



“Shankara Building Products Limited  
Investor and Analyst Meet”  
November 23<sup>rd</sup>, 2022

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**MANAGEMENT:**            **MR. SUKUMAR SRINIVAS – MANAGING DIRECTOR – SHANKARA  
BUILDING PRODUCTS LIMITED**  
**MR. ALEX VARGHESE – CHIEF FINANCIAL OFFICER – SHANKARA  
BUILDING PRODUCTS LIMITED**  
**MR. DHANANJAY MIRLAY SRINIVAS – HEAD BUSINESS DEVELOPMENT –  
SHANKARA BUILDING PRODUCTS LIMITED**

**Manasi Bodas:**

Good evening, ladies and gentlemen, and a very warm welcome to the Investor and Analyst Meet 2022 of Shankara Building Products Limited. I am Mansi Bodas from Strategic Growth Advisors. Now I invite management to the floor.

Today, we have with us on the dais Mr. Sukumar Srinivas, Managing Director. Mr. Alex Varghese, Chief Financial Officer. Mr. Dhananjay Mirlay Srinivas, Head Business Development from Shankara Building Products Limited.

We will first start with a corporate AV, after which we will take you through the presentation to discuss our business model, key strategic initiatives and growth drivers. Apart from the audience in the room, we also have our phone lines connected to investors and analysts from outside Mumbai who are unable to join the meet today.

Now I first play the corporate AV.

[Corporate AV – Click here](#)

Thank you, everyone, for kind listening. Now I request Mr. Sukumar to address the audience. Thank you. And over to you, sir. We'll start with the presentation now.

**Sukumar Srinivas:**

Good evening, ladies and gentlemen. I Welcome all of you to our investor presentation this evening. I'm really delighted that all of you have taken your valuable time off and making your presence felt here this evening. Thank you very much for that. Now a quick run up to our, the opening remarks and what I have to tell about Shankara Building Products. So as you know, definitely homes and dwellings obviously is an essential for any and every human being today.

Today, we have an assessment that in India, the real estate and reality market is close to about to \$220 billion, which is expected to grow to about \$1 trillion by 2030. So one thing we are looking at very clearly is that we've got this very-very huge ahead of us and we've got this. We are in a sector which really drives most economies. That is the building materials and the real estate space.

So I think one of the key things that we are defining ourselves now is that as the slide says, we are trying to cater through our store the wholesome happiness, the wholesome feeling of a complete range of building materials for the customer, and they go back satisfied in every aspect. A quick run up about us. Those of a few of you who have interacted with us in the past, of course, will be quite familiar. So at the risk of being a little repetitive, I'll just run through a bit of history, a bit of what Shankara is.

So as the corporate AV also very clearly said that, we are with so many of these details about various stores at various centers about the retail space that we have, the products, SKUs and so on and so forth.

We have various categories, electrical, steel pipes and tubes. We've got roofing, exterior, interior TMT cement, tile, flooring, these are various categories that cater to the entire building material sector. Some of the brands, we've already emphasized that in the video. So I will not bore you by repeating it, but these are some of the brands that we deal with today.

Of course, today, we are very committed to our CSR activities. We do a lot of good work with the community. We have two schools that we run boy school and a girl school for abandoned children. And we work very strongly with a couple of NGOs who are managing the show for us. So we have about 80, 85 children who study with us and they provided the entire education apart from accommodation stay and so on. We also have a lot of initiatives that we take in water conservation. We have successfully completed a couple of projects in interior of Karnataka in a district called Haveri, which we used to be water deficient. So we have helped at least, we have reached out to 1000-plus people where we have successfully implemented water harvesting and water regeneration programs. So as a CSR philosophy, we do have three clear philosophies. One is to help children. One is to regenerate and help in water conservation and the third is to help abandoned elderly. So this is broadly towards the community and the kind of work as a CSR commitments that we have.

A quick run through a last many decades of our journey. We started very humbly, way back about 50 years ago, I mean, we started [1990 when we became organized and moved into, we started off as a private limited company. But it dates back a couple of decades ago, and my father started off with a very small business based out of Chennai and Bangalore. And 1995 is when the real birth of Shankara pipes, as we call then, and Shankara Building Products started. So this is a quick run through of the last 25 years of us, where we have moved 1995, we started with about INR 20-odd crores of a top line move to about INR 2,000 crores.

When we were at those days, we were largely a steel tube company had very close associations with Tata Steel. We were one of the key business development partners where we were pioneering what was called the in those days, the Tata structure, which today, of course, has become a sort of a byword in steel tubes. So those days, that was one of the products which we partnered with them and then moved on by 2000, we were at about INR 500 crores. 2005, we were in that INR 600 crores, INR 700 crores kind of a top line, 2010 about INR 800 crores, INR 900 crores.

Then we acquired a small unit in Bangalore to make steel tubes, raised the private equity in 2011 for about INR 80 crores. Then moved on in 2013, we acquired roofing company, which is making profiling, which I think in the video was also present. And we have some of the -- we've launched our own private labels in 2015, in pipes and in the roofing sector, we added some new of the new products. And in 2016, we reached about a INR 2,000 crores top line.

In 2017, we listed in the bourses, both in the NSE and BSE. These were some of the movements between 2018 to 2021, where we added a lot of particularly in 2015, we started our journey into becoming a more comprehensive non-steel company, where we added numerous non-steel products to our portfolio to a range of offerings.

We also started our retail operations way back in 2010 and then we added many more stores and we were at about a count of close to about 100 plus in 2020. And we added a number of more categories, products, SKUs from 2015 onwards, where it went into a huge explosion in terms of number of SKUs and so on. Yes, I think this is just talking more-and-more about the product categories. These are some of the awards and acquisitions over the years that we have achieved with multiple partners, recognizing various strengths that we have had over the last two decades.

In the last three years to four years, we took some very significant business strengthening measures. So one of the key things we did was store rationalization. We started this exercise just a little bit before COVID, where we did shut down some of our non-profitable branches. We were at account about 120 between 2019 and till about last year, 2021, we shut down about 30-odd stores. So we were looking at how to control costs. In hindsight, it is a good thing that we just started this exercise a little before COVID. So that held us through very well in the COVID period.

So there was a lot of working on the balance sheet improvement at that time. We were also looking at working capital improvements. And then about six to eight months, we also had a strategic partnership with APL Apollo. So these were some of these measures that we have done over the last two years where we are three years, I would say, where we've taken significant measures to strengthen our business, the basic core, the backbone, the balance sheet. I think later in the financial highlights, you will see some of these things mirrored. So coming quickly to the last year, year and a half on the financials, we have jumped quite rapidly on the revenue. As is evident, the EBITDA has to have gone up. So also the PAT, the H1 results of '21, '22, '23 are also evident over here.

We achieved our highest ever quarterly revenue in the last quarters, the Q2 of financial '23. So this is something that has reflected the work that we did over the last three years where we were very-very focused on managing our balance sheet, managing our working capital cycles a lot better. We saw that in the Q1 of '22. We had gone up to 77 days. Slowly, but steadily, we were able to bring it down to about 32 days in the last quarter and we hope to remain around the 30s in the coming quarters.

Now we have a lot of things we would like to share with you. What we've just briefly talked is about what happened over the last 30 years, 40 years. You need to talk, ask questions on it. We'll be happy to answer that in the Q&A. Now coming to the number of initiatives that we are taking and what we propose to take, I will hand it over to Mr. Dhananjay to take this forward to talk about what we plan to do, what we are doing and what we plan to do. Thank you so much.

**Dhananjay Srinivas:**

Hello, everyone. Thank you. So just to begin, we have one slide, a bit of theory. So what is a marketplace? So a marketplace is where a buyer or seller and operator come together to conduct their transactions and sells. So marketplaces where the buyers and sellers come together and the platform which they operate on is a marketplace. And the person who operates it is called an operator. The benefit for a seller would be that he would be able to display as products and services.

So for a seller, he gets a single point where he can distribute his material and products. He has access to a larger customer base and he has an ease of transaction when he uses an operator to push his products and services through. For a buyer, you've got a bigger range. You get competitive pricing because there are multiple sellers with similar or the same products and you get more security as you're using a trusted platform to conduct your transactions.

The operator is the key for the marketplace model and the operator uses the marketplace to bring together a group of sellers and buyers, and the role of the operator is to fulfill the orders of the buyers with products from the sellers. The benefit for an operator would be strengthened loyalty of the buyer because he has a multiple range so they can get all their needs met. It becomes a true one stop shop for sellers, I mean, for buyers because they get to see a massive range of products, services in a single place. And sellers get a big reach and the operator can broaden his horizons and go to places where he may not have been able to go in a traditional place.

Then we come to what an omni-channel is. So traditionally, we all used to go to a regular shop down the road to pick up our products, services, materials, anything. As phones came in, telephones come in people started shifting to call for inquiries, call about orders, call about availability, and things like that. With the invention and advent of the internet, we had many people going online to visit to search about what is there, to find product services and experience a new way of shopping.

As the digital revolution moved on, we started getting smartphones and everything moved from the online website right to our hand and once it comes to our hands, we have a multiple channel, as you say, in the multichannel to shop, to see products to experience because some products, you go to a shop, some you check online, some you check on your mobile, some you call for. When you talk about an omni-channel, the omni-channel is an evolution of the multichannel. It's where, customers can -- vary channel is aware of the interaction in the other channels, and it creates a continuum of customer touch points across the multiple channels and it provides a comprehensive and engaging brand experience for the customers. Nowadays, more-and-more customers are starting to expect this approach when they go to shop.

Now I'd like to talk a little bit about the Shankara marketplace. So as you can see, we purchase materials from multiple sellers. We have two main verticals, steel, which talks about our structural steel tubes, roofing products, light structures, TMT or rebars and all the related fabrication accessories and hardware. Then we have the emerging vertical from 2015 of non-steel, where we talk about cement, plumbing and fittings, CP fittings and sanitary ware, tiles, flooring and surfaces. We also have electricals, lightings, we have paints, adhesives, chemicals, plywood, interior, exterior finishing, modular kitchens and all the related accessories and hardware. So the only way Shankara is able to bring all this together is because we are a marketplace. We have 91 fulfillment centers across the Shankara geography with over 4.5 lakhs square feet of space, we offer end-to-end logistics to our customers, and we have an online channel where they can reach us.

We use our omni-channel platform or our marketplace to reach our buyers through our fulfillment centers, online, mobile and social. I will elaborate on this in the next slide. Our buyers or our customers range from sub-dealers, retailers, it can be mom and pop shops, its end customers, high HBs, HNIs, homeowners. We have a big range of builders and developers, and we have probably a very important category of influencers which take care of fabricators, plumbers, architects, contractors, etc.

So as you can see, the marketplace uses both ends of the buyer and seller and we bring everyone together at the Shankar Marketplace. The Shankara omni-channel, as I elaborated in the last slide, we have 91 fulfillment centers and 20 warehouses where customers can get our products physically. We have a customer care number where customers can call us and have access to whatever we have. Probably we have one of the most robust e-commerce platforms where of all our products online. We have recently launched a mobile app as well, which translates the same thing into your hands. And with the advent of social media, we are present on all social media where customers can tap into leads, tap into us, find out what's happening around them and see all the new things that are coming out.

To what is the Shankara advantage. So currently, we have serviced over 6 lakh customers that purchase from our omni-channel marketplace. These are customers that purchase from us every day across all our territories and geographies. We have a technological strategy called eyeballs to footfalls. So that means whatever we do online, we try to pull them to our stores because when a customer comes to a store, we can get a better experience for them and a better share of the wallet.

Then we believe in shop online and pick up offline. So this is probably our biggest USP because it allows more customer engagement, more touch points and it allows us to really show cases the huge range of our product to a customer physically. Our advantage in this is our strong offline presence, so that in any of our geographies, customers can come down and have the same experience. We are constantly innovating and upgrading our products and technologies to be at the forefront of the latest trends so that customers are always satisfied when they come down and there's nothing we can miss.

We also are a credible partner for multiple leading brands, and all of them have a space physically and online to display their products. So we are the link between all these products to the customers. We also are probably one of the very few who are able to bring so many verticals under a single roof under the brand name of Buildpro, wherein we truly are bringing multiple products and brands together. And this guarantees customers get a seamless experience across our Shankara geography and ecosystem.

We also offer memorable in-store experiences. We are working on a lot of technologies that can aid this. We also have personalized services through our very well skilled staff so that we can work on a positive impact to the customer. Because a positive impact, if we can make a positive impact on the customer, it means we have a customer. We have the customer loyalty.

So what are the growth drivers? The one would be a very strong on the non-steel as we have the legacy of steel and we started non-steel from 2015, the management and the whole team's focus is to push up the verticals and the products of the Non-steel.

We have plan on store and geographical expansion. We also are working on adding more products to our existing stores. We also are looking to increase in product range and brands, so giving a bigger range to our customers. And we are planning on using technology and digital marketing to push forward this next stage of growth. And we also offer additional value propositions and unique products through our private labels.

We have three private labels. One would be Ganga, which is our color coated profiles and our roofing sheet. Then we have Viga Sanitation, which is a company we took over in Chennai, which gives us a big entry into Chennai because they have a very good brand name and we have our own tile brand called Quasha Ceramica. \

I would just like to show you a quick marketing video of what we have put together for Quasha.  
– [Video](#)

Now I'd like to go a little in depth that what we're doing is technology and digital marketing.

So we would like to use technology to grow our store sales, widen our dealer network, go pan-India, improve the customer journey and build our brand. So when we say grow store sales, we are building an in-house CRM to better support our customer needs and ensure that we are with them for the entire journey of building a home.

We are using technology to tap into our existing customers to increase the share of wallet and to capture past databases. We're also using WhatsApp marketing to reach a vast range of customers spread across all regions and all territories.

When we talk about widening our dealer network, we are using technology to add and engage Sub dealers. We are using it to drive sales promotions and we are looking using it as an insight into dealer supply chains. To build the brand, social media marketing is probably the need of the hour and everyone is on it, and it's probably the best way to increase awareness and attract new customers. We are using it to establish a good brand proposition and to grow our brand visibility.

When we talk about improving a customer's journey, we want to provide a world class online shopping experience, which can translates into a world class offline experience. We want to grow the increasing number of repeat purchases and referrals through our site. We also want to grow. And increase the click and collect model, which is you click online. You collect offline. When we say we want to go pan-India, we want to use technology to Country wide marketing to use it to set up centrally integrated distribution centers and work on E to E logistics.

I would now just like to take you through a few snapshots of our up and running website. So this is our up and running robust e-commerce website. So I just take you through a few pages so that you could just have a look. I'm very excited to share with all of you that we have. You are the

first to hear and the first to see the launch of our very own BuildPro app, which translates the online experience seamless your handheld devices. We have the same option services and everything online, which can be seen on the app. At the end of the presentation, we'll be putting up a QR code so that you can also experience the BuildPro app along with us. I would now like to call upon our Managing Director for his closing remarks. Thank you.

**Sukumar Srinivas:**

Thank you. I think this journey of the last 50 or 60, I mean, let's say 30 or 40 years has been remarkable. It's been exciting starting with steel tubes, moving on to traditional from traditional the raddiwala kind of business. I have personally seen in my almost four decades of being in this business from starting at that very different kind of level. It's moved into very exciting times when I see all this technology and this whole new age way of marketing, this whole new age way of relating to the products, which are fairly traditional in a way.

I think it's been a really, really exciting journey for me personally and definitely for the company where we have grown from a very, very small single digit kind of an organization in about 30 years into closing this year, probably at three and a half thousand Crs kind of growth, sort of a top line. So one thing we believe and I think what has been the success of Shankara over the decades is we have been extremely customer focused, very, very consumer focused. So I think personally, I really do believe that. Those of us, any business that owns the customer will certainly own the future. And I think it's becoming all the more relevant in the modern times and in today. So thank you very much for having patiently heard us out. Thank you.

**Manasi Bodas :**

Thank you, Team. We would now like to take question and answer session. Any one willing to ask a question. Please raise their hand and mention the name and their company name before starting with the questions.

Anyone willing to ask a question, can please raise their hand and go ahead.

**Dhananjai Bagrodia:**

Hi, this is Dhananjai Bagrodia from ASK. Just a question regarding APL Apollo right now. What would be your current run rate in terms of how many tons you'll sell for APL Apollo? Right now.

**Sukumar Srinivas:**

We do about anywhere between 20,000 to 25,000 tons a month.

**Dhananjai Bagrodia:**

And how do you see that scaling up, let's say, in a year or so?

**Sukumar Srinivas:**

about 30. 35. And remember, at the beginning of the year. We have three X in the last eight months.

**Dhananjai Bagrodia:**

Okay. And. And lastly, APL Apollo has been having the started new facility in Jaipur where they're having three new product lines. Is any of that going through all of you all right now?

**Sukumar Srinivas:**

I think some of those product is in the launch stages. It certainly will go through us.

**Dhananjai Bagrodia:**

And you all haven't had any this in terms of launch or having any feedback yet in terms of what the channel is saying as such?



**Sukumar Srinivas:** See, some of the products that have been launched are still preliminary in the color coated sheets, et cetera. So that has been it's more of a test marketing stage right now.

**Dhananjai Bagrodia:** And so totally in your non-steel business right now, what are the targets you are expecting, let's say, in a year or so in terms of volumes?

**Sukumar Srinivas:** So we hope to double in the next one year and grow over three X in the next two to three years.

**Sarang:** Yes. Hi, this is Sarang from Entrust Family Office. Just one question on your segment mix. When you talk about non-steel, I just want to know what's the difference between steel and non steel as far as economics are concerned, you know the gross margins and profitability and etc.?

**Sukumar Srinivas:** Yes, the steel segment today, particularly in the current scenario is certainly at a gross margin of what we are around 4% to 5%. So we are looking at EBITDA, which really come down to that 2% to 3% kind of range in the steel part while in the non-steel, we are looking at close to 8% to 10% at a gross level.

**Rohit:** Hi, this is Rohit from Entrust Family Office. A couple of questions on the store rationalization, bit I think what were a couple of key learnings which led to those stores not giving us the optimal economics and now that we are reset, we have reset our base. How do we look at the next sort of five to seven years tradition because that's one of our key growth drivers, right?

**Sukumar Srinivas:** I think when we went on a bit of a store opening spree, if I can call that, you know, in the maybe from around 16 to 18, 19, I think we were in that heady growth phase where we had just gone into an IPO. You get into a sort of a, you know, a push there, the heady phases, I use that word. I think we did go about looking at store expansion as a very key element of immediate growth. So that is one of the, let's say, rationalizations. Why did we grow so rapidly then?

We grew from around maybe 30, 40 stores in 2016 to 120 by end of or early 2019, which was a little too rapid, a little too dramatic. So I think what we learned and one was obviously economics that time there was a thought of how to rationalize cost in late 2019, like I mentioned earlier, in hindsight, good for us because 20 kicked in COVID and we rapidly continued on the closure of some of the stores that time because the early part of COVID was a bit scary. We really didn't know what was happening around us.

So the first thought was how to cut down costs, rationalize costs, so you immediately start rationalizing those parts of the business, which are not generating immediate income or immediate profit. Probably break even's would have come little slower, a little longer. But in the early parts of 2020, in March, particularly March, April, May, when COVID was hitting us and when there were these long lockdowns and we had to shut offices, business was almost down to 30%, 40% and so on. So I think in those scary times, one of the very key thoughts was how to preserve and conserve cash. So I think that was a key rationalization at that time.

**Rohit:** And on private labels, if you could kind of give your strategy going forward, what are the economics of private label vis a vis the supplier brands and how large can this share get over

time? And also how do you explain to your suppliers when you have a competing pipe selling in at a cheaper price?

**Sukumar Srinivas:**

We don't have a competing pipe selling at a cheaper price. Okay. We one of the disinvestments we did earlier way back in 2019 was a very similar kind of a pipe, which we gave it to APL Apollo then. So what we do in pipes today, the very small segment of cold rolled pipes, which are big find application in the auto industry primarily, it's a very small production facility, which we have with us. So there we really do not compete with any of our current suppliers.

And coming to the other couple of private labels like tiles, etc., which we highlight, we are being extremely cautious that we don't trade on the toes of our suppliers because we are building today our entire business with multiple suppliers, multiple good brands. We've got great brands with us today. So very clearly, we are not really going to tread or move very fast on private labels.

We are looking at we're taking ginger steps. One of the areas we find good value is in tiles. So that is one area we have already entered. We hope to scale it possibly in the next five years. Our plans are quite dramatic, which I will not reveal at this stage, but you can say that we are looking at probably 20 x from what we are doing today in our private labels.

**Rohit:**

So just last question from my side is globally, which is a couple of names which you kind of follow, it could be a Costco or a Home Depot. And also on that thread, it seems like a membership program on the customer side loyalty program, because that's apparently what works in models like Costco and Home Depot.

**Sukumar Srinivas:**

We are very scared to use these big comparisons with Home Depots and Costcos because we are talking of \$150 billion kind of companies in well set for over 50 years 60 years. Somebody did that four or five years ago in an international meet and compared us with a Home Depot. And then you know things went a little out of control as far as the Shankara's reactions in the stock market and so on. And that took us on a crazy spin somewhere. And then everybody expected us to have multi-leg square feet of shops and depots and things like that.

India is still a very, very different market. It is still mom and pop. A mom and pop kind of led kind of markets. You have to tread carefully. Definitely. These companies that you mentioned, Home Depot is an ideal kind of a company. They are about, what, about 50, 60, 60 odd years now. Great model to base ourselves in the long run. I keep telling my son that that's what you got to aspire. Maybe ten years down the line. And today they are talking about 15, 16% EBITDAS and we are talking about 3% and 4%.

So it's a long drive from that kind of a model. But certainly, yes, as an aspiration, I would clearly look at any of these kind of companies to form, I mean, aspire to be in the long run. The loyalty membership we have. I think in some sorry, you are rolling out that we have we have tried it actually in the past a little bit, but it's moving very slowly because some of the influencers are slightly different in the Indian context in terms of what really kicks them or what really motivates them. We have had smaller programs. We've had holiday programs. We've had taken them out

on tours. We have had some amount of educational programs. We've tried some of these things, but I think a formal loyalty program should be launched next year.

**Kirti:** Hello, this is [Kirti from Re investments]. So what is the plan to reach to customers in Tier 2 and Tier 3 cities? And Visaka introduced the solar roof. So what is your idea about them? Do they all feature?

**Sukumar Srinivas:** Tier 2, Tier 3, reach as many of our stores and fulfillment centers are located even currently in Tier 2, Tier 3. Number one. Number two, I think digital today, I mean, nowhere in India is somebody without a smartphone. Nowhere are people without systems and computers. I think our electronic savvy public is huge in India to see everybody with a smartphone. People are doing business in smartphones. Everything seems to be happening in WhatsApp in a big way now.

So I think connecting to Tier 2, Tier 3 is not a big challenge anymore. Transport is available, India is fairly well developed in terms of logistics to any remote corner of most parts of the country at least that is one. Number two, you asked about Visaka rooftop solar, the plenty of people who have entered it in the recent past. Over the last few years. Personally, we don't have a connect with rooftop solar. We have not started that as our product range. Neither do we. We do, So we don't have rooftop solar. So I really can't comment on what is the intricacies of that business.

**Kirti:** Do we have solar geysers?

**Sukumar Srinivas:** We do have the what you typically call the rooftop, the traditional heating. Solar? Yes.

**Pritesh:** So this is [Pritesh]. My question is, how do we look? How do we identify your company? Is it basically e commerce or is it a traditional physical store related thing. And e-commerce also is this product. Suppose I book from the north India. Do I get delivered the product at my place or how does It actually work within the limited geography it works or how do you integrate the whole thing?

**Sukumar Srinivas:** I won't say that we are an e-commerce company in totality. We as we have defined, we are moving We are to a typically what is called is omnichannel. There are a number of digital companies in the country or who aspire to be digital are saying, let's look at offline. Building materials is traditionally very difficult to be serviced online. Like you rightly said, if somebody is sitting in North India and you say, I need an X product delivered in Jhumritalaya, for example, it is going to be difficult.

So what we are currently doing is we are defining our geography. We can deliver with ease . Secondly, what we are trying to do now is we are trying to develop multiple partners in terms of buying and selling at different locations. For example, today, we are a supplier for Coffee Day in their RESTRUCTION and they have lot of odd requirements coming up at this numerous outlets throughout the country. So I think in Lucknow, it happened. Yes. So we do have them

asking for one single commode or a single tap or tiles in very different geographies from where we are. So we have tied up local sourcing to buy and supply over there.

That is one part. Secondly, if you look at building materials itself, even somebody like a Home Depot, barely 7% of their sales is happening online. So you the biggest thing is that the online platform provides a great catalog. So as we move today, as we have a younger and a much more tech savvy population in a lot of people we have seen in cities like Bangalore, Chennai, Hyderabad, etc., they do a lot of the surveys or they do their hunt. The product hunt is in the e-com site. Then they immediately go offline and give a call saying, we need this. We do have this whipstock and we go and see physically if we want to see. So I think this particular business will always be blended.

**Pritesh:**

And what is our expectation now? We are going through a rationalization of our stores. But ultimately, If you want to grow on a longer Term, I mean, the as you said this, even the online stores Home Depot is only 7%. So ultimately, we have to grow the physical stores to grow the company. So what is our longer term plan? How do we plan to grow through this? And what kind of capex which we may occur, which can be self sufficiently plucked from the cash we generate?

**Sukumar Srinivas:**

See, we are very clear in the coming two years, we are not planning to significantly growth stores. Definitely, there could be maybe a few stores added to our existing 91 centers. We also have in addition to this across our geographies, another 2021 warehouse, large and small. So we are also activating these warehouses to become much more active in terms of fulfillment and delivering the various goods from these centers, number one. Number two, definitely, maybe after a couple of years, we will have to start ramping up our stores.

So I will we will certainly come back to you with that plan. We will be having regular interactions with all of you. So we will keep sharing our plans. As far as store growth. Now if you look at the last couple of years, one of the learning experiences that we have had also please try and remember that 2015, 16 when we started this entire building material concept, we are in a way a pioneer in India. We have had no predecessors. We have do not have a copy paste role model to take in India and say, okay, what is the typical store size get now?

How much should be there 10 stores or 20 ten stores Hey, I do have one large big sort of a shop. You have ten lakh square feet, five lakh square feet, 5000 square feet. So we have been evolving a lot from in the last five, seven years. So we are learning, we have made mistakes. We have been moving forward. We have said, okay, this is a correction we need to do. So today, if we look at in this last two years, one of the significant things we've really, really got is when you typically take a retail store matrix and look at SSG.

Now if I start giving you sharing with you my SSG for the last year of this current year, it looks quite absurd. I think we are looking at what some 50%, 60% kind of SSG with our existing stores looks great. But even to us maybe is it low base or are we milking out more from our existing stores? So I think we are somewhere in between. So we believe that at the current phase with 90

odd stores and 20 or further Fulfilments in terms of warehousing, I think we've got a great scope to eke out a lot more from our existing stores.

So this is one good learning that we've had over the last 4 to 5 years. However, when it looks at an absolute new geography, let's say, now we want to add a lot more of non-steel items and say a city like Hyderabad, definitely we would probably be looking at something in Hyderabad very early on, maybe even next early next year where we would like to have something like what we have in Bangalore or Chennai and so on. Coimbatore is another destination. We are looking at where we can have a larger display, a larger set of products. So another thing when we're looking at growth of stores, we are not just defining in sheer numbers, we are also looking at can we do better store displays, better store expansions, maybe a similar place, you've got 3,000 square feet. Can we add another couple of thousand square feet. Therefore, we are able to display a more comprehensive range of products.

So this is the kind of work that we are currently doing, and that is how it at least for the next couple of years, apart from a small growth in terms of numbers, we would be growing in a slightly different way other than just numbers.

**Pritesh:** Existing geography rather than new geography or you're looking new geography also?

**Sukumar Srinivas:** Existing geography yes.

**Varun:** Good evening, gentlemen. I'm Varun from Julius Baer. My question is, when you look at the investment that you have to make for the next two or three years, what kind of return on capital are you building in? Or are you targeting? And I think you mentioned this at the beginning of your presentation, but I missed it. What is the addressable market size of the building materials sector and at what sort of rate is it growing?

**Sukumar Srinivas:** See, there are numbers and numbers, very difficult to get pinpointed kind of statistics because you look at one side, it shows something, another site shows something else, and you've got to try and aggregate so many different building material guys and then say, could this be the kind of market potential. But broadly, there's one agreement in multiple sources with talks of currently the real estate-related building materials is close to around 220 billion, 200 billion nearby on an India basis, which, again, is expected as per some of these studies to go to about a trillion in the next 7 to 10 years.

This is an addressable size that we are looking at. Then comes to if you look at our traditional business like steel, India itself is aspiring steel again, is very much part of building materials, whether it is typically in a house or residential project or today, there are a lot of steel buildings that are coming up. There are larger structures, hospitals, warehousing, even multiple story buildings, commercial buildings, smaller dwellings, economical value buildings that are coming up using steel.

Now how much all this takes traction, definitely question mark. But I believe it will because, India is also progressing rapidly into multiple usage of different kinds of material and so on. So

the -- what we personally or I believe in is that the potential from where we are, we are looking at a INR 3,000 crores, INR 3,500 crores company as of now. So when I look at, let's say, it's going to be 0.5 trillion in the next 10 years. Let's say, it's 200 billion today. Where are we? I mean, the sky is the limit. It's a phenomenal potential place to be in as far as the market size and growth you were asking about.

I think it is growing steadily. I mean, forget about us, we are now on a very different growth track. So we may be talking of 25%, 30% CAGR for the next 3 to 4 years. But if you look at, in general, I would say it's about 10%. I don't know. I mean you guys will know the numbers better.

**Varun:** So one more initial question was whatever capital you're putting into the business -- what kind of return on investment have you targeted?

**Sukumar Srinivas:** See, we have targeted definitely in the next year that we should be 20-plus. Currently, we are not anywhere there. We are about 13%, 14%. We hope that we reach 16% to 18% by the year-end. And we are very, very focused and targeted that we take over and we cross the 20% level next year.

**Sabyasachi:** Sabyasachi from Centrum PMS. So my question is, if I look at your retail versus non-retail channel, the revenue mix 5 years back, it was close to 40, 60, then it went to 50-50. Now it is almost 60-40. And you talk about 25% to 30% kind of a growth in next 3 to 4 years? Where do you see this 60-40 kind of mix, I mean, which part of your -- is it retail that will drive that will be faster growth or the non-retail part? That's my first question.

**Sukumar Srinivas:** I think it's going to be a mix. I think one of the key reasons looking at the kind of changes in the competitive environment, we are also redefining ourselves slightly to remove this confusion of retail, non-retail, what is channel, what is the enterprise. We've always faced a lot of these multiple queries as to -- there's this mix. So where do you stand? Are you a retail business? Or are you wholesale business? Are you XYZ?

So I think we would, today, as we've been emphasizing throughout the presentation that we would like to really define ourselves more as a marketplace. Today, there is a tremendous amount of new kind of competition coming up that are people with fairly deep pockets. So we've got to be aligned with what is happening around us. So I think we are looking at a comprehensive growth across the segments. Retail definitely internally continues to be our focus, where there is like the Next Gen is focused on that. But any a part of the growth will also happen in the non-retail part Present mix is that 50%-55%, 50-50, you can say nearby.

**Sabyasachi:** The reason why I ask is I believe the economics or the capital efficiency is much better in the retail part versus the non-retail part, because I believe working capital days, debtor days will not be there in the retail business, retail portion of the business as compared to the non-retail thing.

**Sukumar Srinivas:** Yes.

**Sabyasachi:** And the margins are also, I think, higher in the retail. So your efficiency is much better in that part of the business?

**Sukumar Srinivas:** Sure. So now what happens in the retail from an Indian perspective, you have a lot of influencers who come in, in building products to buy. It's not that everybody is an absolute walk in, working okay. It's not an absolute walk-in individual homeowner only who comes in, you do have plumbers, your contractor, the electrician, we've got the work. So you still have a fair amount of influencers to come into the stores to buy.

So I think these people and the current market practice throughout has been extending some amount of credit even to these guys on a sort of a rotation basis. So if you saw one of our earlier slides, where we have overall reduced our working capital cycles to around 32 days from even pre-COVID they were in that 45, 50 day kind of a cycle, which has come down to around 32, 35 in that region.

I think with the blended mix, if we've got to take growth rapidly, we need to keep a little bit of retail. We need to keep the entire mix going forward. And we are very confident that we can also manage capital efficiently the working capital part efficiently. And if we can sustain in that 30 to 35 days, I think we are good.

**Sabyasachi:** Which brings to my second question is, do we have levers to shorten the cycle further the working capital cycle?

**Sukumar Srinivas:** There are levers, particularly when you look at the non-retail part, which is what we're working on aggressively currently. You do have various now banks that extent, channel financing, you can extend various forms of credit to the buyer, particularly in the enterprise segment to developers, etcetera, where we get the money and then the buyer has to pay to the bank or the provider. Yes, there are these levers which we are working at.

**Yogesh:** I'm Yogesh here. So since we are not going too aggressive on increasing the number of stores, the next couple of one, two years, I believe. So do you think are there any levers to increase the margins because of more operational efficiencies and things like that?

**Sukumar Srinivas:** There is. But when we are also looking at rapid growth in a rapidly competitive environment, I do not want to talk about saying randomly, will achieve 5% EBITDA, then you will come and kill me the next day. So I would rather give a very conservative, achievable, sustainable number. What we are talking about currently what we have managed to achieve in the last couple of quarters, which I think is sustainable.

**Yogesh:** So I don't want that number. I'm saying any descriptive idea that how the levers can work?

**Sukumar Srinivas:** Definitely. One is, as we grow in size, if you're keeping your costs consistent or your costs are not increasing, commensurate to the kind of volume growth. Obviously, you're taking out more of the cost spend reading a greater amount of sales, which also obviously whatever the margins

that sale accrues to your bottom line. Definitely, one of them is that. Two is the more we expand on the non-steel part of the business, there will be an accretion to the margins.

**Dhananjai Bagrodia:** This is Dhananjai Bagrodia again. Just a couple of questions. In Tiles , would our strategy be to outsource to Morbi and then use them and label it for us? Or are we planning to get our own facilities

**Sukumar Srinivas:** In the entire market doing exactly what you said outsource to Morbi. I think we also say me too over there.

**Dhananjai Bagrodia:** And last, secondly, with Apple counting in any -- like what have they brought about for you all as a company in terms of how they helped you after acquiring?

**Sukumar Srinivas:** I think one of the key things is there's a lot of commitment on both our sides to supply and sell. So I think it's a win-win for both of us. Like I mentioned earlier in terms of volumes, this calendar year, say, maybe Jan, Feb, we were doing about 6,000, 7,000 tons per month with them. Today, we're doing about 25,000. So that is one key thing.

Second is, as some of these newer products are coming out, which is in the rollout phase, I think there would be some additional territories or there could be some additional benefits that we could accrue from that.

**Dhananjai Bagrodia:** And lastly, we're predominantly still more focused on the south. Any idea in terms of like how we're planning to go ahead in terms of north or west east? And how -- what is our strategy?

**Sukumar Srinivas:** I think we are becoming very, very aggressive in Maharashtra -- just to give you a small example, I think Mumbai, where we used to do about, what, maybe about INR 3 crores to INR 4 crores of sales, not even that, maybe INR 2 crores to INR 3 crores a month Currently, we are in such a growth phase, we hope to do 3x by January. And we just started this exercise last month. So that's the kind of aggression we are looking at a very focusedly on Maharashtra itself.

**Dhananjai Bagrodia:** And so this other company, which is one, which has been coming up a lot bases Infra.Market would that be something as a competitor in terms of...

**Sukumar Srinivas:** Very much, of course, [one hell of a competitor.

**Dhananjai Bagrodia:** So how have you seen that coming along in terms of -- are they taking share more from like how is that coming around to come?

**Sukumar Srinivas:** I think Infra.Market is taking -- of course, they're very aggressive in Maharashtra, particularly in the cement. They've also got certain chemical products with them. So I think that's they pick up. They don't talk too much about the chemicals and that part of it. So a little more of the building materials is what I talked about, generally, I understand. They are very competitive. They are aggressive. We have been -- please remember there a start-up, not answerable lot of money to burn. Infra.Market, they call it Hella Marketing they have concrete, they do this readymixes, checkout that works, you check out offline.



**Harsh:** This is Harsh from Centrum PMS. Sir, I wanted to know regarding the new products that APL Apollo is going to come up with. So will these products mean better margins for us also? Or percentage margins will be similar and just the revenues will move up?

**Sukumar Srinivas:** See, there are a couple of things we would like to partner with APL. Number one is the regular steel, let's say, you take color. Color is today, there are a large number of manufacturers, etcetera. So I don't see a very significant margin accretion as far as the color products and so on. Where I am really excited about and is it something that APL has already started doing in Delhi particularly is where they are pioneering a lot of steel structures using tubular section .

Now that is something that is a lot more exciting, which could be margin accretive -- now steel structures in general in India, though it's been around for the last couple of decades, not really being promoted or it has not yet got the fancy of, let's say, structured engineers, architects, etcetera. So I think APL has gone quite extensively or taken this forward in Delhi where there's a very large hospital that is coming up, which is entirely out of steel tubes. The entire structure is out of steel tubes. And it is -- and the floors are with decking sheets, and it's totally a steel structure, which is where I hope that we can see we can take the reach further.

I'm not talking that we will be marketing and doing large hospitals or hotels and things like that. But definitely, it can be taken down to smaller commercial buildings to smaller sectors where we can use our strength where we've been in this business for many, many years, decades. So I think we've got a very good reach in our territories of operation in terms of engineers, civil engineers, contract architects, where I think we can take this product more of a not looking at it as steel tubes or steel, but we're giving a package of a building or a house.

**Harsh:** And sir, I also wanted to know getting APL Apollo. So what all advantages do they get in terms of more customer leads or the open dose for you in new geographies -- anything more on that?

**Sukumar Srinivas:** Like I said earlier, I think it's a win-win. APL going forward gets 120 fulfilment centers in a package. Number two, as far as the -- again, APL goes an outlet for pushing more of their products under one roof. So quantum has substantially gone up for them likely to go up further. Thirdly, new products, already a well-established, reliable partner known to them for many, many years as well as an established partner in one part of the country also gives them more revenues like for newer products, etcetera.

So I think this is the big win-win for APL. When it comes to Shankara, we've taken -- we have given them a preferential allotment. So we get some money into the system. It helps shore up our working capital further. So I've got money in. Number two, when somebody puts skin in the game, I have greater commitment from my principal supplier in steel tubes and I get some preferential treatment. The minute somebody has got skin in the game. Obviously, there's a little more interest one is going to take.

So I think this is very clearly a win-win for both of us.

**Harsh:** What are our plans for succession planning?

**Sukumar Srinivas:** successionplanning? my son is sitting right over here. So he is the guy who presented about the future and the growth very much in.

**Sohail:** This is Sohail from ICICI Securities. So I just want to have an idea about what is the revenue mix in terms of sanitaryware, faucetware and tiles -- would that be possible to give?

**Sukumar Srinivas:** I think we currently see the entire mix, say, last year, we did about INR 2,500, INR 2,400 crores top line. Out of that, about INR 200 crores was non-steel, nearby around 8% to 10%. Large percentage of our sales is in the CP sanitary in the non-steel part. So I would say last year, it was in the region of around INR 150 crores. And this year, we hope to double that.

**Sohail:** And so basically, 8% to 10% of your revenues is non-steel, which -- and most of it, I'm assuming is tiles, sanitaryware and faucetware is it?

**Sukumar Srinivas:** Currently, yes.

**Sohail:** And in terms of margins, could you give some color like what is steel and non-steel?

**Alex Verghese:** Steel will be approximately around 5 percentage of GP will be there. And for non-steel, around 8 to 9 percentage gross margin we are making.

**Sohail:** This is the gross margin. In terms of EBITDA, could you give some color on that?

**Alex Verghese:** EBITDA, say, if you can see for steel will be approximately around 2.5% to 3 percentage and non-steel will be around four percentage.

**Sohail:** In terms of future growth, as in what percentage of your business do you see the non-steel segment growing to?

**Sukumar Srinivas:** I think in the next three years to four years at best. We are like I mentioned, we are looking at very rapid growth. So I would say in the next three years to four years from our current rate on non-steel, we would certainly like to have it up by about 3x to 4 x. Steel, we are looking at about 20%, CAGR.

**Manasi Bodas:** Anyone willing to ask a question, please raise their hands.

**Sohail:** So I have a follow-up. On the influencers, how do you plan to tap on to these influencers, any marketing, promotional activities you plan to have in the near and medium term?

**Sukumar Srinivas:** Influencers, one is loyalty program, which we talked about a little earlier. So we'll be launching one early next year, which we'll keep you posted on. I think that is the key way to take on influencers, apart from I mean, you have to have feet on the road, you've got to meet them. You've got to get them to your store. I mean, you got there is a lot of traditional players in the field for influencers, too.

So I think we're working at it. So one is loyalty program is a very important part of it. I think the other key thing with influencers is that we also give them a whole range of products under one roof. So that is also beginning to play a very important role now. Otherwise, you've got to go to 10 different places to pick up whatever you have to pick up. So somebody starts with, a rebars. So if it's a contractor, then he knows that he's going to get cement and he wait for six months. He also gets concealed taps or cables and so on and so forth.

**Sohail:** But any spending budget, any figure that you have on mind on this influencer tapping or whatever?

**Sukumar Srinivas:** We'll give it to you shortly.

**Moderator:** Anyone willing to ask a question can please raise their hand.

**Bhavna:** Hello, sir. It's Bhavna from Avagrah Capital Advisors. Just a question with respect to digitization, Just a general question that how do digitization help a company like yours, a building product, just like you just told that in the presentation mentioned that you pick up online and you go and I mean, you click online and you go offline.

So can you quantify as how will the economics play here? Just now you mentioned you are not going to do any store expansion as well. So your presence is mostly in South India or little west-east. So which means anybody who is accessing or accessing your platform online in North India or whatever won't be able to access your product or anything with respect to this industry itself, because I'm just not able to understand that. How will digitization help your building products as such? Only brand recalling or anything else?

**Sukumar Srinivas:** I think this is a start. Today, we have delivered products in Meghalaya. In a funnily enough, Lot of our e-commerce inquiry for smaller products seems to be coming from East India, funnily enough, and also small villages in Kerala. These are what we have tracked in terms of good response, in terms of who are people who are actually going whole hog on the platform. So there are two things in the e-comm, one, like I mentioned earlier, it's like you're being a catalog. People come and going and offline. Then the other will go through the entire process of payment mechanism and so on and so forth. Nameless, faceless, kind of a thing. Nameless, faceless have currently happened from the East.

Second, we are also restricting in terms like, currently what are we sold over there? It's been faucets . It's been things that have been easily mailable, easily deliverable through courier. So that is one thing we have done. We've also learned from the early days that if it's a bulky item, you've got to be very careful about the logistic costs. So logistics play, the very terms of transport, transportation can eat you away. We don't have that kind of deep pockets to sell at a loss right now. So we have to make sure that whatever we deliver, we have to be definitely making some amount of profit.

So coming to the question that if somebody is sitting in Delhi or anywhere in the north and saying that you order click and are you going to be able to supply? Definitely we will be opening

up. We will have to have fulfillment centers across the geography. I didn't want to overstep and tell you, tomorrow it will happen, that will happen. So but yes, for the digital platform to be entirely successful, we currently like I said, if you please check out the entire net, you will find very-very few robust actively e-commerce platforms in building materials in India today.

So many of them talk about it, but you will not really find them, very robust. So I think it's a sort of a pilot we enter in the South. We have some restrictions when we put it in the platform that is not going to be deliverable outside certain geographies. So therefore, the digitalization to some extent, like you rightly said, gets defeated to some extent when you're looking at North India or far of geography. But I think that is something we're very conscious of, and we're working towards sorting it out.

**Dhananjay Srinivas:** Just to add to that, we also currently on our website offer a PIN code based availability. So when you put your PIN code in, maybe selected amount of products will be available to regions where we cannot cater to bulky items.

**Bhavna:** That happens probably in other e-commerce websites as well. Great. Thank you. That'll be helpful.

**Nikhil:** Good evening, gentlemen. This is Nikhil here from JM Financial. Could you help us understand what would be a typical cost to set up a fulfillment center? And how many fulfillment centers do you actually need to set up for a city like Chennai or any of those kind of cities?

**Sukumar Srinivas:** For a city like Chennai. Currently, we have three stores which are more of the detail to present the look feel of for the customer to walk in and see the products, typically steel pipes, etcetera. We have got a warehousing more of a back end even there, there are retail walk in, but that's of a different nature who come in over there. Very difficult to make a very typical assessment of saying, in this town you need five or you need three. I would say from a back end, you probably one requires just about a single large warehouse a fulfillment center, so to speak. The touch point for the customer, I would say, typically in my limited experience now I would say in a Chennai, we would require about five stores at touch feel for our customer probably is that adequate.

**Nikhil:** But with the costing for the warehousing setting up a typical I mean, what amount?

**Sukumar Srinivas:** Currently, we own most of our warehousing. So over the years, I mean, historically, we have acquired our own warehousing and we've added our facilities. So if you don't buy a land as such and you're looking at taking a rental and so on, I would say a typical warehouse to set up would be anywhere in the range again, subject to the size. I would say close to about 75 lakhs. This is about 40,000 square feet. About 50,000, 60,000 square feet of covered space.

**Nikhil:** Sir, I just want to go back to 2017, where we were doing around 7% margin. So is it what was driving at that time those kind of margin? And if we now we are on a major growth path, so can we achieve those kind of margin again? I mean, I know it's a forward looking statement, but I just want to understand what were the ingredients during that time which were driving it, that kind of margin? And can we can we have some of them back going forward?

**Sukumar Srinivas:**

Yes, I think five years to six years ago, we didn't have the kind of intensive start-up environment that we've seen in the last three years to four years. I think that has played quite a big disruption. I think post-COVID, there has also been some sort of a change in the sellers' mindset. So a lot of people are going for very low margins, but looking to cycle money faster. So I think that is one change.

Second, of course, the more significant thing is the environment that we are facing. Today, you have people who will go and give extensive maybe even extensive credit to a buildup keeping zero or no margins. So it is a buildup on volume game. So I think when we talked of 6%, 7%, five years ago, I think those were good days, but I'm quite sure in the next three to four years, the cycle that goes down also has to come up. So I'm never, I'm an optimistic always. So I would say, if not the same, definitely margin should grow.

**Kamlesh:**

Yes. This is Kamlesh from Lotus Asset Managers. Sir, just one question on the part of the store additions. I believe that you should have been much more aggressive on the store addition because if you see the way the city is in north or like said, the UP market or the central region or the eastern reasons are coming up. For example, Sumerpur city in Rajasthan, that's a INR 250 crores market in terms of construction material. And like the earlier issue with us has been that our stores have not been that coordinated in terms of radius, in terms of facilitation centers.

So I thought that you should have been much more aggressive even if you were operating at 1% to 2% margins. At least you would make some sense or some reach into those markets. So I was a little bit disappointed with the fact that you are not that keen or aggressive on store expansion and the growth you are talking for the next couple of years, is it going to be coming from more from the optimization of the stores? I would have been more interested if you go more deeper into the Northern, Central or the Maharashtra or Gujarat market, where the potential is immense in terms of reach? And given the fact that you have such a reach experience, so like a 50 year experience, you should have been much more forefront at this as of India?

**Management:**

Your point is well taken. However, if I were to tell you that if we double our growth in the next three years from the existing regions being more aggressive in Maharashtra without spending more money and then taking a big leap forward to Rajasthan. What would you prefer? Do I preterm energy is now or do I conserve, consolidate show rapid growth, conserve and build up resources and then take the big leap forward. What you will prefer? Do I straightaway go to J&K, do I go to Rajasthan, do I go to West Bengal?

I would love to do that. But then there's also a question of in this highly fragmented market, each geography has its own kind of different, a metric, a market operation. It's very different. India is so, so diverse. So to understand the complexities of each state, even within the south, even when three districts, you move 100, 200 kilometers from, say, Bangalore and you go to North Karnataka, the complexity and the way the business is run there is very different. I mean we do talk about systems, processes, which is what larger corporates like us try and do when we try and take on local moms and pops and so on. But there is a challenge.

Each market has its own challenges. So I think one thing is we don't want to push too fast into new geographies and then burn maybe our fingers. So now I think we're a little cautious. Sorry to be disappoint to you. But I think we are looking at numbers if we can take it from our own geographies better. Consolidated, like I mentioned earlier, we are becoming quite aggressive in Maharashtra. So this is itself I think the first big step we are taking towards moving out of our safe comfort zones.

**Sachin Kasera:** Sachin Kasera here. You mentioned that you own most of the warehouses. So any plans in terms of being, say, maybe more capital efficient and trying to monetize and move more to a rented model, both existing as well as going ahead?

**Sukumar Srinivas:** Double edge sword question that is. Yes, if you hive off your assets, definitely, it helps us accrue funds into the system, probably become a little more capital efficient. The backbone of our entire business is warehousing. And we've had experiences in the past that when you get into a pure-play rental mode, sometimes there's a tendency of the landlords to sort of push you around a bully around, and there's a lot of investment we have to do in some of the warehousing. But yes, you've given food for thought, we'll think about it.

**Sachin Kasera:** Second was also on the manufacturing. Since we are more in terms of distribution and retailing, any thoughts wherein we could look in terms of monetizing the manufacturing assets and due to see people, whose core strength is manufacturing. And again, that would help us free up the capital and use it for growing the business a little on?

**Sukumar Srinivas:** I think, Sachin, you're giving me too much of food for thoughts, today. Yes, again, idea well taken, we'll certainly look into it.

**Manasi Bodas:** Since there are no further questions, I would now hand over to Mr. Sukumar for closing remarks. And then everyone can join us for the High-Tea outside.

**Sukumar Srinivas:** Thank you, gentlemen. You've really been a fantastic bunch of prospective investors. I mean investors already and prospective investors for us. And really-really lively discussion that we've had. So, thank you so much. Every time I come into one of these meetings with all of you. I personally, thank all of you a lot even though sometimes when it's one-on-one, we don't, obviously, thank you and walk away that way, but I learn a lot from a lot of you.

Whenever you ask these kind of questions, there's a lot of food for thought. I take away a lot of your question very seriously. And there's a lot of learning that comes because of your share experience in the markets and with multiple industries, multiple businesses, you have a fair amount of exposure with across-the-board businesses.

So thank you so much for the lively questions gives me a lot of food for thought, gives us a lot of food for thought and to look to improve ourselves more. Thank you so much.