

25th April, 2025

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BSE Limited
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Mumbai - 400001. | 2. Manager – Listing
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
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**Sub.: Transcript - Analyst / Institutional investors meet by Kansai Paint Co., Ltd., Japan,
Promoter of our Company**

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

Dear Sirs,

This is further to the intimations done by the Company on 15th April, 2025, 17th April, 2025 and 18th April, 2025 with respect to the Conference Call hosted by Kansai Paint Co., Ltd., Japan, Promoter of our Company on Friday, 18th April, 2025 at 4 p.m. (Japan Standard Time) i.e. 12.30 p.m. (Indian Standard Time) to discuss business strategy briefing on India operations. The Conference Call was in the nature of a group call.

We are enclosing herewith the transcript of the Conference Call for your information and reference.

For **KANSAI NEROLAC PAINTS LIMITED**

G. T. GOVINDARAJAN
COMPANY SECRETARY

India Business Strategy Briefing Held on 18th April 2025

- **Ms. Matomato – IR & Public Relations, Kansai Paints Ltd.:**
- It is now the time to start Kansai Paint India Strategy Briefing. My name is Matomato from the IR and Public Relations Department of Kansai Paint, and I will be serving as an Emcee. Thank you very much for taking the time out of your busy schedule to attend the Kansai Paint India Strategy Briefing. I would like to introduce the attendees from our company. Takashi Tomioka, Kansai Paint, Director of the Board, Managing Executive Officer and Chief of Corporate Planning, Finance, HR & Administration & Ottawa and from Kansai Nerolac Paints, Mr. Pravin Chaudhary and Rohit Malkani and Hirokazu Kotera and Amrit Rekhi.
- I will briefly explain today's schedule. After this, first, Tomioka will say a few words to everyone. After that, Tomioka and Kansai Nerolac Paints will explain the India Business Strategy. We will then move on to the Q&A session. This is scheduled to end at 5:15 p.m. Japan time. Therefore, there is a possibility that questions are asked from the Indian side, so we kindly ask you to keep your questions to one question at a time.
- Now, without further ado, Tomioka will deliver his greetings.
- **Mr. Tomioka Takashi – Director of the Board, Managing Executive Officer, Kansai Paints Ltd.:**
- Hello, everyone. Last year end or the beginning of this year we have the presentation in Europe and then Africa, so this is the 3rd time we have provided this Strategy Meeting. Thank you very much for participating and we will do our utmost to provide the best mix of this session. On 11th of April Mr Nishibayashi director of our company had to step down due to health reasons. I was working in the corporate side, but I have now transferred to the Business Unit. However, I am the CFO and, therefore, I will continue my role engaging in a dialogue with the investors. There is no change in the IR activities going forward. I hope to engage in good communication with you going forward and the results of the dialogue we have with the investors that will be comparing to the business side in our company.
- Without further ado, I would like to go to the presentation. Now, today we will follow the process of Europe and Africa. We will first talk about the value of India for Kansai Paint from my part.
- Next slide, please. Here, I'm not going to lever this point in detail but as you know very well India is the vision that we are hoping for most growth in our Group. On the part of

the Group India will be leveraging three pillars which are Auto motive, Deco and Industrial. And by so doing, we will aim to reach the number#2 level in India.

- Next slide, please. Here, it's India Business at a glance. So, this is something that I've covered many times in the past. Within Kansai Paint, the percentage of India sales is around one-quarter of the revenues, as you can see on the left-hand top pie chart. This is a very significant position. And looking at the breakdown of India, as you can see below, Auto, Industrial and Decorative; these are the three pillars. You can see that more than half is accounted for by Decorative. And going forward, we want to grow that Industrial, Auto as well and so we will have three distinct pillars in the India segment. Right hand side you can see that. As you know very well, India has continued significant growth in the past. And on the part of the Kansai Paint Group, we are exceeding the growing market. We hope to maintain this momentum going forward for India. Overall, India is expected to grow above the global level, and we want to exceed our strength in India as well, as you can see. Although there are some concerns the Indian segment has hit bottom in '21 and it has now returned to the growth trajectory under the new management members who will be speaking today, we hope to continue this growing trend going forward.
- Please go to the next slide. These are the long-term and short-term perspectives that are outlined here. In the long term, we are aiming to become the number#2 group, and 10% growth is what we would like to achieve constantly. The EBITDA margin is to drive the level of our group, but we want to reach high levels EBITDA margins in the next 2 or 3 years, in the near term. Compared to our expectations, there is some softening in the market, but we are aiming for 9% growth on an annual basis EBITDA margin. We will aim for 14%-15% on our road to achieve 18%.
- Now, the headquarters expectations for the India segment are under new CEO to be a leader of the Kansai Paints Group. And to maintain the number#1 position in the Auto business further and to become number#1 in the Industrial coatings. These are the high expectations of the headquarters toward India and overall establish a unique portfolio business model to be fully leveraged so that the growth and profitability can both be achieved. We want to show you that this is possible in the Decorative coatings market.
- The main speaker is my Indian colleagues, so I wanted to make my presentation brief. But moving on to the next page. So, here onward I'm going to pass the baton to the Indian side and the new management will discuss our plans going forward. So, first, to Kotera San, over to you.
- **Mr. Hirokazu Kotera - Executive Director, Kansai Nerolac Paint Ltd.:**
- Thank you very much, Tomioka San. My name is Mr. Hirokazu Kotera. I have been based in Mumbai for the last 2.5 years and am currently acting as the Executive Director of the company. And, again, please allow me to introduce our leadership team here who are

participating in today's session. First, Pravin Chaudhary, Prashant Pai, Rohit Malkani, Amrit Rekhi and we have Mr. Yash Ahuja, who is our CFO in designate here, also attending today.

- And now, it is my great pleasure to introduce Pravin Chaudhary who is a seasoned leader with over 30 years of global experience in the paint and the pigment industry. He will bring a strong track record of driving transformation and sustainable growth. Having worked closely with him, I can say with confidence that his leadership consistently reflects the values and principles as shown here. So, with his integrity, clear vision and deep commitment to people, I do believe that he is exceptionally well suited to lead us forward further and we are confident that under his guidance we should be able to reach new heights and create a lasting value.
- So, now, I will hand it over to Pravin.
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Yeah, thank you. Yeah, so as you can see India long term growth story continues and it is supported by some of the features which are listed here. I'll touch upon some of them. India offers a rich demographic population with median age of 24 years and young and working age population. These are the factors which will support growth in the coming years. Further, urbanization and infrastructure push and Make-in-India, which the government of India announced and going well, is also fueling long-term demand. India's GDP growth remains resilient at 6%-7% and it is expected to do so in the short term driven by strong domestic demand. So, overall, India remains a strategic market for Kansai Group and its offering massive potential in construction, Industrial for infrastructure and Auto motive as a whole.
- Next, please. So, this slide has been presented earlier also in our Investor Conferences. However, there's one change which you see on the top with the vision now prerequisite for a Kansai Group which is 'Enrich life with happiness'. So, you can see that Kansai Group is transforming itself and redefining its positioning as we go forward in this midterm plan. You can see from the picture, Nerolac touches lives in many forms and ways. The aim of Nerolac, hence forth, is to bring happiness by being solutions company going beyond just colors and beauty. Expanding portfolio and this shift will add diversity and resilience to our portfolio beyond Decorative coating.
- Next, please. Yeah, this slide tells us our segment wise penetration and you can see that we are present across all major coating verticals and have a very diversified portfolio, having unhindered access to global resources. You can also see our position. So, in two categories, Auto and powder, we are number#1 and in décor, general Industrial, high performance we are number#3 and only on Auto finish because we entered late, we are number#4 but there also we are catching up fast. Our vision here is not just volume

expansion but it's a strategic market share leadership across all segments. Our emphasis on in-house innovation ensures long term differentiation and margin protection. The footprint strategy here focuses on targeted presence where there is a higher growth potential in the market.

- Next, please. As far as our vision is concerned, as I explained earlier, here the strategy is not brand new, but I think we're embarking on a transformation mission. We are activating dual levers of growth which will consist of market products and segments and enablers which will be supported by processes, governance and digitalization. And our growth drivers will be investing in fast-growing segments of Industrial coating and we look at expanding our presence in infrastructure base. One Kansai approach, which is defined by our Kansai headquarters, this approach will ensure a cross-functional alignment across the Group and portfolio efficiency across various verticals of coating business that we have. We're also leveraging our past acquisitions in India, especially in the construction chemical area, to aggressively widen our presence in the mason-led and repair category. Under operational improvement, our agile resource allocation and global purchasing will help strengthen our competitiveness, improving speed to market through digitalizing all sales operations and supply chain will be our focus. And in terms of efficiency, it will focus on cash conversion cycle, mainly focusing on the inventory.
- Next, please. Yeah, so this is the summary slide of our midterm plan which aims at balancing 3 imperatives of growth, innovation and stability. Industrial will be our growth segment, Automotive will thrive on our innovative, technological advanced solutions and strong customer relationship. In short term, Decorative business will focus on strengthening strong geographies, project segment and preimmunizing our overall portfolio mix.
- Yeah. Now, I hand it over to Amrit Rekhi. He'll take you through our Industrial and Auto strategy slightly in detail.
- **Mr. Amrit Rekhi – Vice President, Head of Sales, Kansai Nerolac Paints Ltd:**
- Thank you. I will be taking you through a perspective of Indian Industrial Coating business and we'll be sharing details about our presence and plans for this business line. Kansai Nerolac maintains a strong presence across all segments of Industrial coating business in India. In the Auto motive segment, our company maintains a strong leadership position with significant market share. In Powder Coating business, our company is the largest player commanding a high market share. In the other Industrial business segments of general Industrial, high performance, Auto refinish we are among the fast-growing players. These segments represent a good opportunity for us to grow further in the future.

- Next. Next slide, please. The Auto motive business is a core business for us and lets us look at it in some more detail. The Auto business has 4 sub-segments - passenger vehicles, 2 wheelers, commercial vehicles and tractors. There has been a steady increase in production across all 4 sub-segments since the recovery from COVID pandemic. Most of the automotive companies are bullish about growth prospects in India and are planning to expand production capacity. This growth trend is supported by favorable macroeconomic activity in India as well as increasing trend in car exports from India. As a market leader, we are well positioned to capitalize on the growing demand for automotive coating driven by increased production and capacity expansion by Auto majors.
- Next slide, please. In the previous slide we have seen emerging trends in automotive production, let us now see the implications of this growth for our revenue and market share. Over the last 5 years we have been able to leverage our strengths and have doubled our sales across all automotive sub-segments. In terms of market share expansion, we have outpaced market growth by achieving a significant increase in market share.
- Next, slide. Yeah, on this slide we would like to highlight some of the core strengths that we have which have led us to this leadership position. Some of our strengths are global technology from Kansai, Japan, which enables us to offer high quality innovative products tailored to market needs. Strong connect with leading Japanese and Indian OEMs has ensured a steady demand and preferred supplier status. Enhance R&D capabilities in India allow us to provide customized solution and faster innovation. And, lastly, strategically located multi-location plans enable us to give seamless service, reduce operational risk and enhance business continuity with our customers. These trends have helped us to enter new segments and expand our presence in new categories such as electric vehicles. In this slide we are providing a pictorial representation of our presence across various segments and expansion plans. For the powder business, we have a strong presence in the wide wooden furniture segments and our aim is to expand into newer segments such as alloy wheels and rebar. Similarly, in the general Industrial and high-performance coating business we are present across many segments and are further enhancing our presence in bridges and coil coatings.
- Next. This slide outlines our roadmap for expanding our Industrial business, particularly powder, GI (General Industrial), high performance and auto refinish. The key strategy levers for expansion are premiumization, network expansion, new technologies and new approvals. If we look at this segment wise, our powder business has recorded a growth of 40% over the last 3 years and we want to keep the same momentum going in the future as well. In the general Industrial and high-performance coating, we've grown by over 50% in the last 3 years and we have outpaced market growth. Similarly, in the Auto refinish business, we've grown by 70% over the last 3 years and our intent is to continue to grow better than the market.

- To summarize, we aim to solidify our position as category leader in the Industrial coating market. We will be achieving this by strengthening our core auto business and aggressively expanding our other Industrial segment with a clear vision to outpace market growth. Thank you and I now hand over to Rohit for his talk on the Deco strategy.
- **Mr. Rohit Malkani – Chief Business Officer - Decorative, Kansai Nerolac Paints Ltd:**
- Thank you. I will continue the presentation and cover Decorative paints. Our Decorative paints business caters to both retail and projects customers, that is both B2C and B2B, across our categories of paint, construction chemicals and premium wood finishes. Specific to each category, in paint we have a wide range of products that are used for different stages of the painting process from undercoats, which are putty's and primers, to topcoats which are emulsions and enamels. Apart from this, the range also has products that are both water-based and solvent-based. The range also covers all substrates like masonry surfaces, metal and wood. In construction chemicals, we are consolidating our range across waterproofing, tiling and admixtures. In wood finishes, our range includes high performance protective coatings for wood paneling used largely in homes with wardrobes and kitchens. Both polyurethane and waterborne products are present with clear and pigmented options for customers.
- Next slide, please. We have been strengthening our business in the fastest growing categories of projects, construction chemicals and premium wood finishes in the last 3 years. In these, there is still greater headroom for growth. In projects, growth is being fueled by the vertical growth of cities where there is a shift from individual homes to larger format high-rise developments. Also, government boost to infrastructure is having a spillover effect. With newer construction practices and materials, construction chemicals are being added to or replacing cement in building and construction techniques across the country. Premium wood finishes are increasingly replacing mica-based laminates and conventional solvent-based paints in homes giving both these categories a faster trajectory. We have been successful in growing our business faster than the market in these categories in the last 3 years and are confident we can continue to do so.
- Next slide, please. Our strategy for growth is built on key actions in each category. In retail, we will continue to strengthen our direct contact with both influencers and consumers through service and increase our direct contact with them as well as influencers. New product launches will continue to focus on functionality as well as differentiation. In projects, we will grow our presence and increase reach in more towns. Apart from this, we will strengthen our internal systems and processes to address this growing segment. Lastly, expanding our range of projects specific products to manage specific customer needs will be critical. In construction chemicals and wood, we will continue to expand our product range and fill in gaps. We will increase our distribution of these products in key markets and continue to improve connection with influencers.

- Next slide, please. In retail, we will also strengthen the core through initiatives to improve the sale or throughput per store. With increased competition, this is very important for our weighed or large customers. Using painting service, different store models, influencers, new products in different combinations basis priority of customers and markets is how we plan to improve our sales here. Apart from this, we will add direct dealers with a focus on quality of dealers as well as fill white spaces through new distributors in smaller towns and underpenetrated districts. In the current environment, we will focus on consumer marketing efforts to strengthen our brand in key geographies.
- Next slide, please. The Nerolac brand is strong with consumers and has maintained 2nd position in terms of top-of-mind awareness even with competition aggression at unprecedented levels. Our advertisement jingle is very well recognized and is our strongest and most unique brand asset. We will leverage our strengths to our advantage. In order to achieve this, we will invest in building the brand to drive premiumization with a strong focus on our Japanese technology as well as a diverse portfolio of differentiated products.
- Next side, please. The last part in our Decorative strategy is on products. New products launched in the last 3 years have approximately 10% of salience to the Decorative business and this will continue the back of a healthy pipeline of concepts as well as new products. This is our Paint Plus range of products. The promise of this range is differentiation, high performance and quality with a warranty. As part of our Paint Plus strategy, we know that bringing in new to-market concepts is key and must continue this track. We can already see good sales of many of these products, for example, our Wow White range and others. This will drive a stronger brand imagery for us amongst our dealers and painters.
- Thank you for your time and kind attention to this presentation. With this, I will hand over to our Managing Director, Mr. Chaudhary.
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Yeah. So, that is what we had to share from our side. Now, open our floor to questions and answers. Only one request is, since our Q4 result is not yet out we would like your question restricted to basically the Strategic part and not about Q4 results related questions. Thank you.

Q&A Session

- **Moderator:**

- We would now like to proceed to Q&A. Please, utilize the 'raise hand' button if you wish to ask a question. Please, wait for your name to be called and when you are called, please unmute and ask your question.
- **Mr. Tomioka Takashi – Director of the Board, Managing Executive Officer, Kansai Paints Ltd.:**
- We have many hands up, so let's work together. Let's have one question each and if we finish, we can have a second round as well. So, please be organized.
- **Moderator:**
- Citigroup, Nishiyama. Please, go ahead.
- **Nishiyama San - Citigroup Securities:**
- This is Nishiyama of the Citigroup Securities. I have a question regarding Page 11. This map is very easy to understand comparing yourself to a competition for auto and powder as the number of players are limited but going forward D and E could enter the areas of your strength. That is such a risk. Berger Paint CEO said that Asian Paints is taking a share, and he said that there is going to be intensified competition in the new year, so what is your evaluation of the competitive landscape? Please, elaborate further.
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Okay, thank you. Yeah, your question is valid. I mean, there is always a competition which is there, and which might come in the future also. But if you look at our strength positions of auto and powder, we are number#1. We're holding this position for more than 3 decades. And, similarly, if you look at our other positions also, we are improving from our number#4 we have moved up to number#3 now. And with Kansai Group's now homogenization, which is happening through One Kansai, I think there is a global access which is available to us compared to, I would say, other group companies in India and I think that will bring in a lot of premiumization.
- Another thing, if you look at Indian infrastructure and Industrial space, now as India is maturing and the economy is growing, there's a lot of requirements which are coming, which are in the premium segment and that is where a lot of approvals, specifications and global knowhow requirement is required, and that Kansai Group has. So, I would say, from barrier perspective I think we're well placed but obviously there'll be a competition which might come in, which has come in the past also and obviously we are ready through our network, supply chain, R&D that we have here, strong R&D and technical service, I think we'll be ready to fight out competition as we go forward.

- **Nishiyama San - Citigroup Securities:**

- Thank you very much but how is that reflected in the midterm plan? On Page 23 you have full segments in Deco, what is the competitive environment in these four areas? On Page 23 it seems that your market share is about a 1-digit level but what kind of market share do you hope to achieve in 3 years down the road for these segments, for these areas?

- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**

- Yeah. So, as far as Decorative is concerned in the short term, yes, there is intensified competition. But we believe that in the near term I think this competition intensity will settle and there'll be a level playing field which will be arrived at and there'll be redistribution of market share that might happen. Given the legacy of Nerolac paints and the market connection that we have, I'm sure there'll be enough opportunity for us to grow. And currently in the short term to tide over this we are focusing on the project segment, construction chemical and wood finish where we are outpacing the market. And as far as retail is concerned, we have very strong areas in the North and East. And where our large share of sales comes from is where our focus will be entirely in terms of stabilizing the market and not losing anything further.
- So, I think this is a year where there'll be competition which will be aggressive. Our aim is to stabilize and hold on to our market position and then start investing in the growth through our leverage and through our levers that we have.

- **Moderator:**

- Thank you very much, that's all from me. But Tomioka San, would you also like to evaluate the situation as well?

- **Mr. Tomioka Takashi – Director of the Board, Managing Executive Officer, Kansai Paints Ltd.:**

- Yes, I would also like to weigh in. Regarding your first question, I would say that there is a possibility that the competition will enter the market but compared to Decorative their business model, there are many common factors. Therefore, the barrier is lower but for Industrial it is more difficult for competitors to enter. So, we have the advantage and, therefore, we feel that this is solid, not like what we are facing in Decorative. In terms of the market, especially for Decorative, the competitive environment is similar to Berger. Up until '2025, up until the first half, it's going to be very intensified. There are various measures that will be implemented by the competition. However, I think it is going to run its course at the entry level, and this is likely to happen in '2025.

- Furthermore, regarding the second point, I would like to mention that in the midterm plan for 18 what we have explained has already been reflected. And in order to achieve the midterm management plan, we are implementing the measures that we have outlined today. Thank you very much.
- **Moderator:**
- Next, UBS Securities, Obina San, please go ahead.
- **Obina San - UBS Securities:**
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- Thank you very much for your explanation. My question is from page 13 on mid term plan. I just want to know how you are thinking about the growth rate in terms of price and volume in each of the segments. The reason why I'm asking about the break down is currently the India's economy is I think the inflation point end. The CPI peaked in last October and since then the CPI is been stagnating so I think this is the kind of trend we haven't seen in the past. So how are you thinking about this sales trend in each of the paint water coating area when the economy is falling down or when the inflation rate is declining. Thank You.
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Yeah, right. So, as far as for each segment, I would say this for Decorative in the short term what we're seeing is opposite of what you are sort of expecting. There's a lot of downtrading that is happening in the current situation because of pressures in the urban areas and the rural area historically has been leaning towards the economy. So, that I believe is a short-term trend. But, overall, I think Decorative volume and value should match going forward.
- As far as Industrial is concerned, yes, definitely there'll be premiumization push and hence our value growth will be higher than the volume growth. That is our expectation. And Auto, I believe, it will be a steady rate. There will not be much of a change as far as Auto is concerned.
- **Mr. Prashant Pai – Director Finance - Kansai Nerolac Paints Ltd:**
- Even in Decorative we are trying to move towards more focus on emulsion which gives us better value realization and, of course, focus on premiumization.
- **Obina San - UBS Securities:**

- Do you have any figure on each of the sub segments in terms of growth rate, I'm talking about the volume side.
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- No, not really at this stage. Thank you.
- **Moderator:**
- Next Nikita San of Goldman Sachs Securities.
- **Nikita San - Goldman Sachs Securities:**
- Currently your company-maintained portfolio growth three segments for Deco, Auto & Industrial coating but each of these businesses differs significantly in terms of growths profile on productivity competitive landscape. Given the possibility that the India market may become more competitive especially for the Decorative paints. Is there any focusing on the potential spin of decorative paint focusing on the auto and industrial coating which is higher margin profile.
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Yeah, so at this stage there's no thinking about this. I think we believe Decorative has enough potential because our per capita consumption in India is just about 3.5 kg compared to global average of 9. So, if India has to become a third global economy in years to come, I think this per capita also is likely to grow and Decorative business obviously is likely to grow in that direction. And as earlier mentioned, this competitive intensity, I think, should settle in this year. I think it will run its course. And with that happening, I think our redistributed market share companies will try to grow. Historically they have been growing at 1-1.5 times GDP. I think that growth rate will return and there'll be enough space available for the players. So, at this stage, with this thinking in mind, I don't think there's any discussion regarding spinning of Decorative and obviously we'll be continuing to focus on our strong area.
- **Nikita San - Goldman Sachs Securities:**
- Is there any clear synergy in between the Industrial, Auto and Decorative paint specially for the project tender construction chemical side like this distribution network and also technical advantage also in addition to Japanese technical advantage
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**

- Yeah, I think it is a very good question. As far as Industrial and Decorative, there are some parts where there is synergy, especially in the project. And now, in fact, there is a team which is formed in Nerolac which will be focusing on this project end-to-end through digitalization. So, whenever the project is onboarded right from construction chemicals till interior-exterior painting till floor coating, I think all segments where we are present will be attacked and I think there'll be complete synergy which will be brought in between these two divisions.
- Auto is something unique because of different application requirements and out and out B2B requirement. It's a separate channel, separate team but Industrial and Decorative, yes, there is synergy as far as projects segment is concerned. Thank you.
- **Moderator:**
- Thank you very much. From Mizuho Securities, Yoshida San, please go ahead.
- **Yoshida San - Mizuho Securities:**
- This is Yoshida from Mizuho Securities. Thank you very much for your presentation. Within the India business, I would like to know how you think about the necessity for M&A. Page 13, what is shown right here, especially the growth area you are showing industrial, it seems that it's going to grow by large. For this part, are you going to actively utilize M&A? Do you have such thoughts? That's my first question. And, the other areas for Auto and Deco, are you thinking about conducting an M&A in those areas as well? Thank you.
- **Mr. Tomioka Takashi – Director of the Board, Managing Executive Officer, Kansai Paints Ltd.:**
- First of all, I would like to answer first and then followed by Pravin. As you have asked, within the Industrial, M&A is what we would like to aim for. And for Deco and Auto, for us, the priority is low. Specific numbers are not reflected yet. For us, we are at the stage of finding a good partner. So, Pravin, if you have any additions or corrections, please comment.
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Ya. So, I think Tomika San mentioned it correctly. We will be keen on M&A. Obviously; we will keep synergies and gaps in mind and valuation that matters the most because we will be also looking at profitability and PMI possibilities. So, with that in mind, if there are opportunities which will come across, definitely we will be considering it.
- **Yoshida San– Mizuho Securities:**

- Well, it all depends on whether you will have a good deal. But regarding the size of it or the timing of it, are you considering it in specific terms?
- **Mr. Tomioka Takashi – Director of the Board, Managing Executive Officer, Kansai Paints Ltd.:**
- As long as we can find a good partner, we would like to do it within this medium term. But in terms of size, I don't think it exists, and we are not aiming for that. And with the industrial market, many small-sized competitors are competing with each other. So, within that market situation, we would like to thoroughly look for a partner that will fill our gaps. And we are not going to force ourselves to acquire a company to increase sales but rather, if we find a partner that's going to improve or enhance the value of Nerolac, we would like to go into the M&A. We have multiple contacts right now, so we would like to put in our efforts so that we will be able to expect good news. But at this point, we don't have any specifics. But the contacts or the size that we have in mind are not going to be that large. Its several hundred million yen is the scale. So, Pravin San, can you add?
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- No, I think you're right. I think that's how our view is also.
- **Yoshida San– Mizuho Securities:**
- Okay, understand. Thank you very much. That's all.
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Thank you.
- **Moderator:**
- CLSA, Chou San, please.
- **Chou San – CLSA:**
- This is Chou of CLSA. I have a question regarding page 16 and page 17. First of all, regarding page 16, you said that there is a two-wheeler as well as a four-wheeler and it's very high. But in the case of the automobile and the two-wheeler, can you give me a breakdown of the two? And regarding margins, I understand that margins are higher for automobiles, for passengers. Is that the case? Page 17, the share has gone up to 58%, which is very high. For the US, China and Europe, you have a very high share. But number

one, is there a possibility that the Korean maker's share will increase going forward? Is there a possibility that the share could decline going forward? Pravin San, would you like to answer this question about share?

- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**

- Ya. So as far as share is concerned, I think India for the last three, four decades have been dominated by Japanese manufacturers. And in fact, in between there was a time when Korean players have improved. But now if you look at recently, it is again Indians who have taken the charge, and they are leading the show. So, our Indian manufacturers after Japanese are the key players now and they both together hold significant market share as far as two-wheeler and four-wheeler is concerned. And with both, I think Nerolac has an extremely strong position. And I think we have been sustaining it and continuously improving our share clearly through our infrastructure, R&D and technical service that we offer. I think that is what is reflecting here. So, Koreans and others, I think, are marginal at this stage. In future, we don't know, we can't predict what will happen. But I think given the situation, I think we are ready to offer solutions. And everyone, I think even Koreans might look for localization tomorrow. And we are always there to offer solutions to them also. Thank you.

- **Mr. Tomioka Takashi – Director of the Board, Managing Executive Officer, Kansai Paints Ltd.:**

- I would also like to weigh in. The two-wheel and three-wheels are very significant. But compared to the four-wheels, the painted surface is much less. And India has regulation, but the profitability is not inferior compared to automobile. The volume is very significant, but the painted surface area is not large. So compared to the four-wheeler, the four-wheeler is making a significant contribution to revenues. In terms of the auto parts, this is an area where we can pursue further. I think there is more opportunity in auto parts as well. EV, new companies will also be promoted. Therefore, there is so much to look forward to for our company in India going forward. Thank you.

- **Moderator:**

- Thank you very much. SMBC Nikko Securities, Shintani-San, please go ahead. Shintani from SMBC Nikko Securities.

- **Shintani San– SMBC Nikko Securities:**

- I have a question regarding page 23, where it says project. I want to confirm. So, retail and project, the percentage of each one of them. Your project is 10 to 20 percent within the decorative. So, what is the percentage within the market and also in your company? And for decorative, you are expecting 1.5 times the GDP. But with projects and retail, is

there going to be a difference or the retail and projects competitive environment, are there any differences? And what you are working on to respond to that situation is what I would like to know. So, Pravin-San, can you answer that question, please?

- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**

- Sure! So as far as the project is concerned, typically for industry, it is about 15 to 20 percent. And Nerolac is also hovering around that percentage as far as the project is concerned. Construction chemical is also in that range, and both are growing at a faster pace and the reason for project growing faster is because of urbanization and high-rise buildings which are coming. I think as a result of which this project segment is getting a good traction. Now one of the reasons why Nerolac is also able to do well on the project is also because of our industrial exposure and our dealing with B2B expertise. I think this whole key account management and the whole approach of managing leads is very, very super superlative compared to competition. I think that is one of the reasons why despite entering late, I think we are trying to catch up and grow faster than the market. I think these are the main things. Retail, I think, will remain as far as individual housing painting is concerned. But as a mix, if you see, I think going forward, retail will reduce and project channel and construction chemical as a segment which got added into decorative will enhance its presence in the overall mix.

- **Shintani San– SMBC Nikko Securities:**

- Ok understood. Thank you. I have a follow-up question. Recently, there has been a difference in the demand trend by region. But if we look at the next fiscal year in the rural areas or in certain regions, the income will increase. But are you seeing expecting differences in performance depending on the region or area?

- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**

- Ya, difficult to predict at this stage. Till December, what we saw is urban areas were not doing well and rural has started picking up. So historically, I think both have been doing well. But because of our rural population and prosperity and government scheme which are supporting, we have seen slightly higher growth in the rural area. And I believe that is the trend which should continue going forward also. Incidentally, that's the area where Nerolac has a very, very strong presence and I think that should augre well as we go forward.

- **Shintani San – SMBC Nikko Securities:**

- Pravin San, can you answer in a more specific way of answering? If you answer in like North, South, North, East, West?

- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**

- Ok fine. So, if you look at our strong areas are North and East, where we are strong, where large share comes followed by West and South. So, these are the two regions, you know, where we are very, very strong. And that's where our hope, in terms of you know, growth will come as you go forward. And as I explained, you know, our initiatives are also lined up, focusing on these territories.

- **Mr. Prashant Pai Director Finance - Kansai Nerolac Paints Ltd:**

- So North, North accounts for 50% of our decorative business and East followed by East about 30%. So, these are the strong markets. So of course, we are relatively weak in South, but we are a lot of initiatives have been taken to shore up our South business as well. So hopefully in the coming years, we will be doing there well there also. Obviously with this, our overall growth will be much better in the coming years.

- **Shintani San – SMBC Nikko Securities:**

- Thank you very much for the detailed question.

- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**

- Thank you.

- **Moderator:**

- Thank you very much. Next, Nomura Securities.

- **Okazaki San – Nomura Securities:**

- My name is Okazaki of Nomura Securities. Thank you very much for this opportunity today. I have a follow-up confirmation and question regarding confirmation regarding page 23 for Deco. The red bar is the revenue of your company. Is that a correct understanding? What is the red bar signifying?

- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**

- Yes, I have seen.

- **Okazaki San – Nomura Securities:**

- And now for my question. On several times in the past, in the Deco market, you said that up until the first half of 2025 is going to be difficult. But from the second half of 2025, there's going to be stability in the market according to Tomioka San's remarks. What is the reason why you think that is the case? Are you seeing signs of recovery? Please elaborate further. That's my question. Pravin-San, can you take this question?
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Ya, right. So, from 2025 second half, we believe that one market is likely to improve from the current slowdown that we have seen in the last year and a half. The second was also because of competition which has come in. Obviously, no existing players have actually got impacted to the extent of 2% to 3%. And every player in the industry got impacted and shared redistribution has happened. Now having seen this, we believe that competition will reach and peak out in this year. And that's where we believe that this whole thing will be stabilized in the second half.
- **Okazaki San – Nomura Securities:**
- So, I want to know why you think this is going to stabilize. Are there already signs visible in the market that the market is stabilizing? Can you be more specific?
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Ya. So as far as quarter 4 is concerned, we have seen from a competition perspective that their overall sales have stabilized and they are not able to increase further. And we believe that numeric distribution which has happened, I think, is almost over now. There's no further dealer expansion that is possible. Now the levers of brand and influencer management will kick in and which we believe is not so easy to leverage in just year and a half presence in the market. I think that's where we believe there will be a lot of challenges and some advantages to the existing player through their own network and through their relationship. I think they're able to add more value as far as this segment is concerned. Rohit, would you like to add?
- **Mr. Rohit Malkani – Chief Business Officer - Decorative, Kansai Nerolac Paints Ltd:**
- I think that is largely also with, you know, actually positive monsoon will also help, you know, the overall demand situation.
- **Ms. Matomato – IR & Public Relations, Kansai Nerolac Paints Ltd.:**
- Tomioka-San, do you also have additional comments on this?

- **Mr. Tomioka Takashi – Director of the Board, Managing Executive Officer, Kansai Paints Ltd.:**
- Well, I will discuss this with the members later but what they are saying in Japanese, let me elaborate. There have been lots of new entrants, so there has been confusion, but all the strategies have run their course for new entrants. And in terms of overall demand, there has been a continuing slowdown but this year onward, we are seeing expectations for improvement. The new entrant's threat has already finished its first stage and now there is likely to be more stability in the market. And the weak demand is likely to recover from the second half. That is the gist of the explanation. Thank you.
- **Moderator:**
- Avi San from Macquarie.
- **Mr. Avi – Macquarie:**
- Hi, am I audible?
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Ya Avi, you are audible, yes.
- **Mr. Avi – Macquarie:**
- Yes. Hi sir. Sir, traditionally, the industrial margin, you know, has been more volatile versus decorative. With our focus being a lot more and it seems from the presentation to increase industrial salience, should we expect a higher volatility in margin profile? And if not, why?
- **Mr. Prashant Pai - Director Finance, Kansai Nerolac Paints Ltd:**
- So, Avi, I think we have been saying that in case of industrial also, we are going from low value items to premium products. We have exited most of the non-profit making items, SKUs, to profitable items. So that's the reason we are very confident going forward, our industrial margins will improve. So, from that point of view, even if my decorative sales go down, overall margins will not go down because we are very confident that industrial margins going forward will do better.
- **Mr. Abhi – Macquarie:**

- Ok sir and so just related to that, you know, your target of reaching 14 to 15% margin over the next two to three years, from current around 13%, is there a path into or a split in terms of, is it largely through gross margin? If it is more, could you give us some sense of how we should look at this expansion panning out?
- **Mr. Prashant Pai - Director Finance, Kansai Nerolac Paints Ltd:**
- So, yeah, there are a lot of initiatives already planned. For example, there's a lot of cost optimization we already started, you know, and through global sourcing, that is through global sourcing, we are getting a lot of benefits on the raw material front. And on the manufacturing side, a lot of automation and yield improvement projects have taken. And at the same time, we are also on the decorative front, we are trying to preimmunize our products, focus on the more emulsions and try to get better margins, right? Overall, all, as I also mentioned industrial, we are virtually coming out all the low margin items. So, all these efforts which we have planned, I think, definitely will put us in a better margin portfolio going forward.
- **Mr. Abhi – Macquarie:**
- Got it, Sir. That's all from my side. Thank you.
- **Moderator:**
- Next Mihir San, please.
- **Mr. Mihir - Participant:**
- Hi Sir! Good afternoon! I hope I am audible.
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Ya Mihir, you are audible.
- **Mr. Mihir - Participant:**
- Thank you for taking my question. So, my first question, so first, congratulations on a significant performance on improving market share in the industrial and auto side of the business. I think there were a lot of questions historically that, you know, while Kansai is strong there, were you losing market share? But I think with the clarity that you have come out with and the display that you have grown in all the businesses within the auto segment is quite remarkable. So, I wanted to check again on the margin profile within the industrial and deco and auto, all three, because you are now splitting it between three

versus two, what we used to historically understand. So if you can, you know, kindly highlight, if the company average is X, what would be the, you know, margin for auto and industrial and both on gross and EBITDA level and within those also, I see you are, you know, focusing more on projects and construction chemicals and waterproofing within deco, which I again thought probably were margin dilutive than the deco business. So, I am unable to triangulate how you are going to move your margin from 14 to 18%? So maybe some insights into that.

- **Mr. Prashant Pai – Director Finance, Kansai Nerolac Paints Ltd:**

- Ya. So historically, you are aware that at gross margin level, decorative margins were always higher compared to industrial. And what happened in the early 2-3 years back because of the high inflation, industrial margins went as low as single digit. But for the last two years, we have been able to do a lot of work on industrial margins based on raw material front as well as various initiatives on manufacturing, we have been able to scale up the industrial margins. So now at EBITDA level, they are more or less on very close to each other, so that there is no major concern as far as we are concerned on the margin front, right. Now having taken all these initiatives, we believe that we should be able to do better going forward because there are a lot of initiatives in the pipeline, which we believe that should work well for us.

- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**

- And you know Mihir, one more addition to on sales side, if you look at this high-performance coating as well as powder, there are many, many segments in that and there are segments which Kansai was not present, which are premium in nature and that's where now technology infusion is happening. To support this Kansai Japan, we also acquired a company in Europe, which is specialized only in railways, specialized in heat resistant coating, nonstick coating. So, these were the segments where we were not present at all, neither had any technology or approval. They also acquired a powder coating company, which has very good technology bandwidth available, both in premium as well as the auto sector. So, I think all these technology portfolios, which are available to us now and with this approach of one Kansai, I think this portfolio leverage that I can do, I think will add significant top line as well as bottom line as we move forward.

- **Mr. Mihir - Participant:**

- Understood! So, then that's quite helpful and makes a lot of sense and thank you for that clarification. So, my second question is on the growth profile. I mean, we have seen 40, 50 and 70% growth in the in the industrial and auto part of the business. Can one assume that the low hanging fruits are now and maybe growth from here on? Probably at the previous slide, I think. Ya, this one. Probably, you know, low hanging fruits are now kind of achieved and growth from here on, while there is a dotted line, which is continuing to

go up but any elaboration on this slide, if you can just talk about, you to give us confidence that this will continue to grow in that linear manner?

- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Amrit will answer.
- **Mr. Amrit Rekhi – Vice President, Head of Sales, Kansai Nerolac Paints Ltd:**
- So, you know, we were earlier focused on auto but in the last few years, we have now carved out, it's not auto business. We have always been strong traditionally but where we are focusing on most is the kind of new focus on the GIHPC part and on the ARF part. Now while we have grown very well, there still is a lot of room to grow for us. So, and also our shares are not as high as they are in powder and auto. So, it naturally means our focus and good momentum in the market means that there's still significant, you know, growth possible there. And we have built a very good base and structure now and we need to just leverage that and grow further. So, I feel that we're fairly confident that the same trajectory will continue.
- **Mr. Mihir - Participant:**
- Got it Sir. Thank you, Sir. That gives a lot of confidence. Thank you very much and wish the entire new team all the very best.
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Thank you Mihir!
- **Moderator:**
- Thank you very much. I see from ICICI, Aniruddha, please go ahead.
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Aniruddha? You are not audible. Slightly louder. Ya better.
- **Mr. Aniruddha – ICICI:**
- Thanks for the additional disclosure of the Industrial & Auto side from the market positioning is concerned. If you can indicate about the segments of Decorative also, I mean emulsion enamel other types of decorative paints, or it want to divide into exterior interior paint so what will be the market positioning of Kansai versus the Peers where you

have articulated on slide no. 12. My second question is We have seen there is a drastic reduction in the key raw material, crude oil prices with all the global turmoil during this tariff war so considering the decorative is facing high competition so how do you plan to use the additional gross margin in driving the profitability whether it will be completely used to protect the markets.

- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**

- So, your first question Aniruddha, see we look at the powder, ARF, GIHPC, auto as a segment. Likewise, DECO is a segment. So, we are not getting into a product mix of each segment, as you would have noticed. So, at this stage, I think we will restrict to this and that's the approach we would like to take as far as segment play is concerned. And as far as the second question on softening of crude is concerned, I think, yeah, overall, the raw material situation indeed is benign. But if you look at against crude, I think our dollar is pretty volatile. That being one, 2nd thing is also if you look at our global geopolitical situation, especially with tariffs and supply chain, slight issue which is hanging around, I think those uncertainties are still there. So, we believe, whatever softness that comes in and delivered to us through RM situation, I am sure we will be able to improve profitability. That is our major focus as of now. Decorative, as stated earlier, I think we will be clearly focused on a strong market on North and East and it will not be all India play and trying to protect the situation everywhere. So, wherever we are strong, there will be investment, and we would like to grow as far as those strong markets are concerned. Thank you, Aniruddha.

- **Moderator:**

- Thank you. Suresh San, please.

- **Mr. Suresh - Participant:**

- Ya. Hi, Praveen and team. Thanks for the opportunity. It is insightful. Now, two questions. If I believe industrial is a very good, strong wicket for us and we have been leaders in auto segments, can you share how the share of top three players in the particularly auto segment has moved over the last three years? I mean, business contribution. And my second question is that, if you have any roadmap in the industrial, if it is going to be stronger, how do you look at the new customer acquisition that has changed over the last two, three years? And is there any meaningful new customer acquisition has happened over the last 15 odd months or is there anything, something which is pipeline which will drive this business?

- **Mr. Amrit Rekhi – Vice President, Head of Sales, Kansai Nerolac Paints Ltd:**

- So, you know, industrial has always been our strength and in automotive, you know, though we have a very strong market share for the last few years, we have, you know, post COVID acquired a significant market share, which means we've increased our share where we were present. So that is what has led to this, you know, improved trajectory market share that you're saying. There we believe we will continue to, in the next two years, continue to increase our share because we have a very focused plan for acquiring, you know, higher share and we are bringing in new technology and products so that we are always ahead of the curve. So, auto is something which is a core to our business, as I mentioned. In powder coating, you know, which is the second biggest business, we have a clear plan of premiumization there. And you know, we are entering into newer segments such as alloy wheels, which are, you know, on the premium side of the business. And you know, other functional coatings like, you know, rebar and pipe we are getting into. So that is the second part. The third part, as you know, is the high-performance coating is a very fast-growing segment as I mentioned. We are doing very well, and we have a lot of ways to go. There we have got a very focused plan for network expansion and getting new approvals and, accordingly, aligned our teams also in such a way that we are able to take advantage of the spend that is happening by the government infrastructure. And we have got a very nice pipeline of projects that are there with us currently. And we see that that will be our route forward by approvals, by new technologies to acquire new customers and grow.

- **Mr. Suresh - Participant:**

- Ok, that's helpful. Just one follow-up. In the powder coating business, what kind of spreads in terms of geographies do you have? And maybe if you can give a little more color, how much is between that powder coating in terms of various segments where you are stronger, and which are the growth parameters which you are applying based on the technology and going forward the customer acquisition?

- **Mr. Amrit Rekhi – Vice President, Head of Sales, Kansai Nerolac Paints Ltd:**

- So, powder coating is, you know, gaining prominence because it is a very eco-friendly coating. It doesn't have solvents and that is why it is being preferred by more and more customers. And a lot of people are migrating also from liquid to powder, particularly on the automotive side, you know, and you know, while we are, so we are being leaders, we are double the size of our nearest competitor. And you know, across white goods, furniture, ACs and electricals, we have a very, very good presence. This is across segments and across geography. So, the big markets for powder coating are basically north and west. And in both places, we are very strong. We also have a unique advantage of being the only company with several plants to cater to demand. And that gives us a unique position to be close to the customers and as well as service the requirements, so service the customer requirement fast. So, you know, this has been a traditional strength area for us. And we want to continue to expand in powder coating.

- **Mr. Suresh - Participant:**
- That's really helpful. Thank you Praveen and all the best.
- **Management Team:**
- Thank you, Suresh. Thank you.
- **Mr. Roshan - Participant:**
- Hello, am I audible?
- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- Yes.
- **Mr. Roshan - Participant:**
- Thank you. Thanks a lot for the opportunity and congratulations to the new team. My question is regarding the decorative business. So, given that the increasing competitive intensity, so what differently is Kansai now planning to do? Or what would be the strategy here to protect the market share or to go aggressively to gain the market share? How would the plan pan out going forward?
- **Mr. Rohit Malkani – Chief Business Officer - Decorative, Kansai Nerolac Paints Ltd:**
- So, Roshan, you know, as we had mentioned in our presentation, where there is headroom for us to do much better, those segments we will be driving more aggressively, that is, you know, in the project segment, in construction chemicals and wood finishes. In retail, we will be following up more of a protect and you know, a more stable approach and we like we have said, we will focus on select geographies to ensure that we are, you know, we are able to, you know, to take care of any, you know, any aggression that competition comes up with.
- **Mr. Roshan - Participant:**
- Ya, right! I understood. That's helpful. And the next question is, given that the, you know, crude oil prices are softening which will potentially lead to expansion and gross margins going forward. So how do you see that? I mean, in the near term, maybe, can we see an increase in the advertising spends going up, maybe utilizing those benefits to increase the advertising spends? How do you look at it?

- **Mr. Rohit Malkani – Chief Business Officer - Decorative, Kansai Nerolac Paints Ltd:**

- So, you know, see, advertising spends, we will, you know, we will continue in line with whatever we have been managing so far, as we have said that our, you know, our top-of-mind awareness is number two. So, we will not be going extremely aggressive on that front. But we are very cognizant of the fact that we must maintain that number 2 position and, you know, strengthen what Nerolac has always stood for. Right? So, like we have said that, you know, Japanese technology and high-quality products is what we will continue to build to what we do in this area.

- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**

- And additionally, Roshan, whatever Rohit has mentioned, the mix of this advertising itself is undergoing change, and we are also going to change from media to digital to influencer management. So, I think that mix, I think, will be fine-tuned to our strength markets. But as far as overall spending is concerned, yes, as Rohit mentioned, we will be maintaining our Toma to support that Toma level, definitely spend will be in line with that.

- **Mr. Roshan - Participant:**

- Understood! That is helpful! Thanks a lot and wish you all the best.

- **Mr. Rohit Malkani – Chief Business Officer - Decorative, Kansai Nerolac Paints Ltd:**

- Thank you, Roshan. Thank you.

- **Moderator:**

- Thank you very much. Aditya San, you are the last person to ask a question. Please go ahead.

- **Mr. Aditya – Participant:**

- Thanks for this informative presentation, Sir. So, in the challenges, you have highlighted that margin pressure is inevitable. A decline in profit margins is inevitable, as you can see on this screen itself. But when we look at the KPIs, the financial KPIs that you have said for three years as well as for FY30, there's hardly any margin pressure that we are kind of building in. So, if you could just first tell us, why do you feel that margins from here could come under pressure? And secondly, how should we reconcile this concern with the KPIs that you are having? Thank you, Sir.

- **Mr. Pravin Chaudhari – Managing Director, Kansai Nerolac Paints Ltd:**
- So, yeah, thank you Aditya. So, this particular thing is mentioned as far as Deco is concerned. And these challenges are right now what is persisting in the industry, the whole industry is related and their margins have come down, those are playing in the decorative. So, these are, I would say, short-term challenges. But the levers that you just told you about industrial and whole premiumization story is one that will support overall company margins. Second thing is our operational efficiency program which already is underway right now, that also should help us building and improving our efficiency and hence our margins. Specifically for decorative, if you look at our focus will not be pan India, it will be very targeted focused and hence will maximize our input output ratio. And we believe that, over the midterm trajectory of the next three years, I think we should be reaching our profit margin that we have already stated.
- **Mr. Aditya – Participant:**
- Sure, sir. And just one clarification, these profit margins that you have stated, EBITDA margins that you compute, those include other income as well?
- **Mr. Prashant Pai – Director Finance, Kansai Nerolac Paints Ltd:**
- No.
- **Mr. Aditya – Participant:**
- Are these purely operating EBITDA margins?
- **Management Team:**
- Ya, operating, ya, EBITDA, yeah.
- **Mr. Aditya – Participant:**
- Perfect, perfect. That's helpful, sir. Thank you so much.
- **Ms. Matomato – IR & Public Relations, Kansai Nerolac Paints Ltd.:**
- With this, we would like to conclude the India strategy briefing for Kansai Nerolac Paints. Please respond to the survey. And if there are any questions, you can also write in your question in the survey. Thank you very much once again for your participation today.
- **END OF TRANSCRIPTION**