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14th May, 2025

To,
The Manager,
BSE Limited,
Department of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001

Script Code: 514448

Dear Sir/Madam,

Subject – Transcript of Q4 & FY25 Post Earnings Conference Call.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Transcript of Q4 & FY25 Post Earnings Conference Call.

Kindly take the same on your records.

Thanking You,

Yours Faithfully

For, Jyoti Resins and Adhesives Limited

Utkarsh Patel
Managing Director
DIN: 02874427



Jyoti Resins & Adhesives Ltd.

Q4 & FY25

POST EARNINGS CONFERENCE CALL

May 09, 2025 11:00 PM IST

Management Team

Mr. Utkarsh J. Patel - Managing Director

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit:

Ladies and gentlemen, I welcome you all to the Q4 and FY25 Post-Earnings Conference Call of Jyoti Resins and Adhesives Limited.

Today on the call from the management team, we have with us Mr. Utkarsh Patel, Managing Director. We also have the Chief Marketing Officer, Mr. Samit on the call.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements which may involve risk and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to detail us about the business and performance highlights for the period ended 31 March 2025, the growth plan and vision for the coming years, post which we will open the flow for Q&A.

Over to you, sir.

Utkarsh J Patel:

Ladies and gentlemen, I welcome you all to the Q4 FY25 post-earnings conference call of Jyoti Resin and Adhesives Limited. As you would have gone through the investor presentations uploaded to the exchanges, we have delivered nearly 15% volume growth on Y-o-Y basis, Q4 FY25 versus Q4 FY24. While on a quarter-on-quarter basis, Q4 FY25 versus Q3 FY25, our volume growth is 24%.

For the full year '25, the volume growth stood at approximate 12%. This was mainly due to a flat Q2 as was explained also in our Q3 concall. Revenue on an adjusted basis grew 14% Y-o-Y driven by this volume growth.

Further, I am happy to share that we have signed Mr. Pankaj Tripathi as our Brand Ambassador, which will help to grow our business, create visibility and support in the marketing efforts for national visibility for the brand in consumers and also in dealers, retailers and carpenters. We have continued to put in strong efforts in our ground level work with carpenters and dealers with several meets conducted during Q4 to showcase our product portfolio and improve our penetration in existing markets and create visibility in the new markets also. These activities are also expected to continue aggressively in Q1 FY26 as well.

While we gained market share in this quarter in some of our strong cities and states, we have witnessed good response in our new states as well

as our mature markets. The higher margins of more than 30% was lead higher volumes and thereby offering us better spread and operating leverage. We have further increased the number of branches to 42 during Q3 to 48 in Q4 while we have increased our sales and marketing teams as well.

In terms of our capacity expansion and CapEx plans, we are looking to add another 1,500 tons per month over end of this financial year at our existing plant that will take us to capacity of 3,500 tons per month. That can generate INR 650 crores of revenue in existing plant. In next two years, we will start to plan for greenfield expansion for future growth.

Now, I am opening the floor for questions and answers.

Moderator:

Thank you, sir. All those who wish to ask a question, may please use the option of raise hand. In case you are unable to raise hand, just drop a message on the chat and we will invite you to ask the question. All those who wish to ask a question can use the option of raise hand.

We will take the first question from Manan Shah. Manan, you can go ahead, please.

Manan Shah:

Yes. Hi, sir. Thank you for the opportunity. I am relatively new to the company. So please pardon if you have already answered these questions in the earlier call. Can you please talk about which are the top three states for us? And I believe you hinted that we have around 35% market share in Gujarat. How has this market share improved over the past two or three years?

Utkarsh J Patel:

Sir we are doing good business in five states, the central and western part. And these are the Gujarat, Rajasthan, MP, Maharashtra and Karnataka. For Gujarat, we have 35% market share and that is grew by 10% in last two years.

Manan Shah:

By 10%, you mean that 30% something has become 35% now?

Utkarsh J Patel:

25% to 35%. So, 10% yeah.

Manan Shah:

Okay. And the growth in the current year that we have achieved is this from these five states or this growth is driven from the newer states where we have entered?

- Utkarsh J Patel:** So majority growth comes from the existing five states. The reason is the volume is higher in these five mature states. And we have also taken the growth from the newer markets also.
- Manan Shah:** Okay. Understood. We've recently hired Pankaj Tripathi as a brand ambassador. So, for going forward, what will be our average marketing and branding spend that we are targeting for the coming year?
- Utkarsh J Patel:** So, we are targeting 7% to 8% of revenue. And that will be led by half is trade marketing and half for the brand communications.
- Manan Shah:** Okay. And which are the newer states that we are targeting?
- Utkarsh J Patel:** So right now, we are targeting into the UP, Delhi. We are also focusing more into the West Bengal and to the Chhattisgarh also and Telangana also.
- Manan Shah:** Okay. And these new geographies where we are targeting, have we built a warehouse or a depot or something to quickly service these markets? Or what is the strategy? How do we go about that?
- Utkarsh J Patel:** So, we appoint consignee and sales agents. So basically, they are our stockists. So, we have 48 stockists right now across these 14 states.
- Manan Shah:** Okay. Sure. I will get back in the queue. Thanks.
- Utkarsh J Patel:** Thank you.
- Moderator:** Thanks. We will take the next question from Sameer Barot. Sameer, you can unmute and ask.
- Sameer Barot:** Am I audible?
- Moderator:** Yes, you are.
- Sameer Barot:** Thank you for taking my question. Sir, new to the company, so slightly basic. But, sir, what is the hindrance this company has in growing much faster from a base of -- because you have a low base of around INR 250 crores? Is it a sacrifice some margins and grow faster? And if you're not ready to compromise on your high margins, then you grow at a more measured pace? Is that the way the market is? If you can just explain that dynamic?

Utkarsh J Patel:

See, actually, the distribution market is always, I believe that is always a 15- 20 years of investment of entire team to make this type of network. So, we have invested 18 years into this journey. So now in that scenario, we have experienced so many things. And now the speed has become more faster compared to as earlier.

So right now, we are as we have explained that 14 states network, we have established, the 48 branches, we have established, the team of 430 people of sales force now working to make this family Euro family much bigger than right now. So, the expansion is on that mode. And right now, we have associated with 350,000 carpenters among those. Almost 200,000 carpenters we have registered into our loyalty program. And we have also increased the base of the retailers also. So, that are now 12,500 retailers we are working with them.

So, it is the journey and so, we believe that into the tertiary sales, the profit also always depends on that only. So, we are not only primary focused company. We always believe that tertiary pull should be there. So, maybe we are taking the time for that. But the fundamentals will be strong by this journey.

Sameer Barot:

Sir, so, what does it take for you to move from, let's say, 12,000 retail distributors to, I don't know, 30,000, 25,000 or 30,000? Is it that this process just takes time and it will take two, three years for you to double your reach?

Utkarsh J Patel:

Yes, you can say that because see right now we are taking at least two to three years to make one state as a mature level. So that was earlier four to five years, six years we have taken. But that time we as not a strong base and we were very new in earlier states. So, no experience and no team were there. But right now, we are in that situations and that positions that we have now enough matured our team and matured enough and experienced in our business and strategies. So, we took at least two to three years to take that state at that level. So yes, we can say if we want to go for the 25,000 or 30,000 retailers, it will require at least four to five years from here.

Sameer Barot:

And sir, your consignee agents and your retail touch points, why -- what are you offering them which makes them switch to Euro instead of let's say whatever other brand they were selling earlier? What is it that -- are you giving more commissions? Are you -- is the product quality a differentiator? Is there a difference in rate? What all do you need to do to get penetration once you have or why does he move to you?

- Utkarsh J Patel:** See, as I have explained, it is a journey of that trust what we need to build to the retailers first. If we talk about the stockist, then stockist, the CSA is the dispatch partner. So, they maintain the stocks, delivery, dispatch and accountings mainly. And for the retailers, yes, of course, there is experience of the services and the quality should be on the regular basis that we need to do those particular transactions to get that trust for that. So, in retail business, always that takes time. It is not like that we do one placement of 100 kg or 200 kg and then that's it done and now the retailers move to the Euro. No, that is not like that.
- So, initial that is basic placements. Then we need to prove ourselves by giving them the best service and ease of doing policy what as a Euro we are always as a preferable brand with the retailers. So that different policies and not only pricing or discount or credits, but mainly the commitments, the promising what we are giving to the retailers, how we fulfil that promises, how we deliver those commitments that matters and constantly -- consistently you prove yourself by then you can gain the more market share for that.
- Sameer Barot:** So, sir, like-for-like, let's say for the like-for-like kind of product, if Pidilite is priced at INR 100, just as an example, where, what would be your pricing and what would be your commission into the full channel, including consignee and retailer versus somebody like a Pidilite.
- Utkarsh J Patel:** So, for the consumer MRP level, we are almost same. For the dealer pricing wise, we are almost same. But for the landing of total landing of the price that is more attractive in Euro as compared to the others.
- Sameer Barot:** Sir, you did not understand that, landing for whom?
- Utkarsh J Patel:** To retailers and to carpenters also. So, for retailers, as an example, we are passing 8% to 12% of margin to retailers.
- Sameer Barot:** Right. And what would your competition be doing at least Pidilite for that matter?
- Utkarsh J Patel:** Cannot disclose in this investor call for particular company name, but I can guide our margin to the retailer. So that is comparatively to 8% to 13% that is more attractive than what others are offering that is almost 4% to 6%.
- Sameer Barot:** Understood. And now do you, sir, last question, would you feel confident that now you are getting a brand ambassador, so there will be much more sort of traction for the brand on the sort of retail end, on the

carpenter end? Is it likely that we will now see a much faster growth over the next two, three years, not asking for the next one or two quarters, but more like a medium-term objective? Can we grow at a much faster pace than we have in the past?

- Utkarsh J Patel:** Yes, yes, we can. We can go for that because as now we are in that position that now we have onboarded Mr. Pankaj Tripathi as a brand ambassador. So, we want to create more visibility, we want to give more confidence to our retailers, to our consumers, to our carpenters. And yes, we are very optimistic with this journey and these three years of associations maybe put this brand into the next level, what we are targeting for that.
- Sameer Barot:** Thank you, sir, and all the best. Thank you for answering my questions.
- Utkarsh J Patel:** Thank you.
- Moderator:** We take the next question from the line of Shubh Shah. Shubh, you can unmute and ask.
- Shubh Shah:** Sir, you have any comments on realizations for this quarter? How have they changed?
- Utkarsh J Patel:** Realization has not changed much into this quarter.
- Shubh Shah:** And from one year back?
- Utkarsh J Patel:** One year back, it is also not much, maybe 1% to 2%. I have to look into the exact data, but it is not much that changed because the pricing and the raw material pricings are more or less same last, since one year.
- Shubh Shah:** Understood. And second question is, I see we have both distributors and branches. So, how exactly these two play different roles in our supply chain? Do we also employ distributors in all states or it's only a particular few states where we use distribution model, others we use only CSAs?
- Utkarsh J Patel:** Yeah. So, our model is basically a CSA stockist model. So that are the stockists and as I mentioned that they are the partner for the dispatch and stock maintain and the billing partners. So, the model is the same. In distributor when it is a tier 3, tier 4, small villages town, we appointed distributor where he can take care of 70, 80 or 100 retailers. But if we talk about the metro, mega or any major cities, then we go with these channels only. So, the market can be the open and we can put our entire

strategies, the marketing, branding, advertising or sales strategies as a universal level.

So, these are the reasons. So, right now 90% of revenue is generated by these 48 stockists and 10% by the small distributors.

Shubh Shah: Understood sir. And can you share in which geographies we added the new branches?

Utkarsh J Patel: Sure. So, in UP we do and in UP we have in Agra and Gorakhpur. And then one Chhattisgarh branch is there and in Punjab we have added Patiala and Chandigarh.

Shubh Shah: Understood. That's all from my end. Thank you.

Utkarsh J Patel: Thank you.

Moderator: Thank you. We'll take the next question from the chat. The question is from Vishal Pandya. As I understand VAM, a crude derivative is our key raw material, which as per my understanding is majorly imported in India. With the fall in crude, what is the impact on VAM prices and any scope of margin expansion? Also, is there any impact of tariff war on VAM prices globally?

Utkarsh J Patel: So, VAM price generally is stable since three years. Recently in last quarter little rise in the VAM around 3% to 4%. So, as an industry leader has also declared the price rise of just 1.5% to 2% and also, we have declared. So, in current scenario it will be not the much different into the margins because as it is a matter of one month and we can take the price rise in the next month. So, yes, VAM is totally 100% imported and there is no manufacturing in India. And generally, VAM is very stable nowadays. Just little bit higher side that increase the things here 2% to 3% only.

Moderator: Thank you, sir. We'll take the next question from the line of Keshav Garg. Keshav, you can unmute and ask.

Keshav Garg: Sir, what was the volume growth for FY25 year-on-year?

Utkarsh J Patel: That was 14%.

Keshav Garg: Sir, so our revenues -- sir, this you are talking for the full year, right?

Utkarsh J Patel: Full year.

- Keshav Garg:** Sir, so our revenues increased by around 10%. So, that means there was a realization de-growth of 4%. Is that understanding, correct?
- Vinay Pandit:** No, no. Just one correction. The Q4 versus Q4 is a growth of 14%. The annual is around 12%.
- Keshav Garg:** Okay. Sir, but despite that, so that means there is a marginal 1.5%, 2% price degrowth?
- Vinay Pandit:** It is flattish over last year.
- Keshav Garg:** Okay. Now, sir, the concern is that the receivables have jumped from around, if we see, INR 94 crore last year to around INR 126 crore, which is like an increase of almost 34%, whereas revenues went up by 10% only. So now we are giving, it seems, 5%, 6% credit to the channel. So, sir, it's like for a retail product, mostly if the cash is done on cash and carry basis, if you see majority of the companies, the distributors hold the inventory and they -- so sir, here we are giving 5%, 6% of credit. Sir, so it's really concerned. Sir, so what's your thought on this?
- Utkarsh J Patel:** So, yes, you are very right that from INR 94 crore to INR 125 crores in this March balance sheet, the reason is we have generated a very higher volume in March month and that was around INR 47 crores. So, this is the reason that this jump at this level. But this will be again came back within these two months because it's -- see in B2C, in this trade business, it is generally 70 to 90 days, 100 days is expected by the retailers. So that is the scenario that is set up into the mind.
- So, in our mature states, we are offering them 75 to 80 to max 90 days of the credit cycle and that as we can see, as Jyoti Resins is always debt free. So, this is the reason that we rotate that cycle in a proper timeline since long years. So, and we have right now 17 years invested into this business and that model, I have explained about that 48 stockist, that 90% revenues generated by this channel partner.
- So, it means the debtors are spread into the 14 states into the 12,500 retailers. So, it creates a lower risk by this model. So, I do not think so there is much risk and that Jyoti Resins has proved by delivering that below 1% bad debt. So, it is just a matter of just one or two months, then that will become again in the routine cycle for that. Because in B2C business all dealers want to finish that the deadlines of the volume growth and the schemes of yearly basis, the trips or gold, silver, etc. So,

in March one we have taken the higher growth. So that is the reason that grow to the INR 94 crore to INR 125 crores.

Keshav Garg: Sir now you think that next year we will be able to achieve our target of INR 450 crore to INR 500 crore revenue?

Utkarsh J Patel: So, yes, we have given the guidelines of -- we have targeted INR 500 crore 2027, FY2027. But we are very optimistic. Yes, we are working hard, our team is much focused. Yes, the last Q2 was not at that par, at that level, because due to the rain and festival constraint and all over strain into the demands and that gives us little back of 5% of this year what we have expected to grow by 20% CAGR. But yes, we are aiming that for the 20%-25%. And so, that's why we have onboarded the celebrity to gain the major pull for our brand. So yeah, so we are targeting for the INR 450 crore or INR 500 crore of revenue in 2027.

Keshav Garg: So, in FY26, what should we expect?

Utkarsh J Patel: We are targeting, as I mentioned that 20% to 25% of revenue growth. So, we can say that INR 360 crore, INR 370 crores we are targeting for that.

Keshav Garg: Okay, sir. Great, sir. Thank you very much and best of luck to you and your team.

Utkarsh J Patel: Thank you.

Moderator: We take the next question from the line of Bhavin Chadha. Bhavin, you can unmute and ask.

Bhavin Chadha: Yeah, good morning, sir. Good set of numbers in Q4 and good recovery. And as you mentioned, March sales of INR 47 crores, so looks to be a very good exit. Just coming back to the guidance, the strong guidance, which you are guiding basically. Also, last year, Q2, Q3 was a little off and sir your sales were growing. So, what gives you confidence? Are you seeing recovery across industry and you are participating or basically your base effect was low and something happened in last year first half. So, your growth would be higher this year?

Utkarsh J Patel: So, I don't want to give that type of excuse that because of the flattish things or because the industry growth is 8% to 9% as we have seen. But the opportunity is very vast in our segments as INR 7,500 crore of market and we have achieved just INR 300 crore near number for that. So, aiming INR 12,000 crore is not wrong, what I believe because we

are totally focused and we want to stay focused till this INR 1,000 crore of journey what I have explained. So that is the plan and yes, we are on it. And I think the very detailed things we have now put into our organizations and we are now into the micromanagement and we are using our CRM and improving our ERP, CRM systems, data works and team building and induction training program, new hirings, new onboarding of new people, new talent also. So, we are on it and I think that is the reason that the journey is -- I believe the journey is started now and now we have that experience and the base, strong base with this INR 70 crores of PAT. So, I don't think so that there are more challenges now. We need to just become the very streamlined into very well focused. So maybe we'll deliver maybe one year around, maybe we can late, but that I believe on the strong fundamentals business only.

Bhavin Chadha: Sure, sir. And sir, we will be -- since the raw material prices are largely stable, so do we expect to maintain over 30% EBITDA margins for next two years at least?

Utkarsh J Patel: So, as I mentioned that we have now target for the 7% to 8% into the brand communications and trade marketing. So, I have always guided for the 22% to 25% of EBITDA in a longer term. So, these maybe if the gross margin remains same and raw material prices remain same, so we can come to the maybe 25% to 28% of EBITDA we can say.

Bhavin Chadha: 25% to 28%. Okay. And sir, our 1,500 Tonnes expansion will be at what cost and when would it commission?

Utkarsh J Patel: We are targeting for actually this end of the year and maybe early than this. It will cost around INR 5 crore to INR 7 crores max.

Bhavin Chadha: So, except this, there is no other CapEx, right?

Utkarsh J Patel: Right now, there is no other CapEx because we are adding 1,500 tons per month by doing these facilities in a brownfield. So that will create a revenue of INR650 crores into the existing plant.

Bhavin Chadha: So, I think you are now 2,000 tons. So, 1,500 will make you 3,500 tons, which will have sales potential of INR 650 crores, assuming a seasonality in the business, right?

Utkarsh J Patel: Yeah. So, 85% capacity utilizations is what we can expect. So, if we do for the 3,500 ton, then 3,000 ton we can expect. So, it is INR 650 crores of revenue.

- Bhavin Chadha:** Sure. And this year, which new states are you adding, any new states? Because I think when we last met, you said you are targeting nine states and to replica your successful model already there in five states. So, what is the progress in other four states and what was the sales or market share if you can share in the other four states over and above the core five states?
- Utkarsh J Patel:** Sure. So, we have, as an example, I mentioned that we opened new branches into the UP. So UP is the state what we are expecting our new journey and more penetration into UP, the Delhi is also there. So, this is parallel. All the states what we are looking to grow for. So, the nine states are the UP, Delhi, the Punjab, West Bengal, Telangana, Andhra. So, efforts are ongoing and all the cities are very good into the real estate infrastructures. It is growing here. And that replica, the formula now we have got by working so many years into these five states. So, it is on pipeline for that.
- Bhavin Chadha:** Thank you, sir. And best of luck.
- Utkarsh J Patel:** Thank you.
- Moderator:** Thank you. We will take the next question from Mahesh Atal. Mahesh, you can unmute and ask.
- Mahesh Atal:** Hi Utkarshji. Am I audible?
- Utkarsh J Patel:** Yes.
- Mahesh Atal:** I will ask my question in Hindi. First of all, I wish you all the best. You have presented a very good result.
- Utkarsh J Patel:** Thank you.
- Mahesh Atal:** Utkarshji, I want to know, you have entered Delhi and UP in '23-'24 you said. So, I would like to know what is your model there? You have your own warehouse model. And how many retail counters have you touched in UP and Delhi? And what is the size of the market? I mean, how many retail counters are there? And how many touch points have you done there? Any data? Do you have any data related to this?
- Utkarsh J Patel:** Yeah. So, first of all, as I told you, we are working with 90% of the stockist model. And we are working with this model in all the major megacities and big cities there. And in UP, we have now done six branches, where it is Lucknow, Jhansi, Agra, Banaras, Gorakhpur. And

right now, we have placed in 450 counters in the entire UP. And in Delhi, we have placed in 150 counters. So, we have placed in 600 counters in UP and Delhi.

And if we go to see the universe here, then we can assume that there are at least 4,000 to 5,000 retailers who are selling these adhesives, white glue products. So, this is the beginning of our journey. And from here, we have taken 40% of the counters where we have taken repeat sales. So, this is our journey.

Mahesh Atal:

Now my second question will be, how much percentage of your sales is coming from these two states? Because it's been a year for you in these two states. And what is stopping us? You said that you have covered the market of 10%. So, what is it that means that the crowd there, the acceptability of our product is not happening or we are still not focused on sales and marketing there? Why have we only been able to reach 400 or 500 outlets in a year? And in the future, what is the company going to do so that we can cater at least 40%, 50% of the market?

Utkarsh J Patel:

See, when we are talking about the last 1.5-year journey, so first of all, we have made the branches. So, this process has been done to appoint our consignee and sales agents, then team building. So right now, we have a team of almost 50 people of team. So, we have onboarded a team of 50 people in a year. We have onboarded CSAs, we have done product availability, we have done placements. The marketing and in-shop branding campaigns of carpenters are still going on. In-shop meetings are still going on. We have registered carpenters, where at least 2,500-3,000 carpenters have already registered. And bringing them to the platform, making them visible to the product.

So, this is a B2C business and that always takes time. And as I said, as Jyoti Resins as a Euro brand, we always believe in the strong fundamentals business that can create good profitability and good long-term future plans. So, we have not rushed it that we have opened distributors quickly, we have opened CSAs, we have done primary sales. We don't want to come back for that. So, we are going this way, but this is our concrete pace.

Mahesh Atal:

Mr. Utkarshji, I just want to know that in a state to mature, you have worked in so many states. In every state, you will have the data of every state. I want to know that in a state to mature, how much time did it take us to reach 50% of its market or 40% previously? And how much time are you expecting to take in these states? That is what. Because our strategy is based on that. You are saying that we will go to 9 states.

Utkarsh J Patel: 40% market is a very good thing. If we can do that, then very well market. Because 40%, as we all know that the single dominant player has seen 65 years and Euro is the only brand who has generated this INR 300 crore of revenue after that. So, the gap is definitely very big. But this journey has also been as painful as the hard work. So, right now, as I told you, we are expecting three years. We should have a three-year journey. If there is a B2C model here and it reaches the breakeven in three years, then I believe that it is a good business model. If we talk about Amazon, Flipkart and Domino's, it has taken 15 years to become profitable in India. So, it is always that. But if you look at the journey of Euro, we had INR 100 crores of revenue in 2020. Then we jumped in two or three years and today we have reached close to INR 300 crores.

So, once the base becomes strong, the network becomes strong, then growth comes straight in two or three years. But the initial period is always painful and a little bit stretched for that.

Mahesh Atal: And...

Moderator: Mahesh, I'm sorry, but I'll ask you to...

Mahesh Atal: Sure, sir. Thank you. Thank you. All the best.

Utkarsh J Patel: Thank you.

Moderator: We take the next question from the chat. It's from Vatsal Deria. I have a question on volume growth for upcoming three years. Considering our volume grew flattish or 2% to 3% in FY24 and 12% in FY25 as compared to the guidance of 20% for FY25, how much volume growth do you expect for upcoming three years?

Utkarsh J Patel: So, we are targeting 25% volume growth. And as I said, our efforts are also in that direction. And if we are working with a good profitability with 25% growth, then we will reach very close to our target of INR 500 crores.

Moderator: Thank you, sir. We'll take the next question from the line of Rupesh Tatia. And I request everyone to please keep the questions to two, because we have a long queue.

Rupesh Tatia: Hello, sir. Am I audible?

Utkarsh J Patel: Yes, you are audible.

Rupesh Tatia: Yeah. Congratulations on good set of numbers. All my questions are number related, sir. So, first question is FY25 what was our total volume that we sold?

Vinay Pandit: It was approximately 12,400 Tons.

Rupesh Tatia: 12,400. Okay. Another question, sir, is this other current liability is INR 95 crore. Can you give a split between how much is the carpenter program and the rest?

Utkarsh J Patel: 80% is the carpenter loyalty program. 20% are the dealers, yearly volume programs, trips then this gold, silver or home appliances kind of. So, 80% we can say.

Rupesh Tatia: And last year, what was this proportion?

Utkarsh J Patel: That was INR 88 crores, I think.

Rupesh Tatia: Well, yeah. So, INR 88 crore out of that, what is the bifurcation between carpenter?

Utkarsh J Patel: 20% around.

Rupesh Tatia: Similar, sorry?

Utkarsh J Patel: Similar, 20% around.

Rupesh Tatia: Okay. And then, sir, third question is this, you said this 8% we want to do spend on Pankaj Tripathi and other marketing spend. I wanted to tie that up with the accounting. So, in the annual profit and loss report, I see sales promotion expense INR 46 crore and sales commission expense INR 7 crore. So, INR 46 crore plus INR 7 crore is roughly INR 53 crore. So, that number is very high, right? I mean, on INR 284 crore, it's roughly 17%, 18% number. So, can you just help me reconcile this? And where will this number be? This INR 55 crore number, INR 53 crore number, what would this number be for FY26? It will be INR 60 crore, INR 70 crore.

Utkarsh J Patel: So, this is actually sales promotion offers lies into this. So, our loyalty programs, carpenter's coupons program, then dealer's volume program, all of this is there.

Rupesh Tatia: No, no, sir. So, this 7% to 8% number, I mean, where can I see this in accounting?

Utkarsh J Patel: This is advertising and branding.

Rupesh Tatia: So how much was this expenditure this year? How much was this in FY25?

Utkarsh J Patel: That is around 2% around. So, INR 5 crore to -- I need to look for that, INR 5 crore to INR 6 crore.

Rupesh Tatia: Okay. So, that was INR 5 crore to INR 6 crore, let's say, at the base of INR 350 crore, that number will be roughly INR 25 crore next year.

Utkarsh J Patel: Yes.

Rupesh Tatia: So, from INR 5 crore to INR 25 crore is where that number go. And which line does it come in? Maybe Vinay, if you know, where is this number captured in accounting?

Vinay Pandit: Yeah, yeah. So, it comes in the advertising and marketing expense in the annual report. So, if you see over there, it will be approximately 2% of revenue. So, this is expected to go up to almost 5%, 7% of revenue.

Rupesh Tatia: Okay, okay, okay. Best of luck, sir. Congratulations for a good set of numbers.

Utkarsh J Patel: Thank you.

Moderator: Take the next question from the line of Manan Shah. Manan, you can unmute and ask.

Manan Shah: Yeah, hi. Thanks for the follow up. So, my question was again relating to this loyalty liability that we have created on this balance sheet. So, I wanted to understand how can the carpenter community and how can they encash this loyalty benefit that they want?

Utkarsh J Patel: So, we have given them the digital app and we have registered them. So, it's one kind of shopping mall for them. So, they can choose the different home appliances, Honda Activa, for example, refrigerators or TVs or what they are needed. The tools also, ply cutter machines, drill machines, etc., the bags. They can choose what they want. And we have a separate team for this marketing and these promotions and loyalty program to handle. So, we have onboarded 200 people who are looking

for this, the dispatch and the redemptions and the things and for carpenter programs.

Manan Shah: So, for purchasing these items, they can use 100% loyalty programs or they have to give some cash also to purchase these goods?

Utkarsh J Patel: No, they don't have to give any cash. That is 100% points.

Manan Shah: Understood. So now, since we have this large liability on our balance sheet, what is the company policy to create a similar asset on the balance sheet as well to service this liability as and when it crystallizes? Because there is no asset in terms of, say, a debt or liquid investment that the company seems to be creating to service as and when this liability crystallizes. Because, as you mentioned, there is no limit on spending or redemption of these points within a year. So very high chance that this liability can crystallize within a year as well.

So, what is the company's thought process on creating an asset on the balance sheet to service this liability as and when this crystallizes? Thanks.

Utkarsh J Patel: See the company already has a fixed deposit of INR 147 crores. So, we have basically created on this base an asset on the balance sheet where we can serve INR 95 crores regularly or redeem it. But this also is not going to come in a single day. It is not going to come in one day or within one month, generally. So how it works, as an example, let me tell you. See, we want to focus more into the -- to give the best delivery and services to the carpenters that can differentiate our brand into the market. So right now, we don't think that we need kind of service partner for that. But yes, we can definitely think about in future. And so right now, for 48 depots we have created, that is also the redemption centre for our carpenters. So, carpenters, partial delivery is done by our carpenter team and partial they collect from our 48 depots also. Carpenters do directly collect from this redemption centre also.

So, right now, we are focusing on giving the best immediate service to our carpenters. And as the model is like that, that when they reach the point slab, they want to go into long term points and big points, by which they can get products with good margins, volume. Here we are not resisting them that you do this, but we have started small reductions program, where we can give them experience about this service. But that loyalty, that liability will remain the same, around INR 90 crores to INR 95 crores.

Manan Shah: Is there any expiry?

Moderator: Manan, I request you to join the queue again.

Manan Shah: It's just a follow up. Is there any expiry to these points that they have earned?

Utkarsh J Patel: Right now, we don't have put any expiry, but we have started the auto redemptions and we have started to acquire the talent for the tele caller type and that females call to our carpenters to do the redemptions for this experience. So that we have started, but we cannot push them for that, that you will have to do the redemption. So, it's a regular process for that.

Manan Shah: Thank you.

Moderator: Take the next question from the line of Piyush. Piyush, you can unmute and ask.

Piyush: Hello, am I audible?

Utkarsh J Patel: Yes, Piyush.

Piyush: Yeah, thank you for giving me this opportunity. So, I just want to know that many new players are entering into this segment, Astral, and Asian Paint. So, can you give your view on the same?

Utkarsh J Patel: So, both companies are in multiple solutions of building materials. So as Euro, I can give you the comparison that as a Euro, we are totally focused into the white glue. And I believe that that is our strength of our team. And for other players, what you name that they have, they have the multiple products and they have their own challenges also into their core products. So that is the reason that we can differentiate Euro as compared to them.

Piyush: Okay, thank you.

Moderator: Take next question from the line of Rajat Sethia. Rajat, you can unmute and ask.

Rajat Sethia: Hi. Thanks for the opportunity. Am I audible?

Moderator: Yes, Rajat.

- Rajat Sethia:** Thanks. Sir, one question is that if we want to double our sales, do we need to double the base of our retailers as well?
- Utkarsh J Patel:** It is a parallel process. Still, more penetration should be there. So, it is not like that we need to double the retailers or double the carpenters. But more penetration is the key to get the volume because percentage-wise, if you look at it, there is a lot of gaps. So, to fill this gap, first of all, we are targeting that at least Euro should be 25% to 30% in each retailer or in each territory.
- Rajat Sethia:** Sir, in the next 2, 3 years, our target is to do incremental sales of INR 200 crore, INR 250 crores, in that, what will be the contribution of new states or mature states? How much will it come from where?
- Utkarsh J Patel:** As I said, both efforts will be the same. We will spread geographically and more penetration to the existing market. But as I told you, if we want volume with profitability, then always tertiary and existing penetration works. So, we are targeting that at least 30% market share should be ours. If I give you an example, you will understand. If I talk about Karnataka, it is a business of more than INR 100 crores or INR 120 crores per year, where we have managed to get INR 25 crores. So that gap is still there. So, we will be able to bring volume growth by doing penetration in the market. That is the plan, actually.
- Rajat Sethia:** Sir, to answer my question, in terms of the mix, are you targeting anything specific? How much should come from mature? How much should come from new? Majority will be driven by new?
- Utkarsh J Patel:** I can't tell you exactly. But as I told you, if we go to UP and Delhi, we have just started, so the market is completely blank here. So, we will plan growth here as well. The other nine states, what we are assuming to target more and to give the deep dive into that. So, there is a lot of space there as well. So, if we look at the overall picture, then compared to the 7,000 - 7,500 crore market, there is a very long journey of 300 crores and there is a very long gap in the market right now.
- Rajat Sethia:** Sir, how do you define mature state?
- Utkarsh J Patel:** In mature states, if we target 5%, for example, we have 35% in Gujarat. So, if we target 40%, then I think that's a good growth into the mature market for the 5%. Because the volume is already there. So, that's why.
- Rajat Sethia:** Sorry, my question was, like if you enter a new state, and to become a mature state, what parameters do you say it is achieved? So, you will

say that a new state has become a mature state. What kind of revenues a state has to do to become a mature state? Revenues, margins, retailers.

Utkarsh J Patel: For the city, it is INR 25 crores of revenue we are targeting. So, it is a business of INR 2 crores per month. So, it should be a business of INR 25 crores to INR 30 crores per month. And there comes a strong profitability and a strong customer base.

Rajat Sethia: And for that INR 25 crores to INR 30 crores, how many retailers on an average?

Utkarsh J Patel: 400-600 retailers, we can say.

Rajat Sethia: All right, sir. Thank you, sir.

Utkarsh J Patel: Thank you.

Moderator: Thank you. We'll take the next question from Anupam Agarwal. Anupam, you can unmute and ask.

Anupam Agarwal: Yeah, hi, sir. Thank you for taking my question. Sir, just reconciling the math, you talked about your capacity earlier. You mentioned that incrementally with the 1,500 tonnes per month, and at 80% utilization, we'll be able to do about 3,000 tonnes per month, which will lead to INR 650 crores revenue. So, sir, just doing a reconciliation of realization per kg, it comes to about INR 185 compared to FY25, we closed at INR 230 per kg. Am I missing something here, sir?

Utkarsh J Patel: No. So, it is 3,000 tonnes. So, if you multiply it by INR 230, so that will be 36,000 tonnes and INR 230 per kg. So, that will become INR 650 crores.

Anupam Agarwal: No, sir. It comes to INR 820 per kg.

Vinay Pandit: No, sir. I think Anupam is correct. We'll be doing more than INR 700 crores, INR 700 crores to INR 750 crores.

Utkarsh J Patel: I go for the conservative at 80%. So always, I have added for the conservative. Because see, it's a chemical plant, and maybe the plant maintenance. So, we always count the capacity from 80% to 85%. So, that is a conservative guidance, what I have given. So, that can go to the INR 700 crores.

- Anupam Agarwal:** Understood. And are these expanding the incremental 1,500 tonnes, is this new product grade, existing products into new markets? What are we looking at? Any ballpark colour on new product addition, R&D, what we are doing in terms of better grades of products, if you can touch some points there.
- Utkarsh J Patel:** So, in the past few years, we have added these products as applications-wise. So, we are now on the portfolio where gluing solutions, the white glue applications, we are standing there. So, I don't think so in the right now current situations, there is any product needed. We have enough basket to grow from here. So, we will focus more into the market spread and more penetration and more network to build.
- Anupam Agarwal:** I understood. So, sir, FY25, as you mentioned, we closed at 14 states. How many states in FY25 would have turned profitable?
- Utkarsh J Patel:** It's a different thing that profitability. See as an example, the investment we are doing in UP, if I limit the investment, the team building, then it comes to profitability. But that is not the goal plan. The goal plan is always like that that we have to make a fundamental base in three years where at least 60%, 70% retailers are present from the total market and our market share can go up to 20%, 30%. So, this is how it works. It's not like that each and every state is how it has become profitable. But all over, three years is the plan what we are expecting that whatever overheads are coming state-wise are profitable. In a three-year journey, we have to generate the volume that brings profitability to the state.
- Anupam Agarwal:** Understood. So, every three years, a new state should break even?
- Utkarsh J Patel:** Yes.
- Anupam Agarwal:** Understood. Sir, last question was, you have INR 150 crores of cash in the balance sheet. Do you have any plans for utilisation since you don't have any big CapEx announcements? Are we looking at some acquisition? Why do we have such huge cash reserves?
- Utkarsh J Patel:** So, as I mentioned that right now, as we have onboarded Mr. Pankaj Tripathi and right now we are moving into that journey for the consumer branding also. So, we are planning for 7% to 8% utilizations of that liquid what we have generated. And as this model has the beauty of that less CapEx, as I mentioned that if we do INR 5 crores, INR 6 crores of CapEx, then there we can generate a business revenue of INR 600 crore, INR 700 crores. So that is our investment. And mainly investment is into

the market. So here our inventories, our advertisement, branding, trade marketing, we invest in this.

Anupam Agarwal: Sir, how many new states will we enter this year? FY26?

Utkarsh J Patel: Right now, it is tough to say exact number of states. But we are also planning for new 3-4 states in near journey. But for one year, it is very tough to say. Because as I mentioned that we are strengthening our team in existing states. And here also, we have to take market share. So just we want to create this INR 500 crore, INR 600 crores of revenue with these existing states only.

Anupam Agarwal: Sir, entering new states is just -- I mean, how do you enter new states? Is it just that you sign contracts with your touchpoints, retail touchpoints and stockists? Or is there some sort of regulatory certification or anything that you need to enter into a new state?

Utkarsh J Patel: There is no any regulatory. Just we focus for the stockists first, the inventory, stock availability and then after that channels we need to set for that.

Anupam Agarwal: Understood. Got it. Thank you so much. That also answers all my questions. Thank you so much.

Utkarsh J Patel: Thank you.

Moderator: Thank you. We will take the next question from the line of Vijay Shah. Vijay, you can unmute and ask.

Vijay Shah: Hi. Thank you. So, just two questions on my side. One is first, I know we have already discussed the debtor's part. But sir, whilst you said we did have a push in the month of March, I am sure we would have had a similar push in the month of March last year also, right?

Utkarsh J Patel: Yes.

Vijay Shah: So, the fact is that sir, debtors have gone up from 36% of sales to 44% of sales. Effectively, sales this year has grown by INR 27 crores and debtor's this year has grown by INR 31 crores.

Utkarsh J Patel: So, as I told you that will be covered within two months because this is a cycle and a retailer has a mindset. So that's what we need to do. And like we have spread the debtor, so that there are no bad debt and there is no big business effect. So, I think that is manageable and we have

managed this so many years. So, I don't think so there is any much risk. We are very confident to cover this in our timeline.

Vijay Shah: Sir, and Utkarshji, this should not be in any way saying that we wanted to book March sales at the expense of Q1. It shouldn't be that Q1 will become weak because we had sold INR 48 crores in March.

Utkarsh J Patel: No, it's not like that. See, it's about the tertiary and about the pull. As I told you that the main business is on the pull. How we can generate the tertiary business. So, we are very well focused and right now our dealer meets and carpentry meets what we have already executed in Q1 in all territory. So, we are on it and no need to worry about that.

Vijay Shah: Sir, second last question is that out of the growth that we expect in FY26, how much do you think will come from mature states and how much will come from new states?

Utkarsh J Patel: Percentage wise, it is tough to say, but as I told you that both of us...

Vijay Shah: Sir, don't tell percentage. Suppose we add INR 80 crore, INR 90 crore sales, how much will come from mature states, extra INR 80 crore, INR 90 crores and how much will come from new states?

Utkarsh J Patel: That is really tough to say with the number right now. But we can definitely come back with the details.

Vijay Shah: Thank you.

Utkarsh J Patel: Thank you.

Moderator: Take the next question from the line of Pritesh Chedha. Pritesh, you can unmute and ask.

Pritesh Chedha: Yes, sir. Thank you for the opportunity. So, first I want to check what portion of our territory is profitable, how much portion of our revenues is profitable and how much portion of our revenue is breakeven or not profitable. So, when you say it takes 3 years for a state or for a territory to become profitable, so in our, let's say INR 280 crores revenue, what is the proportion which is not profitable or breakeven?

Utkarsh J Patel: See, the way our balance sheet is the way majority states are profitable, otherwise all over profitability does not come of 26% PAT. So, 80%, 85% is profitable states. But in a newer state, the volume is not much higher and also overhead is not much higher. It's not like today in UP,

for example, in Lucknow, we took a team of 100 people and the volume is completely down. So, it's a parallel process to investing. So, this is the business to invest in people. It's not like a CapEx where it takes 1-2 months to invest INR 50 crores. So, it is a journey that we recruit the talent and we onboard it. So, there is placement, sales generate, we onboard the marketing team and then there are in-shop brandings. So, this is how it flows. So that's why this is not a risky model what we have created.

Pritesh Chedha: Okay. The second question is between the 0% volume growth in '23 and '24 and the 14% volume growth in '25 and expected plus 20% volume growth in '26, what is the swing factor? So why is it that those 2 years where generally things were fine, the volume growth was zero and last year where generally the things were little difficult but your volume growth was 14%. So, what is the swing factor?

Utkarsh J Patel: So, it's not a one, only one swing factor. There are so many factors. I can explain. See, it's a B2C model or as I told you we are dealing with 2 lakh carpenters today, right? So, it is a B2C model and that always took time to set the ERP, CRM, consumer behaviours, the survey, the team building, the marketing, the branding and retail business always is -- I always say that B2C is always one career that demand, at least 20 years that demand. And as we know that what the giant has created this type of business like Pidilite or Asian Paints that benchmark what they have created. So, it's a number of years of investment into that. So, it's the patient's game always, the B2C business.

So, it is like that. So, this is the reason that we took this time and that consolidated period we have improved our CRM, ERP systems, few channel partners we replaced, few team we replaced, we onboarded new talents, the induction training programs type of.

Pritesh Chedha: Last question is on this marketing spend and the marketing ambassador selected. So, I must congratulate you for selecting a fairly amazing marketing brand ambassador which can have a good connect with the carpenter. So, congratulations for this selection.

Utkarsh J Patel: Thank you. Actually, that is feedback actually we got from almost all the people we know and what we have onboarded that Mr. Pankaj Tripathi is the face we can cover the both categories actually.

Pritesh Chedha: He can well associate with the carpenters. So, my question is this, his engagement is for how many years and this 6% extra spendings will flow in immediately with effect Q1, right?

- Utkarsh J Patel:** Yes, immediately effect but that is a different strategy for that and the contract is for the 3 years. So, the 6% to 7% what we are targeting for the yearly wise for that.
- Pritesh Chedha:** So, this 2% of sales which is your A&P expense will head to 8% of sales as A&P expense between Q4 and Q1, right? Because your presentation says he is already live across TV, print, OH, digital in May 2025, right?
- Utkarsh J Patel:** So, it's not that in Q1, Q2 only that is yearly numbers, so what we have given actually depends upon the different strategies. It depends upon the strategies basically.
- Pritesh Chedha:** Okay, done. Thank you very much and all the best to you, sir.
- Utkarsh J Patel:** Thank you.
- Moderator:** We will take the next question from the line of Vasu Patel. Vasu, you can unmute and ask.
- Vasu Patel:** Hello, sir.
- Utkarsh J Patel:** Hello.
- Vasu Patel:** Can you hear me? Yeah. Sir, my question is what the percentage of sales come from the carpenter, retailer and from the distributors? Can you give me some percentage on that?
- Utkarsh J Patel:** This is the channels actually. So actually, I didn't get your questions how the percentage defined.
- Vasu Patel:** Let's take an example from carpenter, does my revenue come 15% of my revenue comes from carpenters?
- Utkarsh J Patel:** No, no. We are not giving the carpenters actually. Retailers only. Total sales come from the retailers only.
- Vasu Patel:** Okay. Total sales come from the retailers. Okay. And my second question is, sir, are we doing any planning for B2B business?
- Utkarsh J Patel:** We have created this model already and that is the modular furniture makers. So right now, 5% of our revenue come from this model and maybe it will be go to the 10% to 15% B2B will get in next 2, 3 years.

Vasu Patel: Okay. And for the B2B the margins will remain same, right?

Utkarsh J Patel: No. B2B is a little suppressed margin for that.

Vasu Patel: Okay. So, can we expect 15% to 20% of margin?

Utkarsh J Patel: Yes. Yes.

Vasu Patel: Okay. Thank you, sir. That's all from my side. Thank you.

Utkarsh J Patel: Thank you.

Moderator: Next question from the line of Moksh Nanka. Moksh, you can unmute and ask.

Moksh Nanka: Hello, I wanted to ask, we are entering certain states like Delhi and UP which are in the northern India, and I want to understand our products are generally high margin products compared to if I compare with Jeevan Jod. So, what is the product difference which makes our product high margin?

Utkarsh J Patel: So as a Euro, we have differentiated ourselves as a multifunctional glueing solutions what we are on that. So, the elements what we have added that differentiate ourselves. Our tagline is that “Sirf jodo nahi, fayedon ke saath jodo”. So, we are giving the waterproof, anti-termite, weatherproof, fast drying, high coverage solutions. So, the furniture has not only the requirement of sticking, not only the strength. With the strength, we are giving this type of elements also. So, that differentiate ourselves.

Moksh Nanka: So, other brands like Jeevan Jod and all they are you mean to say that their quality is inferior to us and that is because they only provide the strength and no other benefits like waterproof.

Utkarsh J Patel: On this call, I cannot give this detail clarification of the other company or their brands or comparison into that.

Moksh Nanka: Okay, no issue. That's it from me.

Utkarsh J Patel: Thank you.

Moderator: Thank you. We will take the last question from the line of Rajat Sethia.

- Rajat Sethia:** Hi, thanks for the follow-up. Just one or two quick questions about the carpenter business that we do. So how do we measure the sales that are done by carpenters?
- Utkarsh J Patel:** Sorry, can you come again?
- Rajat Sethia:** How do we measure the sales or the business that is done through the carpenter channel?
- Utkarsh J Patel:** Okay, so we have the loyalty programs and digital platform. So, by the points they have scanned, we can measure the carpenters for that. So, that CRM, the customized CRMs we have developed.
- Rajat Sethia:** Okay. Okay. So, every carpenter will have a unique ID in a way?
- Utkarsh J Patel:** Yes.
- Rajat Sethia:** Okay. And sir, any particular reason why are they not spending this money? I mean, INR 95 crore is a big number. They are just accumulating these points.
- Utkarsh J Patel:** See, as an example, in Gujarat, if we talk about the Gujarat, there are a lot of carpenters who have joined our Euro brand with loyalty. They are getting Euros on every site. In the earlier stage, it was not like that. As I told you, it started with small volumes. Then when he finds the better solutions of his work, the applications, the quality, the service, the entire things, and then slowly carpenters, the customer move into those particular products. So, they have the plan, we need to understand the behaviour and mindset of them.
- So, if there is a carpenter whose daughter is coming in 10th, the next year, she knows about the tuitions, she has to take Aactiva. So, he will do the plan, that I will take Aactiva from Euros. By doing his point, Aactiva will come in a year kind of. So that emotions is relate to our business and then Euro provides the Aactiva. So, that happiness is different. That they have a home appliance. So, we are not stopping to them to do this. They are loyal to us. They are getting Euros on every site. So, it is happening like this. That's why I always say that when investors say that the liabilities of INR 90 crores will be reduced.
- So, it's not liability, I think. Because we have created the INR 147 crore of cash against into that. So, this is how it happens.

Rajat Sethia: Sir, one more question that, out of this INR 95 crores, how much has been created in the last 3 years?

Utkarsh J Patel: Most of that has been created in the last 3 years. Very less. I think 10% to 20% of that has been created before the last 3 years.

Rajat Sethia: Okay. So, sir, assuming that INR 70 crores, INR 75 crore has been created in the last 3 years, is it fair to say that in a way, this is our expense. And this has not been passed through P&L yet.

Utkarsh J Patel: Vinayji, can you explain this?

Vinay Pandit: No, Rupesh, what's the question? Because...

Rajat Sethia: Sorry to interrupt. I'll just lay out my whole question. So, is it fair to say that this expense or this liability that we are talking about INR 95 crores, it hasn't been passed through the P&L yet?

Vinay Pandit: Yeah. So as per Ind AS revenue recognition, as and when these points get redeemed, all of this eventually will come in the revenue as well as other expenditures. Yeah. As and when it gets redeemed. So, it is effectively an absolute EBITDA neutral event when it gets redeemed.

Rajat Sethia: Okay. So, INR 95 crores will also be shown in revenues, you are saying?

Vinay Pandit: Yes, yes. The proportionate as and when, let's assume INR 20 crores gets redeemed, INR 20 crores will get added to revenue INR 20 crores gets added to other expenses.

Rajat Sethia: Okay.

Vinay Pandit: On redemption.

Rajat Sethia: Understood. So, it will be basically a pass-through entry.

Vinay Pandit: Yes, yes. That's how the accounting is. And when it gets redeemed against that the cash flows out.

Rajat Sethia: Why will it be shown in the revenues?

Vinay Pandit: Because this is deferment of revenue. Proportionate expense related deferment of revenue. So proportionate revenue, proportionate expense moves out to liability for expenses. Right. It stands on the receivables

on the other side of the balance sheet. And when it gets redeemed, it flows back to the revenue and expense in the same size.

Rajat Sethia: So, expense getting deferred being shown as liability is fine, but what about revenue? Where are we showing it in the balance sheet? Deferred revenue?

Vinay Pandit: It stands in the receivable.

Rajat Sethia: Receivable. Okay. In a way, our true margins of the business which we are reporting right now is 30% will get reduced, right, to that extra.

Vinay Pandit: See, in absolute terms, it's an EBITDA neutral event. Now if I keep doing this adjustment every quarter, so there is some redemption and some creation happening every quarter, right? So, what you're seeing is the net result of that only. Yeah, because like we've said in previous calls also, the total creation versus total redemption, the net impact in revenue will not be more than INR 5 crores to INR 10 crores per year. Right? So, there is something getting redeemed and there is something getting created. So, the margin that you're seeing today is the result after that exercise.

Rajat Sethia: So, can I request for a one-on-one call to understand this concept in detail?

Vinay Pandit: Yeah, yeah, yeah. Sure, sure. Definitely.

Rajat Sethia: Thank you so much. Thanks for your time.

Moderator: Thank You. Sir, since that was the last question for the day, would you like to give any closing comments Utkarshji?

Utkarsh J Patel: So, thank you very much, all of you. And I hope what we have guided and we are on it and we'll try our best as a Euro team to make this brand most preferable brand into the white glue solutions and we'll keep continue growing. Thank you very much for believing us and supporting us. Thank you.

Vinay Pandit: Thank you, sir. And that brings us to the end of today's concall. Thank you to all the participants and the management team for joining on the call. Thank you.