20th May 2025

Department of Corporate Services
BSE Limited
1st floor, New Trading Ring
Rotunda Building, P J Towers
Dalal Street, Fort
Mumbai - 400 001
Scrip Code: 500710

The Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, 5th floor,
Bandra-Kurla Complex
Bandra (E)
Mumbai – 400051
Symbol: AKZOINDIA

Dear Sir/Madam,

Sub: Group Investor Call Transcript

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the group investor call conducted by the company on 15th May 2025 with regard to the financial results of the Company for the quarter and year ended 31st March 2025.

This has been uploaded on the Company website also and can be accessed through the link: https://akzonobel.co.in/investors.php#im

Kindly take the aforesaid information on record.

Thanking you,

Yours truly,
for **Akzo Nobel India Limited**

RAJIV LOCHAN JHA
Digitally signed by RAJIV LOCHAN JHA
Date: 2025.05.20 19:40:03 +05'30'

Rajiv L Jha
Company Secretary & Compliance Officer
Membership No. F5948

Encl: as above.

“Akzo Nobel India Limited

Q4 & FY’25 Earnings Webinar”

May 15, 2025

MANAGEMENT: **MR. RAJIV RAJGOPAL – CHAIRMAN AND MANAGING DIRECTOR – AKZO NOBEL INDIA LIMITED**
MR. RALLAPALLI KRISHNA – CHIEF FINANCIAL OFFICER AND WHOLE TIME DIRECTOR – AKZO NOBEL INDIA LIMITED
MR. RAJIV L. JHA– COMPANY SECRETARY AND COMPLIANCE OFFICER– AKZO NOBEL INDIA LIMITED

MODERATOR: **MR. ANIRUDDHA JOSHI – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY '25 Earnings Webinar of Akzo Nobel India hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aniruddha Joshi from ICICI Securities. Thank you, and over to you, Mr. Joshi.

Aniruddha Joshi: Yes. Thanks, Michelle. On behalf of ICICI Securities, we welcome you all to Q4 FY '25 and FY '25 results webinar of Akzo Nobel India. We have with us senior management today represented by Mr. Rajiv Rajgopal, Chairman and Managing Director; Mr. R. Krishna, CFO and Whole-Time Director and Mr. Rajiv L. Jha, Company Secretary and Compliance Officer.

Now I hand over the call to Mr. Rajiv Jha to take through the initial statements. Then we will hand it over to Mr. Rajiv Rajgopal for his initial comments on the quarterly as well as annual performance. Then we will have question-and-answer session. Thanks and over to you, Mr. Rajiv Jha.

Rajiv Jha: Yes. Okay. So a very good morning to all participants in our Q4 and Annual Investor Call. And as per our process, we are starting with that safe harbor statement, and I'm just reading out to you. This presentation contains statements which address such key issues like Akzo Nobel's growth strategy, future financial results, market positions, product development, products in the pipeline and product approvals.

Such statements should be carefully considered and it should be understood that many factors could cause forecast and actual results to differ from these statements. These factors include, but are not limited to price fluctuations, currency fluctuations, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues and legislative, fiscal and other regulatory measures as well as significant market disruptions.

Stated competitive positions are based on management estimates supported by information provided by specialized external agencies. For a more comprehensive discussion of the risk factors affecting our business, please see our latest annual report and the annual report that we will be dispatching very soon for financial year 2024-25.

Also, the company has been making the required disclosures or clarification from time to time to BSE and NSE pertaining to Akzo Nobel N.V., which is our parent and promoter entity. Media releases on portfolio review with initial focus on Deco South Asia and the management would not be responding to any general and or specific query in this regard in Investors call. However, the investors or public at large would be kept informed of any updates in this regard as per listing regulations.

So with this, I'm handing it over to Mr. Rajiv Rajgopal.

Rajiv Rajgopal: Thank you. Thank you, Rajiv. Good morning to all our investors on the call and thank you to the ICICI Securities team for setting this up. I'm not going to run through the deck. I think that's a passe old style. We've loaded the deck on our portal and on the stock exchanges for all of you to have a look. From my perspective, if you look at the last quarter, we've had industry-leading growth of 5%.

The good news as far as decorative paints is concerned is that we move towards a revenue which was flattish, led by premium and urban towns. So it's slightly different from what the industry has seen. We've seen good growth coming back in premium and also in our urban towns. Our challenge was really in the mass economy putty categories where really we saw a huge amount of price erosion, discounting and we chose that we will not actively play in the last quarter.

We've just decided to be sensible and we've seen that some of the volumes that we lost in March came back in April and at a YTD level back in these categories. So really just want to reassure the investors that, look, there's no specific change in strategy or anything. Our strategy remains to drive market share gain and do it in a relatively profitable manner without diluting EBIT margins hugely.

On our coatings business, we've seen double-digit growth. We continue to see very strong growth and that's because we are seeing rounded performance, whether it's marine and protective or our industrial coatings, which has had a sharp comeback through some excellent execution by the team and our powder coating business. Our automotive and specialty coating business has had a little weaker demand, partly from the retail side of the business, yes. But I think that's also -- there is an uptick, particularly on the premium side, which is where we've been really focused, yes.

Overall, I would say when you look at the performances -- the brand, distribution, I think we are making significant progress. We have also incurred some costs in the last quarter, starting from the prior quarter actually, where we made serious investments on reshaping the way we work with investments in digital.

Yes, what we are trying to do is to enhance consumer experience or customer experience and also make sure that we have a way of working that not just enables us for enhancement of say leads or customer experience, but also drive productivity in a meaningful manner. With this, let me quickly hand it over to Krishna to give you an overview of the financials and the performance. Krishna?

R. Krishna: So thanks, Rajiv. And as the deck has already uploaded, Rajiv has given the overview in terms of how we shaped up our business in the last quarter. Happy to report that we have struck a balance between the growth and the profitability. We largely protected our profitability despite incurring the growth project costs, which has been mentioned by Rajiv previously.

And our focus remains in terms of ensuring that we do invest in the business, which will have a significant presence for the long-term sustainable growth trajectory of this company. And we are committed to deliver the superlative performance in terms of the operating working capital by churning the cash efficiently, which is also reflected in the results which we shared.

With that, I would hand it over back to Manoj and Rajiv. Rajiv, back to you.

Rajiv Rajgopal: Yes. So that's it. I think we've loaded the deck. I think there's no point running slide by slide. I think all of you know the numbers and have seen the highlights. You've had enough time, I guess, to also munch it. So I think it's best that we brace for the questions. And I hand it back over to Manoj and Aniruddha and to all of you to open the Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. The first audio question is from the line of Mrunmayee Jogalekar, from Asit C Mehta Investment Intermediates. Please go ahead. Ladies and gentlemen, the participant is not answering. We will move on to the next text question, which is from the line of Pratik Soni from Go Digit Life Insurance Limited. And the question is -- I'm sorry, sir, he was unable to hear you for some reason. So that is what he said.

We'll move on to the next question, which is from Darshit Vora from Asit C Mehta Investment Intermediates. And the question is GM was impacted due to mix. Which segment has this impact come into? Because you have also mentioned that you have stayed out of the mass segments?

Rajiv Rajgopal: Yes. So look, I think there are two types of mixes in our case. Obviously, when our coatings vertical does better than paints, obviously, that's a slight margin shift because decorative is one of the higher margin profile businesses that we have. So that's one. Two, the carry forward of the pricing of last year almost negated. There were two price drops that happened. And as a result and because of the competitive intensity, obviously, the market discount has marginally gone up. So I think these are the two factors. Krishna, do you want to add something?

R. Krishna: I think this is largely driven by the B2B and B2C product mix. And we held our efficiencies in terms of the raw material sourcing and which is also largely protected. Of course, the forex volatility continued, which has some amount of impact in terms of the margin development.

Rajiv Rajgopal: Thank you. We'll take the next question.

Moderator: Thank you. We'll take the next question from Manoj Menon from ICICI Securities. Please go ahead.

Manoj Menon: Sorry, I think there were some connection issues at my end. I'm audible, right, Rajiv and team?

Rajiv Rajgopal: Yes.

Manoj Menon: Okay. Rajiv, so just wanted to just pick your perspective on one particular aspect that of industry growth. If I take a step back and go, let's say, 12, 15, 18 months back, there was a consensus narrative, honestly not our view. We had a honestly very different view actually at an industry level.

There's a consensus narrative or expectation that, let's say, the -- given the expected heightened competitive intensity of Birla entering at that point in time, it was assumed that the market leader will be largely fine.

Moderator: I'm sorry Manoj, your voice is breaking.

Manoj Menon: players 2, 3, 4, 5 will actually get impacted and I do find – I will come back in a minute or two. Thank you.

Rajiv Rajgopal: Okay. Let's proceed with the next question until Manoj gets his line right.

Moderator: Thank you, sir. We'll take the next question from Lakshminarayanan Ganapathi from Tunga Investments. Please go ahead.

L. Ganapathi: Sir, two questions. The first is that when I just look at like-to-like, so in a sense that there has been some divestment of certain businesses, which has already been announced. So if you just remove it from our top line and bottom line for both last year and this year, what has been the growth of the going concern, which is the divestment part. So that is the first question. FY '24, what is the revenue and FY '25 like-to-like, what has been the growth both on the top line and in terms of EBIT?

Rajiv Rajgopal: Yes, Krishna is answering that Lakshmi for you. Yes, Krishna.

R. Krishna: I think the IndAS 105, the assets held for sale accounting has not triggered anything in the P&L portion. And it's only reflected in the balance sheet where we classify the fixed assets into the current assets. So the P&L disclosure of 5% growth is on a like-to-like basis.

L. Ganapathi: Got it. I have a next question. So if I look at -- I think Manoj was also mentioning the same thing. So when we look back a year or maybe 18 months back, there is a kind of a narrative that the competition will find it difficult to come in and therefore, it will be -- we have seen competition from various players, Sherwin-Williams had come, PPG had come, so it's not going to be a major issue.

But now I see that it is being documented across the presentation that competitive intensity is making inroads and therefore, top line is having problem, bottom line is having a problem. So there's a narrative shift that has actually happened. Just want to hear your thoughts on...

Rajiv Rajgopal: Your voice is breaking a bit.

L. Ganapathi: What is the reality, what is the noise. Yes. My question is that what is the reality and what is the noise in this particular thing of competition and where it is more visible? Is it rural, urban? Is it low end, high end? So your thoughts are welcome, Rajiv.

Rajiv Rajgopal: Okay. Got it. So look, I think -- look, the narrative is not written by us. We are very focused on what we need to do. And perhaps that's why our performances have been what they are. Our focus is to continue and I've been maintaining this over the last four quarters, five quarters when you talk of competitive intensity. That our focus is to continue to drive market share gain without diluting hugely the profitability.

And I think we are pretty much on our objectives of what we said, Lakshmi. You will agree to that, I'm sure. The second. On the specific question of the new entrants, etcetera, look, I think the larger comment was made that in this category in paints and it's not us, some of the people who really understand paints as a business even amongst the newcomers have said it's not capacity that drives a new business.

Frankly, it is brand distribution and it's a classical FMCG sort of model in the paints part of the business, which is slightly different than in the coatings part of the business. I stick to that. Yes. I think, look, what you've seen in the market in terms of erosion of market share is what I've worked now in three different industries in telecom, in FMCG, where we've seen these type of huge attacks by a price warrior or by a new entrant.

In this game, I think you have to give credit that you're trying to build a brand and trying to -- and while doing it, going at pricing, which is way below what the industry operates, 15% even in certain markets, 20% is unheard of. I think -- and I think that there will be obviously a point of time when this will all start seeming to come back.

So in the short run, there has been an impact. Obviously, when a lead player adds upwards of INR2,000 crores and a couple of these players have done well. Let's give credit to people who've done what they've done. Yes. I think the reality is, obviously, what we've done in terms of strategy is not -- has to be further sharpened to make sure that we are able to actively participate.

So what we've seen is a short-term erosion of volumes, I would say. But if you look at it from a long-term perspective and even decorative, the fact is we are bouncing back. Ultimately, the brand strength has to be very strong. If you go and do a market, we've just done a brand equity study just a few months ago.

Clearly, the top brands are coming out still very strongly in the minds of the consumer. So it's not easy to displace. And I think we've been very focused on decorative, on our coatings vertical and we've not digressed in terms of what we need to. And as a result, we've been very disciplined in terms of execution in the market. And to me, that's why I think we've been performing what we have.

Even if we were to go off track, I would tell you that the performances will fall and that's our job as leaders and as a management team to make sure our teams are completely following the script and really executing to what we ask for, yes. So Lakshmi, that's the answer. So the industry, if you ask me, the reason why some of the other -- some of the players, I think Manoj also tried to allude to it, so we couldn't hear him clearly.

I assume the question he was asking is the narrative was that the players who are growing seem to be different from what the narrative is. I think that's because each player has got a strategy. We are looking at customers, consumers. We are trying to see how we can create a meaningful differentiation and do it in a sustained manner. This is not about 1 quarter. You look at the full year performance, Lakshmi.

I think by far, amongst all the listed players so far released the results, our numbers are way ahead compared to rest of the industry. And that tells you that what we are building is a long sustainable growth business. We are not doing short terms. Hopefully, answers your question.

L. Ganapathi: Yes. I mean exceptional growth in the times with 5% growth. Just one last question from my side. In the last 6 months, did you see any kind of an attrition numbers in your sales and marketing and ASM level people? Has the attrition gone up or down, especially in the last 6 months?

Rajiv Rajgopal: No, the attritions haven't really gone up. I think the industry numbers are now more or less firming. Our challenge has not been in the attrition, but I'll also be honest in saying our challenge has been that in the recruitments we've had, we've had a bit of dropouts. So it's in filling the positions, but that's also getting addressed.

L. Ganapathi: Got it. And in terms of your distribution reach, what has been the increase in the last 1 year in terms of either machines or absolute shelf spaces/retail counters? What has been our expansion?

Rajiv Rajgopal: When you look at competition, they look at gross adds. They don't look at net adds. And so I'll stick to the gross adds. Otherwise, you will wonder why my numbers are what they are. So from a gross perspective, we continue to add 3,000-plus machines. Look, Lakshmi, our definitions are a little more stringent because I look at productivity, I look at what we call the tinting machine productivity. And what I've seen is an uptick of 2%.

Let me explain this to you. See, earlier, if you take a 5-year average, if we were growing at 6%, yes, only 1/10 came from existing stores and about 5% came from new stores or newer outlets. What we are trying to do is trying to reshape it. And why do we need to reshape it? Because in the intensified competition, it's very important that your own stores, you first protect before you start now investing in the new store.

Otherwise, you will start having lapsed dealers over a period of time and that both in terms of money you spend on distribution, discount, everything will go waste. So there's been a slight tactical change we've done in some of the key markets, which is what I think we are benefiting.

Secondly, over a period of time, Dulux never played in parts of the portfolio. Even today, our numbers are without construction chemicals. We've not yet started our construction. We are ready to launch, but we've not entered it. The moment we enter it, you can imagine what you're seeing already what other players are talking of in terms of growth. And the reason I didn't want to do it is we are doing a lot of testing because we -- I want to make sure that in the products we play, we are significantly superior to our competitors and not just iffy.

So that's why we are taking time. We are ready. We could have launched, but we want to make sure that both -- and we also want to make sure it's margin accretive, not dilutive as we move forward. So it's structurally growing the business in the right manner. As we do that, we will start -- you will start seeing further uptick in our performances as we move forward in the decorative part.

In Coatings, we are doing well. I think the key is to make sure that we continue to grow well. Our performances in Marine & Protective, whether it's in our Marine business or in our Protective business has been strong. The order book is still reasonably strong in our Coatings business. So yes, we will have a couple of bumps because there was a lot of projects that started last year, which ends in May, June, but that notwithstanding -- timing notwithstanding, I think structurally, we are poised to continue to grow double digit.

Moderator: Thank you. We'll take the next audio question from Jeet Shah, an Individual Investor.

Jeet Shah: So my question is with respect to the new 11 experienced stores, which we have opened during the quarter. So by which time we are expecting revenue streaming from those new stores? And what is really idea behind those stores? Because as far as I understand, business would be driving from interior decorators as well. So what is the idea behind those stores? And by which time we can expect the revenue would be streaming from those stores?

Rajiv Rajgopal: Yes. I couldn't hear the last part. So you said you opened 11 experiential stores.

Jeet Shah: Okay. So by which time we are expecting revenue to be streaming from those stores? And what is really the idea behind those stores? Because majority of business, I assume, would be driving from the interior consultants, like a typical consumer would hire an interior consultant to get those paints. So what is really the idea behind those stores?

Rajiv Rajgopal: I think, Jeet, you've answered the question in a way. Thank you for that. I think the purpose of the experiential stores is, look, Dulux is best-in-class quality, international and has color expertise. These are the core values of what Dulux brings on the table. So what better way to enhance customer experience and have experiential stores.

To be honest, this is something that we've lifted from some of our overseas markets, primarily in Latin America and the United Kingdom, where we brought these experiential stores, our teams have, over the years, gone there and seen what they do. The idea is also as we build our architect organization to make sure that consumers can walk in and have a preference, which is significantly superior in look, feel, etcetera.

Now 11 is a small number. So really honestly, for me to say the revenue will come out of it is not apt. Our idea is that over a period of time, we want to open hundreds of these stores. And we are not doing -- the entire capex is not on us. It's a shared model with the dealers with whom we've got great relationships. And the idea is to partake in it together to grow this business, yes.

So that's the simple model. That's the idea. And the idea is to enhance customer experiences in markets where we really think that this can help the brand and to make sure that we are able to strategically get to the next level of the architects, interior designers. So that's really the answer, Jeet. Could we have the next question?

Moderator: We'll take the next text question from Mrunmayee Jogalekar from Asit C Mehta Investment. And the question is, can you give a sense of what are the EBITDA margins for the different segments within Industrial so far, Auto, Power, MPY and ICO. Also, can you give a sense of the revenue?

Rajiv Rajgopal: No, we do not give EBITDA margins by businesses. I'm sorry, we don't do that.

Rallapalli Krishna: We have a single reportable business.

Rajiv Rajgopal: Yes, we have a single reportable line. So what you see is what you get.

Moderator: All right. And the second, it's a clarification. Did you mention Deco revenue growth was flat in the quarter?

Rajiv Rajgopal: Yes.

Moderator: We'll take the next audio question from Santosh Keshri from SKK Huf.

Santosh Keshri: Great. Two questions from my side. One is that the volume -- from the volume front, if you can give the details of the sales without the Powder Coating business because we understand that, that is under the discontinued business -- discontinued operations in the balance sheet. So in the profit and loss account for this quarter, what is the volume growth for other than Powder Coating business?

Rajiv Rajgopal: I'm afraid we will not be able to give it because at this point of time, when we report the quarter report, the audited signed off numbers include Powder Coatings. Until the point of time that Akzo Nobel N.V. completes the elements of what the powder coating separation is, which is why we've taken two months extension, we would not be in a position to give you operations-wise numbers. We will, at appropriate time, do it. Your company is one of the best in governance. So you can rest be assured we will inform the stock exchanges and not come to individual investors, but do it in a manner which is completely clean and above board.

Santosh Keshri: Okay. Understood, Rajiv. Second question is about the capex. Like in the -- if I exclude the discontinued operations assets that is classified as held for sale, that is INR329 crores. And the fixed assets that's there -- the tangible fixed assets is INR395 crores compared to the last year's INR436 crores. So what is the addition to the fixed assets in the continued business part for the year?

Rallapalli Krishna: So we have a couple of growth projects which are running in terms of capacity augmentation for some of the coating businesses. And then it is also the mixing machine placements to enhance the numeric reach and the distribution breadth.

Rajiv Rajgopal: So we will, in a couple of weeks or a month, in a month, make a massive announcement. We are going to change the way we -- the paint market operates. I'm not in a position to share that today, but you will hear an announcement come in the next month or so, which the team will make in terms of why we genuinely think we are now the unique and one of the best-in-class paints in the industry, yes.

So there's work happening and some of the investments, as Krishna has said, is in line with it. We are happy to take your question in the next call because by then, we would have informed all of you and the market and the stock exchanges of what we are unleashing.

Santosh Keshri: Okay. Great, Rajiv. In fact, I have been your consumer for a long time. When we got our building painted in Mumbai. So we discovered that Dulux paint is among the best in business and the chemicals that it's been used is not bad for health unlike the other paint companies, which were some people pointed out that there were carcinogenic and other elements inside. So since then, I have been tracking Dulux, and it's been more than 8 years. Then I was secretary of my building. Now I have out of AMC, but I'm still invested in your company. So I discovered your company through painting work that happened. Thank you so much.

Moderator: We'll take the next question from Dhiraj Dave from Samvad Financial Services LLP. And the question is how market regional growth is in different segments, say, urban and rural. Also next 2, 3 years, what is the management's view about growth in urban and rural market? And the second question is -- okay, sir, you may answer this, and I'll ask you the second question.

Rajiv Rajgopal: Yes. So look, I think, as I mentioned, our urban growths are much faster. It's there in the deck. Our urban growth and premium grew significantly ahead. The reason is we took a bit of a pause in mass and economy, particularly from mid-Feb to end of March because discounting was going a little berserk.

And as you can see, that's the reason we've been able to hold our margins relatively better than it. We've come back in April without doing too much. And we've been able to, on a YTD basis, get back to -- on a year-to-month basis at the end of April, get back to growth. So for me, I think it's also of making sure that we are able to sustainably grow our business. So really, hopefully, that answers your question.

In terms of rural, look, upticks are there. But I think structurally, I said it in the last investor call, I expected post monsoons around before Diwali, what we call season typically, starting August is when you'll really get to see the pull of the rural economy. You're seeing all the players, different players have different results. But if you pull the FMCG together, you will still see that the rural uptick has been relatively -- of course, there are 1 or 2 outliers. But relatively, when you combine a bunch, you'll still see that rural is still relatively muted.

I think it will start improving because inflationary -- inflation has come down to 3%, 3.6% as headline. We believe that, look, I do think that there's going to be a lot of other positive factors driving the economy and consumption. And with the tax change, which has got implemented in -- from April, I think the smaller town incomes will start going up. And for people, they first spend on essentials and then come to discretionary. Since paints is in discretionary, that's the reason I expect this to be more in August rather than in April.

Moderator: Thank you, sir. The next question is how many retailer plus distribution points we reach as on 31st March 2025? And what have been the growth over last year?

Rajiv Rajgopal: Look, I think we continue to grow in the high single-digit in terms of distribution. We've added, as I said, about 3,200 outlets. So it takes it to 22 plus. We look at in terms of also not just outlets, but outlets which transact to us on a periodicity, unlike just looking at number of outlets added in a year, right, because they have to transact with them, right? So that's what it is.

How do I see it? Look, I think we'll continue to grow. One of the reasons we've started -- we launched the economy segment in 2021 was to make sure that we partake in the growth in a meaningful manner, and that started doing well. I think the pricing pressures are higher with the new entrants in the mass economy, texture, putty and these segments. And that's why you're seeing some erosion of margins in the decorative side.

But overall, I think after 2, 3 months, I think that sanity on pricing will prevail. And I think then structurally, we should start coming back. Now whether it's 3 or 6 is a function of how the market dynamics continue to operate and how the new entrants decide to continuously play the game.

Moderator: Thank you, sir. The next question is from Yash D, an Individual Investor. The question is, what has been the volume growth in decorative business in quarter 4?

Rajiv Rajgopal: So decorative had a very minor drop. We've had flat revenue. And the reason, as I told you, we capped our growth on putty and some of these in the last month. But it's not worrying for me because, again, in April, we came back. So structurally, if you were to ask me, I think decorative is going to look at least getting back to a -- for the fiscal getting back to a single-digit growth in terms of revenue and the volume should be a shade above.

Moderator: Thank you, sir.

Rajiv Rajgopal: Because there were price correction…

Moderator: I'm sorry, sir.

Rajiv Rajgopal: Yes. Now there were some price corrections since January to April. So hence, volume will start surging a little higher than value at some point, not hugely, but marginally from our perspective.

Rajiv Rajgopal: If you can ask the participants to remain on mute, because we can hear a lot of background noise.

Moderator: We'll take the next text question from Gaurav Kakkar from Balyasny.

And the question is, does political or national uncertainty affect any strategic conversations you might be having? Maybe the time lines, if not the subject matter itself.

Rajiv Rajgopal: Look, as far as the strategic review is concerned, Rajiv has said, look, all I can say is there may be a time line given by the Global CEO that the transaction will be affected by the end of this quarter, by June end, right? I do not have any information, as you know, because of regulations, etcetera. I'm not directly involved, but I'm certain that if that is the way, that's the sort of time line. And in terms of political uncertainties, etcetera, look, I think the uncertainty -- I think the dark clouds have moved out. I think the sun is shining bright again. So let's hope -- I'll keep my fingers crossed.

We've been through it months of this. And I think that the deal be, at some point of time, concluded successfully. And I'm sure that the buyer or the winning organization will see the value of this brand in the marketplace.

Moderator: The next question is from Rashmi Jajoo from Goldman Sachs. And the question is, what is the projected capex for next 3 to 5 years?

Rallapalli Krishna: We don't provide any forward-looking projection for the capex and financial estimates. Having said that, it will be in the normal trajectory, except for a couple of areas where we need to do some kind of capacity expansions in keeping in view of the growth trajectory of the business.

Moderator: Sorry to interrupt. Sir -- Krishna sir, I would request you to repeat it because your audio was too low, and we couldn't hear you properly.

Rallapalli Krishna: Okay. So thanks, Rashmi, for asking this question. And we don't share financial projections forward-looking statements here. Having said that, the capex would be in the normal trajectory, except for a few areas where we need to augment our capacities and expand our capacities considering the growth trajectory of the business. This is all I can share at this moment of time. Thank you very much.

Moderator: The next question is from Dhiraj Dave from Samvad Financial Services LLP.And the question is, FY '25 dividend payout is more than 100%. While it is good, in medium term, what would be dividend payout ratio medium term?

Rallapalli Krishna: So we have -- thanks, Dhiraj. We have the dividend distribution policy, which clearly outlines and which is in the part of the website and which mandates 85% of the retained profits can be distributed as a part of the dividend.

Of course, '24- '25 is the 70th year of Akzo Nobel being present in India. There, we took the -- we have distributed as a onetime special dividend in the month of November of INR70. Thank you. Hope this answers your question. Thank you very much.

Aniruddha: Aniruddha here. So I have 2, 3 questions from my side. So one question, we have seen we are doing well in B2B part of the business, which is also leading to market share gain for us. So what are the key things that we are doing right, which are helping to gain market share and do well also compared to the competition, if you can elaborate a bit more on that?

Secondly, now there is a reduction in crude oil price, which is a key raw material. But at the same time, there is some increase in anti-dumping duty on rutile also. So net-net, how do you see the raw material situation? And in case there is some savings of, let's say, 50 to 150 bps, so what will be the strategy, whether to focus on margin expansion or whether to focus on -- invest that back to protect and gain further market share. So what will be the thinking on that process?

Rallapalli Krishna: So Aniruddha, thanks for the question. Regarding the growth trajectory, what is driving the growth in the B2B business is absolutely the focus and the disciplined execution of the pipeline. And the teams are completely focused in terms of ensuring that the customer needs are met and through the innovative products and the services, -- which we have been telling over a period of time. So that at the end of the day, it's not a sale of a can of paint, rather it's a complete solution and the application, which is driving that growth trajectory and we would be able to largely retain and grow with the customers. Coming to the subsequent question in terms of, what was the second question, Aniruddha, if you can refresh?

Aniruddha: Sir, there is a correction in commodity prices, but some increase in rutile prices.

Rallapalli Krishna: So we are again consistent with our strategy in terms of that last year, if I refresh on these things, we will retain the profitability of the business, and we will invest back into the business in terms of ensuring that a sustainable growth trajectory is back, which we demonstrated over a period of last 1 year and which we will continue further. Rajiv, would you like to add?

Rajiv Rajgopal: No, I think that's absolutely perfect. right? I think the fact is we've started moving towards positive trajectory in decorative. And the reason I use the word flat is because for me, a point 1 and point 2 is not meaningful. It's not a -- I don't call it is flat, right? But suffice to say that, look, I think we are moving the needle. If you look at our retail business in decorative, it's hugely improved, over the last 3 quarters, and we are slowly seeing an uptick across various states.

We are doing a lot of pilots, as you -- as I mentioned, we're doing a lot of other experiments. You've seen the experiential stores, what you've seen. As I said, Aniruddha we will also be in a month telling you a game changer, at least from our perspective that the team is executing on. We'll talk about it, right? So it's in a sustained way to really build this business to the next level.

For me, very clearly, the ambition is to become the number 3 player in the decorative. It's a bleeding statement at this point of time with so many new players coming in. But at the end of the day, I think if you look at the last 3 years, our records hopefully tell a story because I always believe that numbers tell a story, yes.

Aniruddha: Yes. Sir, last question from my side. If you can share a bit more details on the experiential stores. So it's a FOFO what kind of a business model? And then what will be the, in a way, revenue potential out of these stores? Also, whether we would be restricting it currently to North India only or we would have plans to expand it to West and South and Eastern markets also, plus whether it will be Tier 1 and metro strategy or we will, in a way, launch in smaller parts of the India also or smaller cities of India also?

Rajiv Rajgopal: So let me start with the second part. I think we want to start in towns which are material to our business, both in terms of size -- shared size presence. And while we are a urban town metro -- seen as a metro brand, you'll be surprised that actually our strength in some of our Tier 1 towns exceed some of the metros. For example, we are not really present in metros like Hyderabad or in a meaningful manner in retail, right?

So really, in places where our brand equity is strong and we are not present, we want to use the experiential store to drive reference. And why we're doing it? Because as I explained earlier, the idea is that we are -- the world has changed. We are now trying to make sure that the brand strength and the quality is also seen by some of our applicators, architects, interior designers, given the shift that's happening in the way people consume paints at home, right? That's the broad picture.

In terms of -- we are not -- as of now, even in the 11 stores is not only in North, it's in North and East, and there are some towns in West and towns in South where we've already started making inroads. Our idea is to pilot it. We are first trying to understand what are the elements of the experiential that will be differentiated, how can we build a sustainable model.

These are dealer-owned outlets where we partake, we invest, partly invest, and that's how the model will be because really, our job is also then driving the traffic and making sure our dealers who invest, our partners who invest get the return on investment for the investments that we've asked them to make.

So that's the simple model, Aniruddha. And we will talk a lot about it in the near future, right? You will see an announcement, and hopefully, that will give you some clarity. Till then, I would rather hold and not take the -- steal the thunder from the team which is working on it.

Moderator: We'll take the next question from Aditya Yadav from Abakkus.

And the question is, could you please shed some more light on the current supply and demand scenario? And what is the future outlook on the same?

Rajiv Rajgopal: Look, I think the paints industry is still seeing some early single-digit growth. It's very clear when you look at the industry with all the players in it. The question is that the margin profile of that growth, which is coming is at a lower profile than what we currently operate. So the trick isn't really putting strategies to make sure that we are able to carve out and partake in the incremental growth, which is really meaningful for us at this point of time.

Because I think the demand situation will start and I've been consistent. In my view, I see no reason why the second half of the year should not be better than the first half of the year, given that last year, at this time, we had elections and results came in June. I personally believe that, look, the second half should be better, unless there is an external event, which again, I cannot comment on.

Yes. So really, I think the future outlook, I would say that if you take a year from now, and I would not be very pessimistic, I would say within -- after a year from now, I do see demand uptick. This industry had gone from 1.2, 1.5 times GDP to 0.5 to 0.8 times GDP. I think it will slowly come back to 1 and then it will start creeping back to 1.2. For that, players with stronger brands, investments, distribution and doing the classical marketing will be the winners of it.

And it's not a -- it's a battle that one has to fight in different geographies, in different states in a differential manner. It's not like a one India sort of a model that will work everywhere, both in terms of the way consumers consume the paint, the way in terms of consumption, the way it is happening, right?

What works in Mumbai, for example, on exterior paint is very different from what is getting consumed even along the coast in Kerala, for example, the ask and what we are seeing now is there's a differentiated way, yes. So I think it's about really understanding -- for us, it's simple. I would just simply articulate, it's saying about how to bring the magic into the can.

Moderator: The queue is clear now. We may conclude the question-and-answer session, and I would like you to give the closing comments. Thank you, and over to you, sir.

Rajiv Rajgopal: Thank you. I would like to thank all our investors who've been very patient. A lot of you who have been supporting us, cheering us from the outside. I all -- I do understand that the single largest question to me is what's happening on the strategic review. I have great hope that the final buyer will be a person who is going to take this business to the next level. And as and when we know it and as soon as we have information, we'll first inform our stock exchanges and then obviously inform all of you.

We are quite excited at what we are doing right now. And really, that's the focus because this is a time to -- you can easily get distracted in this sort of a time. I think what me and my team over the last 8, 9 months have been doing is to walk the talk and trying to do it in a meaningful manner. It's not an easy battle. It's tough. But as you've seen, I think finally, as I say, the runs or the score has to -- and the numbers have to speak for themselves.

With that, I'll leave it to all of you to decide. I think for a number 2 player with 13.6% EBIT margin, in the year with a 7%, 8% market share, I think, is quite unheard of. I don't think you hear too many number 4 players in any industry, first making the sort of profits that we do, having the sort of cash flows we have. And if you look at it, the journey from 2018 to now and more specifically from '22 to now have become really -- we've really upped the walk in terms of performances, yes.

I think that's what I leave all of you to judge, whether you want to run a business which has higher market share with 7% EBIT margin or 14%, 13.5% EBIT margin is your choice. I continue to remain focused with my team in delivering strong performances and making sure we take this brand and the business to the next level. With this, thank you very much. Thank you all for your time. Good luck. Bye-bye.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of ICICI Securities, that concludes today's session. Thank you for your participation. You may now click on the exit meeting to disconnect. Thank you so much. Have a great day.