasons.
- Binoy Jariwala:** Okay, okay.

- Vinay Pandit:** Yeah, but like we've already indicated that in volume terms, we've grown 5%, around 5% to 6% quarter on quarter, and we've been flattish year on year.
- Binoy Jariwala:** Understood. Okay, fair enough. And another point on the financials was what would be the total carpenter loyalty points in the current liabilities in the balance sheet?
- Vinay Pandit:** If you see the balance sheet this time, we have reclassified it. We've divided into current and non-current right. So the current is the one which is less than one year, which can potentially come up for redemption and non current is the one which is about one year. Sunil Malooji, would you like to elaborate on that?
- Sunil Maloo:** Yes, please. So if we go through the balance sheet of quarter two, Vinayji, said, the division is into current and non current. The non current portion of the liability stands at INR49.62 crores. And other financial liability current part is approximately INR38 crore, which includes the rewards related liabilities on it. That we expect in the coming...
- Binoy Jariwala:** But so, yeah, so totally put together it's roughly about INR88 crores. So of this INR88 crores -- sorry.
- Sunil Maloo:** Yes, roughly, INR88 crore.
- Binoy Jariwala:** So this entire INR88 crore pertains to the carpenter loyalty points, right?
- Sunil Maloo:** 90% of this pertains to carpenter loyalty program and difference is the other, smaller liabilities?
- Vinay Pandit:** No, I think, he's trying to ask you, so 70% to 75% is towards carpenter loyalty program, and 25% is toward dealer loyalty.
- Sunil Maloo:** To dealer, yes, yes, you are right.
- Binoy Jariwala:** Okay, that's all for my side. Thank you so much.
- Moderator:** Thank you. We'll take the next question from Chinmay. Chinmay, you can unmute and ask your question.
- Chinmay:** Hi and first of all, congratulations for the good set of numbers. So in this quarter's result we have seen the material cost have gone down

significantly, like from INR40 crores to INR19 crores on Y-o-Y basis. So is it -- and I think it is mainly because of the decline in the raw material prices. So I just want to know, what are the major raw materials that we use?

- Vinay Pandit:** No, sorry, can you repeat the first part, because it's not gone up, it's gone down.
- Chinmay:** Yeah, it has gone down significantly from INR40 crores to INR19 crores on year-on-year basis.
- Utkarsh Patel:** So, that is monomers, vinyl acetate monomers that is the key raw material.
- Chinmay:** Okay and since when the prices are going up, so were we transferring that price to end users?
- Utkarsh Patel:** Yes, we have increased our sales promotion discounts, programs and loyalty points etc., premium products we have increased. So yes, we have passed on the carpenters to get the more loyalty of them.
- Chinmay:** Okay and since now the raw material prices are again declining so are you planning to like lower the cost of the product and pass it to the end customer or is it going to be the same price as it is?
- Utkarsh Patel:** We will go -- we will go with the industry strategies for that reason, where Pidilite is there, so we will go with the industry flow and take decisions. So we will not disrupt at the trade level, retailers or our loyal carpenters.
- Chinmay:** It is a collective decision of the entire industry.
- Utkarsh Patel:** Yes.
- Chinmay:** Okay. Okay. Thank you thank you so much. That's it from my side
- Moderator:** We'll take the next question from Manoj. Manoj, can you unmute?
- Manoj:** Yeah. Utkarshji, I am trying to understand, does that rise and fall of the crude oil price effect us in raw material? One is that. And related to that, the conflict going on in the Middle East, or Ukraine or Russia, does it pressure us on the supply side, to procure the raw material? Please explain this to us?

Utkarsh Patel: See last year the Ukraine Russia war had an effect, and regarding crude, regarding the material, this is totally important material. So yes, internationally if there is demand or supply positions happen, it affects. But that is also the effect in domestic demand and supply also. Now if the import is more and domestically demand is less, then there is no affect of crude, but if demand is more than -- procurement is such that, our importers do the imports on behalf of us. So yes, if we are getting a good benefit in pricing, we procure the materials and increase our inventory. That is depends on the situation in the market.

Manoj: Okay, thank you. Thank you. And wish you all the very best.

Utkarsh Patel: Thank you.

Moderator: There are no further questions. We'll bring an end to the conference call. Would you like to add some closing comments?

Utkarsh Patel: As I said, we are very optimistic for the Q3 and Q4. Going forward we are planning for production capacity in 2024. Wish us luck. We will make the efforts that our team advances and takes this brand forward. Thank you. Thank you all of you.

Moderator: Thank you so much, sir. And thank you to all the participants for joining on the call. We'll now end the conference call. Thank you.