



February 22, 2023

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Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G- Block  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400051  
NSE Symbol : SHALPAINTS

**Sub: Transcript of call with investors and analysts held on February 16, 2023 at 04:00 P.M.**

Dear Sir/Madam,

In continuation to our letter dated February 10, 2023 and pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of conference call held with the investors and analysts on February 16, 2023 at 04:00 p.m. on the financial results of the Company for the quarter and nine months ended December 31, 2022. The said transcript is also available on the Company's website at the link: <https://www.shalimarpaints.com/investors-relations/earnings-presentation>.

You are requested to kindly take the above information on record.

Thanking you,

Yours faithfully,

**For Shalimar Paints Limited**

SHIKHA RASTOGI  
Digitally signed by  
SHIKHA RASTOGI  
Date: 2023.02.22  
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**Shikha Rastogi**  
**Company Secretary**

Encl.: as above



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**“Shalimar Paints Limited  
Q3 and 9M FY’ 23 Earnings Conference Call”  
February 16, 2023**



**MANAGEMENT: MR. ASHOK KUMAR GUPTA - MANAGING DIRECTOR,  
SHALIMAR PAINTS LIMITED  
MR. MOHIT KUMAR DONTER - CHIEF FINANCIAL  
OFFICER, SHALIMAR PAINTS LIMITED  
MR. KULDIP RAINA - DIRECTOR – SALES,  
MARKETING AND STRATEGIC SOURCING,  
SHALIMAR PAINTS LIMITED**

**ANALYST: MS. RASIKA SAWANT - ORIENT CAPITAL**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 and Nine Months FY'23 Earnings Conference call of Shalimar Paints 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 the 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 Ms. Rasika Sawant. Thank you, and over to you ma'am.

**Rasika Sawant:** Thank you, and welcome to the Q3 and Nine-Month FY'23 Earning Conference Call of Shalimar Paints Limited. Today on this call, we have Mr. Ashok Kumar Gupta, Managing Director along with senior management team.

This conference call may contain forward-looking statements about the company which are based on beliefs, opinions, and expectations as of today. Actual results may differ materially. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. A detailed Safe-Harbor statement is given on Page no. 2 of Company's presentation, which has been uploaded on the stock exchange as well as Company's website.

With this, I hand over the call to Mr. Ashok Kumar Gupta for his opening remarks. Over to you, sir.

**Ashok Kumar Gupta:** A very good afternoon and welcome to all the participants in this conference call of Shalimar Paints. We had a good quarter. My colleague, our CFO, Mr. Mohit will brief you on the quarter's achievement, and thereafter, my colleague, Kuldip, will give you some idea of the market in which we are operating, and then we will take question-and-answers. Thank you.

**Mohit Donter:** Good evening, everyone. I would like to thank all the investors on the call and continuously, reposing your faith in the company. It is my pleasure to address you today. I would like to share with you that your company is progressing and growing faster than the market. Where the industry has grown by 3% to 5%, your company has grown by 34% on year-on-year scale.

If I talk about the financials, we have recorded net turnover of Rs. 129.1 crores, with a growth of 34% from the last year, which was Rs. 96 crores and 17% from the previous quarter of Rs. 110 crores. During the quarter, we observed raw-material prices had been favourable to the company and which is very well evident from the lower-cost of goods sold, and we have improved our margins. So we are recording a gross margin of 27% which has improved by 1.5% from the previous quarter. So this year, we have recorded positive EBITDA of Rs. 44 lakhs, and I believe this is the start of the journey, wherein from last two quarters, we had been trying our best and now we are reaping the benefits of the last efforts, what we were doing in the last six months.

So, employee expenses-to-net revenue ratio in terms of percentage are improved as you are seeing. Other expenses have improved by 3% on year-on year basis, and 1% from the previous quarter. So we are improving on other expenses as well. We have very stringent controls on the fixed-cost, so that they should not increase. Loss for the quarter, we have recorded Rs. 6.2 crores, which is lower by Rs. 4.5 crores than the previous quarter. So these are the major highlights of the quarter in terms of the revenue and the performance we have made. So, I would request Mr. Kuldip to give you insights of the actual operations and what we have made the changes to turnaround the organisation. Over to you, Kuldip.

**Kuldip Raina:**

Sure. Thanks, Mohit and welcome all the attendees of this conference. So, I'll briefly take you through as to how the quarter has been and how has been our journey from the last nine months. If you recall in the previous conferences, we had also talked about in terms of our distribution reach being on the lower side, our contractor base and painter base being lower side.

So we have worked upon these two elements in terms of building our Connect, Consumer Connect, and since both painter and dealer, play a major role in the paint industry in terms of the influence from 50% to 60% of the sale, so we said that we will focus more on these two verticals first to build our brand equity in the marketplace. So I'll briefly take you through in terms of what we have done in the last quarter. What has, and as a result of that, what is that has come to us as a business proposition.

So we started-off with, during the peak times of vertical as Diwali, we did a campaign in painter fraternity, wherein we got very good results in terms of, if I have to briefly tell you, our growth in total registered painters went up by 77%. New painter enrolment went up by 83% and active painters, who buy you, month-after month has increased by 57%. So, which clearly indicates that acceptance of the product is actually going up. And if you look at the offtake, in terms of how much a painter was buying earlier and how much he is buying now, it has almost doubled. So these are the indicators of in terms of our painter reach getting better and better over the period of time.

Apart from this, we did a lot of visibility drives in the marketplace to build that consumer connect with Shalimar as a brand. We also launched some new products in waterproofing space by the name of Zero Damp and which started giving us 3% to 4% of incremental sales in the last quarter, if we have to talk about. So and there were some other arrangement in terms of brand alliance done with some of the companies, which we are actually working upon and we are sure that in future that we are going to get very good results from that.

When it comes to the distribution expansion, we opened up on a cumulative basis, we opened up some 1,100 to 1,200 customers, new customers, which gave us some 12% incremental business so to say till date. As a result of this, we saw some, as Mohit was also mentioning, we saw a very good quarter for ourselves with a topline growth of 34%, which against industry growth, if we look at the last quarter, has been in the range of 3% to 4%. So, to say, we are 30% ahead of the industrial growth, and quarter-on-quarter if you see, we have been gaining market-share.

So, that has been the highlight of this particular quarter. And apart from this, we also did a bit of understanding in terms of our high-margin products and we started pushing them more. So, which also helped us in building our margin line. So going forward, we are taking this strategy forward and I'm sure that in coming times, you'll see better quarters for Shalimar. Thank you very much.

**Moderator:** The first question is from the line of Jay Mehta, an individual investor.

**Jay Mehta:** Hello Sir, Congratulations Sir on continuously performing better performing numbers. I had a few questions. Firstly, your projections in Q2 FY'23 were that will have growth of topline and anything of about 30% to 35% year-on-year. Looking at nine-month, we have grown tremendously. And if we look at Decorative Segment, there is a growth of 39% in revenue with just a marginal 6% increase in volume. And similarly, in the Industrial segment, we have 45% growth, with this 27% increase in volumes. So, sir, if you could throw some light on this, how have we been able to achieve it, because if you see the number of dealers which have been added are not that many for this quarter. Please, sir.

**Ashok Kumar Gupta:** Yes. So, there are two things here. One is, that as you know, we have taken significant price increases in this year as compared to last year because of the raw material price increase.

**Jay Mehta:** Correct, sir.

**Ashok Kumar Gupta:** As a result of that, the revenue growth is faster than the volume growth. Secondly, see the industry as a whole has been growing rather slowly. It hasn't been growing significantly. So, because of that also, the volume growth is almost in the industry is not much. It is stagnant. We got some volume growth because of our bases are low, both combined with volume and with the price increase, and also, we shifted slightly towards higher price items.

So, as you know, the Shalimar was for long was known for basic products, very low margin, low-price items. This slowly shifted to slightly better items. Better items by way of emulsion, better way of strainers, slightly higher price, but low-volume items. The result of all the three things, one is volume increase, price increase and a bit of shift in-product mix, you are observing in the gap between the volume growth and the revenue growth. And going ahead also we are planning that this kind of revenue growth we should be maintaining quarter-on-quarter to the extent possible.

**Jay Mehta:** So sir, from this new revenue mix which you are getting from emulsion and everything which just mentioned with higher margins, how much would this be contributing to our revenue for this quarter?

**Ashok Kumar Gupta:** So, I can tell you that the change in product mix, if we see the growth in revenue, will constitute only a small part, because, overall shift is in small percentage and the impact or the net revenue part of it is still smaller. So, as I mentioned, see, there are two things. We have a volume growth, which is about 6% in Decorative, the major part of it is because of the price. So, the price increase we have taken this year is almost 20% to 25%.

- Jay Mehta:** Yes.
- Ashok Kumar Gupta:** So, that is straight coming from the price increase only. The rest all is because of the product mix and other factors.
- Jay Mehta:** Okay. So, basically, primarily, this shift we are seeing in your sales because of the 15% - 20% raw material drop?
- Ashok Kumar Gupta:** Yes.
- Jay Mehta:** Okay. Sir, another question in this quarter's Investor Presentation which you have uploaded, I can see in your new product offerings there is Construction Chemical which has been mentioned.
- Ashok Kumar Gupta:** Yes.
- Jay Mehta:** So, just on this part, sir, where are we procuring or manufacturing this?
- Ashok Kumar Gupta:** So, construction chemicals, at the moment, we are doing entire outsourcing and most of our sales of construction chemicals is happening in South and West, with some coming from East and North as well. We are doing all localized purchase for customers who are in South. We have our vendors, who are again based in South only. Very small quantity goes from region-to-region. Most of it remains in the region. So we have localized vendors. Entire quantity is outsourced. At the moment, we do not have any production facilities for construction chemicals.
- Jay Mehta:** So what would be this would basically be a trading product, right?
- Ashok Kumar Gupta:** At the moment, it's a trading product. Only thing which we do have, we do have our R&D. So we asked for a specific formulation of that product. Other than that, it is a trading product. So, we just guide them, what is the material required. So that, the end-consumer demand is met. So, some part of designing we do. Rest all is, production and everything is done by the vendors.
- Jay Mehta:** So sir, what would be the approx revenue contribution from this and the margins we have for these construction chemicals?
- Ashok Kumar Gupta:** So, currently, it may not be even our revenue contribution may not be even 7% to 10%, which is in that range, smaller, quite small. Very limited because it just started.
- Jay Mehta:** Okay.
- Ashok Kumar Gupta:** And it will take some time to grow up. And margin, as you know, in any trading commodity, margins can only be around 5% to 10%. They aren't too much.
- Jay Mehta:** So, this is the net margin, 5% to 10%?
- Ashok Kumar Gupta:** No, it is net means fixed expenses are not taken care there. Fixed expenses are excluded. We have not differentiated between paint and construction chemical also is a part of Paint only. So, since it is an outsourced product, the difference between our selling price and outsource price varies between 5% to 12%.

- Jay Mehta** Thank you so much for answering and keep up the good books.
- Moderator:** The next question is from the line of Amit Mamgain from Asian Market Securities.
- Amit Mamgain:** Good evening, everybody. This is Amit from Asian Markets. So, first of all, I wanted to convey my congratulations to the entire Shalimar team for a very encouraging scale-up of topline in Q3. So, I have basically three questions. The first question is basically, if we consider the base of Q3, which is about Rs. 130 crores, we are at a steady-state annualized number of around say Rs. 522 crores to Rs. 525 crores for FY '24. I would assume that, obviously, there would be some growth on this. So, would you want to guide a topline number for FY '24?
- Ashok Kumar Gupta:** So, if you see, in the nine months, our number is perhaps 350+.
- Amit Mamgain:** Okay.
- Ashok Kumar Gupta:** And so, if by that rate itself, we will be somewhere between Rs. 475 crores to Rs. 495 crores in this year.
- Amit Mamgain:** Correct.
- Ashok Kumar Gupta:** Now, so next year again, since, we are a very small company, our built is very small, so we will try to again, attempt, growth rate of 25% to 30%, whatever is possible. This is what we are trying to maintain this year. This is what we will try to maintain next year also. Our long-term plan is, that we should be maintaining a growth trajectory, being a small company of which is normally for small company, small company normally grows by only 20% to 30%, as compared to the large companies that grow around 80% to 90%.
- So, being a small company, we will try to keep that kind of growth, 20% to 25%, 30% year-after year. That accordingly, next year numbers will also be turned out.
- Amit Mamgain:** Yes. So, my second question is, what is the level of integration Shalimar team has achieved with the channel, with the Infra.Market team? If you could just give some color on that, it's been about, I think, three to four quarters, we've had arrangement with them, investments into Shalimar. So, if you could just give some basic color on what has exactly happened on that front?
- Ashok Kumar Gupta:** So, if you know, it was last February-March, that there was an infusion of funds by Infra.Market Hella Infra into Shalimar Paints. Now, the association between Hella Infra and Shalimar Paints goes beyond the equity infusion.
- Amit Mamgain:** Sure.
- Ashok Kumar Gupta:** It is strategical. So, the first thing which happened as a result of our partnership was, that we built up very strong teams in the organization. So, Hella Infra helped us building a good team. They had the vision. They had the wherewithal to find out and create a strong team within the organization. I can share with you that we did onboarding of four, five very capable, very expert, very knowledgeable people, experienced people, within three to four months of their association. So, that means, by September, we had four or five, very senior, very capable people in our team.

So, I think that happened because of that association was, creation of the team. Hitherto, for variety of reasons, including our apprehension, our name, our image, we were not able to create a strong team. Secondly, I think they have also been able to give us a vision.

So, they have helped us in drawing a vision and because of which, see even though today, we are only at around Rs. 475 crores to Rs. 500 crores per annum company, they are giving us a vision because of which we are able to now create a capacity, where this capacity what we are creating this year and current next year may take us to right up to Rs. 2,000 crores to Rs. 2,500 crores.

So I think the second thing which they have shown us the way is, how to grow. How to increase volume. How to increase revenue. So that's the second thing, that they have given us a vision. So, they gave us a team. They gave us a vision. And the third aspect of our association has been continuous strategic formulation.

**Amit Mamgain:**

Sure.

**Ashok Kumar Gupta:**

So, on a regular basis, there is an interaction between the company's team. So today, you see, not only we have a very capable team within our organization, we also have access to the expertise of the entire Hella team, and Hella is, perhaps, the turnover is in thousands of crores. So, we have access to the expertise of their entire team. So, we have regular interaction between our team and their team because of which lot of thinking is getting cleared and we are able to take so much initiatives.

And it is a result of these initiatives that we are able to grow and these are just thinking in. They don't even achieved their goal. As you know, any association between two organizations takes lot of time and now, more than seven, eight months have passed between our team and their team, some kind of relationship is building up. So, I think this was the third biggest assistance they have given.

The fourth which you got, could be looking for by way of their customer being associated with us. I think that process has just started. It hasn't picked-up in a big way, but it has already picked-up. Now we are in a situation where we are talking to their customers. But these two are different organizations. So, for those customers to accept Shalimar Paints as a supplier may take some more time, but association has started. Interactions we have started on that term.

**Amit Mamgain:**

That is perfect, sir. Thank you for articulating it so well. Sir, one my last question is, when you say that you started interacting with the customers of Infra.Market, so are these institutional customers, for example, we have read in the report that Infra has been able to get the award for the lane contractor for the Ayodhya airport and Mumbai, Panvel airport and so on and so forth. So, are these the channels which you are working on? Just curious about it.

**Ashok Kumar Gupta:**

So there are three aspects of it. So, one is, as you know, Infra works on different verticals. They have many verticals which are integrated into one organization. So, they have a vertical where they approach dealers and then they kind of help in as a distributor, in servicing the dealers. So, on that side, the work has started. The second side is, Hella is opening their own stores.



- Amit Mamgain:** Correct.
- Ashok Kumar Gupta:** If you see, these are multiproduct stores right from tiling and faucets. So, there again, they started keeping paint as well. The second aspect of association, where they would be keeping our products in their stores and they are really, I should say upscale stores.
- And the third association is, as you mentioned about contractors. Discussions have started. Now, we are talking. We have started talking to their contractors, one by one. As I mentioned, this is a very slow process because, as you know, most people they, whenever architect is there, the bill-of-materials and the brand to be procured is normally defined by the architect. So here, contractor plays only one role, but architect plays a bigger role. So, now we have started approaching the architects for the approval in the projects. This is a time taking process. Normally, it takes one year to one-and-a-half years. The process has started. It may take one year to one-and-a-half years before you see the results of contractor architect approvals.
- Amit Mamgain:** Great Sir, Thank you for sharing this. And my last question is, the basic thought process of inducting Ms. Shan Jain, ex-Madison into the company and in just read about her and she's worked with one of the best consumer brands, working for the consumer brands. So if you can just quickly mention about the thought process behind inducting?
- Ashok Kumar Gupta:** So, very rightly you asked. What happened, we till now, whatever growth you are seeing has been because of the operational improvements we made, capacity expansion, green improvement. So these were all internal matters.
- Amit Mamgain:** Right.
- Ashok Kumar Gupta:** Having achieved that, now the need is there, that how to improve our communication with the consumers. So if you observe, communication with the consumers has been negligible in last two, three years, maybe five, ten years. So, that communication piece was missing in Shalimar. Now and so, we were looking for some person, who is an expert in communicating with the consumer, because ultimately, end of the day, paints that is done, is a consumer product.
- So, we had chosen Shan because she is connected to the consumer. She knows the consumers. She knows the psychology and she can help us. She will be helping us significantly in talking to the customers, communicating with the consumers, communicating with the market, communicating with the painters, and then ensuring that our visibility improves. And already you know about experience, I don't have to kind of talk about it.
- Amit Mamgain:** Thanks so much Ashok ji and convey my best wishes to the entire Shalimar Team.
- Moderator:** The next question is from the line of Vinay Mehra from Allied Investment Advisors.
- Vinay Mehra:** Good Evening Sir. Yes. First of all congratulations for good set of numbers.
- Mohit Kumar Donter:** Thank You, Vinay

- Vinay Mehra:** So, my question is with regards to the new dealers. So in this quarter, the total number of new dealers were around 318, which is significantly lower than the previous quarter. But the sales have increased by almost 50-odd percent on Q-on-Q basis, and the yield per dealer has also almost doubled. So how have we been able to achieve this?
- Ashok Kumar Gupta:** Kuldip
- Kuldip Raina:** So, Yes. So, where did you get these number from, in terms of 319 dealers only in the backend of this quarter? We have not published any kind of that number.
- Vinay Mehra:** I just saw it in the presentation.
- Kuldip Raina:** No. So, probably, I don't know where this number has come from. See, we have an average number of dealers build quarter-on-quarter in-between 2,100 to 2,400. Now, if you're talking about new dealers onboarded during the quarter, you might be right.
- Vinay Mehra:** Yes.
- Kuldip Raina:** New dealers onboarding?
- Vinay Mehra:** Yes. I am talking about the new dealers this quarter.
- Kuldip Raina:** Perfect. Perfect. That you can see out there. Right. So as we mentioned that, till-date we have opened up at least 1,100 to 1,200 new customers during the year. So, to be precise, it has been 1,080 customers during the year. Out of these, roughly 300 have come during the past quarter. And, yes, so, as was mentioned that we are building a strategy of expansion and extraction.
- So our extraction methodology has started working in the last two months, more so, after the third quarter. If you see December, we are having good numbers. So, it has started working for us in terms of getting better yield, in terms of better throughput from the dealers. So yes, to that extent, 300 dealers is the number. 340-odd number of dealers new opened up in the quarter. But in terms of total participating dealers, we have 2,400 to 2,500.
- Vinay Mehra:** Going forward, what is the average yield per dealer you would be, I mean, forecasting?
- Kuldip Raina:** Okay. So, two things...
- Vinay Mehra:** And one more... Yes, go ahead.
- Kuldip Raina:** As we mentioned that we are wanting to exponentially grow as far as distribution reach is concerned. So yield probably is not something which you will be looking at this point in time, because we will go for an expansion strategy. We are going to use many different models of vertical distribution reach in terms of SaaS models, which is sales-as-a-service, BOT models, which is build-operate-and-transfer model. So, to get a better access to the market.
- So for us, probably till the time we have reached the market reach of some 20%, probably yield would not be something which we will be chasing. The reach is what we will be chasing. So, yes, over a period of time as we kind of progress in terms of reach, we have hardly able to reach

today. We are having a 5% market reach and unless and until we have a better reach, which is to the tune of 15% to 20% for a player like us, we will not be able to extract much also from the market.

So that's how our endure will be going forward, to increase our reach and obviously, through, as we said that emulsions in agency, you want to build new products, we want to launch, through that we like to increase our throughput also from the existing dealers. So roughly, if I had to put a number to it, we are currently at roughly Rs. 80,000 per dealer kind of throughput, which might increase by level of Rs. 1 lakh per dealer.

- Vinay Mehra:** Okay, sir. Okay. Good. And sir, one last question.
- Ashok Kumar Gupta:** Yes.
- Vinay Mehra:** So this question is on the marketing side.
- Ashok Kumar Gupta:** Sure.
- Vinay Mehra:** So, what is the budget or the marketing budget for Q3, and going ahead, what would be your forecast for FY'24?
- Kuldip Raina:** Okay. So as of now, as we mentioned that we are doing the basic job in terms of building that connect with the consumers in terms of, as we mentioned that retailers, dealers and influencers, play a major role. So all of our marketing budget for the quarter, this quarter and the coming quarters will be around this space only, in terms of building our reach, in terms of building a better connect with the contractors, painters and interior designers, as was mentioned by our MD also.
- So that will be our route forward. But next year, as we have our plans, we will do a budget allocation for the marketing activities for the next financial year, which probably will be able to kind of give you a number by the quarter-end, last quarter end.
- Vinay Mehra:** Okay, sir. That's from my side.
- Kuldip Raina:** But we are definitely looking in terms of building a better consumer connect, because as was mentioned earlier through the internal efficiency building, we have been able to get what we have got till-date. But if we have to build the brand, definitely will have to spend.
- Vinay Mehra:** Okay, sir. Got it. That's from my side. Best of luck to you as well as the entire Shalimar Team.
- Moderator:** The next question is from the line of Amit Shah from AT Capital Group.
- Amit Shah:** Sir. I would just like to use this opportunity to more understand the long-term aspirations of company in terms of the topline and bottom-line. I'm not asking for any guidance, but if internally, if you can share what your aspirations are to reach in terms of revenue and bottom-line for next two to three years?

**Ashok Kumar Gupta:** Thank you, Amit. So you see we have a big opportunity in front of us. The opportunity being, our small market-share. So 99% of the market is open to us. we are planning that year-after year, we should be growing at least by 20% to 30%, which we think is, that is possible because a) our brand name is known throughout the country, it is a respectable name. It's not very popular, but wherever, there is awareness, there is respect. So, that way we hope to build-on the brand further. We may need to increase the communication part of it to make it popular.

The second part is, that we have been strong in Industrial. So if you observe, we are almost one of the top brands to be approved and preferred by the end consumers in the Protective Coatings segment, which comprises primarily of steel, steel construction, steel-based products like pipelines, like containers. All steel structures like, you have PEBs or you have large industrial structures.

So, we are one of the, I should say, 4-5 brands which are a preferred source. We are planning to increase it, increase our presence there, because of our acceptance and our quality. You'll be maybe perhaps knowing that, we have a very good quality accepted in the Protective Coatings sector. Practically, every large organization has Shalimar as one of their good suppliers. Now with good team that we have, we hope to increase this reach.

So, with these two factors together, we are hoping that we will be growing 25% to 30% year-after year. And for that, we are already expanding our capacity at the field locations, both, North, South and West. We will also look at feasibility in East. So, we have got presence in all the zones. Team is good. Presence is good. Market acceptance is there. So, we should be able to grow in next three, four years at this rate. Is it okay?

**Amit Shah:** Yes. Absolutely, sir. Very good to hear this. Just to follow-up on this. I think you touched upon that point, but I believe, this will be a combination of both new capex, as well as increasing the existing capacity utilization. Is my understanding correct, to achieve this growth rate which you alluded to.

**Ashok Kumar Gupta:** So, what we are doing is, we have one plant, which is slightly old. That we are modernizing almost significantly. It will be almost complete overhaul of the plant, which is in North. The other two plants are comparatively new plants. They were setup, perhaps five to recently, last within last 10 years. So, there, we will be only adding some machinery, what we call as the brownfield expansion. And so, by that method, all the three plants capacity will increase significantly within next 24 months.

**Amit Shah:** Understood Sir. This is helpful. All the best for next year.

**Moderator:** The next question is from the line of Praful Siddharth from Shravas Capital.

**Praful Siddharth:** So, congrats and great set of numbers. I just joined the call late, so sorry, if my questions are repetitive. So, what is the revenue contribution which came through Infra.Market this quarter? Last quarter it was around Rs. 5 crores to Rs. 6 crores, if I remember right.

**Ashok Kumar Gupta :** I think it is almost same, continuously Rs. 5 crores to Rs. 6 crores. Actually, Infra.Market contribution will grow once some kind of maturity comes. But you see, more than that, Infra.Market is helping us and introducing us to the new customers, where the revenue numbers do not come through there.

We are seeing the revenue number come directly to us. They have a large set of customers, whom they are servicing different materials, including construction materials, including steel, cement and all kind of housing materials. So, we get access to those customers. I think that is biggest contribution.

In addition, Infra.Market is also planning to open their own stores, where our materials will be present, but this activity has just started. Maybe it will pick-up in the next year. So, number-wise, we are looking for a large or significant increase in next year, but more than the numbers, the story lies in the contacts and the leads they are able to generate for us. And that is, I think a bigger contribution than the number of materials we are able to divert through them.

**Praful Siddharth:** So my second question is, what's the outlook on the Industrial Paint segment?

**Ashok Kumar Gupta:** I think that we are quite bullish on that side. If you see, in Industrial paint, our growth has been steady. Quarter-on-quarter, quarter-on-quarter, we have been growing almost at the same pace, and we are increasing the number of -- So we are increasing on all sides. A) We are increasing in the sales made to each customer. So, if a customer was buying whether say, 10 liters from us earlier, now it is 12 liters. Secondly, we are increasing the number of customers in each segment.

So if in pipeline segment, I was making, was servicing six customer earlier, now I am servicing seven customers or eight customers. Thirdly, we are increasing the number of segments we were handling. So, we were earlier handling eight or nine segments, now we have gone to 10, 11 and next year we will perhaps be introducing two or three more segment within Protective Coatings. So currently we are, I think working on 10, 11 segments and now, going ahead, we should be working on 13, 14 segments. When I say segment means the verticals.

So, the way we have handled this thing is, we have created verticals within the Industrial segment, for example, pipeline, for example, PEB structure. For example, containers and structure. Container means the tin boxes, which you get biscuits and all that. So, each segment, every quarter we try to add one segment. That's the way we go. So, we are increasing segment, then the number of customer within each segment, and then, we are increasing amount of sales to each customer.

**Praful Siddharth:** Sir, just last question from my end. So, how was the demand outlook in the month of Jan from our Company's perspective.

**Ashok Kumar Gupta:** I think the pace of growth which we saw in the first-nine months, we are trying, we are almost there.

**Moderator:** The next question is from the line of Amit Mamgain from Asian Market Securities.

**Amit Mamgain:** Thank you. Thank you, Ashokji for this opportunity again. Sir, right now, you rightly highlighted about our strength in Industrial segment, Coatings, etc. And about few quarters ago, you had mentioned that strong relationships like APL Apollo, where you ran the shows so successfully, those will be leveraged and as we understand, APL commenced its new plant, coating plant, Coated Pipes plant at Raipur, if I'm not wrong. So, I was just trying to understand, if this opportunity could be considered as a growth driver for the company apart from the other channels where we are working?

**Ashok Kumar Gupta:** Definitely. So, the new coating plant, as you may rightly aware, it's basically plant for the manufacture of coated steel sheets.

**Amit Mamgain:** Okay.

**Ashok Kumar Gupta:** So, the common name for that material is color coated sheets. Currently, color coated sheets are being manufactured by large players like JSW, Tata and there are very few, very few private players who are non-manufacturers of primary steel. So most of the color coated sheets are being manufactured, I should say, large part of it, major part of it by the steel manufacturers themselves.

As you know, APL Apollo ventured into areas which are not seen by others. So, APL Apollo has recently gone into a manufacture of pipes, square section, which is 500 by 500, which is first time in the country and 300 by 300 first time in the country. Similarly, we have gone for a very large capacity of color coated sheets, which was the domain or the chosen area of large steel manufacturers or producers.

**Amit Mamgain:** Sure.

**Ashok Kumar Gupta:** So, these color coated sheets require something known as a coating paint. So this is a special paint, which is being manufactured by some three or four people in the country at present. Shalimar is not one of them. We do not manufacture coating paint at this juncture. The reason is one of the largest user of this material is, JSW and they have put up their own plant for Coating Paints.

**Amit Mamgain:** Okay.

**Ashok Kumar Gupta:** So, anybody who wants to setup this facility will have to, will have the disadvantage of not having the larger customers with them, but having the largest customer owned plants to compete with. So but, we'll have to see. If more players come in the area of manufacturing color coated sheet, then we can think of making coated paints.

So, we will think about it. It's not very difficult. The machinery is not very different. Formulations are different. We will have to do some R&D, but it's possible. So perhaps, we will examine it in next year. As I mentioned to you, we will be working on some more verticals. We already have some 10, 11 verticals working in Industrial. If we see potential coming up in this area, we will start making coated paints as well.

**Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to Mr. Ashok Kumar Gupta for closing comments.

**Ashok Kumar Gupta:** Thank you. Thanks to all the participants and the people who took interest and asked the questions. I know we were quite late in declaring the results this time. Every time, we declare it almost last few days. And so next time onwards, going ahead, we will try that we are not the last ones to declare results. We should be slightly early. My colleagues who are here, I'm sure they will kind of look into this area.

**Mohit Donter :** Sure, sir.

**Ashok Kumar Gupta:** And the company is on the right path. We are improving in each front. So, company who has been not doing very well for quite some time, takes time to stand on its own feet. I think we are almost there. We were struggling, but now we are on our own feet.

And once you are on feet, then you can start running. I think the time has come for the company to run and we are working in that direction, expanding everywhere, increasing our capacity, increasing our reach by way of distribution centers, by way of depots, by way of dealers and fortunately, we have very good team. Mohit, Shikha, Kuldip and all the people in production, they are doing an excellent job. So going ahead, you will only see positivity coming in from this company. Thank you so much for your time.

**Moderator:** Thank you. Ladies and gentlemen on behalf of Shalimar Paints Limited that concludes this conference. Thank you for joining us, and you may now disconnect your lines.