"Berger Paints India Limited
Q4 FY25 Results Conference Call"
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MODERATOR: **MR. NITIN GUPTA – EMKAY GLOBAL FINANCIAL SERVICES**

Nitin Gupta: Hi, good evening, everyone. This is Nitin Gupta from Emkay, Global.

Nitin Gupta: I would like to welcome Berger Paints India Limited for Q4 FY 25 Results Conference call.

Nitin Gupta: I thank Berger Paints management for allowing us to host.

Nitin Gupta: We have with us today Mr. Abhijit Roy, Managing Director, and CEO, Mr. Kaushik Ghosh, CFO.

Nitin Gupta: Mr. Sujyoti Mukherjee, Vice President, Finance and Accounts.

Nitin Gupta: and Mr Sayantan Sarkar GM. Finance and accounts. I shall now hand over the call to the management for the opening remarks Post, which we will proceed with Q. And A session over to you. Abhijit.

Abhijit Roy: Thank you, Nitin, and good evening to all of you.

Abhijit Roy: Let me begin with the presentation quickly, and and then we can go to the question and answer.

Abhijit Roy: quarter 4 highlights

Abhijit Roy: we finished. Reasonably strong, you know, in quarter 4 powered by growth in volume value and

Abhijit Roy: as well improved market share volume grew by 7.4%

Abhijit Roy: revenue from operations increased by 4.4%.

Abhijit Roy: We gained market share, and we estimate that it will be in excess of 20%

Abhijit Roy: reflecting resilient, competitive positioning.

Abhijit Roy: This in spite of, you know, the increased competition. And even if we take guerilla opus into account

Abhijit Roy: we have gained market share this year.

Abhijit Roy: Operating profit rose by 19.8% and operating margin improved sequentially as well.

Abhijit Roy: If we look at the decorative segment. It delivered high single digit volume growth

Abhijit Roy: with sequential improvement in value, supported by an improved product. Mix

Abhijit Roy: and marginal impact of price, increase

Abhijit Roy: construction, chemicals and waterproofing continue to outperform, maintaining strong traction across key markets.

Abhijit Roy: protective coating, sustained positive momentum throughout the quarter, reflecting consistent demand

Abhijit Roy: automotive coatings, registered stable growth, driven by favorable demand conditions and industry. Tailwinds.

Abhijit Roy: general industrial and powder growth was muted.

Abhijit Roy: As I mentioned. You know, we have been consistently gaining market share

Abhijit Roy: in financial year 22, we are at 18.9. It improved to 19.3, then to 19.5, and this year we have seen the highest increase going up to 20.3%.

Abhijit Roy: These market share estimates are based on results declared by listed major paint companies and an estimated result of exo and indigo

Abhijit Roy: these are the listed companies which are there in the space

Abhijit Roy: computation pertains to Berger paints India operations.

Abhijit Roy: If you look at the gross margin trend.

Abhijit Roy: If you know, we have been more or less in a 39 to 40% level.

Abhijit Roy: And in this particular quarter we had, you know, the highest, in fact.

Abhijit Roy: in terms of quarter figure is 41.2%.

Abhijit Roy: This cross margin improvement was sustained on the basis of little bit of mix improvement.

Abhijit Roy: some price increase which we took earlier quarter

Abhijit Roy: and raw material price drop, which is the bigger portion of it.

Abhijit Roy: does not move.

Abhijit Roy: Okay in operating profit margin. There was a robust operating profit growth of 19.8%.

Abhijit Roy: Again, supported by gross margin expansion which we saw just now

Abhijit Roy: led by favorable raw material trends and improved product. Mix and marginal increase in prices

Abhijit Roy: and also along with it, reduction in overheads through effective cost control initiatives

Abhijit Roy: in terms of operating profit margin. Again, we have always indicated that

Abhijit Roy: we would be in that band of 15 to 17%. We have consistently been performing in that level.

Abhijit Roy: and we have been on the higher side of that 15 to 17% band. In spite of

Abhijit Roy: intense competition in the marketplace, we have managed to improve operating profit ratio from 16.2% in last quarter to 16.6% this quarter.

Abhijit Roy: If you look at the figures, you know total income from operations. Growth was 4.4%

Abhijit Roy: operating profit growth. Pbi T growth, 19.8%

Abhijit Roy: Pvt growth, 29.2% bat growth, 30.5%

Abhijit Roy: in terms of the whole year. Performance stand alone.

Abhijit Roy: We had a high single digit volume growth value growth was muted despite volume momentum impacted by full year. Impact of

Abhijit Roy: financial 24 price reductions

Abhijit Roy: to the extent of about 4% which we knew, which was there, which got over in November, December.

Abhijit Roy: Software consumer demand and traction in construction, chemical space

Abhijit Roy: protecting coating segment delivered strong double digit volume.

Abhijit Roy: and a very strong value growth as well.

Abhijit Roy: Automotive segment remained stable with healthy operating margins across the industrial portfolio.

Abhijit Roy: Gross margins sustained despite the full year impact of price corrections in financial year 24

Abhijit Roy: operating profit margins maintained at the higher end of the guided band, resilient to pricing accents, raw material fluctuations in monomers specifically, and currency volatility.

Abhijit Roy: 0 gross debt with further strengthening of the net cash position.

Abhijit Roy: Financially, a standalone 25

Abhijit Roy: for the whole year, performance, 1.7% growth operating profit just above last year at around 0 point 1%

Abhijit Roy: and pat at 6.2% growth level

Abhijit Roy: in terms of quarter 4 performance for the decorative business, we delivered high single digit volume growth, despite muted consumer demand and heightened competition

Abhijit Roy: value. Growth was supported by a richer product. Mix and marginal pricing gains.

Abhijit Roy: We sustained momentum in the exterior, emulsion, portfolio.

Abhijit Roy: construction, chemicals and waterproofing delivered another stellar quarter with roof coating products, outperforming

Abhijit Roy: wood coatings, business recorded robust growth

Abhijit Roy: retail footprint expanded to 1,000 plus stores as of financial year 2425,

Abhijit Roy: with over 550 stores added during the year.

Abhijit Roy: Tinting machine installations exceeded 8,000 units.

Abhijit Roy: with 2,500 plus machines deployed in quarter 4 alone

Abhijit Roy: we had launched some very innovative products as well.

Abhijit Roy: and this is will be becoming very relevant in the summer season. A series of products on the cool category

Abhijit Roy: roof, coolant seal, which is for the roof

Abhijit Roy: a product called Tank pool. A very interesting product

Abhijit Roy: and then weather quote, anti dust cooled.

Abhijit Roy: The tank pool is a product which we have just introduced a month back.

Abhijit Roy: you know. Typically in summer heat, the tanks overhead tanks become very heated.

Abhijit Roy: and you know, when you try to take a bath, it is hot water which is coming right through the day.

Abhijit Roy: So we have created one product called the Tank Pool. It has 3 components in it.

Abhijit Roy: One is a grip primer which can adhere to any surface, plastic metal, or concrete.

Abhijit Roy: On top of it is a heat reflecting coat, which can be applied, which is white in color.

Abhijit Roy: and then on top of it, our R. And D has devised one nano clear coat, which enables the surface to remain clean and dust free.

Abhijit Roy: This is to increase the efficacy of the heat, reflecting power of that coating that we have applied.

Abhijit Roy: So a combination of all these 3 is packed in a

Abhijit Roy: carton and sold as one tank pool unit.

Abhijit Roy: So this is doing very well in the hot atmosphere that we have today, the temperature shooting up to 45 50 degree.

Abhijit Roy: You know, lot of people want this type of a product.

Abhijit Roy: And and this is another innovation from our side. We have looked at unmet customer needs at all points of time, and I've tried to give those products

Abhijit Roy: the same holds true for roof, cool and seal as well, which has been growing at a frenetic pace across the country.

Abhijit Roy: and we are doing quite well in this particular category as well. So combination of these 3, the cool series should do well in the summer months.

Abhijit Roy: Also we have been introducing a large number of stores, as I said.

Abhijit Roy: and these stores are coming up in both urban and also in upcountry areas as well.

Abhijit Roy: and it has its own advantages, and we believe that the urban experiment that we had initiated a few months back is taking shape and taking shape. Very well, I think.

Abhijit Roy: and we should see more of these stores coming up in the urban markets, protective coatings posted steady performance.

Abhijit Roy: aided by improvement in infrastructure spent with strong operating margins.

Abhijit Roy: Automotive segment registered strong value, and both volume and value performance led by traction in 2 Wheeler segment demand. It also registered very good operating margin.

Abhijit Roy: General industrial and powder

Abhijit Roy: quoting sales was muted, you know, and so we expect that that also which should improve going forward

Abhijit Roy: in terms of the consolidated results.

Abhijit Roy: Bolex delivered strong top line and profitability with constant currency growth, so, as you can see, quarter 4 Consolidated is higher than Standalone, you know, both in sales and operating profit growth

Abhijit Roy: driven by bolex and Bj. And Nepal. Essentially

Abhijit Roy: Bullix delivered strong top line and profitability, growth with constant currency growth.

Abhijit Roy: Bj. And Nepal demonstrated strong recovery across revenue and profitability, rebounding from previous weaker quarters.

Abhijit Roy: Stp. Recorded, muted revenue growth with improved operating performance, aided by gross margin expansion.

Abhijit Roy: Bnpa. Sustained robust revenue and profitability growth supported by new customer acquisitions and strong demand in the automotive sector

Abhijit Roy: Berger Becker closed strong revenue growth, aided by a muted base.

Abhijit Roy: If you look at, you know Bnp and Bergerbeka, these figures are not added to the Consolidated sales. Only the profit share is added to our Kitty.

Abhijit Roy: because here we have minority stake of 49%

Abhijit Roy: in terms of consolidated results. Therefore, for quarter 4, it is a fairly decent result.

Abhijit Roy: Total income from operations 7.3% operating profit growth, 21.9% pat growth, 18.1%

Abhijit Roy: for the year. It is 3.1% of income from operations growth

Abhijit Roy: operating profit growth flattish at minus 0 point 3 and pad growth at 1.1%.

Abhijit Roy: We have been driving consistent growth. If you look at both total income from operations and Pbdit, which is the

Abhijit Roy: operating income in terms of profit both.

Abhijit Roy: If you take 2 year, 3 year, 4 year, 5 year. Any ratio you take it, is very consistent.

Abhijit Roy: For 2, 3, 4, and 5 years the operating profit

Abhijit Roy: growth has been in that bracket of 11.7 to 11.8%. No matter what type of competition happens, what happens overall in terms of Slowdown. Or you know of the economy we have been consistently growing at that 11.7 11.8% in terms of operating profit

Abhijit Roy: even in sales growth. It has been. If you look at the 3 4 year 5 year performance, it's 9.6 14.1 12.6 only in 2 year case. It is showing us 4.5, and that's largely attribute attributable to the price decrease of about 5% which happened.

Abhijit Roy: Had that not happened, it would have been at that 9, 9 and a half percent, in spite of the increased competition that is going on in the marketplace so

Abhijit Roy: overall fairly consistent growth in terms of sales and operating profit.

Abhijit Roy: Net cash position has been improving steadily.

Abhijit Roy: We had run into a debt situation after the starting of the Sandeela factory, with a minus 444 crores.

Abhijit Roy: subsequently improved to cash positive at 3, 31, and further, has improved to 688 crores in terms of net cash.

Abhijit Roy: So we are quite comfortable now, and, as I have indicated, we will need no borrowing even for the further expansions of factories going forward.

Abhijit Roy: Business outlook for financial year 26.

Abhijit Roy: The decorative segment is poised for an improved performance underpinned by a rebound in urban demand.

Abhijit Roy: driven by higher disposable incomes from recent tax incentives and easing inflation.

Abhijit Roy: Rural growth is likely likewise expected to sustain, supported by forecast of an above average monsoon.

Abhijit Roy: The waning impact of price decreases compared to Financial year 25 is expected

Abhijit Roy: to narrow the volume value gap and therefore boost value growth compared to what was happening in the previous 2 years.

Abhijit Roy: Protective coating business is expected to improve with increased government. Capex spending likely

Abhijit Roy: spillover effects from recent geopolitical events on India's border

Abhijit Roy: trade tensions, currency volatilities remain a concern.

Abhijit Roy: that's all that I had to share with you for the quarter 4 and the annual results.

Abhijit Roy: It's up to you now to ask questions. Thank you.

Nitin Gupta: Thanks, Abhijit, so we will now start with Q. And a session.

Nitin Gupta: I hand over the call to my colleague Bhavik to moderate the Q. And a session over to you. Bhavik.

Bhavik Shanklesha: Those of you who have the questions can raise your hands. Now we'll announce your name and unmute your line will highlight your full name and the organization you represent.

Bhavik Shanklesha: we'll wait for a second.

Bhavik Shanklesha: The 1st 1st question is from the line of Mihir Shah. Please go ahead, me, please. Highlight your organization. Name

Bhavik Shanklesha: also.

Mihir Shah: Hi! Good evening this is Mihir from Nomura. Thank you for taking my question. So congrats on a great set of numbers.

Mihir Shah: So, firstly, on the volume growth. You know your volume growth has been higher versus other listed players since past few quarters. What would you attribute this differential or increase in differential growth to is it coming from new geographies that you've entered in the recent years with the retail footprint expansion, or is it from your core markets

Mihir Shah: are seeing better growth versus the core markets of the other leisure players are seeing a little lower growth and a subpart subpart of the question is, do you see volumes coming back to double digit growth in fi 26.

Abhijit Roy: Right, you know. Good evening. So thank you for that. Question. You know. This volume growth is coming on account of, you know, 2, 3 factors

Abhijit Roy: one, of course, is the core category is doing okayish.

Abhijit Roy: I won't say that it's growing very fast, you know, as is the case. As you know, the economy is not growing all that great.

Abhijit Roy: at least the consumption part of the economy. So we are, you know, also in the same boat. However, we have got our own growth opportunities there both in terms of some of the product categories. And also, you know, some of the areas and geographies where we are focused on so like the urban areas are doing relatively better for us

Abhijit Roy: compared to others. Possibly, you know, we are also doing well in some of the product categories which I mentioned, you know, including construction, chemical and waterproofing wood coatings as well

Abhijit Roy: so overall as a combination of this

Abhijit Roy: factors. All of this put together our volume growth has been, as you have seen, you know, better than the industry average definitely far higher than that.

Abhijit Roy: Whether you know we will reach double digit or not, time will say it is difficult to commit on that, but we aspire to move in that direction. We are already at about, you know, 7 and a half to 8%. So going towards double digit is not that difficult? If you know the conduct, you know. Conditions don't deteriorate we should be able to go in that direction.

Mihir Shah: Got it. So thank you. So my second question is on the subsidiaries. There's a sharp improvement in the subsidiary performances past 2 quarters except for I think, stp, it seems that you know, you're seeing strong growth across all subs just wanted to understand what is driving this sharp growth? Is the growth rate similar across subs? Or is it more a function of turnaround of Nepal that had seen a decline earlier?

Mihir Shah: And what is the level of growth that one should expect for fi. 26 for the subs overall?

Abhijit Roy: Right, you know. So I think you know, there are 2 things which have happened, you know, majorly, you know. One is, of course, the Polish division, which has been doing relatively better. That's largely because of, you know, this energy conservation in which it is, you know, basically placed, and that's the main category of product in which it operates.

Abhijit Roy: That has gained traction quite a lot, you know, with the energy prices going up after the Russia, Ukraine war.

Abhijit Roy: and and hence you know, both in Poland and in Uk, where we have a subsidiary, and even now in France, we are doing quite well in that category. So that's 1 part of the story which I think will carry on this year as well. The other part is the Nepal, as you rightly mentioned. You know it had a disastrous run, you know, and a low base last year.

Abhijit Roy: So it's continuing to grow, and it will continue to do that, you know, right up to the 3rd quarter of this year.

Abhijit Roy: where the growth rates will be quite substantial, because the bases are muted.

Abhijit Roy: There is a 3rd thing which is there, which is, it is a small operation. Now, what we are doing quite well, which is the auto refinish category

Abhijit Roy: where we have a joint venture with rock points of Japan, which is growing quite rapidly as far as that particular category is concerned.

Mihir Shah: Got it, sir. Understood? So one more question on employee cost in fi 26. If I recall you had, you know, increased feet on the street, and that was driving higher employee cost. And they were growing at about 15 plus percent growth rate, quarter after quarter. Should we think that the employee cost.

Mihir Shah: or in the number of employees or feet in the street, is now constant, and and growth will normalize, or the employee cost growth will normalize back to like a 10 plus percent levels. Or do you foresee continuation of addition

Mihir Shah: of freedom? One should expect employee cost to grow again at 15 plus percent rate.

Abhijit Roy: No, I think you know it. It will not come to 9, 10%. It will still be elevated little bit, because we are adding manpower and feet on street will be, you know, necessary. Given the current context of intensification, of competition that's even more necessary at this stage.

Abhijit Roy: so it will be at around the 1213% probably around the 13% level rather than the 15% level that you have been seeing. It's small correction will happen, but it won't go down to the 10% level.

Mihir Shah: Got it. I have a few more, but I'll come back in the queue, sir. Thank you very much.

Abhijit Roy: Yeah. Anyway. Thanks.

Bhavik Shanklesha: Thank you. The next question is from the line of Aniruddha Joshi.

Aniruddha Joshi: Hello.

Aniruddha Joshi: Hello, yeah, thanks. Thanks. So thanks for the opportunity. And congrats for a really great set of numbers so in terms of market share. If you can share more color in terms of, because we have seen

Aniruddha Joshi: is getting good amount of exit market share, at least so whether the trend is similar for us means, in a way like the 20% market share that you have indicated in Fy. 25. Is it the same way, let's say, in March quarter, or even exit market share also, that is question number one. Secondly, is the market share gain across the regions, because in urban markets we have increased the

Aniruddha Joshi: feet on street, and you know we are doing more efforts. So is there a higher market share and market share gain. And what is what would be the current market share in urban markets? At this stage. And lastly, the 3rd question in terms of

Aniruddha Joshi: the guidance with correction in crude oil price. And in a way with where do you see the ebitda margin in a way pending in fy 26. And also, there is possibility of price cuts with such steep correction in crude. So

Aniruddha Joshi: do you see? revenue growth means in a way, where do you see the revenue growth number? High single digit, or low level, low double digit types.

Aniruddha Joshi: Yeah, that's that's the question from my side.

Abhijit Roy: Right, and you asked many questions. Let me answer one by one, you know. 1st one is on market share the market share figures that I shared with you, you know, is primarily with the listed players

Abhijit Roy: that does not include, you know, Birla's share in in it.

Abhijit Roy: However, if we do include, and we have, you know, a good assumption of what the sales figure is, because they are not themselves giving the sales figures. So it's difficult but we have a fairly strong assumption of the figure which is there. Based on that we have still gained market share. Even if we add Virila into the, you know, market share calculation.

Abhijit Roy: It is true that you know their exit share has moved up further, you know. For the year it was much lesser. But for the for for the quarter 4 it has moved up a little bit. But that, doesn't, you know, impact us in any significant way in terms of gain or loss of market share

Abhijit Roy: from our side we have continued to gain, as I said.

Abhijit Roy: If you look at the listed place we have definitely gained, and those figures are available, and you can calculate. And you can understand, you know that that there is this gain is has been achieved

Abhijit Roy: as far as the unlisted players are concerned. It's a conjecture, you know, but, as I said, we have strong estimates of it, and we believe that you know, even with that, you know, we have still gained markets. Yet, so, to answer your 1st question.

Abhijit Roy: The second question is related to whether there is a price decrease? You asked. You know, possibility. I don't see that happening

Abhijit Roy: because there are a lot of. It's not only the crude oil which determines the fate of the paint prices, there is rutile, the prices of which are likely to move up because there's an anti-dumping duty which has been applied by the government

Abhijit Roy: and that's going to increase the prices of Rotile, and will have an impact on, therefore, the raw material cost. So therefore, you know, I don't see the possibility of

Abhijit Roy: a drop in prices happening in the near future at all.

Abhijit Roy: So this is, as far as the second question is concerned. Is there any you asked one more question I can't recall now.

Aniruddha Joshi: So in terms of margins, and, secondly, the market share gains in urban markets versus.

Abhijit Roy: Yeah, rural man.

Abhijit Roy: So it has been. You know, proportionate gain. I think I don't think you know we have, as I indicated to. You know someone you know me who asked the question earlier. Certain areas. We have grown faster and therefore, you know, it's a mixed bag, you know, sort of in urban areas. In some of the urban areas we have done better

Abhijit Roy: in some of the product categories. We have done better. So it has helped us to gain market share on a combination of 2 or 3 factors sincerely.

Aniruddha Joshi: Okay. Sign lastly, the guidance in terms of where do we see? Fy. 26. Revenue growth

Aniruddha Joshi: as well as margins?

Abhijit Roy: So margin we have always indicated. You know, the band will be maintained at the 15 to 17%. We have been operating more towards the 17%. We.

Abhijit Roy: I think we should be able to hold on to these margins, you know. So that's something which is definitely there.

Abhijit Roy: As far as the revenue growth is concerned, we hope to improve from current levels

Abhijit Roy: 1st quarter will be, as we have been, improving right through from second quarter to 3rd quarter. We moved up from 3rd to 4.th We moved up further. We expect that, you know, in the 1st quarter we'll move up a bit more and second quarter will be even higher, and 3rd will be even higher than that. So by the end of the year we should be more comfortable, you know, as far as the yearly performance is concerned, than what we did this year.

Aniruddha Joshi: Okay, sure, sir. Very last question from my side, if you can indicate

Aniruddha Joshi: what was the anti dumping duty on route? And is it already in place, and is there any.

Abhijit Roy: It is already in place, though there is, you know, the Indian Paint Association, which is a body of the all the Paint Companies

Abhijit Roy: are fighting a case in the High Court.

Abhijit Roy: We hope that we win that case, you know, but government has already imposed, and it is already in place.

Aniruddha Joshi: Okay. And since when it was imposed on quantum, if any.

Abhijit Roy: It was imposed, I think, about a few days back, maybe 1520 days back, you know, it became implemented, you know, from, I think, and and the impact for us

Abhijit Roy: will be in the range of about for the year. If this holds about 15 to 20 crores.

Aniruddha Joshi: Oh, okay, okay. Got it? No, no, sir, thanks. This is very helpful.

Bhavik Shanklesha: Thank you. The next question is from the line of Karthik, Chalapa Karthik. Please highlight your organization. Name and go ahead.

Karthik Chellappa-Indus Capital: Yeah. Hi! Good evening, sir. This is Karthik from Indus. Capital. Am I audible?

Abhijit Roy: Yes, you are.

Karthik Chellappa-Indus Capital: Okay, great congrats on the quarter, sir. I have 3 questions. The 1st one is on a standalone basis. If I were to look at, let's say, your other expenses this quarter that's actually down year on year. Now, despite the competitive intensity actually being quite high, and you actually gaining some gross margin leverage. It's surprising to see that the other expenses are down.

Karthik Chellappa-Indus Capital: Could you give some color on? What are the items that have experienced a decline? And how has your advertisement and promotion expenses panned out this quarter? That's my 1st question.

Abhijit Roy: Yeah. So the primary reason for you know what you see as other expenses going down, you know, last year, if you recall, you know, the sandilla plane plant had been become operational. We incurred a lot of cost there, you know, towards the 4th quarter.

Abhijit Roy: and but the series, you know, production was not there. You know, it was operating at below normal efficiency, you know, to the extent of about maybe 25% of the capacity.

Abhijit Roy: Now it has gone up to about 60%, 65, 70% plus. So therefore, you know, the utility of that plant has gone up, and and therefore the efficiency and the savings therefore arising out of it

Abhijit Roy: the second. Therefore the manufacturing cost has actually gone down for us, you know, in in compared to last year

Abhijit Roy: the advertising and promotion we have held at last year levels. You know, we haven't reduced or we haven't increased substantially, either.

Karthik Chellappa-Indus Capital: So so when we say A and P levels, is it as a percentage of revenue? Or is it absolute terms.

Abhijit Roy: Yeah. So revenue has hasn't grown so substantially similar in nature.

Karthik Chellappa-Indus Capital: Okay. Great. My second question, sir, is, if we look at our margin performance, which has actually been quite commendable. If I were to just look at our cash flow on a standalone basis. Our operating cash flow is still down double digit.

Karthik Chellappa-Indus Capital: and, in fact, the second half was probably down even more than the 1st half. And if I just scroll through the items, I think the biggest delta is basically coming from

Karthik Chellappa-Indus Capital: inventory. There has been almost a 300 crore delta on working capital pertaining to inventory. So is it a case that you have done a lot more pre-buying? Given, you know, the crude oil deflation that you saw during the quarter which actually helped the gross margin, but in turn impacted your cash flow from operations. Is that how I should read it.

Abhijit Roy: So, Karthi, you are right, you know we did purchase certain items like Rutile. We knew that the anti dumping duty was coming in.

Abhijit Roy: so we purchased some extra rotile

Abhijit Roy: similarly in monomers. Also we we had got some very good rates, you know, at the end of the quarter, and we. We purchased some extra monomers. So we keep doing this exercise from our supply chain side when we feel that they know the conditions are ripe, and you know where the prices are likely to move up? We do some strategic buying. So as a result of that, there has been a substantial increase in raw material inventory buildup, which you will see in our case.

Karthik Chellappa-Indus Capital: Excellent. My last question, sir, is on the market share data. I'm just curious to see what assumptions have you used for your market share calculation for Bila opus for the quarter and the year, if you can share that, and related to that. And I think this was asked in the last quarter as well, but just wanted to see whether there were any incremental thoughts.

Karthik Chellappa-Indus Capital: Now, Brillo opus will probably start operationalizing their plants in the East in Fy 26, which is basically our catchment.

Karthik Chellappa-Indus Capital: So given that there is likely to be some initial level of aggression from their side in our catchments in the East. Should we expect that our market share gains at least in Fy. 26 might be slower than what we saw in Fy. 25. Just given the base effect that they are starting off on a low base.

Abhijit Roy: So then no. See below opus. Our our reading of the situation is that they have ended the year at around, you know, 2,000 to 2,100 crores net sales basis. Right? You know, this is what they would have probably done 1, st 2 quarters were relatively slow, and then they moved up from the 3rd and then to the 4th quarter.

Abhijit Roy: So this is what they would have ended, and probably, you know, incurred a similar amount of loss as well. So lot of money spent, and, you know, purchased some amount of market share. Whether that is sustainable or not has to be seen

Abhijit Roy: the second part of it is related to you. You asked, you know, whether we will be able to manage this, you know, going forward as well. Right. That was your question.

Karthik Chellappa-Indus Capital: Especially when they are coming into our catchments in the.

Abhijit Roy: Yes, so in the East, you know. So that is what you said. So you know. Let me tell you that you know factory presence doesn't make any difference at all. Asian pins, for example, doesn't have a single factory in the East.

Abhijit Roy: That doesn't mean that they are not present strongly in the East. Right? You know, it has 0 relevance

Abhijit Roy: in the paint business, you know. Yes, you need factories, but need not be in every region of the country. If it is there, it is good, but it doesn't give you any tangible major advantage. As far as the market is concerned.

Abhijit Roy: The second is already present in the East. They are selling. They bring their material from other locations, and you know there is no dearth of supply. As far as you know, supply situation is concerned, they are able to supply the market pretty well.

Abhijit Roy: So that's not, you know what is going to create any great impact on the ground.

Karthik Chellappa-Indus Capital: Which means our level of market share. Gain that we are expecting is something which we can expect to sustain even in Fy. 26. That is our base case.

Abhijit Roy: See, you know from the organized listed players we should be able to hold and gain, you know, as we have been doing in the past point 3.4% this year was have been has been an aberration

Abhijit Roy: but you know where we gained much more. But I don't think that will continue every year, but you know we should be able to hold and gain a little bit from the organized players who are there in the listed space. As far as you know. If you add up, Birla, what will happen? Only time will say, I think you know we should be able to hold on to the current market share levels.

Karthik Chellappa-Indus Capital: Excellent. Thank you, sir. Thank you for these detailed responses, and wish you and your team all the very best for Fy. 26.

Abhijit Roy: Thank you. Kartik.

Bhavik Shanklesha: The next question is from the line of amit purohit amit, please, highlight your organization, name and go ahead.

Amit Purohit: Yeah. Hi, sir, thank you for the opportunity. I'm amit parade from Ilara. Capital, sir. 1st on the industry growth. For Q. 4. What is your sense of what would be the industry growth for? Q. 4.

Abhijit Roy: You have seen already the figures announced. Right? You know industry is dominated by the leader, which is Asian paints. You know you've seen their results.

Amit Purohit: Yeah.

Abhijit Roy: And you know you have seen Kansai also. And now you have seen our results. These are the 3 major companies which have already declared their results. So, industry, growth, you can estimate yourself, you know. I think it will be negative

Abhijit Roy: overall, because you know, it swings in that direction actually.

Abhijit Roy: or flatties. You know it. It should be about minus one minus 2. Compared to that. We have done relatively better.

Amit Purohit: Sure and is that trend has improved in the as we see. Look at April or May. Because I mean, last year there was, there is a higher base in terms of volumes and all. I'm just trying to understand.

Amit Purohit: q. 1 numbers.

Abhijit Roy: So May is, you know, still too early, and April has gone by. We had a fairly decent April

Abhijit Roy: and then it's not deteriorated. It has not improved any substantially. It's more or less on similar lines.

Amit Purohit: This you're saying for the industry, or you're saying for yourself.

Abhijit Roy: For us, you know. I don't know about industry. I don't know who else is doing what you know. As far as we are concerned. This is what it is.

Amit Purohit: Sure. And, sir, on the subsidiary part, while you clearly highlighted on the revenue side on the margin side, I just wanted to understand. So last year. If I look at your performance we had bollocks a couple of quarters where the performance got impacted in terms of the operating margins

Amit Purohit: and that impacted our so I just console minus standalone. If I do the last Fy 25 it is coming to 13.2% ebitda margin versus Fy 24 was a all time high at about 16%

Amit Purohit: ebitda margins. So now that the bolex issue, or the one off one time. Cost may not be there. Is it a fair assumption to

Amit Purohit: assume that things should normalize to

Amit Purohit: or have a better margin outlook in the subsidiary portfolio, because even Nepal is doing well now.

Abhijit Roy: Yes, and I think so you can. You can assume that that it will be better than you know what we have been seeing.

Abhijit Roy: and and therefore this margins that we have demonstrated this quarter should be holding, you know, for the next few quarters.

Amit Purohit: So yeah, so on a console basis. Then, sir. in a scenario where you are, we are looking at a stable margins as far as India performed, or the standalone business is concerned, and a marginal consistent improvement in subsidiary performance over the next 2 to 3 years. So then, overall margins. Outlook seems to be an improving outlook right for.

Abhijit Roy: Yeah, marginal improvement will be there, because the subsidiaries, you know, contribute very little. You know, 10% approximately.

Amit Purohit: Don't!

Abhijit Roy: Growth won't be too much, so there will be some marginal improvement. It's an India story which is very important.

Abhijit Roy: and we are hoping that, you know, we should be able to hold on and improve marginally on the margins here in India.

Amit Purohit: So, and sorry to repeat that, just to understand. F. 5, 26, outlook for the subsidy business. Is it a fair to assume that we can come back to Fy 24 levels, which was a 16% margin. Or should we say that that was a kind of there was some one off, because I'm not able to recollect what was Fy. 24, which I understand the problem.

Abhijit Roy: We should, you should go by current quarter margins, and it should be very similar to that, you know, going forward.

Amit Purohit: Even the subsidiary pay.

Abhijit Roy: Even the subsidiaries. Yes.

Amit Purohit: That has a seasonality like Q. 4 is always the lowest.

Abhijit Roy: Yeah, so it has. You know, that seasonality will hold true. So Q. 4. In Poland, for example, you know the bullock subsidiary tends to do relatively, you know. Lower, you know, and then it bounces back later on

Abhijit Roy: so it varies from quarter to quarter, but overall on the yearly basis it will be on similar trend.

Amit Purohit: Sure. And, sir just on your capex guidance. What would be the Capex for 26 and 27.

Abhijit Roy: Capex we have already indicated, you know. So in this year, you know Capex 26 basically, we are. The Hindupur plant is coming up, which is an expansion there for the solvent based.

Amit Purohit: That's about, you know, 200 50 odd crores.

Amit Purohit: and then we will initiate our Panagar operation.

Abhijit Roy: Which is a total cost of about 500 crores. But you know, the initial 1st year possibly will be 1 50 odd crores. So that's all that is there. You know of the Greenfield ventures

Abhijit Roy: rest, you know, small issues of small regular capex, which will continue as per normal requirements. So that's not substantial.

Amit Purohit: So this is for Fy. 26, so close to about 4.

Abhijit Roy: So next year we'll be on similar lines. You know, the Hindu pool won't be there, so the only the Panagar second part will come in

Abhijit Roy: again, you know, around 2, 5,300 close possibly will be spent so nothing substantial. Again, in the year after.

Amit Purohit: Okay. And lastly, sir, have we changed the merger exclusive store branding, I mean color and style versus the earlier one used to be paint studio version.

Abhijit Roy: So we have 2 versions. One is called Paint Studio, the other is called color and style.

Amit Purohit: Hmm.

Abhijit Roy: You know, is a bigger store, you know, with, you know, more expensive, more not. Decor. Elements are much more. The color and style is, you know, the moderate one. So so these are the 2 variants which are there, but not that we have changed the name.

Amit Purohit: Okay. Okay, thank you. Thanks.

Bhavik Shanklesha: The next question is from the line of Munmai Munmai, please highlight your organization name and go ahead.

Mrunmayee: Hello!

Abhijit Roy: Yeah, I'm.

Mrunmayee: Yeah. Hi, hi, sir, this is congratulations on a good set of numbers so my 1st question was that you know you indicated that you would see sequential improvement going ahead during this year. So you do you expect that to come in more from the volume, side, or volumes will likely remain stable, and you know the gap between volume and value will reduce sequentially.

Abhijit Roy: So there will be a volume improvement as well. And the value improvement from compared to last year will be more because of the volume Value Gap, reducing, as as you are aware, that you know, this 4 and a half 5% gap which we were suffering from the whole of last year till the 3rd quarter end will not be there anymore.

Mrunmayee: Okay?

Mrunmayee: And, sir, so we are hearing reports that you know monsoon is expected to be slightly earlier this year. So are you? Expecting some kind of pressure in q. 1. Because of that.

Abhijit Roy: Well, we don't know, you know. It depends. Monsoon hits typically around the 25th of May in Kerala, and and then progresses upwards

Abhijit Roy: we expect that. You know the so far, whatever has been indicated that it probably might get people on by 5 days.

Abhijit Roy: it may put a little bit of pressure in those markets where you know it gets entry into first, st you know, like Kerala, or you know, the coastal belt of the West coast and the east coast down in south and west. But you know not significantly, I would say, you know, change the scenario.

Mrunmayee: Okay, okay? And so in terms of the gross margin. So this time around, you have mentioned that you know you have seen the benefit of lower input cost. So is that largely factored in into this quarter, and maybe next quarter onwards, it will not be an incremental benefit.

Abhijit Roy: Very unlikely. We probably will be holding, and, as you have seen, for the last 8, 10 quarters we have been around the same points of around 40% this year. This quarter was slightly ahead of that. We will probably remain at similar levels, you know, in that range of 40 to 41%. No major change is expected.

Mrunmayee: Okay, perfect. And, sir, lastly, on the industrial side. You have been mentioning tepid performance in the powder and general industrial cool things. So any specific reason why these 2 segments are not doing as well.

Abhijit Roy: Well, you know, the industries itself are, you know, to where they serve, you know, because this is closely linked to the categories of, you know, industries where they, you know, supply their material. It's the b 2 b category, as you know, and some of these categories haven't been doing very well. As a result there is a demand shrinkage which has happened, and hence, you know, it's not growing at the pace at which we would love to grow.

Mrunmayee: Okay, okay, all right, sir. Thank you.

Bhavik Shanklesha: The next question is from the line of harsh Shah. Harsh, please highlight your organization. Name and go ahead.

Harsh Shah: Yeah. Hi, good evening. Thanks for taking my question. This is harsh from modern mutual. 5.

Harsh Shah: Sir, just a few questions. One is that this dating machine edition which we see this year? Right? It's

Harsh Shah: 8,000 tending machine additions, you know, were basically compared to retail footprint edition of 1,000 stores. So I mean, I mean, this is, it is probably the high number which we've seen in, you know, past many years. But could you help me explain which geography? Let's say, which areas where we've done this high tinting machine addition? I mean any particular

Harsh Shah: geography or area. You want to call out.

Abhijit Roy: So it's it's it's spread across the entire country, you know. And we what we do typically every year, you know, we do an exercise whereby we identify PIN code, wise, where are the gaps which we have

Abhijit Roy: in terms of cluster sales? So we divide the country into various clusters, you know, depending on every PIN code.

Abhijit Roy: and then look at it in okay, where is our share? What is our fair share, you know, which we should have. And therefore how many machines should we be adding, adding, in that market? Considering the fact that you know average this many, you know machines, you know, machine productivity. Is this much so, how many machines do we need to reach our target of market share?

Abhijit Roy: So, considering that we have a target assigned to each of our people and based on that, they go and install machines. So it's it's a sort of areas where we don't have presence as of now. There is no point going and blocking machines in areas where we are already present strongly because that will only eat into your existing. You know, dealer share and doesn't add up to the value, Kitty, actually. So that's what we do. So it's spread across the country.

Harsh Shah: But let's say, would this be more in metro than tier one? Then I mean it is they would.

Abhijit Roy: So metros. Actually, you don't need too many machines. It is more in the upcountry areas where you need. You know, metro markets are typically oriented towards big dealers.

Abhijit Roy: The big dealers contribute, you know, most of the sales. So it's not as if by spreading the machines all over the metro you're going to get anything out of it. There it is, a big dealer game. It is mostly upcountry where you need more stronger distribution.

Harsh Shah: Okay. And, sir, was this a I mean one year kind of an exercise? Or do you expect this kind of no aggressive expansion?

Harsh Shah: Continuing.

Abhijit Roy: Going to continue and get accelerated, you know. So we have a lot more space, which are open spaces.

Abhijit Roy: as we call white spaces, and and therefore, you know, this is going to accelerate further.

Harsh Shah: So these are the outlets where we are. The second player, I mean.

Abhijit Roy: Not necessarily. It can be fresh outlets, or it can be second player outlets, or maybe even 3rd pair outlets. So it depends in on the situation.

Harsh Shah: Okay, okay, so got it. And so, secondly, you mentioned that you know there are product categories which have done very well for us, and and even you've called out waterproofing and construction chemicals. But any other, you know, product categories which would want to call out, especially in the interior exterior decorative side of things.

Abhijit Roy: You mentioned 3. Actually, you know, exterior coating, evaluation.

Abhijit Roy: exterior emulsions, where we did very well.

Harsh Shah: Okay.

Abhijit Roy: We had I mentioned about waterproofing and construction chemicals in which roof putting falls, you know. So that's done well.

Abhijit Roy: And wood coatings. We have grown quite well in the decorative space. So all these 3 categories where we did fairly well.

Abhijit Roy: There was muted growth in the you know economic categories, you know, which are

Abhijit Roy: basically the low end primers and low end emulsions.

Abhijit Roy: That's where you know. Many of the new entrants know they have been giving absurd prices, and sometimes you know, that has impacted the growth rate to some extent.

Harsh Shah: Okay? And what would be our share from construction? Chemicals in waterproofing now itself of decorative revenue.

Abhijit Roy: About, you know, 10 odd percentage, you know, which carries on growing actually every year.

Harsh Shah: Got it, sir, and let's say that if you were to dissect this year's growth between projects, segment, and the other, I mean the retail business. I mean, how fast would the Projects business have grown for us, and what would be the contribution now of product business.

Abhijit Roy: Similar growth rates, you know. No, no tangible great difference. Normally, you know, the project business

Abhijit Roy: used to grow at slightly higher pace one or 2%

Abhijit Roy: earlier. It used to up, you know, grow at about 2, 3% higher than the normal growth rate of retail.

Abhijit Roy: But you know, last year it was more or less at similar levels.

Harsh Shah: Got it, and what would be the saliency, sir, of product business.

Abhijit Roy: Low at. No, I think you know for us it is, you know, around 8%. Now, you know, if I'm not mistaken.

Harsh Shah: So are we trying to take initiative to drive an increase salience here? Given that, I mean, when we talk to the market leader we talk about, I think between 20% kind of salience here.

Harsh Shah: So I mean, are we taking any steps to drive.

Abhijit Roy: Yes, you know. So so the urban initiatives that we have taken, you know, primarily some amount of projects is will happen there.

Abhijit Roy: Because, urban, as you know, you know, largely driven by, you know, projects so therefore, you know, the Projects Agency will go up, and the growth rate in that category should move upwards. If and when we start doing, you know tangible things there in the urban markets, we are seeing already decent traction there happening. But these are early days. We need to work harder, execute, better to be able to grow faster. There.

Harsh Shah: Okay, okay? And then, lastly, in terms of new products, you kind of spoke about a few new initiatives you've been taken. We've been pioneers as well in the past, right in terms of launching new innovations here. So what would be the contribution currently for us, let's say, for products which we've launched over the last 3 years. Currently, it's a let's say, whatever you define as Npd.

Abhijit Roy: What would be the contribution for us in Fy. 25.

Abhijit Roy: So there's a significant contribution. I we don't really look at it in that way, you know, because we have innovated repeatedly in the industry, and most people have copied us, you know, across these products, you know. So whether it is easy, clean, or, you know, anti dust or the waterproof put tea

Abhijit Roy: we came out with express painting. We came out with, you know, roof, pull, and seal now I'm sure you know all of these added together is a pretty substantial basket.

Abhijit Roy: but I can't give you the exact figure.

Harsh Shah: Okay, okay, sir. Got it, sir, and just one last bookkeeping question, if I may, what would be the count of printing machine and our retail footprint as on as of March 25.

Abhijit Roy: Printing machine numbers are somewhere around 50,000, you know, is what we have, you know, in retail, you know. So so that's the typical approximate number that I can tell you.

Abhijit Roy: of which we added 8,000 last year. Right? Of course.

Bhavik Shanklesha: The next question is from the line of Pratek Gothi Pratik. Please highlight your organization. Name and go ahead.

Bhavik Shanklesha: Pradek, please unmute, unmute your line.

Pratik Gothi: Yes. Can you hear me?

Abhijit Roy: Yes, we can.

Pratik Gothi: Yes, thank thank you for the opportunity. This is again, relative to the comparative intensity we are seeing.

Pratik Gothi: do you? When do you see the comparative intensity coming to a to a level of equilibrium where the market shares are redistributed, and then then the industry can basically come out of this disruption.

Abhijit Roy: Well, you know.

Abhijit Roy: See, the competitive intensity has been there in this industry for long years. You know. It's not as if

Abhijit Roy: it hasn't been there. It has been always strong

Abhijit Roy: today. And you know, last year there was another player who jumped in. You know, we spent a lot of money continues to spend a lot of money, and therefore that has, you know, created little bit of turbulence in the overall

Abhijit Roy: dynamics of the business. So far, you know that it existed. However, you know I I don't see this, you know, immediately going away.

Abhijit Roy: at least for this coming year. Definitely. Not.

Abhijit Roy: I think you know it will stabilize in, you know, 2 to 3 years timeframe beyond that, I don't think you know, it's going to continue.

Pratik Gothi: Got it. Okay? And just another question, please. For a pains business at what capacity utilization does the break even point reach? Broadly speaking.

Abhijit Roy: It depends, you know, on the mix of the product. You know how you are placed, you know there is no such one break even point. Every every company has its own break, even levels.

Abhijit Roy: It depends on the spends that you are doing to acquire your, you know, market and share. So it depends and varies from company to company. Suppose you're not spending much, and you know you, you are content with, you know, growing slowly, and you know you are having incremental market share gains. But you know, overall market share remains, you know, very muted.

Abhijit Roy: Then maybe you will break even at a much lower level, you know, so there is no hard and fast rule as such, you know, varies from company to company.

Pratik Gothi: Okay, understood.

Pratik Gothi: And that's all from me.

Pratik Gothi: Thank you.

Bhavik Shanklesha: Next question is from the line of Tejas Shah Tejas. Please

Bhavik Shanklesha: highlight your organization. Name and go ahead.

Tejash Shah: Yeah, Hi, sir, this is tejas from this park.

Tejash Shah: So 1st of all, congrats on on very good performance, considering the tough environment that you are in. What actually is is interesting, that we just was curious to know that what is helping or allowing us to gain market share in such a difficult environment while the leader is losing? Are we targeting a different set of consumer cohort where we are not present, or we are just winning on pure execution versus the rest.

Abhijit Roy: Well, you know, primarily, I would say, you know, execution has been steady in our case.

Abhijit Roy: There have been, you know, cases where you know that there has been an increase in in terms of activity from competition. And

Abhijit Roy: as you said, the leader got impacted a bit more, you know, last year.

Abhijit Roy: but I'm sure they will, you know, Bounce back, you know this is my belief that you know they will come back to normalcy.

Abhijit Roy: we have been very consistent in our delivery.

Abhijit Roy: We haven't gone up, you know. Suddenly, we haven't gone down suddenly. We have been consistently wetting, as I have already always said in the paint business, you know, you can't do dramatic stuff, you know, so it has to be slow and steady. That's what we have been doing. We have been executing well, we have been innovating. There are some of the innovations are doing very well, and that has been helping us to gain market share.

Tejash Shah: Got it. And so, second question slightly, an extension of the 1st one in today's construct of the landscape there. Where do you see, greater opportunity to gain share in in markets where we are number 2 or 3 and the leader is, actively responding to the new competition. We are doing better, or in markets where we are established leader, and we are gaining from others while mending off new entrants also.

Abhijit Roy: It's a mix, you know. Actually, you know, they just, you know, there is no hard and fast rule, you know, which is there. Typically only areas where we aren't doing all that great is where we are relatively weakly position. And those are very few markets which are there

Abhijit Roy: where the where our presence may be below 10%. You know such markets, we have an issue.

Abhijit Roy: Otherwise, I would say, last year we gained everywhere else, you know. So so that's how it is.

Tejash Shah: Got it. That's all from my side, and all the best for fy 26.

Abhijit Roy: Thank you.

Bhavik Shanklesha: The next question is from the line of Parsi Pantiki, Parsi. Please go ahead.

Percy Panthaki, IIFLCAP: Yeah. Am I audible?

Abhijit Roy: Yes, Percy.

Percy Panthaki, IIFLCAP: Yeah, sir. Firstly, just one clarification. This 15 to 17% band is that for the stand alone or consolidated.

Abhijit Roy: Both.

Percy Panthaki, IIFLCAP: Okay. Secondly, I just wanted to know this. You mentioned that gross margins have been benefited by certain price increases. You have taken a few months ago. So just wanted to know, has anyone else in the industry taken because Asian paints hasn't called out any price increases so.

Abhijit Roy: Whole industry took that price increases

Abhijit Roy: that happened in the in quarter 3 actually.

Percy Panthaki, IIFLCAP: Okay.

Abhijit Roy: The entire industry took it, you know, including Asia. Yes.

Percy Panthaki, IIFLCAP: And what is the quantum?

Abhijit Roy: It is about. You know, it varies from company to company, but should be in in the range of 1.5 to 2%.

Percy Panthaki, IIFLCAP: Got it, got it. And I just wanted to know. In response to an earlier question on competition, you mentioned that it will continue for 2 to 3 years, and then it will stabilize. What exactly did you mean here? Does it mean that the new entrant could continue to gain market share for 2 to 3 years, or that is not what you meant. What exactly did you mean?

Abhijit Roy: No, I think you know there will be skirmish in the market, you know, and the equilibrium is disturbed for the next 2, 3 years.

Abhijit Roy: after which the dust will settle down and everyone will be back to normalcy. This is what I am trying.

Percy Panthaki, IIFLCAP: Got it. Got it. I think, if I understand correctly what the person was asking is that how long do you think before the market share will stabilize as in how long will the new entrant keep gaining market share before they hit a wall?

Abhijit Roy: I think you know one year more. This is this year, because, you know, they started late.

Abhijit Roy: So this one year will be, you know some gain in market share. Possibly.

Abhijit Roy: and after that, you know, it will stabilize.

Percy Panthaki, IIFLCAP: Understood, that's all from me. Thank you.

Bhavik Shanklesha: The next question is from the line of Sheila Rati. Sheila, please highlight your organization. Name and go ahead.

Sheela Rathi: Thanks for taking my question. Sheila Raati from Morgan, Stanley.

Sheela Rathi: so again, my question is around market share. I believe that market share is actually the output but from your perspective, what are the inputs you are monitoring? You know, that is helping us, you know, gain this market share. You talked about innovations you also talked about, you know, capacity is not a reason why anyone would gain market share. But are there any other variables which you are tracking extensively. That's helping us.

Abhijit Roy: Yes, you know. So we have our own which we call mega strategy

Abhijit Roy: which is basically m for maintenance, E for experimentation, and G and A for growth and acceleration. So

Abhijit Roy: we maintain, you know, and track each one of these separately. So for maintenance, you know, basically, you should have all your you know, the normal stuff. The machine installation should happen. The contractors, you know, should be there with you

Abhijit Roy: in terms of you know, the consumers getting attracted for express painting that should continue. So. Those are, you know, basic stuff which has to be handled, you know, which is for true, for any paint company they have to, you know, ensure that this happens. We also take care of this, including our big dealers and the gold card dealers which we call they should all be aligned with us. So that's 1 part.

Abhijit Roy: Then we do experiments, you know, every year. 1, 2. As I said, you know urban experiment is something which we were doing and which we feel now, you know, once it reaches, you know. So we do 3, 4 such experiments.

Abhijit Roy: and the ones which look the most prospective, whether in terms of product, whether in terms of distribution and network, or any other area that we think is important. Then we take those and we scale up in a big way. And the scaling up is what we call growth and accelerate. So there are few areas which we feel, you know can now be accelerated very furiously.

Abhijit Roy: And those are the areas which we focus on. We add resources. We add manpower, and we ensure that those grow fast. So this is our strategy, in short, which we ensure that you know. Therefore we stay ahead of the pack.

Sheela Rathi: So would you like to give any example around this experimentation, any market which you would like to call out.

Abhijit Roy: No. So that is, that's what I said. The urban market, you know, and and how we are doing it. Now, you know we are looking at, you know, distribution. We are looking at product mix. We are looking at, you know what we can do in terms of pricing. You know how we can, which are the type of products which can sell well? Is there a product modification that is required for the urban markets?

Abhijit Roy: You know what is the distribution, you know, Edge, which we can bring. The regular stuff, won't, you know, help us? So so those are the things which we keep looking at. We keep experimenting a few things in each of these areas. And what works? We then take it forward. I obviously cannot tell you. You know what is working, and what is therefore, you know, because then it will get copied by everyone.

Sheela Rathi: I understand, sir. Sir. Second question is, you know you talked about a non-code which is waterproofing, and other parts of the business is doing well. What would be the gap between the core versus non-core for us? From a growth perspective.

Abhijit Roy: No. So you know, waterproofing is doing better, you know comparatively, and as you, as I said also that it is only 10%.

Abhijit Roy: So it's not as if you know it is going to have a massive impact. But yes, you know, it does create a positive impact. The core category, therefore, is slightly slower, and that, I think, is true, for across the industry in the paint industry today.

Sheela Rathi: And my final question, sir, sorry for the disturbance. But my final question is around. You know, you talked about powder coatings. And you know, being not doing well in the b 2 b space in the project space. So what would be the share of these part of the business in the b 2 b space for us.

Abhijit Roy: So it's negligible. Actually, you know, overall total share of powder coating and general industries put together is, you know, 3% or less than that.

Abhijit Roy: So it it does not really impact us significantly.

Sheela Rathi: So 97%.

Abhijit Roy: Hello! This particular year. Was not that great? Is it fair to say?

Abhijit Roy: Pardon me.

Sheela Rathi: Hello so fair to say that 97% part of the b 2 b business was doing okay. Just that there was a general.

Abhijit Roy: So of the b 2 b business of the b 2 b business. This may be, you know, slightly higher, because the b 2 b business itself in our case, if you look at it for decorative is about 80%. And the b 2 b business is 20% right? I am talking of the total 100% business. This 2 are about 3%.

Sheela Rathi: Okay.

Sheela Rathi: Understood. Understood.

Abhijit Roy: Yeah. Oh.

Sheela Rathi: And the other part of the business. You expect to come back in F 26.

Abhijit Roy: It's a zoom call.

Sheela Rathi: The quotings in general.

Abhijit Roy: So so the protective coatings business is likely to continue to do well. Automotive, which is again another b 2 b business is likely to continue to do well has done well in the 4th quarter is likely to do well. Going forward as well from the b 2 b. Space. These 2 will do well. I hope that you know. These other 2 also turn around, and, you know, start doing well.

Sheela Rathi: Thank you. Very much. Understood.

Bhavik Shanklesha: The next question is from the line of Kartik Chalapa Karthik, please highlight your organization. Name and go ahead.

Karthik Chellappa-Indus Capital: Yeah, thank you again for the opportunity, sir. This is Karthik from Indes. What I wanted to know is a clarification to the comment that you made earlier, that in your assessment the industry growth is probably slightly negative to maybe flat or so in your assessment or your intelligence. Are there any pockets which have started growing in the high single digit, low double digit range.

Karthik Chellappa-Indus Capital: and this weak growth is probably concentrated in some pockets. Or do you think this weak growth is basically across geographies.

Abhijit Roy: It's more or less across geographies, you know. If you look at it, you know, it's not

Abhijit Roy: specific areas or specific, you know, urban or rural, or whatever it's it's spread out across geographies.

Abhijit Roy: In some of the markets it is slightly better in some other markets, it might be, you know

Abhijit Roy: slightly worse off but no major tangible difference, you know, between 8 geographies, or between urban and rural.

Karthik Chellappa-Indus Capital: Okay, got it. And just one last question from my side, sir, I mean a question that has been asked in the past of you as as well, which is like, you know, the overall category growth itself being so weak, and possibly even below Gdp multiple

Karthik Chellappa-Indus Capital: in the past, we used to contend that it was because of the price cuts that the players have actually been taken. Now we are close to those price cuts being anneverizing. Which means that your value and volume growth will probably start to converge.

Karthik Chellappa-Indus Capital: But even if that were to happen, a 7% volume growth is probably closer to a real Gdp growth multiple. Whereas in the past we have seen that it's almost 1.5 to 2 times. What do you think needs to happen for us to see that very strong Gdp multiplier in volume growth that we saw in the past.

Abhijit Roy: Well, Karthik, you know it's like this that there is a general slowdown in the consumption economy. You know. It's not only true for paint industry per se. It is true for all Fmcg companies you would have seen many Fmcg. Industries reporting figures, and they are not, you know, something to cheer about. You know it has been much lower than you know, even the paint industry. At least we are

Abhijit Roy: above Gdp. In our case, at least, you know it is above Gdp. So it's, you know, 7 and a half to 8%. You know, when a Gdp growth is about 6 6.2 is fairly okay. You know, it's about 1.2 times. You know that of the Gdp. You know, if you look at the entire consumption space, probably most of the companies would have grown at, you know, 2, 3, 4%, the stable ones at least, you know, and not the newcomers.

Abhijit Roy: So this is how it is. You know there is a slowdown once, you know, we expect that, you know there will be some improvement with the disposable income going up after the tax, you know, inputs come in. We hope that you know, the consumption demand starts looking upwards. If and when that happens, you know, obviously we will go back to our double digit volume growth.

Karthik Chellappa-Indus Capital: Got it. Excellent. Thank you, sir. Thank you very much for these responses, and wish you and the team all the very best.

Abhijit Roy: Thank you.

Bhavik Shanklesha: Okay? So as there are no further questions, we considered that as the last question for the day.

Bhavik Shanklesha: hand over the call to management for closing remarks.

Abhijit Roy: Thank you, Nitin, thank you, all of you, for coming here. And listening to this wonderful presentation from our side.

Abhijit Roy: and have a good time, you know, going forward. Thank you.

Bhavik Shanklesha: Thank you on behalf of Emkay. Global financial services that concludes this conference. Thank you for joining.

Abhijit Roy: Thank you, Nitin. We'll catch up.

Nitin Gupta: Thank you, sir.