



15th May, 2026

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Stock Code – 500331

The Secretary
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex,
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Stock Code - PIDILITIND

Dear Sir,

Sub: Transcript of the Earnings Call

Dear Sir,

We enclose herewith, a transcript of the Earnings Call held with Analyst/Investors on 8th May, 2026.

A recording of the transcript is available on the website of the Company viz. www.pidilite.com.

Kindly take the same on your records.

Thanking You,

Yours faithfully,
For Pidilite Industries Limited

Manisha Shetty
Company Secretary

Encl. as above

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“Pidilite Industries Limited
Q4 & FY26 Earnings Conference Call”
May 08, 2026

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

MODERATOR: MR. JAY DOSHI – KOTAK SECURITIES

Moderator: Ladies and gentlemen, good day, and welcome to the Pidilite Industries Limited Q4 and FY26 Earnings Conference Call hosted by Kotak Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jay Doshi from Kotak Securities. Thank you, and over to you sir.

Jay Doshi: Thanks, Swapnali. Good afternoon, everyone. On behalf of Kotak Institutional Equities, I welcome you all to Q4 FY26 Earnings Call of Pidilite. We have with us Mr. Sudhanshu Vats, Managing Director; Mr. Kavinder Singh, Joint Managing Director; Mr. Sandeep Batra, Executive Director, Finance and CFO; Mr. Bhavesh Joshi, Senior VP, Domestic Accounts and Taxation.

I'll now hand over the call to Mr. Batra for opening remarks. Over to you, sir.

Sandeep Batra: Thank you, Jay, and good afternoon, everybody, on the call. I take great pleasure in taking you through the Q4 and FY '26 results, which were approved by our Board at its meeting yesterday. A quick summary of the performance for the quarter. In the Current quarter, our stand-alone revenue at INR 3,272 crores grew by 15.3% in value terms and was underpinned by underlying volume growth of 15.3%.

This compares to underlying volume growth of 9.8% that we had delivered till December and 9.3% UVG that we delivered in FY '25. Both our Consumer and Bazaar and B2B businesses recorded strong UVG. Consumer and Bazaar was 15.4% and B2B was 14.8%. I think the only area line of business that saw some disruption was in exports. Both for Consumer & Bazaar and B2B, where in the month of March because of the conflict in Gulf and West Asia, supply chains were disrupted and our export revenues got impacted. However, till February, the performance had been strong. Our gross margins also improved versus Q4 last year by 100 basis points and were kind of in line with the immediately preceding quarter.

Our control on costs, where total costs despite a little bit of extra charge on account of wage code, all our costs below margin increased by only 9.2% compared to a sales growth of 15.3%. And you can see this operating leverage flowing back to the EBITDA. And EBITDA margin at 23.4% expanded by 280 bps versus same period last year.

And for the quarter, EBITDA grew by 31.1%. PAT growth was slightly slower largely because of timing differences regarding dividends that we get from our subsidiaries. In the last year, in Q4, we had received some dividend, which in this current year, either would have come in the previous quarter or will come subsequently.

As well as there was a little bit of impact on our treasury income owing to rising bond yields, which caused some mark-to-market impact. However, the YTMs remain strong

on all our investments. The Board also approved a final dividend of INR11.5 per share on an expanded share capital.

You may note that last year, we had announced a 1:1 bonus. This dividend will be paid subject to approval by the shareholders at the AGM and is in addition to the special dividend that we had given of INR 5 a share. So including the special dividend, the payout ratio will be around 70%.

If I look at how our subsidiaries performed, the international subsidiaries in the quarter grew by 8% and domestic subsidiaries grew 5.3%. In domestic subsidiaries, the waterproofing business, which is under the name of Nina had some headwinds because of environmental challenges in getting work front where they could do waterproofing.

So the Nina waterproofing business would have declined by 16%, but the rest of the businesses, which are largely Consumer and Bazaar recorded very strong growth and very strong profitability.

Consequently, our total consolidated revenue grew by 14.1%. EBITDA margin expanded by 310 bps. All of it flows down to PAT, which grew by 36.6%. For the full year, again, consolidated revenue at INR 14,553 crores was up by 11.1% and EBITDA margin expanded by 120 bps over all of FY '25. And PAT grew by 17.9%. The performance on cash, including working capital continues to remain strong. And we continue to invest behind capacity as well as other initiatives. So our capex in the year also was higher than what we had spent in the previous year. With this, I open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question from the line of Abneesh Roy from Nuvama Institutional Equities.

Abneesh Roy: Congrats on very strong numbers. My first question is on the share swap that you have done with JSW One. Why transfer your BuildNext platform, BuildNext Construction Solutions. And is this a financial investment in JSW One given there is a plan for an IPO? And you do compete in paints, I think. So could there be some kind of a strategic tie-up in paints also? Is that possible?

Sudhanshu Vats: So Abneesh, I think the reason is that we found strategic synergies in doing this transaction. I think BuildNext basically has a good home in JSW One. And yes, you are right, post the transaction, we will be shareholders of JSW One as well. As far as the other synergies are concerned, we will explore them as we go along. I think that is where we are, Abneesh.

Abneesh Roy: That is a very significant statement. You'll explore. So you do compete in paints. In fact, you have bidded against each other in paints to acquire Akzo. So that option is there, right?

Sudhanshu Vats: As these marketplaces come up, Abneesh, I think the spirit in which you should take it is that as these marketplaces come up, and I think JSW One and there's also Birla Pivot and all that, I think these will go well beyond their own products for them to be successful marketplaces. And there is always inquiry on that sort of other products, including ours. So what our point of view is that we will keep evaluating it in a manner of speaking and see when it is right for us to be on one or many of these marketplaces.

Abneesh Roy: And my question, whether this is a financial investment. Historically, I have seen that Pidilite likes to have stake in these kind of distribution/new consumer platforms to get access to data, to get some preferential orders, et cetera. So is this a financial investment? Or is it more strategic?

Sudhanshu Vats: So see, it is at this moment through the transfer of BuildNext financial investment. We will own shares in JSW One, therefore. I think the point is because in these kind of places, I think what you rightly speak about is correct, that when we look at very new start-ups or we always want to take a deeper look at them.

We have some investment in these cases. But in this one, that philosophy applies to BuildNext. Where we had indeed invested, you are absolutely right. Now having seen that for some time, we think JSW One is the right home for BuildNext to take BuildNext further as we go forward. And I think in that context, with this transaction, we will become a small shareholder with JSW One.

Sandeep Batra: Our shareholding in JSW will be quite insignificant. So BuildNext was strategic for us. And for JSW One also, BuildNext was strategic. And we felt that the business is best served with an owner like JSW who can provide its scale and profitability. So we were very happy to swap our shareholding there. Our shareholding will be insignificant in JSW One.

Abneesh Roy: My second question is on demand side. So we have seen a very good recovery across most of the FMCG. And Sudhanshu, you have worked obviously in FMCG and now in Pidilite. So are you seeing a genuine demand recovery because in those case, there was obviously no GST direct benefit of any cut?

Plus biscuit company today in the call said that some of their Oman manufacturing has been transferred to India. So any one-off in this quarter, 15% volume growth extremely impressive, but that's way ahead of what we have delivered in the past few quarters, 9% to 11% range. So is there anything new, anything one-off? Any Oman business, Middle East business has been transferred to India?

Sudhanshu Vats: No, no. First of all, there are no one-offs. I can ask Sandeep to further elaborate, but absolutely no one-offs. I think on the demand recovery, I have been saying this, and I said this in the morning in media interactions also, Abneesh. I definitely believe that in the quarter that is gone by Q1 calendar and Q4 financial I think there has been a buoyancy in urban demand.

And we have seen it, and you have seen it across the sector and across other companies in FMCG sector. I think some of it is flowing through, in my opinion, from the actions taken in the past, basically the GST 2.0 and also in our case, in discretionary categories, I think the budget announcements which happened in previous year by Honorable Finance Minister and you know that basically where she gave in arguably about INR 100,000 crores in the hands of taxpaying Indians.

I think so that you are seeing in discretionary as well. So coupled with both, and while we have no direct benefit on GST as a company, you are absolutely right. But I think GST reduction, coupled with some other environment, gave a fillip to discretionary sector and we had a combination of both classic consumer goods and a little bit of discretionary. I think that has helped, Abneesh.

So these are all these numbers. And before March disruption and the West Asia conflict, we saw some very good numbers in February as well and both in January and February. As a matter of fact, we had a very good February. I can share that with you now that the quarter is over.

So I think therefore, it is irrespective of any of these things, I think there has been a buoyancy. As I travel across the country, both large cities and small towns, I continue to see a buoyancy in demand. And I think we have to wait and watch as to how long it continues. And if at all, any of the West Asia conflict would be a headwind to it as we go forward.

Abneesh Roy:

One last follow-up and I'll end there. So if the entire company has seen 15% volume growth, will it be fair to say that even the core part, overall Fevicol including the recent innovations past 2 years, that also would have grown high single to double digit, or near double digit?

Sudhanshu Vats:

Absolutely. As a matter of fact, I think you have may have not been following, I have been saying this. So maybe this question will come by many people, let me just spend a minute on sort of talking about the quarter that went by or the quarter we are talking about that is Q4.

So I think we have delivered this 15.4% in C&B and overall 15.3%. If I was to look at it, our growth categories and growth brands, first of all, delivered continued the momentum, but delivered at the higher end of the growth band we talk about. So that is Roff, Dr. Fixit, both of them delivered very well, Abneesh.

But coupled with that, our core businesses delivered well, especially Fevicol delivered a double-digit growth in the quarter that went by. So you are absolutely right. And it is a combination of basically the portfolio in general is firing quite uniformly in this case. And Sandeep was jokingly saying that all our batsmen played quite well.

So I think that is the thing which has happened. So therefore, I think that is the case. But having said that, Abneesh, if you look at it, we have been talking about this for some

time. And I think as a company, we would like to continue to raise the growth as we go forward. And what I am happy about here is to talk about the FY '26 UVG growth numbers, which is about 11.1%.

That has come in at about 100, 120 bps higher than the previous year. So our desire and our planning is to, therefore, keep raising this systematically. And I think as we go forward, we will see that. The other thing which you see in EBITDA margins, which Sandeep talked about, which is basically we delivered about a 300 bps expansion in EBITDA margins.

See 100 of that is coming through gross margin, which is largely material benefit, which has flowed through. But the balance is also coming through operating leverage. And that's an interesting point again. So the moment we lift our growth, I think our operating leverage kicks in better and sharper. So that's the piece. So that in some ways is the story of the quarter, and I think may be relevant to some of the other questions which come in later as well.

Moderator: We will take the next question from the line of Sonali Salgaonkar from Jefferies.

Sonali Salgaonkar: Congratulations on a great set of numbers. Sir I have 3 questions. Firstly on the Middle East supply chain disruption, as we are standing May what is the extent of supply chain disruption mainly in Jan. We understand that there was a significant jump in operating margin in Q4 probably because we have earlier lower cost inventory, but right now the data suggest that VAM prices have surged, so how do we foresee to navigate the situation? So my first question is regarding the Middle East disruption. The VAM prices have surged. So right now, it has almost surged by 70% since the start of the conflict. So how do we foresee to navigate the situation right now?

Sudhanshu Vats: Yes. Sonali, so when you look at West Asia conflict as a management team and as a company, we have 3 key priorities. I think our first and foremost priority is the safety of our people there. You know we have an operation in Dubai. So I am very happy to report that we are doing well on that count. So I think that is our top priority.

Our second and a very important priority is supply security and perhaps that's what your question is about. So I think what we have done is to sort of look at all our raw material and therefore map out everything which we sort of consume and see how each one of them gets affected.

Fortunately, for us, we started discussing a possible Iran conflict almost a month before actually the conflict happened. So therefore, we have basically been able to map some of these things out. We have been constantly looking at alternate supplies, if possible, wherever possible. So I think as a company and in this, what we are doing is we basically take this day by day, every day, but more importantly, weekly, monthly, quarterly.

And I am again happy to report that in the quarter that we are in, we secured ourselves on almost everything. There are a few surprises that keep coming up, but we are finding very innovative solutions. We are extensively in touch with people where we can get the thing. So supply security is largely taken care of.

And lastly, to the point of inflation, which is a third point, I think inflation is real on our weighted average raw material basket, inflation is anywhere between 40% to 50%. And therefore, we are looking at that. Here, our strategy is very clear. Our strategy is that we will first pass on the absolute increase in our raw material prices in rupee terms in a calibrated fashion because our focus will remain growth and disciplined demand generation in the market.

So I think we want to sort of continue to drive growth and continue to sort of build demand for the products we have. And in this context, we have taken one price increase in early to mid-April. And we have taken another price increase in early May. So I think therefore, we are doing this, and we will keep watching this situation.

I think there are 2 possible scenarios. One is that West Asia perhaps has a pause or a solution in the month of May itself, more likely a pause. And therefore, if you come back to somewhat normalcy, so that is likely scenario in the month of May. We are hopeful on that scenario, to be honest with you.

The other scenario is that this conflict continues for longer. It is a conflict. In the first scenario, we feel that the demand is likely to remain buoyant in a country like India and the inflation will be manageable as we go forward, although there will be inflation in the year. In the second scenario, we will cross the bridge when we come to it, but we are doing a little bit of scenario planning from a supply security point of view, and we remain quite confident of our disciplined execution in this space.

Sonali Salgaonkar: Understood, sir. May I ask what is the quantum of the 2 price hikes that you have taken in April and May?

Sudhanshu Vats: So the price hikes are different by category, and you will get that information from the market as well. But there are certain categories where there is not that much increase in the raw material prices, a few categories, but they are there as well, where the price increase is very muted.

But there is on the other extent, the VAM pricing, which I am sure you have already heard from Sandeep, I think it's already hovering around \$1,800. In that case, it's Fevicol as a brand and that of our Fevicol division. There, we have taken about a 5% increase in April, and we have followed it up with another 7% to 9%, again, varies from product to product within the Fevicol division as well in early May. So I would suffice to say about 12% to 15% price increase.

Sonali Salgaonkar: Understood.

Sandeep Batra:

And also, Sonali, I think the raw material situation is changing every day. There was a period where costs were only going up. But if I look at last week to 10 days, given that oil also has corrected from \$110 to below \$100, we have also seen some reversal of some of the increases that we had factored in.

So it is a very dynamic situation, something that we are watching very, very closely on a weekly basis. And suffice to say that for now, a significant amount of the cost increase in rupees terms has been factored in. It is not that we have run down all our low-cost inventory in March.

We have a very healthy inventory and particularly in some critical raw materials like VAM, we carry much higher than normal covers. So we have some protection against inventory even going into the first quarter. And it is something in a situation that we continue to watch very, very closely.

Sonali Salgaonkar:

Sir, my second question is regarding Roff, which is especially healthy application towards tiles. Now I do cover other building material sectors like tiles as well. Which is why I would also be aware that in March, April as these 2 months, there was severe shortage of gas supply, especially for the Morbi cluster where many of the organized tile players also have their plant.

So the production and the capacity utilization has been severely impacted. It is interesting to understand that Roff as a category has grown very well for us throughout Q4. So would you help us understand exactly where the end demand was for Roff, which categories, which regions so that we can help bridge this gap?

Sudhanshu Vats:

Yes, Sonali. So first of all, let me comment. And as I was saying earlier also, I keep traveling all over the country. So your point that Morbi got affected is absolutely correct. As a matter of fact, most industries that are gas-powered did get affected in a reasonably significant way. That's correct, absolutely correct.

However, I want to make a small correction that when it comes to tiles, the stock in the pipeline, first and foremost, with the dealer and a little bit otherwise as well, is very, very high. It is considerably higher than most other categories. So my understanding is at least for the formal players who are in the formalized sector, those players, the stock cover is quite high.

So therefore, the impact of that immediate impact of that on demand is not likely to be seen and will be an impact only if it's a protracted West Asia conflict with a severe gas issue even then. So therefore, the fact that gas-powered industries have got affected, absolutely correct. They were operating at a very low capacity utilization in this period, absolutely correct. But is there stock available in the market? Absolutely, yes.

Is construction going on and therefore, tile getting fixed and therefore, Roff getting used? Absolutely, yes. So I think that is how I would see. And all these things will

change, suppose it's a protracted and a severe West Asia conflict, so the probability of that at this moment is a little low in our judgment or in everyone's judgment.

Sonali Salgaonkar: Understood, sir. Very clear. And last question from my end, any update on Paints?

Sudhanshu Vats: Yes. So paints, what is happening on paints is two, three things. I think one, as we look at our business, we are seeing better or good traction, if I can use the word, in Rurban India, which is rural and very, very small town. So that part of the business is doing well. We were there in the 5 Southern states TAO-TK as you guys know, but we've gone into West Bengal, gone into Bihar.

So our Rurban piece is doing okay. I think when we start looking at slightly bigger towns, what we call internally small town India, I think that is where what is the uniqueness which Pidilite has to bring in, what is the tweak needed in the business model, what will be our USP as Pidilite to give us that right to win is something still work in progress.

And I think once we are able to solve for that is when you will see a full-scale expansion. Other than that, we are sort of at it. There is growth, as I told you, good growth in Rurban, I can tell you. And so we will keep working towards finding that unique Pidilite signature and therefore, our right to win.

Moderator: Thank you. We will take the next question from the line of Percy Panthaki from IIFL Capital.

Percy Panthaki: Sir, continuing on the cost inflation part, could you help us with understanding at the current spot prices for your product portfolio bucket, what is the overall weighted average inflation in the COGS?

Sudhanshu Vats: So I spoke about it some time back Percy. I think first of all, good to hear from you. But Percy this is a range of 40% to 50% as our weighted average raw material basket. So I think that's where it is. That is at the current replacement price. But as Sandeep very rightly pointed out, just in the previous question, I think if I not mistaken, the situation is rather dynamic Percy.

So I think the point is if you were to look at the peak, this is the number. But I think we are seeing a few raw materials coming off the peak. So therefore, that's why I tell you the approach, which I highlighted and maybe I'll repeat it and at the risk of repetition for everyone is that the our approach is that we are looking at this replacement margin, so to say, at the current cost and saying that first and foremost how do we transfer these costs in a calibrated fashion into the market, calibrated and sort of staggered a little bit. And we have done 2 routes, one in mid-April and one in early May. And then we will keep watching the situation as we go forward to take any further action because our top priority is to continue basically our focus on growth and continue to do all the demand generation activities, which we need to do.

And as a matter of fact, you may have seen that we have continued with our big campaign on Fevicol in this environment. I think that is, of course, above the line, but we are doing a lot of the stuff below the line as well, which is our field marketing activities. So our focus is on continuing to remain steadfast on delivering double-digit underlying volume growth and do demand generation appropriately as we go forward.

Percy Panthaki: Just a clarification, this 40% to 50% was for the COGS of Fevicol or the company as a whole?

Sudhanshu Vats: Weighted average company my dear.

Percy Panthaki: Okay. Got it. Second question is in the past, based on your experience for your product portfolio, what is the price elasticity of demand? So what I am trying to say is that, let's say, in an environment of close to 0 pricing growth last year, you did a volume of, let's say, 10%. Now supposing this year also, if the inflation was flat and the growth was 0, assuming demand being similar, like that is the base case that 0 pricing and 10% volume.

But if, let's say, the pricing goes from 0 to, let's say, 10% or 15%, the volume which is at 10%, that comes down to how much. So is it 50% of the price increase, which is a volume backlash? Is it 20%? Is it 80%? What is your experience? And what is your expectation given the current macro situation?

Sudhanshu Vats: The current macro situation, first of all, is rather unique. It is different from anything which has happened in the past, including COVID. Because I was recently in the market, there is 30% increase in pipe. There is about 15% increase in paints. We are around similar zone. And as of now, cement is not declared, but there would be increase in cement as we go forward.

There will be increase in fuel prices as we go forward, which have not yet been declared. So the cumulative impact of a lot of this on demand is something which needs to be studied, needs to be understood. And as I was saying in the previous question, see, my request to you all is that there are basically 2 scenarios: scenario 1, which is that West Asia conflict is contained or at least partly resolved in the month of May and there is a good chance of that, to be honest with you. That's our understanding. Scenario 2 is West Asia conflict continues for much longer. And it is longer and it is tougher, whatever word I can use. So basically, in the case of scenario 1, I think we are going with the hypothesis that the demand buoyancy which India saw in the last quarter of FY26 will more or less sustain.

And therefore, in that case, if we then manage the inflation better as we go forward, inflation will also hopefully come down in the second half of the year, although you have to manage inflation through this year. I think in the combination of these 2, you have got to do from a demand generation point of view and growth treated as business as usual. That is our going-in position. Now what happens if the scenario 2 plays out, I

think we are currently focused on supply security in that scenario, and we will talk about it if that scenario plays out.

Percy Panthaki: So as of now, should we just assume that whatever pricing you take is completely incremental to the top line and there is no volume backlash that you expect?

Sudhanshu Vats: This I leave to you. I will not be able to give you your formula for the thing. But, so some of it to be pretty honest with you, with this kind of inflation, Percy, to be honest, and again, now on a more serious note, if you were to look at FY '27, with the kind of inflation across categories, across businesses, there will be some demand compression. What will be the quantity of demand compression and when will it come is difficult to predict at the moment. I can tell you for the quarter, I can tell you for the period which we have seen. So what I have seen up to now, and we have been traveling quite extensively because of this dynamism in the situation.

I can tell you, as of now, it seems rather intact. But with this kind of inflation, once it settles in fully, should there be any kind of demand contraction, how much will it be and when will it be is something to be watched out for. So to be fair to say that the full year, should you assume that it will be the same? My answer is no.

But should we continue to see the momentum in the Q1? My answer is perhaps, yes. So I think here now, as we go forward, I think you have got to look at month, maybe ideally week, month and a quarter and then see and then keep revising it as you go forward. So a week, month, quarter, again, a week, month, quarter, and that's the way you're going to decide here. Here, you cannot talk of 2 years full of this year because it's very, very dynamic my friend.

Percy Panthaki: Last question on margins. Assuming that we settle, let's say at 85% to 90% kind of crude level for the rest of the year, what kind of margin can we expect? Do we expect it at the lower end of your band which you said you earlier said that you want to maintain a 20% to 24% kind of band. So do we expect it closer to 20% this year if the crude sort of remains at 85%, 90% level?

Sudhanshu Vats: So it depends on the crude is one marker. But as Sandeep was saying, I think some of the other raw materials are linked to crude, but not entirely. So it depends on what is the inflation because some of the inflation could be much higher than crude as well or in many cases, it could be lower.

So it depends on that. As far as we are concerned, at this moment, I would say we have guided a corridor of 20% to 24%. We stay committed to that guidance. And last year, of course, with benign input costs, we delivered at the higher end of the guidance. This year, with the raw material inflation, it will be different, but we stay committed to that kind of number. So I think you are right, it will depend as we go forward. It's very difficult to say for the year, and I think these things are only meaningful for the year, not for a quarter or anything.

Moderator: We will take the next question from the line of Naveen Trivedi from Motilal Oswal Financial Services.

Naveen Trivedi: My first question is on the Consumer and Bazaar. Can you give us a bit more understanding about this sharp 15% volume growth which we have witnessed in the 4th quarter? Was there any trade channel stock benefit or build up in the fourth quarter? And how should we see the trend going ahead?

Sudhanshu Vats: What benefit, I couldn't get that. What did you say?

Naveen Trivedi: Some trade channel benefits in anticipation of price hike we would have been seen.

Sudhanshu Vats: Trade stock. Okay. So as I was saying in response to an earlier question, I think, first of all, we have been seeing reasonable buoyancy in demand. And I can share with you that we had a very robust February. And I can also share with you that at Pidilite, we have continued with our philosophy of not loading in any form in the month of March.

So we always have and which is a well-tested old Pidilite practice, which is to sort of towards the second half of March, contrary to what many other companies may do, we not only not load, we go a little slow. And then we start fast in April. That is the pattern we follow, and that's what we have been doing.

This year has been very similar, I can tell you that. I think it is 0.5% here and there. Some of that could have happened somewhere. You can't vouch for every 100%. But the point is that we followed this philosophy and the same has been practiced as we went into March and the same has also with data being seen with our start to April.

So I think, therefore, to answer your question, no, if I could say so. This is a buoyancy. And as we were saying earlier, see, the thing is that we have seen this buoyancy and therefore, what has happened is that our growth categories have delivered very well on growth. So that momentum has continued, has only accelerated. And some of our growth brands have delivered at the higher end of our growth band guidance. And our core categories have also done well, including our big brands, which delivered double digit. There are things like innovation, things like field marketing, many of those. So I don't want to get into that detail. So all that work is happening. We have been continuously doing some of this, and we've been lifting it up. Between you and me, I think I and Sandeep have been talking about lifting our growth for some time now.

And I think what I want to do share is that for the year, I think that's the way to look at it. In the year, we have managed to lift our underlying volume growth, which is most important, forget price here, the price there. Underlying volume growth by about 100-plus bps and that's the journey we would like to stay steadfast on.

Naveen Trivedi: And any color about the market share point of view also. So although Consumer and Bazaar is a very diversified portfolio. But any core categories where you can give us some sense about how has been our market share during this period? Or how has been

the kind of industry growth during this time, especially the core categories, if you can give us some color?

Sudhanshu Vats:

Yes. So I think as I said at the same point, there's been a buoyancy in the market. So there the market would have grown a bit better. But I think our performance is a combination of 3 things. I think a natural buoyancy, particularly a little bit more buoyancy in urban India. And therefore, for us, while our rural growth have come in ahead actually, again, like year-on-year, even in this year and this quarter, but our urban growth have picked up. So I think therefore, there is buoyancy.

The second piece, which is there is that all the work which we do, we have intensified in several areas our work on demand generation and field marketing. And I think that's bearing some fruit, particularly in construction chemicals and Dr. Fixit. And lastly, I think there is some market share gain as well because the kind of growth we are seeing, we are clearly growing ahead of the market in some of our growth categories and maybe in some of our core categories.

Naveen Trivedi:

Sure. And in terms of the price hike, you mentioned about you will take very calibrated approach this time despite this sharp headline inflation. How are you seeing the competition side? Are they also following a similar approach or you see that there can be an opportunity given you may have a cost efficiency and like Sandeep was mentioning about you also have inventory in your hand. So do you think that these are the times when you can further look for a market share gain?

Sudhanshu Vats:

No. I think the way we are looking at it, first of all, I think factually, the competition has done similar kind of price increases. A few of them actually did it in March as well.. So therefore, price increase has been commensurate. It's not similar or comparable. I think the point is that we would like to continue to do what is right to gain share.

And I think we would not do anything just tactical, to be honest with you. And as far as we are concerned, to Sandeep's point as well, see, we are initially passing on the increase in raw material costs in absolute rupee terms. So therefore, some of the cushion which we have comes in handy in managing the margin also as we go forward.

Naveen Trivedi:

Sure. Just last one bookkeeping. The employee expenses up only 3% in the stand-alone this quarter. Despite that this year, we have seen double-digit growth. And even if I look at the annualized number, it is kind of 8% up. How should we look at this expense going ahead? And any one-off in this quarter?

Sandeep Batra:

Yes, there was a little bit of one-off. So first of all, I think the right way to look at manpower cost is to take the full year manpower cost. And from that, you strip out all the impact of this wage code. That I think will give you the comparable full year manpower cost number. And that for your projections, you could divide it by 4, and that's your base for next year.

Specifically in this quarter and compared to the base quarter, which was fourth quarter of last year. So what we had done was in the fourth quarter of last year, we had recognized a provision of about INR 17-18 crores towards the discretionary benefit to be given to employees. Because of the new wage code, we felt that there was no need to continue with that discretionary benefit given that everybody's gratuity benefits will get elevated under the new wage code.

So that discretionary benefit we rolled back in the fourth quarter. Both amounts are, if I round off, around INR 20 crores. So for sake of comparison, you subtract INR 20 crores from Q4 last year, add INR 20 crores to Q4 this year, and you'll get about 11%-11.5% increase in wage costs, which would be the right number. So take the full year number, take out the one-off because of wage code, and that becomes your base for FY 26 - 27. And specifically for Q4, I've addressed your housekeeping question. The actual comparable growth is about 11.5%.

Moderator: The next question is from the line of Rajeshvari from iThought PMS.

Rajeshvari: I got three questions. So for the first is on the manufacturing capex. I understand that the growth in pioneer category would be more investment. But in third category, can we say that we have invested ahead of demand? Or is there still continuous expansion. First is on the manufacturing capex, so understand that growth in pioneer category should be more investment in terms of manufacturing. But in core categories, are you sure that you invested ahead of demand or it still need continues expansion. And also I would like to know the level of automation you have done in manufacturing?

Sudhanshu Vats: So first question, I think we have talked about it in the past also. Our capex tends to be actually 3% to 5% of our revenue turnover. I think Sandeep also alluded to it in his opening commentary and last year, we have come in at about the median of that number or an average of that number.

So I think that's the thing. And as far as our capex philosophy is concerned, there are 3 buckets in which we do capex. One is classic growth capex, we anticipate our growth in different growth categories and in general as growth and see how we are placed and do we have the right capacity and therefore, there is capex to augment and be ready for the growth.

The second capex, which we do incur and is around basically automation, consolidation and major renovation of some of our existing core categories, especially premium white glue. So I think that is one area where as we speak in this quarter one of FY '27, we will be commissioning a large plant in West India for our premium white glue and Fevicol.

I think so that's an area which we keep doing from time to time. And third is for newer categories or newer areas we get into. So those are the 3 buckets. We will continue to invest in all 3 buckets appropriately. But suffice to say the band is 3% to 5%. And I think we'll remain in that band. Sandeep you want to add?

Sandeep Batra: No, no, I think you've covered it. So capex is something that, as our capacity planning is something that we do very, very rigorously because the last thing we want is not being able to put material on the shelf because we run out of capacity. Obviously, the growth businesses will require more capex because they will run out of capacity faster. But even in core, we would do capex, not only to augment capacity, but also to automate and to make the whole manufacturing process efficient. And last year, we would have spent close to INR 570 crores on capex compared to INR 430 crores in the prior year.

Rajeshvari: Yes, that helps. And my second question is that we have around 6 segments, right? 3 in Consumer and Bazaar and 3 in B2B. So how many of these 6 segments we have export exposure, like the B2B pigments & preparations we are already exporting, but I want to understand a bit the rest of the segments and the geographical coverage?

Sudhanshu Vats: Yes. So our major export exposure is in pigments, as you rightly pointed out, Rajeshvari. Although having said that, we do export our finished goods to many countries. But that export basically did not follow the West Asia route all the time. There is some export to West Asia directly. So therefore, our direct exposure on exports is pigments.

And in finished goods, there is West Asia export, but then there are export to other places which are perhaps independent of this conflict. So therefore, overall, suffice to say that our exposure to exports is small as a company, as Pidilite. And therefore, exports not coming through will not dent the overall performance of our company in any significant measure. If exports come through, that will be the icing of the cake.

Rajeshvari: And my last question is that I would like to know how much percentages our raw material basket constitutes VAM, to understand the input volatility in margins better?

Sandeep Batra: So if you look at last year, it would be less than 10% and I'm expressly calling out that if you look at FY '25-26, VAM would be under 10% of our raw material consumption for the company. This year, it would be a different story, but last year was less than 10%.

Moderator: We will take the next question from the line of Jay Doshi from Kotak Securities.

Jay Doshi: See, for the past 11 quarters, you were consistently delivering 8%, 10% UVG, which accelerated to 15% in 4Q. So if one assumes that West Asia situation probably stabilizes and raw material prices normalize in the next 2, 3 months, should we expect FY '27 UVG to be higher than FY '26, say, somewhere between 11% to 15%.

Sudhanshu Vats: So Jay, to answer your question, this is our stated position. If you look at, of course, you have talked about last 8, 10 quarters and then a blip in this quarter. That is also right, and that's one way to look at it. The way I am looking at it is a bit more, if you look at year-on-year, so therefore, we have expanded by about 100, 120 bps in FY '26 in terms of UVG. So therefore yes, I think this about 100-odd bps expansion as we go forward is something we are planning for and we would like to deliver.

Sandeep Batra: I think if I may add, Jay, I think this question would have been asked for the last 2 years that your margins are expanding, input costs are benign. So what are you doing? And our response has always been that our first endeavour will be to reinvest all the headroom that we have in margin behind getting faster growth because there is no substitute for growth and I think if you see the result over the last 7 or 8 quarters, each quarter last year, our UVG was more than 9%.

And for the year, we were nearly 200 bps higher than what we declared in FY '25. So the endeavour from our side is to drive investments so that we can get faster growth. So that as an intent has not changed. It remains, we saw results all of last year, and we saw very healthy results in the last quarter. So that remains our endeavor.

What will be the outcome? I think given the situation that we are in, it will be very difficult to hazard a guess as to what will happen in this year. It's not a normal year. If it was a normal year, maybe yes, what you are saying would have been something that we could have agreed to. But this year is very unique and special. So I don't think we will hazard a guess as to what will be the UVG for this year. It's too early to say.

Jay Doshi: Understood. One bookkeeping question. So UVG is basically volume and mix, right? Now if Roff is growing much faster than the company and because it's a low-value product, basically, is your tonnage growth even growing faster than UVG?

Sandeep Batra: Absolutely.

Sudhanshu Vats: We have talked about it many times. So what you call total volume growth is order of magnitude different from our UVG. And that's a great question you asked Jay. Most people treat our UVG as volume growth. This is not volume growth. This is turnover growth at constant price. And our total volume growth is order of magnitude different.

Sandeep Batra: It's been multiples of that.

Sudhanshu Vats: Yes, it will be multiple. Absolutely.

Jay Doshi: Understood. A couple of more questions. One is, are you seeing unorganized players sort of struggle a little bit because of supply chain disruptions hurting them more than a large organization like yours? And if so, then have you started seeing some market share gains in some categories where your market share are still sort of not as high as, let's say, 80%, 90% that you may have in some record?

Sudhanshu Vats: There are market share gains in tile adhesive, but that does not have that much of an unorganized play. The top 4, 5 players pretty much account for 80% to 90%. I think your point is generally correct, Jay, which is that basically the unorganized sector struggles a little bit in this kind of volatility without doubt and basically compared to more organized players. I think it's very early at this moment to comment on this.

But we are ready to and we stay focused on securing supply, making sure that we have goods available and servicing the demand. So therefore, to that extent, we are very well

equipped. And if some of this gives us some additional gains in the market, then so be it. I think that's the piece which is there. But a lot of it is it's slightly early, I think in my opinion.

Sandeep Batra: I just want to correct you Jay, we don't have 80%, 90% share in Fevicol. I don't want that to go on record. I'll correct it. We have a healthy share.

Jay Doshi: Maybe we'll ask you offline. One final one. I think FY '26 was a year where there was acceleration in waterproofing and you had called out a couple of quarters back, 3, 4 years prior to that, waterproofing was not growing as fast as what perhaps we would have liked. Does that momentum continue? And in that case, why is it that Nina Percept is still sort of having volatility from quarter-to-quarter and not being that great.

Sandeep Batra: No. So I think the first part of your question is affirmative that indeed, we have seen our waterproofing business get back to the kind of levels that a growth category should grow at and that growth rates have improved every quarter. I think the issue with Nina is not about lack of orders.

We have a very, very healthy order book. I think what happens in winter period, particularly end of Q3, beginning of Q4 is that because of this pollution restrictions, a lot of construction sites don't get permission to do work. So you may not get workforce availability. So in cities like Delhi, Bombay, Hyderabad, the local authorities will impose restrictions.

You are aware of this GRAP 1, GRAP 2, GRAP 3 that happens in Delhi. So a lot of activity gets curtailed. And that construction is one activity that gets impacted. It's not waterproofing that gets impacted. But overall, if that site is not allowed to do any work, they can't do waterproofing also. Not that our processes are not creating dust pollution or anything of that sort. But the overall site work comes to a bit of a halt.

Sudhanshu Vats: Yes, that's a great point, Sandeep. And just to build on it, Jay, so retail waterproofing and therefore to Sandeep's point, and therefore, you are seeing very good growth in Dr Fixit retail waterproofing and smaller jobs, which are done at homes and all that. Continue but all these construction jobs, which Sandeep referred to, which is where Nina steps in. Nina steps in for more specific apply and supply kind of jobs. So that's where it gets a little bit slightly seamless. The order book is there. We will deliver. So I think the fundamentals are all okay. I don't think there's anything to worry about.

Sandeep Batra: In fact, also our projects waterproofing. That has grown even faster than retail because we were a late starter in that category. So the waterproofing product sales have done exceptionally well. It's just that the application in some sites has got impacted because of these local restrictions.

Moderator: We will take the next question from the line of Avi Mehta from Macquarie Capital.

Avi Mehta: Sir, just one question conceptual. While we look at consumer staple companies, we do understand price hikes tend to be relatively favorable from a revenue growth perspective. For our categories because Pidilite is not one category, it's multiple categories that we understand. How would you classify this? Would you say that price hikes are neutral, negative, positive? How should we look at it? And I'm not talking about very sharp price increases, obviously, but assuming this West Asia conflict kind of cools off?

Sudhanshu Vats: Yes. So Avi, I think like you said for CPG companies or FMCG companies, even for Pidilite, we have a consumer business, but also the Bazaar business, not sharp price increases, which you yourself qualified also, but price increases, that inflation, you can get that price increase with demand situation remaining the same, you will get your UVG and on top of that, you will get the prices. Absolutely, yes Avi.

Avi Mehta: Perfect. And just second bookkeeping question. I missed this VAM number for the quarter. Apologies if you had shared this, if you could kind of just highlight that. That's all from my side?

Sandeep Batra: VAM for the last quarter was around \$840 a tonne, pretty much in line with the previous quarter.

Moderator: Will take the last follow-up question from the line of Abneesh Roy from Nuvama Institutional Equities.

Abneesh Roy: Yes. Very quick follow-up given one hour is up. So first is VAM supply demand, any change to any factory has gone out of production or anything in Middle East, U.S. or Iran has hit? Any clarity on the demand side, any acceleration globally?

Sandeep Batra: So VAM, yes, there were some supply disruptions from vendors who are located in that area. So we had a supply source in Saudi Arabia, which obviously got impacted. But I think there is abundant supply globally. I mean, or in the region from which we would be most cost effectively sourcing. So we have in the past also looked at such supply sources. And particularly a lot of it will be in China. So those are the sources that we are now exploring in terms of ensuring our supply continuity. So there is no concern on availability now.

Abneesh Roy: Last time we have seen VAM remain inflationary for a fairly long time. So this time, it's basically geopolitical issue. So that gets resolved. So it could cool off also very quickly, right? I am not saying it can go back to the earlier price, but current prices can cool up significantly.

Sandeep Batra: Yes, yes. The answer is yes.

Sudhanshu Vats: Yes, Abneesh.

Abneesh Roy: Now last quick question. Essentially, you mentioned on pricing on Fevicol. But as a portfolio also, you have seen 40%, 50% RM inflation. So as an analyst, it will be very

good to understand overall consol price hike, will it be more like 7% to 8% in the India business?

Sandeep Batra: No, higher than that. I think Sudhanshu mentioned at a company level, we have taken in April around 4% to 5%. And in early May, another 7% to 8%. And these are blended at company level. It will be different for different categories. But at a blended company level, that's the quantum of pricing that has already gone in.

Sudhanshu Vats: Just a quick one to add to Sandeep's point. So while actually exactly correct, and that's what we have been saying. But you see in our Bazaar business, the situation is a bit dynamic. So now therefore, for the year, and I want to be clear because I am being honest.. So for the year, depending on how the raw material will behave, if suppose, as you asked in your first question, which you said could it cool off quickly?

If it indeed cools off quickly, it will have to be passed back in some form. So therefore, can you build in that for the year? The answer at this moment is no. But let's see how the things play out and therefore, that equation. And our focus, Abneesh, as I'm telling again and again, Sandeep and I have been absolutely reiterating is to drive underlying volume growth to drive demand and to stay steadfast on growth. So not try and do some short-termism on any kind of price.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, that concludes the question-and-answer session. I now hand the conference back to the management for closing comments.

Sandeep Batra: No further closing comments. Thank you, everybody, on the call for their continued interest in Pidilite, and we'll see you again around our Q1 results. Thank you. Bye.

Moderator: Thank you, members of the management. On behalf of Kotak Securities, we conclude the Pidilite Industries Limited conference call. Thank you all for joining with us today, and you may now disconnect your lines.

(This document has been edited to improve readability)