KANSAI PAINT

NEROLAC

12th November, 2026

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BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001

2. Manager – Listing
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
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Mumbai – 400051

Sub.: **Q2 FY 2026-27 Financial Results Conference Call – Transcript**

Ref.: **1. Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**
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Dear Sirs,

This is further to the intimations done by the Company on 26th October, 2026, and 5th November, 2026, with respect to the Conference Call hosted by the Management of our Company on Thursday, 5th November, 2026 at 16:00 hrs India Time to discuss Q2 FY 2026-27 Financial Results of the Company.

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
Digitally signed by G T GOVINDARAJAN
Date: 2026.11.12 14:49:07 +05'30'

G. T. GOVINDARAJAN
COMPANY SECRETARY

Encl.: As above

"Kansai Nerolac Paints Limited

Q2 FY27 Earnings Conference Call"

November 05, 2026

MANAGEMENT: **MR. PRAVIN CHAUDHARI – MANAGING DIRECTOR – KANSAI NEROLAC PAINTS LIMITED**
MR. YASH AHUJA – CHIEF FINANCIAL OFFICER – KANSAI NEROLAC PAINTS LIMITED
MR. JASON GONSALVES – DIRECTOR-CORPORATE PLANNING, IT AND MATERIALS – KANSAI NEROLAC PAINTS LIMITED

MODERATOR: **MR. ANIRUDDHA JOSHI – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Kansai Nerolac Paints Limited Q2 FY27 Earnings Conference Call, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note, this conference is being recorded.

I now hand the conference over to Mr. Aniruddha Joshi. Thank you, and over to you, sir.

Aniruddha Joshi: Yes, thanks, Navneen. On behalf of ICICI Securities, we welcome you all to Q2 FY27 and H1 FY27 results conference call of Kansai Nerolac Paints Limited. We have with us today senior management, represented by Mr. Pravin Chaudhari, Managing Director; Mr. Yash Ahuja, Chief Financial Officer; and Mr. Jason Gonsalves, Director; Corporate Planning, IT, and Materials.

Now, I hand over the call to the management for their initial comments on the quarterly performance, and then we will open the floor for a question-and-answer session. Thanks, and over to you, Pravin sir.

Pravin Chaudhari: Thank you, Aniruddha. I request Jason if you can walk them through our presentation quickly.

Jason Gonsalves: Good evening, everybody, and welcome to the Kansai Nerolac quarter two call. At the outset, I would like to wish all of you a very Happy Diwali. I will now start with the presentation that we have uploaded on our website. The first slide is on our vision and mission.

Our purpose is to create environments for a healthy and beautiful future. Our vision is to design solutions that protect, inspire, and touch lives every day. On the ESG front, we are water positive. We are committed to emission reduction and green energy.

Coming to our brand, we find that Nerolac has a very strong legacy as one of India's most trusted paint brands, distinguished by its commitment to quality, innovation, and technological excellence. Our leadership is underpinned by robust R&D capabilities, coupled with strategic global partnerships that enable us to deliver advanced solutions across both industrial and decorative coating segments.

A key strength of Nerolac lies in the deep trust and recognition it enjoys among consumers. The brand consistently ranks among the most recalled paint brands in India, reflecting decades of sustained customer confidence and market leadership. This equity is further reinforced by our iconic brand jingle, which has remained ingrained in consumer memory for more than 30 years, creating a rare and enduring emotional connection across generations.

At the heart of Nerolac's success is a values-driven culture embodied by our framework of core values, which is integrity, customer focus, accountability, respect, entrepreneurial mindset, and

innovation. These values continue to guide our decisions, shape our culture, and inspire our people to contribute meaningfully to the company's long-term growth journey.

We fostered an environment that encourages ownership, collaboration, and the free exchange of ideas across functions and at all levels. By empowering our teams to think creatively and execute with agility, we continue to unlock new opportunities for innovation and value creation.

Looking ahead, Nerolac remains focused on shaping the future through breakthrough technologies, differentiated product offerings, and sustainable innovation. Our ever-expanding portfolio of environmentally responsible solutions reflects our commitment to delivering superior customer experience while contributing positively to society and the environment.

As consumers' preferences increasingly shift towards premium and differentiated products, our technological expertise and innovation capabilities will continue to play an even greater role in accelerating growth within the decorative paint business. By leveraging our strong brand equity, deep consumer connect, and innovation-led approach, Nerolac is well-positioned to drive sustainable value creation and strengthen its market leadership in the years ahead.

Coming to our employee value proposition, which is where your passion takes color. At Kansai Nerolac, our employee value proposition reflects our commitment to creating a workplace where individuals feel empowered to learn, grow, and excel. We believe that when passion is nurtured with right opportunities, it drives innovation, collaboration, and sustainable success for both the employees as well as the organization.

Our EVP is built around 10 core pillars that shape the employee experience, namely customer focus, meritocratic and open culture, collaboration to win, innovation and technology, play to win with ambition and hunger, think digital and simplification, sustainability, community and social impact, renowned brand and a Japanese MNC, new age flexibility, speed and agility, and career growth and rewards.

Together, these pillars foster an environment where employees feel valued, empowered, and inspired to achieve their full potential while contributing meaningfully to Kansai Nerolac's continued growth and success.

Coming to the business environment, during the quarter, we saw elevated volatile crude oil prices. There was extreme volatility in the rupee. Geopolitical challenges continued to remain. There was very good demand in automotive, and government continued focus on infrastructure.

We now come to the Decorative Strategy, which is based on six pillars, namely, new products, project business, construction chemicals, waterproofing and wood finish, branding and media spend, influencer program, and network expansion and focus geographies.

Coming to the highlights of our decorative performance. In retail, services is aiding the primary business with mid- to high-single-digit growth, contributing to Decorative Business. Our PaaS, which is our service to Paint as a Service, is now present in 250 plus cities. Our AID Connect is in more than 45 important cities. Our Pragati program, which is for our painters, covers more than 90,000 painters who have participated in the first half of the year.

Coming to the projects and institutional business, we recorded a double-digit growth in this segment. Our geographical reach now extends to more than 80 cities. We have built a strong pipeline of project sites, and we have a separate range of products called the Super Series.

In terms of network expansion, we have added 3,000 plus dealers in the network. Our distribution network has seen double-digit growth, and distribution expansion as a channel is in low-presence towns.

Coming to construction chemicals, waterproofing, and premium wood finishes. In construction chemicals and waterproofing, we have recorded double-digit growth. We explore and have executed international collaborations for launching technology-backed solutions, and our focus product and focus market approach continues.

In the premium wood finish, while the overall wood finish segment grew at a healthy pace, our focus on rated contractors' engagement has driven the primary growth. Here also, the focus market and focus product approach seems to be working for us.

Coming to the retail platform offline new type of stores, our NXTGEN stores today are around 190 plus across India. Our shop-in-shop stores are now more than 270, and paint zone stores are more than 490 at the end of H1.

When we come to our product portfolio, we have a huge range of products across the interior emulsions, exterior emulsions, waterproofing, tile adhesives, and the Perma range, Neroseal range, premium wood finish range, and the popular wood finish range. Some of our new products, which we have launched, and their key highlights.

Our first product is Excel Everlast 20, which is India's first exterior paint with 20-year warranty, engineered with Bullet Proof nano silica technology for superior durability, crack bridging up to 2 millimetre, and weather resistance. Second product is Excel Total Floor Coat, is a premium water-based exterior emulsion that protects and beautifies floor tiles and cement surfaces with rich sheen, antifungal protection, and superior abrasion resistance.

Perma NoDamp NXT, which is a high-strength fiber-reinforced elastomeric liquid-applied waterproofing coating. It is formulated with resilient acrylic copolymers and reinforcing fibers. Upon curing, it forms a thick, seamless, durable membrane that offers the ultimate waterproofing experience. The next product is Nova 2-in-1, which is a primer suitable for both interior as well as exterior application. It gives good opacity, whiteness, superior adhesion to the topcoat, and good resistance to chalking.

Coming to our media campaigns, the first campaign I would like to talk about is the TNPL activation. In quarter two, we executed a focused brand-building initiative in Tamil Nadu through our principal sponsorship of the Madurai Panthers in the TNPL. The campaign combined strong on-ground visibility with targeted vernacular digital marketing, helping us enhance brand reach, customer engagement, and lead generation in the region.

Through multiple branding touchpoints, including jerseys, stadium assets, social media, and match day activations, we significantly improved brand visibility. Such localized high-impact

marketing initiatives remain an important part of our strategy to strengthen presence and support sustainable growth.

The second campaign I would like to talk about is Noor-e-Kashmir, which is a campaign in a culturally inspired brand initiative that celebrates the architectural heritage, craftsmanship, and unique stories of Kashmir through real homes and authentic local narratives.

By showcasing how Nerolac colors integrate seamlessly into regional aesthetics and lifestyle, the campaign strengthens emotional brand connect while reinforcing Nerolac's commitments to enabling beautiful and inspired living spaces.

In terms of contractor outreach, there was a focused contractor engagement program, which we executed to strengthen awareness, product advocacy, and scheme participation within the painter and contractor ecosystem.

Leveraging a multi-channel approach comprising digital communication, social media, video content, and field force activation, the initiative amplified reach and ensured effective dissemination of information on key products, innovation, and promotional programs.

Coming to digital marketing, we engaged in a number of campaigns. We continued to invest in digital marketing initiatives to enhance brand visibility and consumer engagement across all digital platforms. Campaigns were designed to strengthen awareness of the brand portfolio, communicate product benefits, and reinforce premium brand positioning through consistent and impactful digital content.

These efforts supported sustained consumer engagement and improved brand salience across key customer segments. We now come to the industrial update. In terms of the automotive business, our strategy is to continue to expand the business using the following levers. One is our strength and uniqueness, which is we are accessible, we have access to the latest global technology through our tie-up with Japan as well as other countries.

Our focus on innovation, creating new and enhancing existing technologies, new business such as water-based, high solids, and low-bake technology, and introducing paints with superior and unique functionalities in terms of durability, superior finish, corrosion resistance, and workability. The second lever that we leverage here is new business, which is increasing presence in identified accounts as well as thrust on electric vehicles.

The third pillar we use here is new segments, and we are doing well in seam sealers and underbody black, alloy wheels, PT, and booth chemicals. In terms of business performance, the auto segment witnessed robust growth in passenger vehicles, two and three-wheeler, and commercial vehicle segments. Our focus was on innovation, creating new technologies to increase total addressable market.

Coming to the performance coating business, in terms of the general industrial and high-performance coating, our growth strategy in this segment is centered around premiumization, new technologies, and dealer network expansion. Under premiumization, we are driving growth across high-value segments such as infrastructure, bridges, railways, construction, appliances,

and electricals. Through new technologies, we continue to expand our portfolio with fluoropolymer coatings, anti-carbonation systems, high-solid coatings, direct-to-metal solutions, low-bake systems, and water-based technologies.

To strengthen market coverage, we are focused on dealer expansion and increasing our presence in untapped geographies. In terms of business performance, the liquid segment witnessed very robust growth, and strong growth was witnessed in the construction equipment and infrastructure segment.

Coming to the powder coating part of the performance coating business, our powder coating business strategy is again focused on premiumization, new technology, and maintaining our high market share. Under premiumization, we are expanding our presence in rebar, construction, alloy wheels, super durable coatings, pipe coatings, and heat-resistant coatings.

Through new technologies, we are driving innovation in low-bake and fast-cure systems, bonded metallic powders, anti-dirt pickup solutions, and thermoplastic solutions. To maintain our leadership, we continue to focus on network expansion and secure new customer approvals. In terms of business performance, the powder coating segment witnessed strong growth.

All segments witnessed strong growth, with top performers being auto ancillary and construction equipment. Across both the liquid as well as powder coating, our focus remains on premiumization, technology-led innovation, and market expansion, enabling us to deliver sustainable growth while strengthening our leadership across industrial segments.

Coming to the auto refinish business, our auto refinish strategy is focused on three growth drivers, namely premiumization, new technologies, and network expansion. Under premiumization, we are focused on increasing the sale of premium PU products. Under new technologies, we continue to promote high-solid paint solutions and waterborne coatings.

Under network expansion, we are increasing the count of body shops and securing new approvals to further strengthen our market presence. In terms of business growth, we witnessed good growth, but the mix deteriorated here. Premium PU segment delivered notable body shop wins and remains on track to achieve the annual target.

Customer base expanded significantly, supported by ongoing training and skill enhancement initiatives at the grassroots level. In terms of new products in industrial, the focus was on enhancing finishes and functionalities while offering versatile applications and prioritizing environmental sustainability.

In industrial coatings, driving growth through sustainable technologies, enhanced performance, and application-focused innovation remained our strong focus areas. Under environmental sustainability, we successfully implemented a wet-on-wet seam sealer and underbody coating system while improving process efficiency and reducing operational footprint, and have developed and commercialized a lead-free TSA bright red technology for three-wheelers application, reinforcing commitment to environmentally responsible coating solutions.

In terms of finishes and functionality, we have introduced premium clear coat systems for passenger vehicles for delivering enhanced wet look appearance and superior finish quality. We have implemented a next-generation PU clear coat for a leading two-wheeler OEM, improving durability, export part quality, and aesthetic appeal.

We have commercialized an anti-rust clear technology for tractor applications, providing superior corrosion protection and durability. In other versatile applications, we have expanded the Nerokan HG range for bus body applications and have strengthened our coating portfolio across two-wheelers, three-wheelers, and tractor segments, broadening market reach and application capabilities.

Coming to the new products in the performance coating liquid segment, under environmental sustainability, we have developed a water-based polyurethane dispersion coating for pump applications, enabling low VOC solutions with enhanced anti-corrosion performance and multi-substrate adhesion.

Under finishes and functionality, we delivered an advanced coating solution for high-performance industrial applications requiring enhanced durability and performance characteristics. In versatile applications, we have developed a fluoropolymer-based coating approved for the bullet train station projects, demonstrating capability in advanced infrastructure applications. We have developed coil coating primer solutions for aluminium composite panels, expanding presence in architectural and construction segments.

In the powder coating area, under environmental sustainability, we have continued focus on liquid-to-powder conversion initiatives, supporting customers in reducing VOC emissions and improving environmental compliance. We have commercialized a metallic brown powder coating for the fan segment as part of ongoing sustainability-led conversion programs.

In finishes and functionalities, we have successfully commercialized super durable anodic bronze coatings for architectural applications, offering superior weatherability and long-term durability. In versatile applications, we have expanded product offerings across fans and architectural segments with differentiated aesthetic finishes and performance attributes, addressing evolving customer requirements.

Across all industrial coating businesses, innovation remains focused on delivering sustainable technologies, superior finishes, and application-specific solutions. These developments strengthen customer partnerships, enhance product performance, support environmental objectives, and reinforce our position as a preferred coating solution provider across diverse end-user industries. In performance coating paints, in diverse business opportunities, we are pursuing opportunities in various segments.

Among the accolades that we have won, in manufacturing, we have won the Golden Peacock Award for Energy Efficiency for our Hosur plant. In Decorative, we have won the e4m Real-Time Programmatic Awards 2026 in gamification and advertising. In ABBY Awards 2026, we won one Grand Prix, one gold, six silver, and three bronze.

In ESG, KNP has been awarded the bronze medal in EcoVadis in 2026 for the third consecutive year. This result places KNP among the top 18% companies assessed by EcoVadis, and we are recognized in the strong category by CRISIL ESG Ratings 2026.

Coming to our P&L, in the standalone results, for quarter two, our net revenue was up by 18.9%. Our PBDIT is up by 4.9%, and our PBT is up by 4.3%. For H1 standalone, our net revenue is up by 14.2%, PBDIT is up by 5.8%, and PBT is up by 4%.

On a consolidated basis, net revenue for the quarter is up by 18.6%, PBDIT by 4.1%, and PBT by 3.6%. For H1, on a consolidated basis, our net revenue is up by 14%, PBDIT is up by 6.6%, and PBT is up by 4.9%.

Coming to the risks and outlook. In risks, the continued West Asia tensions leading to supply chain disruption and market uncertainty is viewed as a risk, as well as sustained high crude oil and derivative prices coupled with currency volatility, which continue to exert pressure on input cost and procurement planning.

As far as the outlook is concerned, as per RBI, demand conditions remain healthy. The relevant macro indicators point to continuing activity across construction, mobility, and broader domestic demand. Automotive demand continues to be buoyant, driven by new launches and inventory buildup for the festive period. And consumer sentiment on discretionary spend may get impacted due to inflationary environment. This marks the end of the investor presentation.

Pravin Chaudhari: Now we can move on to questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: Hi, good evening, sir. My first question is on the price hikes that were required on the industrial side. Just want to understand, have we managed to take some of those price increases? You had also indicated that some of those price increases happened from a retrospective basis. How are we positioned over there? And up to roughly what level of crude do you think we are protected?

Pravin Chaudhari: Yes. Thanks, Aditya. As far as price increase is concerned, yes, there are accounts where we have got it retrospective effective April 1. Some of them are from June 1. The increase is in the range of about 7%-8% broadly. That is what you got. There are further discussions on in terms of taking further price increase on the select categories where there is a direct impact of the crude. In terms of crude, it is very difficult to say now. Today it is about 92. My guess is, it is about 80 -- 80-85 range, I think will be safe for us in terms of really going forward and looking at margin improvement is what I see right now. That is what we are pegging at.

Aditya Bhartia: When you say $80-$85, that is the range up to which we managed to take the price increases. If the crude is above that, then essentially some more price increases would be required. Is my understanding correct?

Pravin Chaudhari: Absolutely. When we started discussion, it was 117. It is so volatile that it is really difficult to plan anything based on both on raw material as well as on pricing. That is why this back and

forth keeps happening really. Anyway, team is ahead as far as discussions are concerned on some of the categories which are directly linked, and that will be taken forward at any which way. Yes.

Aditya Bhartia: Sure. I am just wondering that given we managed to take price increases, still in terms of gross margins, we are seeing gross margins which are sharply lower than the kind of levels that we used to see in the past. These price increases were also taken on a retrospective basis, which would mean that part of the advantage of, let's say, first quarter should have also flown through in second quarter. So why is it that we are not getting to see that getting reflected in terms of margins, percentage margins?

Pravin Chaudhari: Yes. Aditya, if you look at the inflation, the inflation is upwards of 25%, and the price increase that you got is about 7% to 8%. The remaining part is getting discussed further in terms of taking that increase.

As you move quarter-on-quarter, I'm sure you will see sequential improvement in the margin going forward. Discussions are not stopped. The discussions are on with all the OEMs. In fact, on the dealer segment in industrial, price hikes have already announced. You have further taken price increase end of September, so that will be flowing in quarter three itself.

Aditya Bhartia: Yes

Pravin Chaudhari: It is majorly this auto and some of the OEMs in general industrial segment, I think that is where discussion takes long before we conclude this. With OEM, it is always agreed that never it is full price increase given. It is always in one or two parts, and that is what precisely happening even now.

Aditya Bhartia: Understood, sir. In the past, we have spoken about roughly 13%-14% as our sustainable EBITDA margin range. By when do you think, given the current scenario, we should be able to hit that kind of a number? Is it that it takes a few quarters to kind of get the complete price pass through, assuming that crude stays, let us say, where it is today?

Pravin Chaudhari: Yes. I think we will have to maybe by quarter four, I think we should be definitely trying to touch that number. Because as these settlements keep happening, it is very difficult to predict when that settlement will happen. But the one thing is sure that we always get it effective from a date. Like we settled it April to September round.

Now when we are initiating next round, it will be again the clock has reset to October 1. So that is what will happen. So, I think it depends on the timing also when that thing will happen. Our only OEM, I think is the only thing which is taking time. Otherwise, all other segments where there is a dealer and distribution is involved, I think there we are fairly well placed.

Aditya Bhartia: Understood, sir. Just one last bit. Would it be possible for you to give any indication on how margins would be differing between deco and the industrial piece, either at the gross margin side or at the EBITDA margin side?

Pravin Chaudhari: No, that will be difficult. Only one comment that I can give is our decorative margin contraction that you are seeing in the industry versus ours, I think our contraction is lower. So, I think that can tell you the story about our very focused approach in growing and also managing our mix.

Aditya Bhartia: Understood, sir. That is helpful. Thank you.

Pravin Chaudhari: Thanks, Aditya.

Moderator: Thank you. Next question is from the line of Pratik from HSBC. Please go ahead.

Pratik: Thank you for the opportunity. Am I audible?

Pravin Chaudhari: Yes, Pratik, you are audible.

Pratik: Yes. Thank you. My first question is on the deco business. Can you tell us what your, I think, general volume growth was for the deco business, and value as well if you can, please?

Pravin Chaudhari: Yes. Volume, frankly, with our current mix correction that we are doing and not participating in the low-end products, I think our value growth is nearing double digit. That much I can say. If you look at quarter-on-quarter, last three quarters, I think there has been sequential improvement in our growth number, which is, I think, pretty good sign as far as we see it.

Pratik: Sure, sure. Makes sense. Can you make a comment on the competitive intensity that you see in the market on the deco business as of now?

Pravin Chaudhari: Yes, I think every quarter we wish that it is going to go all in soon, but it is not happening. I think there is a tremendous competition intensity across regions. All stakeholders are getting impacted because of that, whether it is dealer, painter, contractor, architect, everywhere there is a huge investment happening. I do not know really when that should go away, but I think it is life now, I guess. That is how it will be.

Pratik: Understood. Just to squeeze in another one, on competitive intensity, do you see a difference in the competitive intensity in the East of India, since the new competitor commissioned their plant there a few months ago now?

Pravin Chaudhari: No, we are not seeing that specifically a particular region or area, across it.

Pratik: Understood. I will get back in the queue. Thank you.

Moderator: Thank you. Next question is from the line of Aniket from ICICI Securities. Please go ahead.

Aniket: Hi, sir. Congrats on a good set of numbers. My question is on the industrial side. So far, as of now, almost all of the players have declared their results, and the players who have presence in the industrial side, we are seeing good growth on that side as well.

Are you seeing increasing competitive intensity on the industrial side? Also, if you can share some color on what should be the sustainable growth rate for the industrial business? Any views on that, sir, please?

Pravin Chaudhari: Yes. I think with this deco competition now, I think people are trying to spread their wings and try to also balance with industrial area. Only one comment there, I think in industrial, real mix matters, and that is what drives profitability. I think that is what focus for us is really.

In terms of forward statement, I think it is very difficult to say what it will be, but I can tell you quarter three, I think should be good as far as growth is concerned. The kind of pipeline we have, I think it will be good in quarter three at least.

Aniket: Sure, sir. Thank you.

Moderator: Thank you. Next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Yes. Sir, two, three questions from my side. One, if you can indicate about the performance of our subsidiaries in Nepal, Bangladesh, Sri Lanka. How is the, in a way, the international subsidiaries working?

Secondly, if you can indicate about our adhesive business. I guess Nerofix is now part of Kansai only, but any update on how is that business going as well as the waterproofing, so construction chemical business is, in a way, working?

Pravin Chaudhari: Yes. So, on subsidiary, Aniruddha, Sri Lanka anyway we closed…

Aniruddha Joshi: Correct.

Pravin Chaudhari: There is no operation in Sri Lanka right now. As far as Nepal is concerned, I think they are doing very well. There is a growth of almost close to 20% is what growth they have recorded, and pretty healthy profit improvement as well in Nepal. So Nepal is doing very well. Bangladesh continues to be a problem for us, and there are issues in Bangladesh with both top line as well as bottom line.

Anyway, we are working on solving that and trying to work out some solution as to how do we really recover from that situation as far as Bangladesh is concerned. On Nerofix, now it is part of Kansai. Of course, growth-wise, it is good. It is double-digit growth in the revenue. However, when it comes to profitability, you would have seen, we have restated our accounts, having done the merger.

You will see there is a drop of almost INR4 crores to INR5 crores. That is because of that Nerofix, which has come about, and there is a serious pricing issue in the market. The way VAM has gone up, and we had carried that inventory through, we were slightly long on the inventory, unfortunately. That has hit us.

But now that VAM has settled at about $1,200 odd, I think things from here should change, and things should be better. As such, competition has also improved upon their schemes and other pricing mechanism. I think that is how we are seeing slightly better second half going forward as far as adhesive business is concerned. On construction chemical, I think you asked, and

waterproofing. I think waterproofing is also doing very well. I think the growth is upward of 30% there in waterproofing.

Construction chemical also, growth is upward of 60%-70%, of course, on a small base, but it is doing very well. I think our penetration across country and across our stronghold is increasing as we pass each month. I think that is a healthy sign. We are distinguishing both because waterproofing is typically a paint application, whereas construction chemical is pure repair and hardcore construction chemical, which goes into our large projects and pure infra projects.

I think that is the segment where technology is also playing. You must recall that we had acquired Perma company, I think, six, seven years back. The Perma products technologically are very, very good. I think when we compare with the competition, they are better than them. I think now it is time to leverage those technologies and spread our wings in construction chemical also.

In last February, when we did our strategy presentation, we also talked about this as to how do we leverage our acquisitions and try to use those technologies to grow our business and create additional pillars and additional segments which will support our overall B2C area. I think it is working very well, and I think that hopefully that becomes a sizable business in next two to three years.

Aniruddha Joshi: Okay, sure, sir. That is helpful. Second question regarding the projects business. I guess we are investing more in driving projects business also. How is the progress on that front? Any color you can share on that? Secondly, in terms of the dealer network addition, how it has happened in H1, and is there any target on which the company is working in terms of FY27 and dealer target or tinting machine target, and any FY28-'29, any rolling target if you can share on that?

Pravin Chaudhari: Aniruddha, what we are doing is, of course, we have added about 3,000-odd dealers. That is what we stated in our presentation. So 3,000 dealers are added, and roughly 75%-80% are machine dealers in that. That is what the addition happens. In terms of target, I think typically we talk about 10% increase in network every year minimum. It is 10% to 15% actually.

See, what we are also doing is, you must have seen our focus category, focus geography, every time we keep saying that. What we are trying to do is also we are optimizing. Some of the network which actually is not performing, we are also pruning them. With that, actually we are increasing our productivity and throughput of a dealer also. So more focus is also on extraction, at the same time numerical expansion.

So numerical expansion even at 10% I think is pretty okay for us, but the more important I think is extraction and same store growth. That is the strategy. So roughly you can take 10% safe addition every year with reduction in the dropped or degrowing dealer. I think that is how we would like to progress as far as dealer additions are concerned.

Aniruddha Joshi: Okay. Sure, sir. This is very helpful. Many thanks.

Pravin Chaudhari: Right, Aniruddha. Thank you.

Moderator: Thank you. As there are no further questions, I now hand the conference over to the management for closing comments.

Pravin Chaudhari: Thank you so much for joining this Q2 investor call. I hope we could address questions and could explain our strategy and the way we are moving ahead. Wishing you all Happy New Year and Happy Diwali. See you in Q3 earnings call in February. Thank you so much.

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