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Berger Paints India Limited

Q1FY16 Conference Call Transcript

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Moderator:

Ladies and gentlemen, good day and welcome to the Q1 FY2016 results call of Berger Paints India Limited, hosted by Emkay Global Financial Services. We have with us today Mr. Srijit Dasgupta, Director and CFO, Mr. Sujyoti Mukherjee, Vice President - Finance and Accounts of Berger Paints India Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. If you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Prashant Kutty, Research Analyst of Emkay Global. Thank you and over to you Sir.

Prashant Kutty:

Good evening everybody. Thank you for joining us in the call today. We would like to welcome the management of Berger Paints India Limited and thank them for giving us the opportunity to host this call. I would now like to hand over the call to Mr. Dasgupta for his opening remarks. Over to you Sir!

Srijit Dasgupta:

Thank you Prashant. Very good afternoon ladies and gentlemen and thank you very much for your patience. Welcome to the FY 2016 edition of the Berger Paints India Limited earnings call. My apologies for postponing this call from yesterday to today. I believe there was a technical hitch, which could not be sorted out online. So my apologies once again. I have with me Mr. Sujyoti Mukherjee, Vice President - Finance and Accounts of Berger who will also be attending the call. A few opening comments from our side before I take up questions from the participants. Highlights of the standalone performance and sales and other operating income the growth was 7.9%, PBDIT growth of 30%, PBIT growth of 28.1%, PBT growth of 33.7% and PAT growth of 32.3%.

Highlights of the consolidated performance, growths are as follows; sales and other operating income at 5.7%, PBDIT is 30.3%, PBIT 27.7%, PBT at 34.1% and PAT at 34.5%. A little bit of a background regarding how the business has transpired and faired in this quarter. The decorative business was impacted by somewhat slower demand condition compared to the first half of FY 2015. We saw a little bit of this in the trailing quarters of FY 2015. The slower demand is continuing into FY 2016 so far.

On the industrial business front, the protective coatings business showed encouraging growth. General industry and automotive business line continued to sustain the reasonably good growth rates that we saw earlier. Gross margin expansion largely due to raw material price decreases which were sustained even into the Q1 of FY 2016, 2.4% price drop with effective February 2015. This is of course for decorative business.

Regarding rest of the profitability breakup there were some savings in interest costs. The rate and level of borrowings went down. This was to be expected in terms of level of borrowings once the heavy capex was completed last year. Going forward for the next few years we are looking at maintenance capex only. Effective tax rate went up marginally a little less than a point, but this was because one of the remaining units, which had a tax holiday Jammu the tax holiday expired in FY 2015 so going forward the effective tax rate will be closer to the marginal rate.

In terms of the consolidated performance, net revenue was affected by two prominent reasons. There was a slowdown in the coil coating demand affecting our JV, Becker Coating consolidate currently 49% of this in our consolidated numbers, because this is a JV with Becker of Sweden. Secondly Berger Jenson & Nicholson, Nepal was affected by the earthquake in April and May this year, very unfortunate incident. I should however, assure our participants and audience that there was no major damage to either our employees or any of our assets on the ground, some marginal damage in some of our finished good stocks. Hopefully, these were recovered very quickly by refilling into new container, much as it can be expected the situation on the ground is yet very far from normal. Katmandu Valley was the most impacted in terms of disruption to business but hopefully, we should see improvement everyday and of course opportunities during the reconstruction process.

In terms of our new products for FY 2015 there are about three or four new products, which are being tested currently. We shall talk more about them as when they are commercially launched. In terms of raw material prices going forward crude of course is decreasing very steadily every day and the impact of this will be felt in the coming quarters. There is a bit of inventory effect regarding some of the raw material price decreases that we see and the full effect of all of this will be felt over the inventory is consumed. Concerns going forward of course currency still remains a concern and the monsoon appears to be suffering a slight deficit, but hopefully, it will be close to normal by the time the season comes and therefore we will get the effect of a reasonable monsoon.

One development, I should talk about in this earnings update call is the launch of our Express Service and range of products. This is essentially a system of application equipment being offered to painters and designed to offer a much better experience to the consumer as well as offer shorter painting contract times for the painter so that he can double or triple his number of contracts per months he executes. This will be advertised nationally I am told, as I speak and we have rolled it out to almost all states of India barring five or six.

So that is a little bit about our current business and performance. Now over to the participants for the questions.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Question and Answer Session

Abneesh Roy:

Thank you Sir. My first question is on Express Paints. So who bears the cost for this machinery and if it is being borne by the painters, how is the ROI for them because they will be able to do more jobs and are the other peers doing this in India and globally is it extremely big in terms of the percentage?

Srijit Dasgupta:

Thank you Abneesh for your question. Yes Express Painting the cost will be borne by the painter eventually, but the idea is that very reasonable rates are offered to him. We are not looking at making a huge profit in this. We are sourcing it effectively at very, very low prices may I add, and these are all within a very, very reasonable range for the painters and affordable. In terms of how popular this is and whether other paint companies are doing this, yes, other paint companies are also doing it to my understanding in some degree, but I think we are taking this as a very major project, the key to this lies in training the painters for which we have an effective training program, we believe and the delivery of this has already started and very, very satisfying numbers of tools already sold through dealers to painters. So early days yes, but I think we can acclaim that this has been so far a success.

Abneesh Roy:

One or two follow-ups on this; one is to the end consumer, is there any premium he has to pay because it will be much faster painting, so are you charging any premium and second is are you giving any subsidy to the painter currently because it is a new model, and if you could tell us a bit on the cost, are you discussing that part?

Srijit Dasgupta:

I will take the first question, Abneesh. Unfortunately cost is not something that we publicly declare in any forum. So that restricts us a little bit, but talking about the experience for the consumer, it will be at existing prices that is the USP of this is that you get the better experience for the same price, so no extra premium to the consumer. The rates are very affordable and in terms of installment payments very easy for the painter, so hopefully this should be very, very attractive. To answer your question, I think the proof of the pudding is in the eating. Already there are thousands of such tools, which have been sold.

Abneesh Roy:

Sir, my second question is on the margins. When I compare your margin expansion versus peers it seems that your expansion is lower. So if you could discuss that part, you also said inventory effect and full benefit will come in the coming quarters. So did we go wrong in terms of the inventory or is it the mix, which is different for different companies? Is that the reason you are saying?

Srijit Dasgupta:

Partly true. I think it is not that we carried heavy inventory. It is just that the price decreases have been so steady that the full effect will naturally be if you track the effect or the prices of the crude from say February to July, you will find there has been a steady decrease from March onwards, so that effect has to unfold. I mean that is very clear. It cannot be immediate. So, if we carry 60 to 65 days of stock then this will have to be consumed before we get the full effect of current prices. Having said that yes there is also a little bit of mix impact, 20% percent of our sales is industrial so that is a little different in terms of behavior from Deco.

Abneesh Roy:

How much percentage?

Srijit Dasgupta:

20%

Abneesh Roy:

Could you talk about that mix part, it is a followup to this only. The leader said that lower end has grown well, premium has grown well, mid end has not grown well. So what is your take on this?

Srijit Dasgupta:

Pretty much the same, but our only take is that this is not a new phenomenon. This has been happening for some time. So I am not sure how we can claim that this is a very recent phenomenon.

Abneesh Roy:

But what explains that? Mid end, why should it be slower than premium and then why lower end should grow faster?

Srijit Dasgupta:

I think lower end because first time users of paint typically enter that bracket. Once you have the housing sector come back on to track, I think you will find that the mid end segment will grow faster. I am not sure till we exactly have the effect of this housing sector resurgence that has not happened till now, but I think the only inference is that for first time users the economy end is the segment that will be chosen.

Abneesh Roy:

Thank you. That is all for now. I will come back if I have more.

Moderator:

Thank you. The next question is from the line of Avi Mehta from IIFL. Please go ahead.

Avi Mehta:

Thanks for taking my question. Sir, great performance. Just one thing, I wanted to understand first, on the margin front, I am not sure why there has been a very sharp reduction in the inflation in other expenses. Is there a structural reason for the change or how should we see this going forward?

Srijit Dasgupta:

I think we can clarify that this is largely due to advertising and promotion expenses and this is actually just a feature of the timing and going forward this should come back to the annual averages.

Avi Mehta:

Sir is this an industry phenomenon?

Srijit Dasgupta:

I cannot talk about this. But this is how we see it.

Avi Mehta:

The second part was on the gross margin bit again, now if I look at the gross margin expansion or even the absolute gross margin, it has come off from the Q4 levels as well. That is something your peers whether it is Asian Paints or even Kansai has not seen, while you know we are not getting into those details in particular, could you please explain is there any one-off over here for us and hence we should see margins kind of changing or you know the expansion moving up?

Srijit Dasgupta:

I think it is fairly logical that if there is 2.3% to 2.4% price decrease, which was effective for only one month in the previous quarter, effective for three months in this quarter there is some sort of stabilizing or balancing factor will apply. I think that has happened. We have had a full three months effect of the price decrease, which happened in March, so that is one factor. The other factor of course, which possibly could be, I cannot speak on behalf of peers, but one factor could be I would presume the impact of the effect of a 20% of our sales coming from industrial.

Avi Mehta:

You are seeing the mix could also be the reason in this consolidated as well. The last part is on the decorative demand. How have we been in terms of the market because now when you have the numbers for almost everyone coming in, the peers have suggested a double-digit volume growth, are we similar or would you be able to share some kind?

Srijit Dasgupta:

Unfortunately Avi, we do not share these numbers. We do not even talk about whether it is a double or single or anything, do not get into that controversy because actually it does not help anyone by saying a double-digit really in my view, but what we do say is yes there has been a bit of a cooling off which we have sustained and now we hope that this will improve going forward.

Avi Mehta:

When you say cooling off Sir, you mean in value, right?

Srijit Dasgupta:

No in terms of demand as well, in terms of overall demand.

Avi Mehta:

Okay even in volume. Have we lost share Sir?

Srijit Dasgupta:

To our belief absolutely no.

Avi Mehta:

Sir, I have two bookkeeping. If I can squeeze them here. Can you share a guidance on tax rate for the year and capex plans going forward Sir?

Srijit Dasgupta:

No specific guidance. That is not our policy Avi, but I have just said that the tax holiday in the last remaining unit in Jammu, which was eligible for these tax benefits, that tax holiday has expired effective April 1, 2015. So going forward we will be at the marginal rate.

Avi Mehta:

Sir, capex guidance, you said maintenance capex is there a number you could share on that?

Srijit Dasgupta:

We have not given specific, but definitely it will be much lower than the capex hump, which we crossed last year.

Avi Mehta:

Thank you very much Sir. I will come back in the queue, if I have anything else.

Moderator:

Thank you. The next question is from the line of Anshuman Atri from Espirito Santos. Please go ahead.

Anshuman Atri:

Congratulations on good margin and growth and PAT. My question is with respect to the new announcement in Assam - any capacity details?

Srijit Dasgupta:

You are talking about the proposed plant in Assam?

Anshuman Atri:

Yes.

Srijit Dasgupta:

We are in the process of exploratory foray into that region. We needed a plant in the northeast and we are finding it difficult to service this out of even our eastern plants near Kolkata and therefore the decision to look at Assam as a possible manufacturing location of course Assam also has tax benefits, which are helpful, but the primary reason is of course distribution efficiencies and manufacturing cost.

Anshuman Atri:

So currently the capacity is not yet decided?

Srijit Dasgupta:

We have just made some exploratory forays into the region. The actual project details are yet to be drawn up. We will keep you informed as and when we are ready to announce to the public.

Anshuman Atri:

Second question is in terms of capacity, is it possible to get the current capacity and expansion in the next two quarters?

Srijit Dasgupta:

It is not something that we share over the call. What we will do is in the context of various legislations and regulations which apply currently if we are ready to share this with all of you, we will post it in our website or make a press release so that everybody comes on board.

Anshuman Atri:

How about the expansion in the next two to three years, whether it is possible to get any rough ballpark figure?

Srijit Dasgupta:

Sorry we do not share this.

Anshuman Atri:

Lastly on the margin, Sir. Do we expect in the next few quarters?

Srijit Dasgupta:

We do not give any guidance with respect to margin expansion going forward, but definitely I did mention that crude prices continuously decreasing. See today currently it is around the USD 48 to USD 49 level for Brent so this will have its impact.

Anshuman Atri:

Thanks a lot and all the best.

Moderator:

Thank you. The next question is from the line of Sanjay Singh from Axis Capital. Please go ahead.

Sanjay Singh:

I just missed your opening remarks. So can you just mention in terms of demand the slowdown in real estate etc., what you are saying and we have also seen in some other companies in other sectors of real estate, which is slowing down, so can you just share some more thoughts on that that you are seeing this is the temporary or do you see it is going to rebound with the festive or it is going to take some more few quarters?

Srijit Dasgupta:

Sanjay, it has been like for this for a while as you know. My opening remarks were in the context of question addressed to us asking why the lower end was growing and the middle was not in terms of sort of segments within Deco and one of the thoughts I had was that it is possible that this could be because there is really no impetus from projects business or institutional business and first time users particularly in the smaller towns are more likely to go for the entry level, first time conversions to paint are likely to happen at the lower end, but this is something that we will know only after things pan out whether the housing sector improves at all or in the near future.

Sanjay Singh:

Do you see a possibility of things improving with the festive season?

Srijit Dasgupta:

Definitely repainting demand always improves.

Sanjay Singh:

On a like-to-like basis, on an adjusted basis for you on year-on-year or whatever?

Srijit Dasgupta:

Yes, because of the timing of Diwali there is a problem with whether it shifts from Q2 to Q3.

Sanjay Singh:

On an adjusted basis?

Srijit Dasgupta:

Yes. So that is likely to happen, yes. The industry hopes so.

Sanjay Singh:

In terms of margins given that festival demand probably is round the corner and you know have the gross margin savings do we plan to or is there any possibility of industry taking some price cuts?

Srijit Dasgupta:

There is a possibility, but at least internally from our side, we have not had any deliberations on this front so far. We will react depending on market conditions.

Sanjay Singh:

But you are comfortable with these levels of margins longer term, the weaker business anything of that sort.

Srijit Dasgupta:

No comments Sanjay.

Sanjay Singh:

Can you talk about the whole international or basically in your subsidiaries one is the international subsidiary and one is the Nitco subsidiary or the Sherwin William subsidiary, am I right on this?

Srijit Dasgupta:

There were quite a few, of course there are also two JVs, which are also not exactly tiny. As I mentioned, I think you may not have got my opening remarks, we did have a little bit of a slowdown in our coil coatings business, which is handled by our JVs with Beckers of Sweden. We expect this to be hopefully temporary. Things should get sorted out soon. The second of course is something that has affected us very much emotionally certainly is the result of the earthquakes in Nepal, but I did mention that we did not suffer too many losses and damage to fixed assets something a little bit we were affected in the area of finished goods or stocks, but no damage to factories and no injuries, major injuries to any of our employees which we are thankful for, but the business naturally is a little slow because things have become completely upside down, if you like in the Kathmandu Valley and it will take a while for things to come back to an even keel but great efforts have been done by agencies, government even private corporations and companies have helped and of course the citizens of Nepal, we expect this to turn around very quickly.

Sanjay Singh:

How is the Bolix subsidiary doing?

Srijit Dasgupta:

In fact better than last year around 7% to 8% growth over last year and lower costs. Again, raw material prices have come down in Europe as well. So definitely better than last year.

Sanjay Singh:

While your margins have improved, I mean this is also a little bit industry phenomenon, I know your margins have improved quite nicely but unfortunately because of the higher capex also for you and also for the industry ROE levels have not improved. So is this the capex level? What has changed in the industry that the capex levels have become so high that it is putting a pressure on return ratios?

Srijit Dasgupta:

Temporarily I think Sanjay mainly because you know if plants are more automated, more technically advanced and therefore are able to produce paint of better quality this is a global phenomenon and this will happen, but I think we will be able to make up economies of scale and lower conversion cost because of manufacturing efficiencies, what we lose out in terms of depreciation or capital costs.

Sanjay Singh:

That is it from my side. Thank you very much.

Moderator:

Thank you. The next question is from the line of Vishal Gupta from India Infoline. Please go ahead.

Vishal Gupta:

Most of my questions have been answered. Thank you.

Moderator:

Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

Tejas Shah:

Thanks for the opportunity. Sir my question pertains to the observation that you made that perhaps there is a conversion happening from at a lower end in favor of low-end paints. We have observed in some other categories that benign RM cycle scenario, most of unorganized players get competitive versus organized players and they become formidable competition in that scenario. So just wanted to understand from your experience how the game players are between unorganized and organized in benign RM scenario in paint sector?

Srijit Dasgupta:

Good point Tejas, but we believe that the economies of scale even in the economy end of the segment, really weighted heavily in favor of the organized sector, so of course unorganized players will drop prices, try to sustain themselves in a benign RM situation, but the odds are unfortunately stacked heavily against them. So there will be ups and downs in this segment and competitive pressure from unorganized sector, but I think all the organized players choose to play the game according to their own rules and therefore only participate with limited extent in the sort of price wars that organized sector may take part in. Our belief is that we know our prices, we know to what extent we get repay it and discount and we stay within these limits.

Tejas Shah:

Sir, second question pertains to Sherwin Williams portfolio, it has been a considerable time that we acquired that portfolio. Any plan of launching or advertising that product portfolio on Décor side?

Srijit Dasgupta:

This business Tejas, is basically institutional demand led, meaning projects large repainting and refurbishment work being done and therefore these are brands and products known essentially to builders, promoters, contractors that group of consumers and a lot of it is negotiated in terms of price, there is a volume to price ratio, it is a project led business, the way projects typically are negotiated are quite different from retail business, so we do not feel the need currently to advertise, but we are absolutely open to the idea of expanding the retail end of these brands as time goes by and we are able to stabilize the operations fully. The integration issues post acquisition are now largely over. So that is definitely something that we can consider going forward.

Tejas Shah:

Any plan of launching product in range of Aspira, which is slightly high end and I believe Sherwin Williams had high end products also?

Srijit Dasgupta:

We will let you know once these products are ready for market. We do not speak of our plans in advance, but I am sure you will be the first ones to know when we have a product ready.

Tejas Shah:

Sir last couple of bookkeeping questions, what will be the Hindupur capacity utilization level for FY 2015 we closed at?

Srijit Dasgupta:

We do not typically cover FY 2015 issues in this call.

Tejas Shah:

But we did not have the fourth quarter concall.

Srijit Dasgupta:

It is less than 50% currently.

Tejas Shah:

This is of 320,000 lakh MTPA or 80000 MTPA, we have 50%?

Srijit Dasgupta:

80000 MTPA.

Tejas Shah:

Lastly what is our current dealer network count?

Srijit Dasgupta:

Again, this is not something that we have announced or intend to announce on a quarterly basis. We will keep you informed as and when we do decide to release the numbers.

Tejas Shah:

But you normally guide for 10% growth at least we have maintained that runrate for the last affinity?

Srijit Dasgupta:

It is applicable and we will still stand by them.

Tejas Shah:

Thanks a lot Sir and all the best.

Moderator:

Thank you. The next question is from the line of Manish Poddar from Motilal Oswal Securities. Please go ahead.

Manish Poddar:

Sir, could you give us some color on the rural and urban demand and demand by regions if possible for Berger Paints?

Srijit Dasgupta:

Yes a little something that we have said earlier as well that rural demand is clearly better than urban demand and has been for a while now.

Manish Poddar:

How much would be rural sale, has the gap narrowed?

Srijit Dasgupta:

Something that we do not share, so unfortunately I cannot.

Manish Poddar:

But has the gap narrowed?

Srijit Dasgupta:

In terms of urban and rural, in terms of percentage?

Manish Poddar:

Right.

Srijit Dasgupta:

Yes definitely.

Manish Poddar:

By region, how is Berger Paints going by regions?

Srijit Dasgupta:

Again something that we do not share, but I think most of our regions are growing very, very well barring one or two so no worries on that count.

Manish Poddar:

Just wanted to understand, have we gained market share in the last one to two years in the Décor segment?

Srijit Dasgupta:

Definitely, definitely that is our belief.

Manish Poddar:

Would that materially upwards of 200 basis points or somewhere in the 100 basis points?

Srijit Dasgupta:

Unfortunately we do not give exact numbers. We have not shared this. It is also little difficult for us to mark this in the absence of volume information of all the players, but on a value basis definitely we believe that we have grown market share.

Manish Poddar:

Just a little thing, could you share the current operating utilization levels if possible?

Srijit Dasgupta:

You mean in terms of capacity utilization, this is not something that we have shared, but I have said that for the newer plant Hindupur, it is currently little south of 50%.

Manish Poddar:

Just want to understand that the industry as a whole actually focused on the lower end in the recent last two quarters or so, has there been an underlying shift which has happened or any player in the industry actually introduced any scheme, which actually triggered the volume in the lower end?

Srijit Dasgupta:

Not that I know off. I believe this is a phenomenon that has been there for a while. It is not anything new, which has happened. I do not think there is any new shift or change, which has triggered this. This has been there for a while.

Manish Poddar:

That is really helpful. Thank you so much.

Moderator:

Thank you. The next question is from the line of Latika Chopra from JP Morgan. Please go ahead.

Latika Chopra:

I just wanted to check coming from your mixed comments, is it fair to assume that volume growth in the last quarter and probably even last few quarters have largely come from the lower end and in that context, is there a conscious strategy from your side over the last couple of quarters to focus more on the segment?

Srijit Dasgupta:

This has been as I said the phenomenon that has been there for a while. There has been so many questions on this. I think partly all this has been triggered by the fact that there has been a price decrease. The value growths are little lower than perhaps may not be factoring the 2.4% drop in value growth so much. I hope they are, but just in case they are not, I thought I should point it out, but I do not think it is a recent phenomenon. We are seeing a healthy growth in the lower end for multiple quarters over three or four years now actually, but it is not a new phenomenon, yes during difficult times one belief is that for first time users who are still helping to sustain the paint industry growth, it is quite logical for them to go for the lower end segments first. So that could account for a little bit of that.

Latika Chopra:

I understand that but if that sort of has made any changes in your strategy over recent quarters in terms of, are getting more aggressive in the segment?

Srijit Dasgupta:

Not at all, I do not think competition has also reacted differently to it to my understanding.

Latika Chopra:

All right. Thank you.

Moderator:

Thank you. As there are no further questions, I would now like to hand the call over to Mr. Prashant Kutty.

Prashant Kutty:

Sir just before we close the call, just one question over here, there is an interview of Abhijit Roy we just highlighted about some bit of rural slowdown being witnessed. So if you could just make any comment from that?

Srijit Dasgupta:

I think the slowdown has affected all three tiers of cities at Tier 1, Tier 2, Tier 3, so I think perhaps we are a little disappointed with the way the growth numbers have panned out for Tier 3, because the industry is used to very, very high rates of growth in Tier 3 say a year back. The delta between the growth rates of Tier 1 and Tier 3 towns have actually come down, but Tier 3 is still growing much faster than Tier 1. So this is possibly what he referred to.

Prashant Kutty:

But as far as urban demand is concerned, it has been sustaining its gradual up trend for the last two, three quarters?

Srijit Dasgupta:

I think we should not look at any individual quarter or month. We should wait for the annual numbers to pan out.

Prashant Kutty:

Just lastly one thing Sir, I just missed on the Sherwin Williams subsidiaries performance, any comments on that?

Srijit Dasgupta:

I think I spoke at length about our Sherwin Williams subsidiary, yes the performance after two years of consolidation, we are now back into growth mode I should say so that is the good news for us and definitely we will expect more robust performance going forward.

Prashant Kutty:

Thank you Sir. Thank you on behalf of Emkay, I once again like to thank you all for joining the call today and Sir if you have any closing comments?

Srijit Dasgupta:

Thank you Prashant, not much, but I think I will invite my colleague Mr. Sujyoti Mukherjee to close this session.

Sujyoti Mukherjee:

Thank you Prashant. I think it has been quite an informative and interactive session that we had and unfortunately as per the rules now we cannot give information, which is not there in the public domain. So I think we have got to live with it as of at this point of time. With that I would request that this transcript be shared with us as quickly as possible, as this also needs to be uploaded on the website.

Moderator:

Ladies and gentlemen, on behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Note: 1.This document has been edited to improve readability.

2. Blanks in this transcript represent inaudible or incomprehensible words.

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