



11<sup>th</sup> February, 2026

The Secretary  
BSE Ltd.  
Corporate Relationship Dept.,  
14<sup>th</sup> floor, P. J. Tower,  
Dalal Street, Fort  
Mumbai - 400 001  
**Stock Code – 500331**

The Secretary  
National Stock Exchange of India Ltd.  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex,  
Bandra (E),  
Mumbai - 400 051  
**Stock Code - PIDILITIND**

Dear Sir,

**Sub: Transcript of the Earnings Call**  
-----

Dear Sir,

We enclose herewith, a transcript of the Earnings Call held with Analyst/Investors on 4<sup>th</sup> February, 2026.

A recording of the transcript is available on the website of the Company viz. [www.pidilite.com](http://www.pidilite.com).

Kindly take the same on your records.

Thanking You,

Yours faithfully,  
**For Pidilite Industries Limited**

**Manisha Shetty**  
**Company Secretary**

Encl. as above

**Regd. Office**  
Regent Chambers, 7th Floor  
Jamnalal Bajaj Marg  
208 Nariman Point  
Mumbai 400 021

**Pidilite Industries Limited**  
**Corporate Office**  
Ramkrishna Mandir Road  
Andheri - E, Mumbai 400059, India

T + 91 22 2835 7000  
2835 7952 / 2835 7365  
F +91 22 2830 4482  
[www.pidilite.com](http://www.pidilite.com)  
CIN:L24100MH1969PLC014336



Pidilite Industries Limited

Q3 FY26 Earnings Conference Call

February 04, 2026

**MANAGEMENT:** **MR. SUDHANSHU VATS –MANAGING DIRECTOR –  
PIDILITE INDUSTRIES LIMITED**  
**MR. KAVINDER SINGH – JOINT MANAGING DIRECTOR  
– PIDILITE INDUSTRIES LIMITED**  
**MR. SANDEEP BATRA – EXECUTIVE DIRECTOR  
FINANCE AND CHIEF FINANCIAL OFFICER – PIDILITE  
INDUSTRIES LIMITED**  
**MR. BHAVESH JOSHI – SENIOR VICE PRESIDENT –  
PIDILITE INDUSTRIES LIMITED**

**MODERATOR:** **MR. ARUN BAID – ICICI SECURITIES**

**Moderator:**

Ladies and gentlemen, good day and welcome to Pidilite Industries Limited Q3 FY '26 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Arun Baid from ICICI Securities. Thank you. And over to you, sir.

**Arun Baid:**

Thank you, Mark. Good afternoon, ladies and gentlemen. On behalf of ICICI Securities, I welcome you all to the Q3 FY '26 Post Results Concall. From the management side, we have Mr. Sudhanshu Vats, Managing Director; Mr. Kavinder Singh, JMD; Mr. Sandeep Batra, ED and CFO; and Mr. Bhavesh Joshi, Senior Vice President.

Now I hand over the call to Mr. Batra for his opening remarks, post which the floor will be open for Q&A. Over to you, sir.

**Sandeep Batra:**

Thank you, Arun, and very good afternoon to all who have joined the call today. I will keep my opening remarks brief so that we have enough time for Q&A. And I have great pleasure in taking you through our Q3 and 9M results which were approved in the Board meeting yesterday.

In the current quarter, our stand-alone revenue was INR3,425 crores, nominal growth of 11%, but the underlying volume growth ('UVG') was 9.3%. Underlying volume growth for our Consumer and Bazaar business was 9.7% with B2B business underlying volume growth of 7.4%. I also wanted to add a trend on the domestic business.

If you look at our total domestic business, which is made up of both Consumer, Bazaar as well as the B2B business, that reported underlying volume growth of 11%. And I think the challenge that we faced in this quarter was on account of exports, probably the harshest quarter in terms of whatever is happening in the geopolitics world. And therefore, our exports in totality declined by 13.5%, which resulted in an overall underlying volume growth of 9%.

So, the domestic franchise remains strong and the underlying volume growth there have been inching up over the last 8 quarters. Both in Q3 and in Q2, the UVG was in excess of 11%. The impact of exports in the second quarter was not as severe as in the third quarter. And therefore, the overall underlying volume growth may have been a bit lower than Q2.

Our gross margins at a stand-alone level improved by about 200 basis points as input prices remained benign. Just for information, VAM consumption in the quarter was at about \$830 as compared to \$884 in the same period last year. However, this benefit in the material cost was offset because of a one-time provision that we took on account of the new Wage Code.

Basically, for two elements, gratuity and leave encashment, we have recognized the impact because of the new Wage Code that resulted in a onetime charge of INR47 crores in stand-alone and about INR52 crores in consolidated. We also stepped up our advertising and sales promotion spend in the quarter, something that we have been dialling up over the last couple of quarters.

And despite all that one-offs and increased A&SP spending, our stand-alone EBITDA margins improved by about 24 basis points and stand at 24.5%. Profit after Tax grew by 12.5%. For the quarter, our domestic subsidiaries reported a sales growth of 4% with a marginal decline in EBITDA. International subsidiaries, however, grew top line by 6% and EBITDA by 19%.

Consolidated revenues, therefore, for the quarter a shade under INR3,700 crores were up by 10.2% and when you look at the 9-month period, the growth again in consolidated revenue is same at 9.2%. That is about it from the point of view of opening remarks and open the floor for Q&A.

**Moderator:** Thank you very much, sir. We will now begin the question and answer session. The first question is from the line of Abneesh Roy from Nuvama. Please go ahead.

**Abneesh Roy:** Thanks, and congrats on a good set of numbers. My first question is on exports. So, do you see even Q4 and Q1, the decline continuing? And could you elaborate what exactly you mean by the geopolitical challenges? Now given U.S. tariff deal is done and dusted, although details are still awaited, do you think large part of that geopolitical is also behind or there is more to it? That is my first question?

**Sudhanshu Vats:** Abneesh, first of all, great to hear from you, and good to have you on the call. And I think good question. Let me first talk about exports. So see, first of all, for us, the share of business of this part of the business is not that significant.

But having said that, as you know, there is our pigments business. In our pigments business, we have a direct exposure to U.S. as in we do export to U.S. And U.S. is a large component of our pigment exports overall. So I think that is the piece. This part got affected quite a lot in Q3 of the current financial.

Q1 had got affected a little, Q2 got affected a little bit more, but Q3 got severely affected, if I can use the word and the second area where we got a little affected in our B2B business is in the indirect sources. So, in our other B2B businesses where, for instance, we supply to footwear, we supply to some other leather chemicals or even textile.

Some of these were affected because of their export getting affected. Our own sense is that this is largely behind us. We should see action based on the new tariff rate, hopefully, maybe by the turn of this quarter itself, but definitely as we move forward. We also feel that the impact on B2B per se in this quarter and future quarters will also be minimal because of this prolonged negotiation, we had also built a few other plan Bs, if I could say.

So there are things which we have done, which will also begin to fructify as we go forward. So, I think, therefore, to that extent, this part is largely behind us, assuming the new tariff rate, which has been announced is implemented. I think on the broader philosophical question of geopolitical uncertainty, Abneesh, we do live in a world where there is considerable geopolitical uncertainty.

Even now, it is on, and to be fair, I think some of the wars are far from over. Russia-Ukraine is not over as yet. There is also the conflict in the Middle East. There is also the overall Iran question. And some of these, while they may be political and maybe wars, but some of them are also very sensitively situated.

So there are possibilities of any kind of commercial ramifications. So the comment which you were referring to, which was also a more broader point, stems from there. So the geopolitical uncertainty in general is there, and it is something which we have to learn to live with and we are learning to live with as we go forward.

**Abneesh Roy:**

Sudhanshu, two follow-ups. One is to understand correctly, you think in Q4 and Q1, sharp decline in exports as we speak today, that seems unlikely, right? That was my first follow-up?

**Sudhanshu Vats:**

No, that seems unlikely. As I was telling you, I think we have other plans and all that. So overall, our B2B we would continue to see back. By the way, domestic B2B delivered mid-teens growth. I think it is part of our commentary as well somewhere but we delivered mid-teens growth. So our domestic B2B has delivered mid-teens growth is something I want to tell you. Second is that we have got plans in place to, therefore, bring back our entire B2B back into at least mid-teens, so double digit and mid-teens. So I think those are in place.

**Abneesh Roy:**

And Sudhanshu, second follow-up is, do we have clarity now almost reasonably on U.S., what kind of pricing rates, etcetera, because details have not come and any benefit from the EU trade deal or that does not change much for you?

**Sudhanshu Vats:**

No, EU trade deal benefits will accrue to us, but there are two things on EU trade deal, perhaps maybe three. I think one is that EU trade deal till the time it is ratified by the European Parliament and all that, is at the very least, 6 months away, maybe 9 months away. So therefore, anything in that in terms of when the rubber hits the road on the ground will happen only towards the end of this year. So it is sometimes in next fiscal and all that, maybe second half of next fiscal.

But I think it benefits us. We export to EU. So therefore, there will be correct direct benefits there. Plus also, as part of our planning in general, which we were talking about in response to your earlier question on export, we have been looking at other geographies, and EU is one of them.

So therefore, the business development work which has happened, which hopefully will be further accelerated and will give us better fillip as and when some of these things play out. So therefore, we are in good position. But it is not going to impact us tomorrow or definitely not in the quarter and maybe the quarter after.

**Abneesh Roy:**

Understood. My last question is on basically your India Consumer and Bazaar, extremely good growth, and almost 9%, 10% very, very predictable growth, which is a great achievement, given very few companies grow at this number. My question is basically in two parts.

One is, I was surprised to see mass media advertising by Roff tile cleaner. I see very good presence in e-commerce, quick commerce. The question here is how do you compete with multinational companies which have economies of scale, both in terms of raw material and finished products?

Second, they are a team. So again, do you set up the full team here? So do you have plans for more products? I do understand Roff has some level of right to win here, but Reckitt Benckiser, Unilever, ITC, they have so many cleaning products. Why will consumer buy a Roff cleaning product? That was first part.

Second is real estate slowdown is now quite real. If you see the real state stocks, most of them are Tier 1, Tier 2 markets and you are pan-India consumption. So if you could address Tier 1, Tier 2, are you seeing some level of slowdown in the real estate, that is a subset of your overall C&B? But any level of slowdown you are seeing there, which is getting more than compensated. Your overall numbers are very good. But any anecdotal evidence you can share?

**Sudhanshu Vats:**

So, Abneesh, three questions there, and maybe I will answer two and perhaps touch on the third and ask Kavinder to build further. I think on the first question on Roff mass market, building the Roff brand, which is the advertising you talked about, I think that is our classic Pidilite playbook. I think Roff is our next big brand.

And when we build a brand, we built a brand holistically. We do not say we are building the brand only for applicators or vice versa only for consumers because some of them are not strictly, in any case, Bazaar brands are not strictly only, India is a DIFM country, so not strictly to be used by the consumers, but consumers are aware of them.

They will ask for it. They know that they trust them, and therefore, you know. So therefore, that is a journey, and you will continue to see that. We have invested in the quarter gone by, in Q3, considerably behind Roff. Also on impact properties, including in specific geographies where we have actually been on some of the very strong impact properties like Big Boss and all that, you have seen us on cricket and all that. So therefore, we are building Roff brand.

So that is the first question. That's a journey which will continue. It will be like our other brands, Fevicol, Dr. Fixit, Fevikwik, Roff, these are brands and you will see we will be building some of these big brands, which are going to be. So therefore, that's very clear.

And your second question was specifically to a product on Roff cleaner. So basically, our view is, we are not competing directly with the CPG or FMCG companies. But there are certain products which are relevant to our area of operation sometimes or where we have very distinct product superiority or advantage.

So when it comes to Roff Cera Clean, you will see that people swear by the efficacy of Roff Cera Clean. And there are other products, and I am not commenting on them, but people are very happy on our Roff Cera Clean. It is also a clear adjacency to basically, when you are doing tiling work or you are doing some of this work, you would like to clean it and you leave this, make the cleaning easier, educate our applicators.

So I think that is an area where I think Roff Cera Clean, definitely scores, and it could be picked up by different things. And sometimes now consumers are also picking it up, but then so be it. So I think that's the second part. On the third part, I'll tell you, I'd like to just make one quick comment and then maybe Kavinder can further develop on it.

See, first of all, our portfolio is not only new construction dependent. Our portfolio has new construction, renovation and repair. And renovation and repair account for maybe

70% plus, I would say, 70% to 75%, and new construction is more like 25%, maybe a little higher, so depending on the cycle. So that is the ratio.

So first of all, we are well equipped even if there is a downturn in new construction. But I will tell you, and that's the reason I'll now hand over to Kavinder to talk to you how we look at construction. It's not only a builder, which is one part, which is no doubt, and then within that also, last point I wanted to say that when you look at now new residential construction, parts of it is slowing down, parts of it is not slowing down.

So I think India is therefore, a bit like a large elephant, which one are you feeling? So ultra-high end this thing, I see no slowdown. I'd say they are selling as if you are selling, they go off the shelf like very quickly, but I think there may be small, the second home construction or large bungalows coming up, there is actually only going up. That is not slowing down at all.

So that piece, you are not seeing. But I think lastly, I also wanted to take this question of yours, Abneesh, to, once again, many people on the call to understand how we are looking at this entire piece now. This is well beyond residential builder segment, which is what you loosely refer to as construction. So with this, I will hand over to Kavinder to talk about a little bit of about this piece as to how we are looking at this.

**Kavinder Singh:**

Yes. Thank you, Sudhanshu, for giving an overall overview of this answer to this question. I will just build on what Sudhanshu was saying. I think the way we are looking at in our construction portfolio, we span across multiple categories in construction portfolio, the waterproofing piece, there is a tile adhesive piece and there is a flooring piece. And there are, of course, other small pieces, but let us build on these three, four things.

So first of all, we are not, let's say, focused only on residential sector. Our three lines of business focus across segments. So whether it is residential, whether it is commercial, whether it is, let's say, government segment, whether it is infra and industries, so there is an approach that we have.

And as we speak, and I think I mentioned earlier also, we are going segment out because our solutions span across segments. So for us, as of now, I can confirm to you that we haven't seen any slowdown whatsoever even in residential. And by the way, within the industry, we keep talking to each other who are in the allied businesses. And as of now, we do not see any slowdown in any part of the construction segment.

We are seeing right now, business as usual. And if you look at what has been spoken in the budget very recently, whether it is the city economic regions that the government



is trying to promote, Tier 2, Tier 3, whether it is the fact that there is a desire to focus on infrastructure and urbanization, I think the next 3 to 5, maybe even 7 years, and even if you were to look at a segment like hotels, there is significant construction going on as we speak.

So when I span our businesses into multiple segments, I find that there are more opportunities that we can tap currently. So, at this moment of time, I do not think we should be worried about any particular segment slowing down. As it is, we are widespread across segments. And we have a very clear go-to-market route through the architects, structural consultants into the projects route to offer them solutions across waterproofing, across tile adhesion and flooring and few other allied products. So just to give you a bit of a reassurance that this is not a cause of worry to us at all at this moment of time.

**Moderator:** The next question is from the line of Keyur Pandya from ICICI Prudential Life Insurance Co Limited.

**Keyur Pandya:** Two questions. First, on the growth side, I mean, while it is tremendous performance versus other consumer companies for last many quarters, just one curiosity, as you are increasing or reinvesting your gross margin benefit into, say, A&SP and other retail activities also, I am sure that you are doing, why is it so that the volume growth is, say, around 9% or 10%? Shouldn't it go up if you are spending more on, say, ATL, BTL? And if that is not the case, is it not better to, say, increase the gross margin if it is not yielding the incremental volume growth? So that is first question.

**Sudhanshu Vats:** No, I think from where you are coming, it's a very good question and I wouldn't deny that. But let me give you a little bit of context and color to this. So I think, first of all what happens in businesses and in life, it's not a magical wand that I have increased my A&SP by so and so, and I should get results immediately. Although in e-commerce performance marketing, you would get it a little bit, but that's not what we do.

I think when you are building the brands, therefore, what happens is, it is for building it for a medium to long term. And I think that has also been our approach. Let me illustrate to your point as to what is happening. So if you look at we have started dialling up on our A&SP for some time, to like last two or three quarters, you have seen that.

If you look at our historical growth or let's look at even last year growth, forget, I'm saying let's take last year number. So if you look at our last year growth at a consolidated level, revenue growth was 6.1%. Our UVG was a bit better. There was a price thing which was coming in.

This year, on the UVG, we have already dialled up about 100 bps. And on revenue growth, we have dialled up even higher, although that is some of it is because the pricing is coming up. So if you look at our 9 months consolidated growth, that is around 10%. So therefore, you are seeing a fillip in the growth.

Now the question is, and our desire rate to continue to maintain this growth because for us, the EBITDA corridor which we have shared is 20% to 24%. We are also very conscious that we should have right profitability, at the same time, focus on building capabilities, building brands. And all of that is leading to improved in revenue growth, as you pointed out. So the question is, from where we stand, from our vantage point, the way we are seeing, we are seeing improvement in top line growth. We would like to continue to improve our UVG and therefore, the top line growth as we go forward.

**Keyur Pandya:**

Understood. Just one follow-up on this. So you see as an effort of all these, I mean, say, A&SP or branding activity, volume growth can go up from here also, say, in next two, three quarters. I am not saying next quarter or this is an optimal level. That is one follow-up. And just second question, broadly from the medium-term perspective, you have given breakup of all the brands which are under core growth and pioneer?

I mean many of these growth categories were, say, probably a couple of years back, were in the pioneer category and have moved up to growth. Do you think you have enough levers or enough funnel in this pioneer or the strength in the growth categories, which can continue to give double-digit kind of volume growth just from, say, next 2 years' perspective?

**Sudhanshu Vats:**

Yes. I think on the first question, see, I have already illustrated that our underlying volume growth has gone up by almost 100 to 150 bps in this period, and we would like to continue to sustain that momentum, and we will continue to grow it in the medium term and perhaps year-on-year. So we remain confident that we should be able to do this as we go forward.

By the way, let me also tell you, because a lot of the people you may be hearing on the other company analyst con calls and all that, usually refer to volume growth as simple or what you call total volume growth, what is the word we use which is, and that number for us is a multiple of our underlying volume growth.

So therefore, that number for us is much higher. That number is further improving. So therefore, overall, are we being able to do that? The answer is yes. Two is, do we have pipeline in our pioneering businesses and even in growth? So I think there are two parts to this answer. One, we would like our growth businesses to continue to grow better.

And I think we are seeing some evidence there. So if you look at Dr. Fixit's growth this year is better than the growth has been in the last 2 to 3 years. I can tell you that. I think it is distinctly better. So we pushed this up a little bit. Roff's growth at this moment is very robust, very good. So therefore, those growth ones.

And even within pioneering, this is a subject I wouldn't like to get in too much detail, but I can tell you our funnel on pioneering is reasonably strong. We have got a lot of things coming in there. Our sealants portfolio is doing quite well under the FeviSeal brand. There is a lot of scope in that space.

UnoFin is very early, but that has tremendous potential as we go forward. Some of our B2B spaces where we are looking at adjacencies and new categories, there is scope there. Even in consumer, there are quite a few promising, pioneering spaces, which are coming in. We just introduced our Shoefix which is now Fevicol Shoefix which can repair all kinds of shoes, not only leather, but EVA shoes and all that.

First response in the market is really good. Last quarter, we have just introduced our consumer kids portfolio under Fevicryl Yudu, very, very early, but good response in the market. So I am just giving you a few examples. But all I am telling you is that our pioneering innovation pieces and all that, quite a few of them are there.

And then we also have premiumization and new formats within our existing brands, which have potential to be pioneering and converting quickly from pioneering to growth. One quick example I want to give you here is that of our Fevicol Nail-free Ultra. That is absolutely running away, and that will be very quickly our growth product in terms of just from basically having been launched as a pioneering product. So that is the piece.

Our Litokol, which is basically Litokol joint venture, which is basically our epoxy grout under Roff brand, it is called Roff Starlike, is doing very well, very well from a pioneer to growth now, and it is growing really well. We have got many of these in the pipeline. So therefore, I am just giving you a few examples.

**Moderator:** The next question is from the line of Arnab Mitra from Goldman Sachs.

**Arnab Mitra:** My first question was after a long time, you are seeing some price growth in the stand-alone P&L, revenue growth being 2.5%, 3% ahead of volume growth UVG. So just wanted to understand what are the sources of this price growth? Is it sustainable given that input cost have been benign? Is the growth giving you now confidence to also take some marginal pricing, and can we expect that going ahead also?

**Sudhanshu Vats:**

I think we talked about this. Arnab, thank you for the question, first of all. I think Sandeep had last time also spoken about this. I think my view is that in the zone of about 100 to 150 bps, in and around there, I think you should continue to expect, I think it would be our endeavor, but will it flow through as a formulate number quarter-on-quarter, year-over-year, perhaps no.

So I would caution against that also. I think it is a combination of some of the times. But I think there is room and we always keep exploring opportunities for wherever there is room for pricing, price laddering corrections, a little bit of pricing room. So I think that's the way it is. Sandeep, if you want to add a little bit more.

**Sandeep Batra:**

I mean, just to add to what Sudhanshu said that you are absolutely right, Arnab, that input costs have been benign at an overall level, but there could be a few categories where there could be input cost-led or even otherwise an opportunity to take some tactical pricing. And that is something that, given that we keep our ears very close to the ground.

We always continue to identify such opportunities where we can take pricing without actually hurting the premium that we charge, without the premium going way beyond our comfort corridor. So this kind of gap that you saw in the third quarter, as Sudhanshu said, anywhere between 100 bps or so, should get maintained.

**Arnab Mitra:**

My second question was actually regarding water proofing to your comment that you have seen definitely improvement in Dr. Fixit growth. I am just correlating it with some of the paint companies commentary that the repainting cycle has been extending and the industry demand seems very muted in paints?

And this is one category which at least to us looks a little close to paints in terms of a lot of times it happens together, the water proofing and the painting. So are you not seeing any impact of that or would you say that your portfolio is more remedial based or like new construction based where the repainting cycle may not be a big factor in waterproofing growth for you?

**Sudhanshu Vats:**

So yes, I cannot comment on the other, Arnab, on the commentary given by others and maybe there is some merit, and they perhaps see it more closely. But what we see is, and I think I am just building on to our earlier answer we gave to Abneesh's question, both I and Kavinder.

I think the point is, for us, water proofing has got all three components. Repair, I think that is where there is maximum or some overlap with painting. Then a slightly, I use the word renovation which goes beyond a small or simple repair. I think that is where

we become more important if it's very specific, if it's a bit more chronic. So our specialization in this space remains an important piece.

And I think the third is, of course, new construction. Now within new construction, and I think as Kavinder was saying, you may have heard, noticed that or heard that, is that we are also expanding what all areas we could be waterproofing well beyond homes as well. Although home is a larger state, particularly in Bazaar business, absolutely, yes, but we are going well beyond home.

I think that is an area which you will continue to see action. So Dr. Fixit as a brand, therefore, has room for growth in all aspects. And lastly, I think we continue to see reasonably robust growth in small towns and rural India. I do not know the commentary of others in that, but small town and rural India also continues to give us the fillip. So we have seen a fillip particularly this year in that space as well.

So it's a combination of the distributor strength basically being there in repair, renovation and new construction, and overall construction, the way we are beginning to look at now as a company, which gives us a much wider addressable market, if I can use the term, which I think all you guys use. So therefore, that is the piece which we have seen robust growth. We would like to continue to see this growth, and we are confident that we will.

**Moderator:** The next question is from the line of Jay Doshi from Kotak.

**Jay Doshi:** Congratulations on good set of numbers. I have a quick follow-up on the previous response. Do you think that you have started to gain market share in waterproofing once again? Maybe there was a phase of 2 or 3 years where you lost out to new entrants, largely decorative paint companies. Do you think we are seeing some reversal of the market share trends?

**Sudhanshu Vats:** It is a very good question. I think with the growth which we are seeing, I think that definitely would be the case is my sense. And I can tell you now for both Kavinder and me, I think that is why our focus is a lot on growth. We want to have growth, which is very clear, which is a standout growth if I can use the word meaning which is not like in the zone of the market.

You would like to say, okay, whatever you assume the market is growing, we would like to grow well ahead of that so that you are in the business of continuously gaining the share as we also build the market. We are all both in waterproofing and even tile adhesives and all, there is a large job to be done to even develop the market. There is no debate about that. There is a lot of scope to be done. But in developing that market, we will continue to do. I will ask Kavinder to add on this.

**Kavinder Singh:**

Thanks Sudhanshu. Just to build on your question, I think I will just once again talk about what we are doing, and in a way, I think it will answer your question, hopefully. So what's happening is that in waterproofing, we have two components. One is the retail component and other is the projects component.

The retail component, as Sudhanshu was saying, has started growing. And that is where your question of gaining market share is probably even more valid. Again, these are early days. We are doing our bit to get our act together, both in terms of our reach distribution and solutioning that we are doing across waterproofing solutions that we provide, including a few new products that we have launched, which are gaining some level of traction, but again, in the waterproofing space.

Parallely, we are driving the projects business much more than probably we have been able to drive by following the segment out kind of an approach and solution out kind of an approach. You may remember, we have talked about Pidilite Professional Solutions, which is doing a very good job in terms of getting ourselves specified for various solutions at various stages of construction for various segments, whether it is commercial, residential, et cetera, et cetera.

So one side, we are going out on specification. Second side, we are going out on solutioning. Third side, we are definitely gaining share in the project space probably faster than retail. The combined effect of that is what is visible, obviously, because there is a large market, and we are not a very big player, though we have a very huge top of mind, but our, let's say, presence is, there is a lot that we can do and we are doing and therefore, whatever paint companies may say with regards to their situation, at least we are not seeing that situation for us in the space of waterproofing that your question was all about. So I hope this gives you a flavor as to what we are trying to do in waterproofing.

And therefore, we believe that our own act of driving projects penetration, getting into markets where we have not been present, including the lower pop strata markets, and that is where, again, we are seeing huge growth. And the fact that Dr. Fixit, the retail piece, even in urban is beginning to look up again in terms of the various initiatives that we have taken with regards to the way we are going into the market.

And there are certain things that we are doing, which we believe are working. And as a result of which we are seeing the growth that we are seeing in Dr. Fixit. Obviously, when we talk of construction, while you have been talking about waterproofing, tile adhesive is another story. And of course, it is also linked to construction, largely new construction and that is where, again, good growths are seen because this is more like a category creation activity that we are doing. And there, again, the trajectory is good,

which again, was mentioned earlier. So, I hope you got the answer that you were looking for.

**Jay Doshi:** That is very encouraging to know, especially the retail piece of water proofing. Now my second question is on Roff. Do you think that there is potential to double even from current levels or you think that the current scale the growth may start tapering off?

**Kavinder Singh:** Let me just give you a bit of a perspective on tile adhesive category. I do not know, we may have talked about it earlier as well. But in case it is a repetition, than others should sort of hopefully, excuse me for that. See, tile adhesive as a category is a replacer of cement, as you know.

And it is definitely more expensive than cement, okay, and significantly expensive. So while the conversion from cement to tile adhesive is going on reasonably well in the vertical surfaces, the conversion on the flooring piece is not as good as it could be because people do not see the need to replace cement on the floor.

Of course, there is a need, but that is more technical, so we will talk about that maybe some other time. But right now it is important to know that the category creation is not happening automatically. There's a lot of work that needs to be done with the contractors, tiling contractors and Pidilite, all of us are wedded to the idea of working very closely with the user.

So we are working with these contractors and actual tile layers to show them the advantage of how the tile adhesives improve the performance of tile laying so that there is no de-bonding, etcetera. And we are in a position to do that through actual working on the ground. Parallely, we work on building the brand as we have been talking, ATL spends have been reasonably good, which again, Sudhanshu was alluding earlier.

So there is a focus on making tile adhesive as an important part of tile laying, which is category creation is what I am saying. But if you look at in India, the growth of tile business is about 8%, 9%, maybe 10%. So it is not that tile laying is increasing dramatically. What is happening is the penetration of tile adhesive and tile laying is growing pretty fast, at least we believe in high double digits in terms of about 18%, 20%, roughly to that effect.

So it is a game of penetration. In the tile fixing, the penetration is increasing, and that is where and more so in the vertical structures. And that is where the opportunity for all the players in tile adhesive, not just us. And now here, I mean, it is a question of what each one of us do, which will help to open the category, meaning unlock the category even more.

And also what acts we do with regards to go-to-market and ensuring that we are able to deliver the tile adhesive at a competitive cost because this is a very, very price-sensitive category. And here, if you do not play your cards well in terms of distributed manufacturing, getting the product right in the first time, ensuring that the brand is sort of preferred, so there's a lot of act that needs to be done.

So saying I am giving an answer to your question, whether it could double, I mean, very difficult to say. It's very important to note that this is a category which can be grown and we are growing the category apart from growing our share. And that is what we will keep doing.

And whatever we double or whatever the number is, I think there will be an outcome. In Pidilite, we are very focused on what we do and normally, outcomes would follow in line with what we are aiming. So I would say that that is the way to look at this category. Slightly long answer to your short question, but I thought let me give you a bigger picture.

**Jay Doshi:**

So let me ask a follow-up there. You did mention that the category itself, tile adhesive, is growing at 18%, 20% and that is broadly 8%, 10% sort of tile growth and then balance is penetration. Do you think that the category growth can continue at this rate for another 2, 3 years? And I can understand that your growth market share will be a function of competitive landscape and how you play the portfolio. But are you confident that the category can grow at 18%, 20% for the next 3 years?

**Kavinder Singh:**

So I think the answer to that is how the players play the game. If the players play the game of creating great consistent products, if they continue to work with people on the ground, the answer is yes. So in lot of times, when category is growing fast, sometimes, you will see players coming and actually thinking that it is a cake walk and sometimes, that can actually lead to a different kind of a situation where some players may not give the products that are, let's say, going to perform. And sometimes it hurts category's growth.

So I think it is important that all the players in this category are sort of playing their game right in terms of giving users too the amount of transaction and a reason to invest more money in tile adhesion versus cement. We need to constantly give them the reason so that is the core play that everyone must do to be able to grow the business.

**Sudhanshu Vats:**

Jay, to just quickly build on what Kavinder said and sum it up for you, I think the category is growing robustly, as Kavinder explained to you. Do we see this momentum in the category? Yes, I think. So that is clear. And within that, are we beginning to play this reasonably well? The answer is yes. Kavinder explained it in some detail to you. So do we have the right to win? I think, yes.



We need to be at it. We need to do the right thing, to Kavinder's point, and therefore, be able to see this. I just wanted to add one more data point for you here. If you remember last quarter, we had talked about our new premium range of tile adhesives called NioPro. And we had just introduced it. I want to share it on behalf of the team that NioPro is doing very well Jay.

So therefore, I just want to leave you with saying that as we are in this game, we will have a Roff range of products and premium NioPro range of products, which will be selectively available, available to very select dealers and to the project teams. So we are excited by this play. Growth at about 18% to 20% of the category. We want to grow well ahead of the category. I leave your simulation and answers to you. Thank you.

**Moderator:** The next question is from the line of Tejash Shah from Avendus Spark Institutional Equities.

**Tejash Shah:** Congrats on good set of numbers in this environment. So my question pertains to VAM prices. Now historically, we, the analysts have been programmed to say that or see that this commodity remains very volatile, so \$800 per tonne can actually jump to \$1,600. And if my memory serves me right, it has gone north of that also?

But last few years, the last few quarters, the range of volatility has come down. So just wanted to understand, are there any structural changes on the demand supply side globally that this commodity is not as volatile especially in this kind of macro environment as it used to be earlier?

**Sandeep Batra:** Sure. Tejash, thanks for the question. So VAM, I think while it has always moved within a range, but the kind of spike that we saw post COVID, I think one of it probably coincided with the Russia-Ukraine conflict. And there, of course, the prices went up, but it was for a very brief period of time because they corrected as fast as they had gone up.

Historically, the range has been much narrower than what you saw during that disruption. And one of the reasons that you could ascribe to it is that there has been significant capacity expansion in China, and that capacity is not getting consumed locally. And maybe that is why one of the reasons why overall prices remain a bit subdued.

Plus, I think the feedstock for VAM, which may be you all know, oil derivative, but the two key raw materials being acetic acid, they have not seen any big upward movement. And likewise, even oil has remained kind of range bound. So that is why we see prices remaining at the kind of levels that they are. They could be 4%, 5% up

or down but VAM today is maybe even less than 10% of our raw material basket. So even movements are not going to be so impactful as far as our margins are concerned.

**Tejash Shah:**

Yes. Very helpful. Second question is on, when we look at our distribution landscape, there's a lot of overlap between paints players and us and looking at where the paint segment is going through the rough phase right now, is it easier for us to, let's say, convert some of the paint players to house our products or convert them in terms of pushing some of our products because they are not seeing that much growth in the existing line of the business?

**Sudhanshu Vats:**

Our distribution, Tejash, we follow a distribution model to the market and we go much deeper. Most paint companies follow direct-to-dealer model, and I think they are, if I could use the word, slightly more urban-centric by definition, a little bit more urban. So the two are different.

I think we always believe to continue to play our game, to continue to do our things well and to continue to basically focus on our product range and all that with the set of dealers which we visit. And some of them, there is an overlap, as you rightly said. But I think to each of the dealers that we visit, basically, we would like to grow our range. What I mean by that is to be able to sell more products to them, to be able to share with them the value which comes with premiumization and the quality of our products and therefore, continue to drive our sales in that way.

**Sandeep Batra:**

And I may add, Tejash, the overlap that you mentioned is only in paints and hardware outlets. Our GTM is not 100% paints and hardware. Our GTM has about 7 or 8 different types. You have a building material, you have tile outlets, you have outlets for plywood which keep Fevicol and a large number of other GTM where paints products are not sold.

**Sudhanshu Vats:**

Our GTM, our reach is order of magnitude higher to the paint leader in terms of direct reach to dealers, order of magnitude.

**Tejash Shah:**

Yes. Clear, sir. Sir, and the last one, it has been our focused initiative for the last many years on distribution-related initiatives, both in a numeric footprint and reform. So any new projects or any specific projects you would like to call out?

**Sudhanshu Vats:**

Basically, when we go deep down, we have been looking at what we have been talking about Pidilite Ki Duniya( PKD). I think there is continuous work happening on basically making sure that we go deeper in PKD and there is also pilot happening on what we call super PKD.

So therefore, how are we able to build greater depth and also better information and capability for demonstration as we go deeper as in by demonstration, I mean, user education, trying to make sure that some of our these things are available, both. So I would use the word phytically, some of it digitally, some of it physically.

So that is the next step in this distribution. So therefore, making distribution and demand generation sort of go along even better than what they have been in the past. And that work is happening as I speak to you. So we are going deeper, but we are also going into this, what we call super PKD.

**Tejash Shah:**

Sir, just one follow-up there. If we have to look at growth from the lens of distribution expansion and billing more from the same existing distribution, I know it's very difficult in your line of business, but what would be that rough breakup that how many new touch points or how many new, I would say, accounts you are adding versus you are going deeper with your portfolio innovation and more volume growth from the existing distribution?

**Sudhanshu Vats:**

So I think bulk of it is from the latter, which is basically distribution from our existing points, basically, so for a like-for-like growth, some of it is coming through premiumization, some of it is coming through range. A small component is through expansion. And while we do both, because the other thing is also, I mean, that basically we'll go deeper, but when we go deeper, you would realize that realization per unit as you keep going deeper is much lower. And that has to be built for the future as we go forward.

**Moderator:**

The next question is from the line of Latika Chopra from JPMorgan.

**Latika Chopra:**

My questions, a lot of them have been already answered, but I just wanted to get some color from you on any updates that you could share on some of the new ventures on Haisha Paints and electronic adhesives? And also on the core adhesives portfolio, could you give us some color on how the savings for this portfolio has trended over the last few years, given pioneer and growth categories have continued to accelerate? Electronic adhesives, the new pioneering segment that we are seeing?

**Sudhanshu Vats:**

Yes, both these pioneering segments. So on the Haisha Paints, we were present in TAO-TK, as you would remember, and many of the people on the call perhaps would remember, is that we were present in what is in most of the Southern states, Telangana, Andhra, Odisha and then Tamil Nadu and Karnataka, we call that TAO-TK. We have gone to the Eastern states as well, two or three of those states.

We continue to progress well but we are still not and I keep saying this, sorry, for it may seem like a repetition of what I said, but then that is the case. I think we are making

steady progress, but we are not being able to ascertain for ourselves as to what our right-to-win model is. Actually, what is this business model which will give us very clear right to win before we go to all-India in all the small towns and Rurban.

So while our play and license to play is small town to Rurban, we are clear of that, but our right-to-win model needs to be polished a little bit more, Latika. But progress is on, it's a relatively steady progress, and we want to sort of continue to build on that and we will sort of take our time to sort of strengthen this as we go forward.

I think on electronics as well, a lot of work is happening. We are also expanding the equivalent of TAM. So we are now looking at not only consumer electronics, but we are also, as I speak to you, looking at some of the automotive and some of the other spaces and I think we are beginning to do specification work there.

But a lot of this work, which we are doing here is quite laborious and it takes time. And therefore, when and as we get it right, it will be a little bit more geometric in terms of the outcome that you will see. So it's a bit like that keep working, keep working and then we will start once we get those some of the large orders, some small commercial orders are coming, but large orders will need specifications.

Testing in most of these spaces, whether it's consumer electronics, electronic autos is very rigorous. It goes through a couple of rounds, but each of the round could be 12 months, 12 to 18 months. So this is a rigorous process. We are at it though. There is a lot of work happening in this space as well. We continue to remain excited in this space. And there is a lot of work. So we are peddling very hard. You are not seeing it above the water, but we continue to do that. I think that is the piece which is happening.

**Latika Chopra:**

Sure. Just last bit, Sudhanshu, was just trying to get some thoughts around the core adhesive portfolio, anything on how is the growth trajectory there? Is it more like high single digit? Is it very volume driven? Is it very niche driven?

**Sudhanshu Vats:**

Adhesive portfolio is, again, Latika, is a very wide turf because we have all kinds of adhesive but I think to be fair, a lot of it is core, as you rightly pointed out, our Fevicol adhesives, even our Fevicol for the kids, MR and all that. I think in all these spaces, we are seeing robust single-digit growth. I think more like 1.2 to 1.4x of the GDP.

So in the zone. Could it be a bit better? Yes, I think that is an area we would like to continue to strive for, but I think that is the piece, but even here, what we are continuously doing is a lot more innovation, a bit more premiumization, a lot of projects and pilots are on. Unfortunately, I do not want to elaborate on this at this moment.

But across the board, there is a lot of work on this. And in subsequent quarters, we will be able to share with you also some really exciting work happening in this space as well, so which I think will give us fillip as we go ahead in some of these areas as well. Some of the stuff is very exciting. That is what I can share with you. And we are piloting it as we speak to you. So that gives us a lot of confidence to continue to maintain, more than maintain, inch up these growth a little bit more.

**Moderator:** The last question is from the line of Avi Mehta from Macquarie.

**Avi Mehta:** I just had one clarification and just trying to understand. See, if I were to adjust for this one-off Labour Cost, Labour Code impact, and we are already at almost about 25.5% EBITDA margin. Your input costs are benign. Your demand momentum is actually doing very well. Is it fair or is it a possibility that near term, we could kind of breach that 20% to 24% range significantly upwards?

**Sandeep Batra:** So, I think if you look at our last few quarters, we have. Even last quarter, it was above the 24% range. This quarter, again, because of benign input prices and even if you adjust and after adjusting for the one-off, it was higher. But as I said, our objective is to drive for faster growth. So we will continue to be on the lookout for opportunities where we can reinvest whatever gains we are getting from margin expansion.

And again, just a word of caution, do not look at our numbers on a quarterly basis. Look at a slightly longer term, look at a full year as a basis. In this one quarter, yes, it may appear to be ahead of or above the comfort corridor. But if you look at full year, we are confident that we will be at the upper end of this 20%, 24% range.

**Avi Mehta:** Got it, sir. That's all from my side. Thank you very much.

**Moderator:** Ladies and gentlemen, that was the last question. I now hand the conference over to the management for the closing comments.

**Sandeep Batra:** Thank you very much for your continued interest in Pidilite and wish each of you a very great evening. Thank you.

**Sudhanshu Vats:** Thank you.

**Moderator:** On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

---

(This document has been edited to improve readability)