

16th May, 2023

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**Sub.: Q4 & FY 2022-23 Financial Results Investors Meet – Transcript**

- Ref.: 1. Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**  
**2. Scrip Codes : BSE - 500165, NSE - KANSAINER**

Dear Sirs,

This is further to the intimations by the Company on 5th May, 2023, 8th May, 2023 and 9th May, 2023 with respect to the Investors Meet hosted by the Management of our Company on Tuesday, 9th May, 2023 to discuss Q4 & FY 2022-23 Financial Results of the Company. The intimation of uploading of the audio recording together with the link on the Company's website had been forwarded to the Stock Exchanges on 9th May, 2023.

We are now enclosing herewith the transcript of the Investors Meet for your information and reference.

For **KANSAI NEROLAC PAINTS LIMITED**

**G. T. GOVINDARAJAN**  
**COMPANY SECRETARY**

Good afternoon to all.

Let me welcome you all to Kansai Nerolac Investor meet for Q4 and FY 23 results.

Our new Managing Director, Mr. Anuj Jain, who took over the office from first of April 2022, has been consistently telling me we should have this meet, and as per his direction, we are having this meet today, and it will be our endeavour to have this every year.

So today, let me welcome Mr. Anuj Jain, who is here to come on stage. Mr.

Anuj Jain is with the company for the last 34 years, and he has handled various portfolios, Sales and marketing both decorative and Industrial, R&D, manufacturing etc

I also like to welcome Mr. Jason Gonsalves who is a Director - Materials and supply chain and IT. We also have our entire management committee here which you can interact with them during the course.

And now I request Mr. Anuj Jain to take the stage.

Good evening, friends. Namashkar! Welcome, all of you!

Really a great pleasure I think when I took over last year he said April, so it was not this April but April last year. When I took over I also had a chat with some of you, and you only advised that it will be a good practice if we do this kind of meet physically once in a year. So this is the first time we are attempting that, and as Prashant said, we will try to do it every year. So welcome all of you, and thanks for your continuous support, which we keep getting from all of you thanks for that. We have our entire management committee team. You know Prashant very well as CFO, he has been a part of all this. Mr. Jason Gonsalves is heading the supply chain, corporate planning, procurement and IT

We also have here Abhijit Nattoo, he is a manufacturing head, He had experience in Asian Paint, and then he's with us for the last 12/14 years. He understands the best practices of the manufacturing.

So Rohit Malkani is the Head of Sales and marketing, of decorative. He joined the company 2 years back he has worked with Croppmton but for very long time worked for Asian Paint.

Ram is the Sales Head. He has very good, excellent relations with the dealers in the market for many, many years he has worked in many geographies and now he's in the and he's heading the sales.

We have Govindrajan, who is our company secretary, the legal expert who ensures 100% compliances.

We have Kotera-san, Kotera-san recently got posted in India.

He's also a part of marketing.

so he's a representative of Kansai Paint Japan, in India.

Sudhir Rane a variety of experience. He handled decorative, handled industrial, and currently he's the head of Hr. He is also handling all our subsidiaries, which are international subsidiaries and local subsidiaries.

We have Laxman Nikam, a very, very solid hand in terms of technology and his expertise is there in the automotive general industrials and in the decorative also, so one of the very rare person who has this kind of technological experience so he is working with us for many, many years. We have Yokota San, who is the head of technical and quality control, so Yokota-san also is there in India for a few years now, 4 years. He's also representative of Kansai in Japan.

And they provide us the technology and they help to keep focus on quality.

We have Amrit Rekhi, He's heading sales and marketing of industrial which covers automotive general industrial auto refinishes.

We thought that when we talked to you quarterly basis, t we are not able to showcase the entire team to you. since we are doing it physically, I thought it is the right opportunity to showcase the entire team.

So this is the team which is keeping this company resilient and you know they are the people who are bringing lot of innovation in the company and taking the company forward.

I'll just take you through the presentation today, and we will try to share some of the things so this is the agenda, and not that I am going to go through every slide because this presentation is uploaded.

But may be some of the slide where I want to talk about.

So this slide is on the business environment.

But I am not going to talk much on that. I think you are aware of the challenges which are going on in the country in the world, or maybe in the industry what I want to share with you is a nerolac story. I think that would be something interesting for you to know so if you see our purpose has been to create environment for a healthy and beautiful future. So we want to see that you know today we are conscious that we are inclusive organization. And when we are working we must ensure that the product, the environment, the quality, what we are creating it should be good for our future generations.

That was one of the reasons that in the past we were the first company to introduce healthy home paints, low voc, zero voc, LED free our vision is we design solution that protect inspire and touch lives.

Every day, so basically, we provide beauty and protection to the surfaces.

Okay, maybe we are known as Decorative Industrial Company.

But we provide beauty and protection to the all kinds of surfaces.

So if you see this picture now, this is very close to our heart.

So inside or outside any kind of surface. If you see we have a product available for that.

So generally, we believe that every second our third house has something there which is painted in Nerolac because it could be refrigerator. It could be, Oven!

It could be microwave. It could be a fan, it could be, you know, air conditioner. or hairpin.

We supply coatings for that, then 2 wheeler, 3 Wheeler tractors, the bridges, the metro, so many things, and obviously the interior walls and exterior wall.

So that is what we take a pride that each and every surface, and that is what our motto is that any surface which is emerging surface we should have a coating.

So today may be in terms of our share or size we are number 3 in decorative, but in mind share we are number 2 and we are Number 2 brand. We are known for our innovation. So if you look at Japanese technology, which is what we stand for high quality. You our jingle, an asset

what we have created over period of years and people, even the new generation know that jingle very well.

Some of the products which I am going to talk in the subsequent slides.

Also what we have introduced are, you know, different kind of products.

So it is there in our DNA, that we keep innovating.

And this, is what we have created in last 100 years. And obviously, that's our legacy. What we have built that 103 years. You know the brand.

Because in today's time, I think there are less number of companies are able to survive for 100 years.

So I think if we are able to come to this state, the adaptability is something which is there in ours.

So that's something. What we created in a 100 years.

What I want to talk today is about this slide. And this is what I think.

If you have been attending the quarterly concall, I have been talking about it that what we have been working on for the last one year,

Because when we talk about the market is changing, the competition is changing.

All these things happening, what we are going to do to see that we are on the path of success.

So this is, in short, like Paint plus, that's a new positioning, we said, because paint is supposed to be about colors.

Okay. But today, if you see, we are known for technology in the industry also.

And technology is playing a bigger role.

Technology is something which is given you, something which you have not thought about.

It is not all about color. It is about functionality and sustainability. We started with beauty gold washable, then we have Mica marble stretch and sheen. There are 2 parts of paint plus. One is a unique product. The second is that it offers a feature which is available at a higher price in the market, but you make it available at a lower price, so that you are able to increase the volume of that product.

Recently we introduced Excel Everlast 12 years warranty, which is like a self-cleaning paint.

So with every rain, when rain comes, thin layer of the paint comes off, and your building looks new.

We introduced a product in waterproofing.

No damp which brings down the temperature of the surface by 14 degrees centigrade.

We have introduced Kashmir impression.

There is no smell. It's a very pure product. So if there are children at home, the old age people at home, they may have some kind of allergy with the paint.

So impression Kashmir, it's a pure product, and no smell product.

This is something we have introduced. So we have decided the range of product in this year, and the entire range we have executed in this year.

So we wanted to place the product, at a different price points and at different value proposition.

Second part is painting services, we introduced the services in the year 2000, but maybe the market was not catching up.

But Post Covid you know we are seeing the change, the behaviour of the consumer.

Today we feel the time is apt and right to get into the services.

So we started the services in the first quarter. We started this initiative, and it took time because you have to build a lot of infrastructure.

Actually, our team is in place the team in around more than 400-450 cities.

But digitally, you know we started with 50, 60, 70, and now we have almost crossed 100 cities for the services and the proposition is painting in 5 days.

5 days painting is a proposition which is very very unique.

Dust free painting, which is very, very unique, and what we have done during the year is that we have created a setup of lead generation and the lead conversion, the call center setup.

And then how do we complete this? You know, taking the lead and converting to a business when we started our conversion date, because this is all digital system, and it works on the conversion basis when we started the

conversion rate of 1%, 2%, slowly we are reaching around 7-8% going closer to 10%, which is supposed to be a benchmark in the lead generation model.

The call center, customer turnaround time. When we started it was some hours now it is about 10 min then, attending the customer.

Time has not come down in 3 days time. So we implemented this system, and now it is taking a shape and digitally now we have started painting 500 homes every month.

So on the yearly basis of 6,000 homes are painted, we are painting 500 homes per day, and in totality, as I said, this is online.

And digital. But if I include the offline also, then about 20,000 homes, we have painted.

This has picked up the pace in last 3, 4 months.

And then we said that now we are going to scale it up.

So this is one area which you are ready with then depending, because our industry is way divided, almost 40 -50% people go with the recommendation of the painters or influencers.

So we have set up a team which is a promotional team who deals with the painters.

And basically, the idea is that the painter has a potential from there.

How do we get share of wallet? How do we increase our share of wallet?

So in terms of training, incentivization, the discussion about the product, helping them, the discussion about the product helping them, going to the sites so that consumer confidence goes up.

So that is another activity. What we have created, and so far, when we exited the year, one hundred thousand painters have started participating where we are able to and some of the painters which got dropped when we are losing some share in the past, we were able to get them back so this

has now picked up some traction. The contractor, which is basically related to a project business because there are verticalization happening in the earlier.

It used to be the phenomenon. Metro cities than it has gone into the other A class city, and now it is spreading. So we were there in 35 cities, and We will, you know we will go to 70-75 cities over a period of time.

We have already crossed 55 to be specific.

Now we have placed our team and trained them and created a standard operating process in the system, because this was on how many sites are there in the pipeline?

And then what is the conversion rate? And we are gaining maturity in this contractor business.

The next thing is about architect and interior designer.

So earlier. Traditionally, the influence of the architect, interior designer used to be 5%-6% in the country.

But today there are towns, and we have identified around 27 towns where the influence of the architect and interior decorator is about 20%, and that is quite high. Architect and interior decorators are like doctors.

You know, like in the medical field. Once you prescribe, then you know, people use that shade or use that paint.

Again a team is set up to have a digital interface with the architects and we have started registering the architects. we have started providing them the support, and we have started generating some business because it was a different business model.

But we had given it a shape, and now we have started generating business.

These are some of the initiatives What we have taken during the year.

So this is some of the work which we have done, and why we are talking about this work today, because we have started getting the traction.

And therefore, we are going to expand it. Further, this slide I already spoke about you can see some of the examples here, same, the product and project.

But you can refer to this slide later. These are the number of product, the paint plus product which I spoke, that what we launched if you see the packaging, you know that here it is very clear that when the customer goes to the market, what is the journey he goes through.

So he talked about the brand or not. A brand and I want to understand that whether I want this sheen finish or the matt finish. Thereafter, what is the single parameter where the product is different.

So the packaging is designed in a manner that if the consumer look at the packaging is able to understand, what is that unique difference in the product on the side.

If he goes on the packaging, he's also able to identify the other.

The benefits is to talk about these through the digital medium on the website.

We are placing the difference that you know this, how this product is different, and if somebody wants to, because in the paint industry, the problem, the pain point of the customer if he doesn't understand than how this paint is different from the other paint, so we are working to ensure that he is able to

understand that how this product is different from this, and if I am paying a price, why am I paying a price?

So that is how we have created this packaging and these are some of the things which are related to.

If you remember, we spoke about India distribution. So we started a concept of shoppy.

So this is the actual picture of the shoppy we have already crossed.

There are 2 kind of models so overall it is about we have crossed 100, the response is good and I think going forward will increase the numbers of the shoppies.

These are some campaign, so you know that in this year we have increased our marketing expenditure, and we are doing a lot of work on expanding the communication.

So these are some of the communication which we have done, than in the product related which I spoke about.

Paint plus. So these are the some of the campaign and some of the new film which we have executed very recently.

I am not sure whether you would have seen it. We would like to showcase some of the new films here.

This is for Nerolac impression, Kashmir.

This Japanese technology paint plus.

This is the second, third, is the beauty gold washable.

This is an excel available, the self-cleaning paint, with 12 years of warranty.

So if you see these are multiple ads. And what I said, the paint plus what is started, you can see paint plus in all this communication, the Japanese technology can see in all this communication there's a Japanese expert who is there in all these advertisements.

And jingle which is part of all this communication so what we have created over a period of 100 years time and jingle is a part of communication, so that even

if we have the multicomunication, people are able to connect it with one.

Single outcome which is paint plus Japanese technology from Nerolac.

And you can see our aggression in terms of the multiple communication multiple ads which we are coming up.

So this is related to communication new businesses which we were the late entrant.

We started, but now we completed the range in construction chemical, the range.

What we wanted to complete, not that we want to get into everything the wood finishes premium, and you know the adhesive where we have a subsidiary.

And today, you know our contribution is almost touching 7 to 8%.

Now, we have picked up this business is growing at the good rate.

Our first objective was that whatever distribution we have, who has started taking the waterproofing from the other companies, we should be able to get back. we are now making some progress in this. Shifting to industrial side, you know, we are number one in terms of automotive.

You know position we are holding, and this is our pride.

So actually, if you see whether it is 4 wheeler, 2 wheelers, commercial vehicles.

And this is basically we are into this market with the technology.

But I think now the kind of technology is what we are launching, is in the area of a energy efficiency.

Whether we can have the product which has to be baked at the lower temperature in less than number of minutes, and therefore the lot of energy saving at the customer and the productivity goes up.

So we are making a good strides there.

The new segment sealer under body sealants.

We have now installed the capacity, and the supplies are starting.

We also have support from Helios subsidiary of Ksnsai Paint which is in Europe. This again we have got the approvals, and we are starting the supplies, and it is not mentioned in this slide.

I spoke about the pre treatment chemicals and booth chemicals.

So because you know, when the car gets painted in the automotive factory or goes to the body shop where there is a booth and which require booth chemicals.

So these areas also that we have entered. So this is basically just a step towards how do we increase the market size in this category

You know, people used to feel that in this business it's difficult to charge price and the technology is the answer which we have started deploying in 2 wheeler and commercial vehicle.

We have gained market share. We are working on the technology like our Prime Minister launched ethanol blended fuel.

The ethanol used to be 5%.

If your petrol is mixed with ethanol 20% or ethanol 30%, product may not work. so technology alignment is required to see that the product will work in this condition.

This is the refinish market, where again we are late entrant.

Our market share a single digit, but our market share is continuously increasing in the last 2 -3 years, and our confidence has not gone up that will be able to increase the market share in auto-refinish and auto-refinish relatively is better in

profitability so the more market share we can increase our profitability.

Performance coating now is a big area. There's a lot of investment happening from the government side also.

And this industry the size is becoming larger than the automotive market.

We have started expanding this area also.

And here, in fact, I spoke in my earlier meetings also, we had a problem related to the margins where we looked at how do we increase the margins in this category?

And therefore, exited the business, which was low margin business which was around 10% of the business.

And in this quarter that part would be complete, and our complete focus would be on the premium category product, which are high tech product.

And that is what we are considering, concentrating on all the premium products like trans-harbor link project, the bullet train project etc. What we are looking at, is premium business, and it's a reasonably profitable business.

So this is one area which we are making our strength, lot of technology is required.

And fortunately, we have this support developed from Japan and the subsidiaries like in Europe and Turkey.

So with all this knowledge, wisdom you are using to make our impact in this line.

You need a lot of approvals. So we have set up a team basically to take the approval because once you get the approval, then taking the business becomes easy in this year. We have made a good progress in getting the approval, and

now the business will start coming in.

Shifting to the manufacturing.

This is our capacity 6 hundred 6 million liter. And digitalization which we is piloted in one of the factory, basically to see that there is consistency in the quality, the cost goes down the cycle time goes down.

And we are getting a good return out of that, and which we are planning to take it forward.

Further, there is a backward integration, that which you use to buy from outside. But then we started making.

We have been making it, but now we expanded the capacity so that the cost part, you know, we are able to take care of.

In supply chain the focus in terms of increasing the services. How do we provide so in fact, we have taken a lot of initiatives where we are increasing the service at the local level at the upcountry level.

In some of the cases if we were supplying in 24 hours, we are bringing down the time to 10 to 12 hour of time.

What we have done in select cities we have introduced this premium services for the premium product, which is a Paint plus product can be supplied to a dealer in 1 hour time.

Human capital, which is very close to my heart.

And when I started, the first part what we looked at is people first.

That is what I believe in, that the future is dependent on the people, and we have to ensure the people who are working with us.

And today's competitive situation is very, very different people are in any field.

People are working hard so when they are working hard, and external challenges are so high, internally we have to create some life, and we have created a life at Nerolac, so people are working and feel happy about it.

These are the areas like health and well-being, security in lifestyle, learning, development, awards, and recognition.

We started in learning and development, we initiated called Taj, which is tap abhiyas Jab, which is basically says we have a mission and vision.

We have curated courses which are like, how do we bring the leadership capital in the people and that program we have started. We know that we were finally able to launch RSU schemes for our selected employees so basically to see that they continue to work with the company, and they contribute to the company.

So a lot of things we did in this area. There are points which are mentioned here.

we have created an auto system in terms of performance. If you perform, you get the promotion.

So if you see in the next slide, there's a lot of digital initiatives so virtually that whether it is our sales force, whether it is our painters with the demand generation, the dealers, the territory marketing officers everything we are trying to digitalize.

It has already reached to 35 to 40%.

The moment we are able to cross 50- 60%, then we know that whatever we are selling we are able to convert to the secondary sale.

Therefore, know how your primary sale can go up so we are working in this area continuously.

How do we take care of the consumer experience? And there are a lot of nudges which we are going to bring in as a differentiation as a part of this digital strategy.

This is related to our safety, we go through the global safety quality and we, our scores are in the high range.

These are some of the awards which we have won. One of the award we are got is dream companies to know work for.

And then there are quality awards and digital in the manufacturing.

ESG.

So we are working in the area of emission, energy, climate, water. In the water we are already neutral. Now we are heading towards the water positive.

we have committed for science-based target.

TCFD is something which we are adopting there are very less number of companies in India who are doing this, and we got some of the awards from them.

S&P, FTSE and CRISIL, where we have been rated in our industry we have been rated at a top level, but even in the if you compare with the other companies, we are in the higher quartile.

This is CSR initiatives

And we have a social purpose. So we have and our CSR money getting spent in terms of education, water conservation. These are some of the area we are spending.

CSR these are some of the pictures

shifting to the financial performance.

So you must have seen the result. So this is our growth, this quarter.

All the businesses have done well, all the businesses are double digit growth, and decorative.

The volume growth is also double digit, and obviously a beta.

This numbers you must have seen. This is on the consolidated basis.

Result. You must have seen that the working capital also we have reduced our inventory, so then they know that they are working capital, which was around 30% of the revenue.

It has come down to 26%. So here also we have made a good progress in this year.

Dividend we declared, to 270%. Last year it was 225. We are in the range of that one third, around 30 to 32% is something which we have been following, and also this year we have declared bonus shares in the ratio of 1:2, you know, 2010 was the last year when we declared the bonus. we wanted to declare in the centenary year, but there was Covid. So this year we thought we should consider bonus, obviously this is subject to the shareholders approval.

Subsidiary in Nepal is going through some tough time, but fortunately we have been doing good for so many years but currently the time is not so good for this.

In Bangladesh we got the positive EBITA for the year.

It was negative earlier, and there are strategies basically to change to profitable growth.

And it has made progress.

Sri Lanka, despite what has happened.

We had grown at rate of 83%.

In Sri Lanka we have increase our market share. We adopted some different strategies.

It worked for us. Sri Lanka is becoming good.

Nerofix we acquired 40% of the equity, and it has become a wholly owned subsidiary of Nerolac now.

Coming back to the Nerolac story I discussed with a lot of you but what we believe, and that's the reason what I was talking about that is beauty and protection.

So we are, you know, reorienting our thinking. It is no more, decorative or industrial.

What we say is that we are providing beauty and protection, and we have surfaces such as home interiors, exterior mobility, appliances, infrastructure.

So tomorrow there could be a new surfaces, but for all the surfaces, whether we have some kind of solution available.

So today, if you look at, it is a common topic we discussed about the competition in one of the surfaces.

The competition is emerging, but the diversification, what we have, and you know that is something which is our strength.

You know that there are different surfaces, and how we are looking at it in some of the areas where we looked at our challenges somewhere it was profits some where it was sale, how we are trying to come up with that so this is I think this strength what we have that we are very diversified company. You know that because some of the businesses of the surfaces were the based on our technology strength and the service strength, I think they give us a very stable revenue stream which is predictable, so even if there is a risk in terms of the competition, one side, you have your strategy in terms of seeing that, because in this time of competition we are just trying to enhance our ability to respond to the competition, because that is a best way company can do, and that is what I was trying to showcase to you that what we are doing but I think the stable revenue stream which is predictable, and they are the segments we have chosen, and what we are working upon is this strength that we bring to you these are the microsteps in that direction.

What we have done in last one year. These are small, small steps we have taken because we are looking for the sustainable growth, and we feel that we have an answer, capability and ability.

And therefore we are better prepared for the future and tomorrow. Thank you so much.

So now we invite the questions.

Yes, Hi, sir, this is Mihir from Numora.

Thank you for taking my question so, firstly, on congrats on the paint plus range of products. If I can just ask the paint plus range. You've kind of filled the portfolio gaps and spaces that were present. So it has all the spaces in your mind that you wanted to be present in, filled with the paint plus range? So that's point one and a few sub questions. If you can share what is the saliency of paint plus products in our entire sales?

Anuj Jain

We decided the list of the product which we wanted to introduce in 22 - 23, that lists is 100% executed.

There are some more in pipeline, and that will come in future.

Fortunately there is a change in the market. They are also looking at more and more new products. So we will keep expanding because this is like that.

We keep spotting in terms of the price point, or the benefit.

And so we keep scanning worldwide what kind of technologies are available, and therefore keep coming with the ideas.

But for 22, to 23 whatever we have decided, we have executed. In terms of sale it is good. I will not be able to share the number, but the numbers are continuously moving up, reaching closer to the double digit.

Once know that we get start getting the contribution from paint plus product.

You are building the loyalty with the kind of product which are little different.

I have not mentioned, but we also introduce next generation range of whites.

These are better whites. It doesn't turn yellow, otherwise the white become yellow, and these are, basically given as a distribution strategy also to next generation's, some of the distribution counters what we have created. So it is helping us, and I think it is gradually making an improvement.

Thank you, a follow-up to the question, sir, is now you had put in a lot of new initiatives in the influencer program you had earlier spoken about a new go-to market strategy where you will showcase you added a different distribution system to push these paints.

Products, anything that you can talk about on the distribution front, how we have scaled that up because we have seen the market leader behaving like, you know, a challenger and growing distribution.

You know, across the board, basically. So how does that kind of tie up with the product?

Anuj Jain

New product launches and the new strategies that you had spoken about.

So distribution is incidental you know, because the product is the starting point, whether we have the good product breakthrough product.

So that was a starting point paint plus.

Second is that if we have the product, can I demonstrate to the market that the product can be converted to a sale?

So that's why the influencer management, once we have completed that, the distribution is incidental.

In last 2, 3 years. Our run rate for distribution opening has been the range of 8 to 10%.

But we believe now the stage has come. We can scale it up when you compare the number with the competition.

What they talk about is the combination of direct and indirect distribution.

We generally don't talk about indirect distribution, though we have also created a distributor network.

And we have started tracking the opening of that, but generally we do not talk about the indirect network.

So our run rate has been 8%. But with the establishment of the paint plus and the influences, strategy, we believe we will be able to scale it up.

Question

So I wanted to move to margins. You know about 3 to 4 quarters of back.

The difference in industrial margins and deco margins was somewhere close to about 750 basis points with historically, what we had understood was on an EBITA level.

It was kind of similar range. Has there been a improvement, knowing that you've taken substantial price increases, and bridged that gap?

So is the gap completely Bridged,

Will that gap get bridged at all, or whether gaps still remain,

Anuj Jain

If you remember that when we started the year the margins were bottomed in industrial, very low margin.

I think we have been talking about it, that our target is to see that.

How do we reach to a double digit? So I think we are entering that zone in terms bridging the gap.



Yes, the gap is bridged, but the balance gap.

Probably new competition will bridge, so you know, it may happen that way, but I think from our point of view, what we looked at is that make some investment in decorative because decorative.

We wanted to catch up with our growth plan, and in the industrial we wanted to improve the profitability which I think we have done successfully.

One reason is the price increase from 100% of the customers.

We have been able to take the price increase. If there was a discussion that you cannot take the price increase, we can take the price increase. There is a time lag, it happens, but we can take the price increase.

There are a lot of other initiatives in terms of technology and differentiated products and the service which we are able to build as a competitive advantage give us reasonable confidence of sustainability, because any industry, I think what is important for all of you to know is that whether the margin is sustainable, because we have seen up and down but I would say, as of now, obviously the decorative margins would always be higher.

But I think it is in our mind. I think we have reached to that area which is in the acceptable range and sustainability is more important.

Question

follow up on that is, the industrial price increases.

Have we completely done with the price hikes in the initial auto, non-auto industrial segment, there is still more price increases than we can expect which will still support some margin improvement.

Anuj Jain

No, we have completed the price.

The smaller things could happen. But we are completely done thank you.

Question- Abneesh here.

My first question is on advertising and marketing.

When I see in terms of brand equity, you claim to be number 2.

So if you could elaborate that, because in terms of advertising budget, even the company which came with an IPO few years back, they claim that their advertising budget in Deco is now bigger than you.

So if you could elaborate in advertising budget or also, are you now number 2, which tallies with your brand equity second is in your advertisements.

You are using that interesting line of Japanese technology. You also mentioned that beauty and protection both are important.

So in the home decor hasn't customer now moved more towards beauty and home decor.

So does Japanese technology kind of tagline help here, because market leader also has these specific products which you mentioned some of those would be unique.

So does that help in the home deco business, or it is too early to call that out.

Anuj Jain

So first question, when you talk about the advertising, see brand equity and Advertising.

These are 2 different subjects, brand equity is what you build over a period of time.

So how you take that is a top of mind awareness, the total, you know, the awareness course, or the brand Equity index, which you do a research to say, companies like Nilson or marg.

So it is basically if the decision is left to consumer to buy which brand is going to buy, because in between, then there is a distribution influencer who can change its choice.

So in terms of the recall, we have the second highest recall brand.

Just to give you an example. You know new companies can come in.

They can advertise

The company does not exist, but you know the brand still exists.

Okay, so it is like that. If you see, Sony, the distribution could be very weak.

But as a brand the recall is very high, so that way, I'm saying the brand recall is very high, and even in the winter years, if we reduce our marketing budget it all has not gone down.

So that is a strength. What the brand has built. Now, when we update advertising, the only difference is maybe with ₹100, we will be able to build it further.

Somebody else has to do it. He has to spend 200 300 ₹400 to build that kind of thing, advertising budget obviously the new companies will have to spend higher.

But you start spending the results start coming in 2 years.

3 years time. It doesn't. The leader doesn't move immediately.

Question

That was the first question for the second question was essentially in terms of the Japanese technology.

Anuj Jain

Yeah, so it's like a paint is a right where people don't understand the differentiation. The first is whether you know that what is the conviction?

What is that thing which you want to tell them? That? Yes, because of this particular reason, because they want to know, people are ready to experiment today but they do not know which product is better?

So when you are able to word Japanese technology, I think that gives the first confidence that as a product is good, What you are saying is fine,

but the concept of today's customer is change.

Beauty is not what it looks, beauty what it does, you know, even the general personality people want to see that you know how the quality of this person, and I think that thinking is changing.

The only thing is, if people have to talk about it because the paint has a role to perform in terms of the expertise which people have not been talking about,

So they also provide beauty, but I think the distinction can be created to this functional expertise, and our research says that 40 to 50% of the people definitely are ready to look at that, how product is different.

The only thing is the demonstration is not possible. Therefore it is not like, you know, that you are comparing this TV versus this TV.

So how do you demonstrate? And that is why some of this what we are saying and bringing the tech on ground that how do you demonstrate that this product is better than that product is the attempt in that particular direction?

Obviously the progress will happen gradually, but I am sure that the market is ready for that.

Question -Abneesh

My second and last question is on the tile adhesive.

so, wanted to understand what is the confidence level here?

Because Pidilite is very strong in overall adhesive, although they are also number 2 in tile Adhesive.

So here, Pidilite has got a specific brand while you are doing it through the mother brand, how does it help?

Or is it a problem? Second is now Pidilite is also entering the interior, deco paints, and they have a much wider distribution in paint shops than you and the number 2 player also so do you see that as a big long-term concern we are long-term concern than someone like Grasm.

So in terms of this when we started, obviously, we just started without knowing that how much success we'll get from the last year to this year, if our confidence was, 30% 40% last year, it is 60 70% now, it is still not 100%.

But we have made progress. What we have introduced is what our distribution can sell.

So, therefore, the mother Brand Nerolac will work.

The first is that we have a distribution because our strength area is that we have a distribution because our strength area is our dealers.

Our distribution what they can sell. There is a range. What we have introduced, and I think from 30 to 70% confidence level.

We have reached, and I think sooner we should be reaching to a further increase in the confidence level. And then the right time would come to get into this expertise area so it's like that they have the distribution.

But the distribution doesn't mean that all the people are keeping paint people who are not keeping paint, whether they can sell paint difficult to say, because you have to bring the footfalls.

You have to generate the influencer demand. It is not so easy.

You have to spend a lot of money. People who are already selling paint.

Why should they replace existing with the other paint?

It is difficult, because today the number of shades which are being provided in the industry are quite large, so multiple products, multiple bases are quite large. So multiple products, multiple bases.

So unless you know that the people who are not dissatisfied with the existing , there is the opportunity, or you know maybe you spend Big money in terms of pulling them.

Otherwise it's not that easy that you know people will shift

Question

sir, thanks for this presentation, about industrial margins being in a way comfortable range. Would you give us a sense? How are they versus pre-covid levels? Pre-pandemic levels or normalized levels. Just to get some sense on.

Anuj Jain

Is it still down from that level yes, See highest margins in the Industrial, I think, pre covid, we must have seen more than 15% of EBITA level, not sustainable, because may be for some period you must have seen that so I think double digit, margins. Sustainable margins. I think that is what we are talking about, and with what kind of efforts and the strategy are reached to that margin, sustainable margins I think that is what we are talking about, and with what kind of efforts and the strategy are reached to that margin sustainable margin. So I think the double digit market is a sustainable market. Maybe in between some years could happen where the industry growth is very high, or maybe we get a better margin. But there is a sustainability. I think that would be better. Consider more on the volume and maintain double with margins. So how far are we below that journey is what, as close as you are.

Question

Okay, sir. And since you know, just on the sense of the digital investments, now, clearly, we are doing a lot of work over there. Could you help us understand? How does this compare contrast versus industry? Benchmark levels. Are we, you know, is this a catch-up exercise?

Anuj Jain

The way we are doing in new products is this something that will be completely different from what is already existing in the competition? Some sense in that it's a mix of both. For example, like I spoke about Project Market, we are expecting we are going to the Newer market. It is a catch-up game, But there are many products which are unique. There are many products where we are democratizing. So now you are able to bring the similar property at a lower price point, where you can generate. I think there is a sufficient amount of uniqueness in terms of a special feature or democratization, and there is also a catch-up game. There are certain market where we are weak now it is a chicken and egg story in the weaker market. You put the team first and then get something, or you wait for the productivity. It is a mix of both. What about the influencer marketing? The app based. Those are already existing in the market so there are a lot of uniqueness because we started, you know, dispersing the painter incentive in 2 min. No, so we were less than a minute, so we were the first company to do it now. earlier we used to take 30 days. We are directly connected with the painters, now 100,000 painters are directly connected, so there is certain uniqueness. Our attempt in the influencer marketing. Also that you know what nudges we create which are differentiated. And obviously you can understand that all of these things we cannot talk about. But yes, there is

Question

lastly, sir, I mean I can sense increasing confidence in the initiatives that you have launched. Would you be able to give us some idea of historically?

We have if I were to get 3 years, 4 years back we were leading the industry by a wide margin, terms of growth and decorative.

We probably, you know, from there on there has been a change in pace, but in your estimate by, when do you think we can probably go closer to that path?

Anuj Jain

So, as you said yesterday, years ago, that we were going well, then, between there was a period we committed some mistake.

We learned from it. We moved on, and I think last year also, I think this point you discussed.

Also we said that to any company, any new CEO. You have to give some what we did, 5 to 6 quarters.

So I think 4 quarters are over, so I think we are very close to that stage.

That is what we feel. I think. Quarter on quarter we made the progress.

Fourth quarter, we feel that we are quite close. The results are still not out, but we feel that.

So I think we are making a gradual progress, and every quarter we are seeing the progress.

So that gives us the confidence that the work we are doing is going in the right direction, and our ability to respond to the competition.

Question

Hi! Thank you. It's Jay from Kotek just follow up on Avi's question on margin.

So if I interpret it correctly, you are indicating that you are very close to double digit a bit damaging for industrial business that implies that your decorative margins are barely about 10-11% at this point of time for Q4 results.

And if I understand correctly, decorative margins were about 18-19% pre-pandemic peaks.

Anuj Jain

So when I look at KNPL Q4 performance, there is perhaps a gap of 800 basis point in a EBITA margin for decorative business, whereas others are yet to report but our expectation is that the gap is narrowed for others to 300,400 basis points.

Question

So is this investment, or is that something has changed structurally? And what do you think is the sustainable EBITA margin for decorative business based on the visibility you have today

Anuj Jain

difficult to give the number straight away.

But I can only tell you that when you say 18-19% that time the industry has seen 24% margins also, right?

So between the leader company and the challenger brand there would be a difference of 400-500 basis point.

So we can look at. You know the margins, what that the leader is operating at, which is about 19%.

So 400-500 basis point. If you calculate that is a sustainable margin, because that much of money definitely as a challenger brand, we are required to invest into building our efficiencies and in marketing advertising and we'll definitely not shy away in doing that I think that would be the sustainable and when you talk about this quarter, I think we are saying that we are entering that zone right so, and therefore we are reaching to that particular area.

Question

That's helpful. Thank you. Second is, could you sort of give a overview of you know what's the outlook for different segments of industrial in terms of and I can understand the environment is quite challenging.

And volatile, but over a 2, 3 year period. How do you expect each of the segments that you operate within industrial to grow from a revenue perspective more normalized growth rate?

And second question, that is, when we talk to a couple of your listed peers.

All of them claim that you know they are gaining share in auto coatings, and you know, in all the 3 segments you've also indicated that on the slide, so who is losing market share?

And how easy or difficult it is for each company to compute the market share trends in this segment in the industrial.

Anuj Jain

If you see auto sector, there is obviously cyclic, but the long-term prospect is very good the kind of capacities with the customers are creating the penetration of car in India. See, it is very, very low, even if you compare with China or US, there is a big difference.

So with long term prospect. So there is a cyclic nature, but the long term prospect of auto is very, very good.

In the other part of the industrial business, which is your high performance coating even the short-term prospect medium prospect is very good, because the government is also putting a lot of focus a lot of Capex is being spent private or government so we see a good progress there a lot of government business which used to be taking the low quality products, now shifting to the premium products and high level products. So I feel that, you know there's a good potential even in the next 2 or 3 years time, but consistent, you know. Sometime we feel that if you compare with the other countries where the contribution of industrial is higher, There may be a slight possibility that going forward, the contribution of the industrial improve and I'm saying mainly even the non-auto areas. And they are fortunately, as I spoke about there is a good business potential. Even in the premium areas and the profitable business if I follow up, if I may do, over the next couple of years, expect industrial coatings to grow faster than decorative. Ballpark, similar or slower. So because our market share is low in decorative, our internal intent would be that decorative grow faster.

#### Question

Thank you so much. Tejas from a Avendas park it's a couple of questions.

So first, to be broad level if I see large decade.

The first 5 years were very good until 2018, and then we have seen sudden slowdown in the industry, and on top of that, when we see the kind of competition this category is attracted.

It is like unprecedented. So when we add these 2 factors, how do you see next 3, 5 years in terms of growth runway also, and the competitive landscape?

Anuj Jain

How it has evolved, I can only share from our experience that it's not a easy industry.

So if you want to make some place, and there are players who have entered this industry, and we have seen what has happened.

We have seen some successes also in a specific states, but there, what kind of money is spent and then what kind of market share is created?

So if you look at one company who has created a good market share in state like Tamil Nadu, spending what kind of money, and then reaching a market share of 7-8% over a period of 13 years or 14 years, so that is the best case study which is available today, so it is a deep pocket sustainable question mark, and whatever you create a ripple, you know, it's about 3 years, because what we have seen in that state for those 2 or 3 years the existing companies got impacted.

But then they are back in terms of growth.

So there is a reallocation of the share.

And then so if you look at from the long-term perspective, you know, shouldn't be a problem.

Our market share is low.

We are also 9-10% kind of market share. So we have equal opportunities.

It depends. How do you change? Approach? And, as I said, there are certain markets where we are not available or present, you get into those market.

When I describe some of you people feel that where the market share is low, it is.

The companies are vulnerable. I don't believe in that.

Ultimately you need to have a strength and that is what we are trying to build upon.

It, and if you create your solid infrastructure background and systems and processes, I think we have the equal opportunity to go to the newer market and build our market share.

#### Question

It's in terms of market share. When you see a portfolio and regional presence, would you like to share some insights on region or product portfolio where you are highly under index versus your average, and where your incremental focus will be in the coming period?

Anuj Jain

North is a strong market for us, followed by east and then west and south is a weaker market for us.

Product Portfolio. We are good in popular and economic category.

Premium is a weaker area for us which through the paint plus, we are proposing

If you see 2 tier, 3 tier, 3 tier.

4. We have a very good market share. Tier. One is the weakness for us, and the services. And so the contractor thing, what we are talking about is basically tier one. That answer your question, and so last one, So when we see when the competition that we spoke about and the incremental effort that we are putting to gain market share should be, assume that at least in the near term, the best margins that we saw Pre Covid will be a slightly distant event for us to regain and the focus will be largely on to gain market, share, and build some more presence in the decorative piece so focus will be to build volume sales whether it's a decorative and, as I said, there's a good opportunity in the industrial areas. Everything. We cannot speak, that is also because there are exhibition capabilities. Let me accept. It is far, far better, so. There are some low hanging fruits, and we have realized that there is a lot of juice in that business. Also so idea is to basically build volume to what possible extent and to support those initiatives, whatever investments are required. You know those would be made.

Question

Thank you. sir, this is Rohit.

It'd be good to have your thoughts on the construction chemical site.

As we understand, we've been under indexed compared to the leader in waterproofing and we've been trying to plug those gaps right.

So what's our strategy? There I mean, the impression I get is, it's more like just catching up and launching those external sort of waterproofing products.

Is there any differentiation there? Because overall, if you look at the market, I think this is something which grows at maybe mid twenties compared to the decorative paints market which probably close at mid-end?

So what's our strategy? There, and what did you so sure?

I just wanted to add that I think if we are at a mid, maybe a 5-6% share of waterproofing now, total sales, this is the number. I think you'd give one of the calls.

Do you have any target in mind as to where this kind of settles a couple of years down the line so far our strategy was very simple.

Anuj Jain

Catchup game, no differentiation. But, as I said, that when we have completed the range now there are certain products which we are introducing which are differentiated.

And what we are looking at is because our market share is closer to 10%.

The first target we reach closer to 10%. And after that, then we see how to think it forward.

But that is our first milestone. Any comment on the B 2 B versus B, 2 C

mix because some players are very aggressive on the project side of waterproofing whereas someone like a pidelite is probably stronger on the B2C side. Project side, we were again weaker, but we have expanded the team.

We extended the markets, and obviously the waterproofing is a part of that.

And today the growth rate in project, I think we are catching up or maybe doing better.

So we have already caught up. Because that's like you have to just establish a knowledgeable techno commercial team you know, who goes to this big buyers and able to demonstrate and explain the product that was a kind of catchup game for us.

Which we have done. Alright, sir, thank you.

Question

Hi, sir, this is Sheela from Morgan. Stanley.

My first question was on the industrial segment it feels like we're doing very well there.

At beginning market share across categories. Will it be fair to say that the growth momentum there could be much more superior than what we could see

the decorative segment over the next few years. Of course, as an industrial cycle which is picking up.

So why are we not putting in more energies there.

Anuj Jain

So there are strategy for each and every business, but I think I mentioned about it that our focus is when we talk about the industrial one is the auto where our market share is pretty high within auto.

Also, we are trying to increase this size because we are the market leader there and goal of any market leader will be to increase their size.

That is what we are trying in the non-auto area, which is high performance coating the liquid coating.

There is a definitely a potential, and our market share is within 20%.

And there we are putting a lot of focus again, we are taking an initiative in terms of technology.

Perhaps the increasing, the manpower and the approvals that business is based on the approvals.

So we are taking a lot of steps, and we are reasonably upbeat to increase the business.

So where I'm coming from is isn't it going to be much easier for us to, you know?

Take this business much, make it much bigger than where we are currently.

Yes, it is and in our mind the direction is there, and with much better margin profile, because you talked about more premiumization.

So you can say that's what I spoke about that the fragmentation of the diversification which we bring as a strength so one side that because our market share is, say around 10% in decorative, as I said, that there are markets where we can play our game and we can do that and so separate strategy

business unit. So our strategy is there. But if we see from the market point of view tomorrow, if we are seeing the short term, there is going to be a fragmentation, and therefore any kind of risk, if you say one of the mitigation part is that area, and we are definitely working very seriously on that.

Question

And the second and final question is, on the deco segment.

What I wanted to understand is going ahead. What the focus will be on market share.

You've been talking about it, or on margins.

Will we defend our market, share, or will we defend our margins?

Anuj Jain

So I think. margins in the sense that the focus would be on profit.

So, you know. Obviously there are so in our case, we look at return on capital employed, and running for share, because that's one area.

What we are focusing and what profit can make you achieve that?

And I think that is the point. So if you say that whether you are so focused that you get 15%-18% rather of that approach, no focus on profit, because with less growth, you can get a better profitability, but lesser profit.

So I think that's the approach.

What we are taking is that generate the profit which give you good return on capital employed.

Question

Follow-up here, and that's it from me is, do you sense that the competitive intensity, even among the existing players, have gone up much more than where it was, say, 3 years ago, what intensity competitive intensity it has gone because when you get the news that there's new competition coming.

Anuj Jain

So the intensity has gone up definitely.

There are certain product categories where the discounts have gone up, the marketing activities have gone up. But it's good. I think one good outcome of this activity could be because in our industry the penetration is still within 55%.

When these activities goes up the new competition also come in, the penetration should increase so there may be a possibility that the market growth is still itself will show some kind of uptick the other is the formalization that every year it happened, but the speed of shifting from the informal sector to the formal sector also would change.

Question

Thank you

Ramesh Pochwani from Meta. In the recent times, particularly if you see in the IPL.

The competition like JSW Paints, is having a brand ambassador in Alia Bhat, but in their AD or in their communication in which of it is having MS Doni, I personally believe that a company like yours, Kansai Nerolac if it can reinvent the communication aspect with a brilliant random number setter it would do wonders Asian Paints is deploying Ranbir Kapoor.

But for exterior paint, where Asian paint stands at Number 5, internal decorative paints, they are number one.

So. Personally, I feel that Nerolac has been in existence for a very, very long period, in fact, for decades, and somewhere the connect with the consumer is lost.

So why not have an extremely powerful brand ambassador in the communication across all media, digital print, TV?  
Newspapers. You see.

Anuj Jain

Thanks for the suggestion. I thought that we should tell our story to you, said all of you become our brand ambassadors and help us increasing our reach.

So I agree with you. I think in the past we have had the brand ambassador .

Now also we have Ranvir Singh and if you see the campaigns, what we have shown here, we are talking more authentically where we are saying, the Japanese expert who is talking about the Japanese technology, In some of the cases, you can see if you see the case like Dove in case of Hindustan Lever that is endorsed by the medical fraternity.

So sometime. You know that today there are many options available in the world of digitalization.

Even the influencer recommendation. So there are many, many ways.

So we do have the Ambassador and I take your suggestion.

Maybe at the given time we will see. But I think more important is that somebody from the industry itself who is an expert, and who knows the product and talk about the product?

I think this millennial generation is more hooked towards that.

So it would be a combination, because in the random measure only help it does is that when you advertise, maybe it catches the eye of the people that maybe they are not wanting to see, but because of that reason.

They see but how much they are able to register the message, that it's a mix and match you have to generate that kind of positivity but I think, as of now we are working more in terms of quality.

What we have shown there. You could have seen that 2 films are with the Ranveer Singh, and 3 films are without Ranveer Singh, which is like a common people, you know, because I think that's a very authentic story and that we feel that there is a chance there that you know

when you talk to the people in their own language, probably it will bring the consumer connect absolutely.

Question

And second observation was, Sir, I stay in a Andheri West, and I went to the distributor in the whole area. There are 2 powerful people at both the places I found Asian paints executives standing outside the outlet, and unfortunately at both the outlets after Asian paints they are stocking Delux, but they are not stocking Nerolac neither they are stocking Berger paints, so I think, as far as distribution goes, your manpower or sales force should become proactive and penetrative.

Anuj Jain

So I agree with you definitely. So Bombay is one of our weak markets.

So I understand. I understand whom you are talking about.

Yes, so it's a weak market for us. And as I said that obviously we will not be able to do everything, because I know obviously you also expect us to generate sales and profit both.

But yes, the investment, what we are talking about. We are moving in that direction.

The team we support with the digitalization, the activities we are working on that.

I think that's the opportunity for us that we are not there.

That's the opportunity available for us. We are working on it, and you got a wonderful impression range, particularly for the whites.

Thank you so much for giving us a compliment. Yeah, all the best. Thank you.

sir,

Question

This is Mihir from Nomura here again, so can you talk a bit on the overall?

Demand environment now we are entering in a phase where the pricing leg that we had taken over the past.

Many quarters will start disappearing, and we will be largely left with a negative mix, and the volume lead growth and given the raw metal prices have meaningfully corrected visibility of any further price increases also seems to be at a distant.

So how is the demand environment? You know, currently, within the near to medium term.

How is it shaping up?

There is there a possibility that we can enter a very low demand.



Environment I mean, we have seen this, of course, not comparable, but in, you know, in other FMCG companies, we are seeing a lot of down grading due to low Price, while volumes are remaining flat smaller rescues are growing so on an overall demand sense, if you can throw some light on the near to medium term. What is the kind of volume growth that we can expect earlier?

Anuj Jain

It used to be a multiplier to GDP.

What can be the case in the near future? Correlation with GDP is still there.

So if we expect a GDP growth of 6%, maybe we can expect the demand of 8 to 10%, and there will not be much difference in value and volume.

And this I'm talking about for all businesses, whether it's a decorative industrial, any part of the industrial.

So, because the every selling price would be similar. So there would hardly be any difference.

So that's what the possibility is in terms of this year.

Diwalis in the first week of November.

So our past experience says that whenever the Diwali is in the month of November, you get a good season, because generally it diwali is in October, and now the monsoon get extended till October, so there is hardly any period you know before Diwali, for the painting but this time it will be a longer.

Season so there could be help in that. But I think there's a stable demand.

So even in the automotive sector, what we have seen one reason was outlier because in the last year, the month of May, because previous year there's a covid impact.

So the first part of growth has been very high, so now it is a stable demand of automotive.

Probably one can say closer to 10%, or maybe 8 to 10% demand will continue rural market, as of now, is not much predictable.

But I think because the first quarter was not so good.

2 quarters we saw that rural demand is coming back.

Fourth quarter. Again, there is some kind of distance between the urban demand and a rural area.

Obviously, we are talking based on our data.

But we believe that still, if the monsoons are good, or you know the impact of what we are hearing here in Nano is not there.

Then I think the rural demand is up because people are spending money.

People are, and therefore these somewhere the money started flowing to the rural market, and if that happens, the 2 wheeler will be the demand will pick up because of 2 wheeler. We feel the demand will pick up because of one or 2 years it was subdued.

So I think in all the sectors we are seeing kind of stable demand some areas related to infrastructure, infrastructure will see a better demand.

Question

Thank you, sir. Second question is on, you know, competition and capacity.

Everybody has increased capacity in the wake of, you know the competition as well.

Do you think that historically, you know, we've not seen such a lot of capacity coming in the Paints Category?

At this same time, and especially given that all the other players are also a reasonably diversification, is there. So then you take any player, there can be a case of excess capacity in each of the regions cumulatively also.

So is there a case possibility that we can have excess capacity, and then that can lead to?

A possible price cuts, you know. Cuts or intense competition, and how do you see that scenario playing out, sir?

Anuj Jain

I can only tell you that 60000 to , 70,000 Cr. base of the industry, if the growth is 8 to 10%, 7,000Cr., From the 7,000, 1,000 2,000 3,000 even if that is shared, how it will impact the capacity of maybe you know your capacity utilization if it is going up by 3%, 4% every year. It may get reduced to 2%.

It will not come down. So you know, whatever growth this new competition is going to create will be from the additional growth itself.

So that an extent only the reallocation will happen,

The growth every year which is getting added that it's always a good size.

So whatever new competition happens only from that. So the worst risk is that you are not able to increase your capacity. Utilization.

Question

Can you share something on a capital employee in international subsidiaries?

And what are your views, and when are they likely to be yielding some positive?

Sorry your first question, capital employed in international. And when do you think that there will be giving some benchmark written which you expect like?

Prashant Pai

See if you look at our subsidiaries.

The capital employed is, you know, as per whatever we had planned, and we had additional equity infusion in our Bangladesh and Sri Lanka subsidiaries.

So we are very mindful of the fact that whenever the capital is required we are giving the required capital, so that because all these countries other than India, these countries are going to financial turmoil, and in this condition we have to support and we have been doing that and based on that we have supported all for all these 4 companies have been are in profit right now. Initially, when we took over, they were incurring losses, It is the fourth quarter, all the four subsidiaries have turned around.

So this is a positive sign, and we will be funding these companies regularly if and when it is required.

Question

Yeah, can you quantify? And what is the benchmark?

Return which you are with maybe 3 to 5 years down the line, not saying one or 2 years of term

Prashant Pai

Very difficult to make a guess or statement right now, because it will take some time for these companies to mature

But, for example, I tell you, in Nepal they are giving a better return than India, whereas in Bangladesh and Sri Lanka it is still on the maturity stage.

So we believe that it will take about 3 to 3 years for them to match, or till we get this the bench market enough, maybe 10 to 14%. It also depends on because these countries are also facing some challenges.

If you see our quarter four result, you will find that the stand alone and the Consolidated in terms of EBITA is slightly better than this.

Obviously, subsidiaries have contributed to that.

But also like in some of the countries, the Jan - March quarter. It's supposed to be a season period, and Nepal.

So the last year Sri Lanka was challenged. But we still have a growth of 83% Bangladesh was a challenge, and therefore we change our strategy to a profitable growth.

So we are making a progress on that. But, Nepal, as he is saying, that has been giving us a very good return, but there is a pressure on Nepal.

So in the other market we have made progress. But if Nepal come out of the challenge, I think then the situation will come back faster.

Question

and something on Nerofix

Anuj Jain

so Nerofix is wholly owned subsidiary now, and we have been doing a good business and again.

It's a very good mix, and synergy with us, you know, because we have the adhesive for B, 2 B+B, 2 C, both.

And now, we have a plans to target aggressively.

Question

Can you share some more thoughts on increasing your size of industry in auto space? As I said, that there are certain opportunity areas like for scene sealer.

What we introduce, which is underbody sailor there are faster coatings with the Alpha Helios, Europe, that we introduced the car get painted in the booth.

Both required both chemicals and there is a pre treatment chemical where we are not.

So that is what we are entering so these are some of the opportunities which we have been able to identify.

Alloy wheels we have made some progress. So these are the areas to which we are trying to increase the size of the market.

Question

Can you share some numbers? How we got this collectively put together?

Anuj Jain

So these areas would be about 600 to 800Cr.

So these are the sizes as of now we have been able to spot these areas.

There could be more in the pipeline, and small volume requirements might be obviously high.

Question

Will you be needing some more, Capex to be done for that?

Anuj Jain

Yeah, so in fact, some of the areas where we have entered, we have already, like in Sealer.

We have already installed the capacity.

Thank you, and all the best thanks. Hello,

Question

Sir Ajay Thakur from Anand Rati.

I just wanted to have 2 queries kind of addressed.

One was you mentioned about one Lac painter's reach that you have.

Can we get some kind of a sense? What would be the universe of the painter across India, or what could be the reach of our competition in the painter's reach?

Anuj Jain

So number of Painter would be around 20 lakhs, 20 to 25 lakhs.

These include small big painters all about 7 lakh painters are the painter who are who drive the demand, or you can say, 80% what they are doing.

One lakh is, we have started engaging on the personal level over reach of the 7 Lac now, because we may be reaching to 10 lakh painter, but that number we are not able to track .

Tracking is about 3 to 4 lac of number and one lac number where we are able to engage with the printers.

Question

Secondly, wanted to understand bit more on the high cost inventory that we had mentioned last time in the last quarter have we exhausted that inventory, or some part of that is still there in our raw material for the next year.

Prashant Pai

It's more or less exhausted now, because, as I told you, it takes about 4 to 6 months, and that cycle more or less to offer okay, in the industrial category, because of geopolitical situation , is not still not so supportive, on some items we keep higher inventory.

But yeah, we are reasonably okay.

Question

Hi, so this is Archana from Morgan Stanley.

2 questions. Firstly, just continuing from the point on the capacity addition side what are the plans that you have for the medium term to expand capacity to benefit from the growing demand and secondly, just to get a broad sense of your revenue split right now, earlier you're used to mention a split of around 55% deco 45, industrial.

How does that look like? Right? Also one request. So if you could start disclosing segmental, you know performance also in terms of numbers, go ahead.

Anuj Jain

As I mentioned the presentation, 6 hundred 6 million litres of the capacity.

What we have. We already announced the capacity, expansion, you know, partly the water base capacity, extensions.

So about 300cr. is investment, which we announced over a period of 18-20 months, which is started last year that's the capacity extension we are doing.

So regarding business split, Yeah, generally, we maintain 55, 45.

Obviously sometime, it goes 2% higher or sometime 2% lower.

It keeps ranging from 53 to 57.

Obviously, in the last year the industrial contribution was more.

So decorative contribution has come down, but to be very frank with you, we generally don't give exact figure, so we say 55, 45, sometime it has gone up to 57, also.

So it is in this, in that range only segment wise reporting we generally don't give.

So with that, I think there are no more questions

I think we have received some questions from these people who are attending on the zoom.

Also there's a question on ROC in financial 23 is around 13%.

Can we expect it to go back to historic rate of 20% radar?

So we have already made some progress from 12.5 to 14 plus.

but I think in our mind 17-18% is the right figure, and I think that is right in our kind of mix for decorative industrial.

That is what we are looking at by.

Question

When will the land sale of value?

660 will complete.

Anuj Jain

That is not 660 but 655.

But yeah, it's under in the process, so we hope to get it sooner.

So this was last question.

So thank you all for your question, and thank you for the participation.

Thanks for coming. Wish you all the very best.