

APL/SEC/38/2026-27/6

3rd August 2026

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Security Code: 500820

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051
Symbol: ASIANPAINT

Sir/Madam,

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of the Investor Conference

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Investor Conference held on Wednesday, 29th July 2026, with regard to the business and financial performance of the Company for the quarter ended 30th June 2026.

The transcript has also been uploaded on the Company's website and can be accessed through the following link:

[Investor Conference – Transcript](#)

You are requested to take the above information on record.

Thanking you,

Yours truly,

For **ASIAN PAINTS LIMITED**

JEYAMURUGAN Digitally signed by
RAMALINGAM JEYAMURUGAN RAMALINGAM
JEYAPANDIYAN JEYAPANDIYAN
Date: 2026.08.03 13:51:46
+05'30'

R J JEYAMURUGAN
CFO & COMPANY SECRETARY

Encl.: As above





Q1 FY2027 Earnings Conference Call Transcript

Date: July 29, 2026

Management: *Mr. Amit Syngle* : MD & CEO
 Mr. R.J. Jeyamurugan : CFO & Company Secretary
 Mr. Parag Rane : AVP – Finance
 Mr. Lakshya Sharma : AGM – Finance

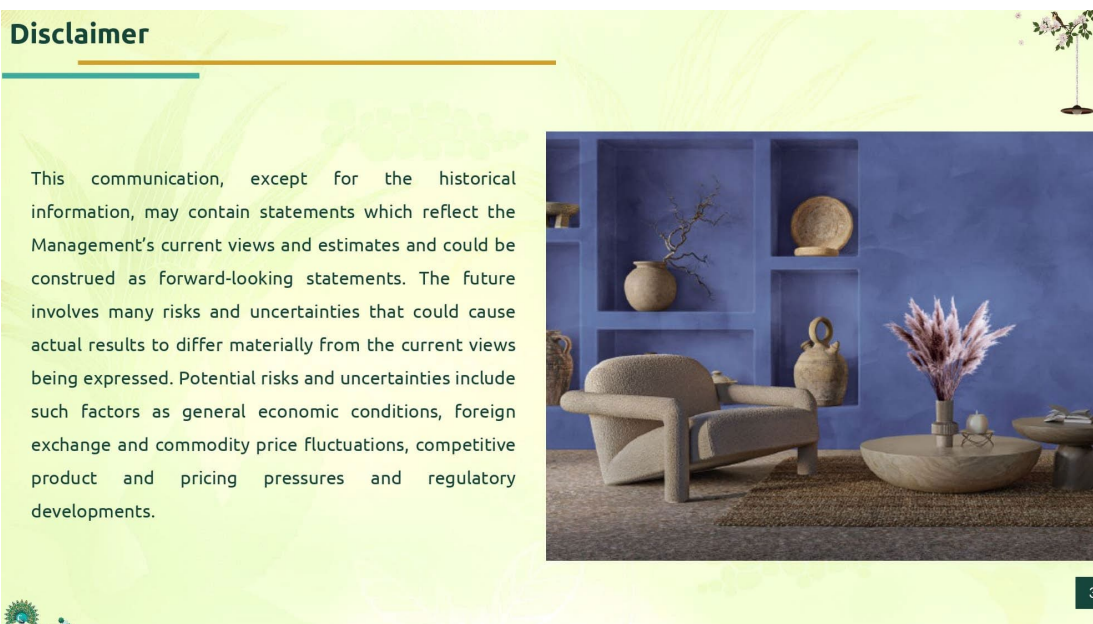
Disclaimer: This is a memorandum of the proceedings of the Investor Conference of Asian Paints Limited held on 29th July 2026 at 5:00 pm in Mumbai with regards to the financial results of the Company for the quarter ended 30th June 2026. While we have made our best attempt to prepare a verbatim transcript of the proceedings of the meeting, this document has been edited for readability purposes and may not be a word-for-word reproduction.

Lakshya Sharma: Hello, and good evening, everyone. Welcome to Asian Paints Q1 FY27 Investor Call. I am Lakshya Sharma from the Investor Relations team, and it's my pleasure to welcome you all. We are joined by senior members of our management team, including our MD and CEO, Mr. Amit Syngle; our CFO and Company Secretary, Mr. R.J. Jeyamurugan; and our AVP Finance, Mr. Parag Rane. I would now like to invite our MD and CEO for his opening remarks. Over to you, sir. Thank you.

Amit Syngle: Hello, everyone. Welcome to the Investor Conference for the Q1 FY27 results. Great to have all of you here. It gives me pleasure to take you through what we have to share today.



As all of you are aware, since 1942, we have existed to beautify, transform and preserve spaces and objects, bringing happiness to the world. That is something which is the core value of what we have professed for a while. In all our actions, this is something which is visible and what we do in the market.



This is a standard disclaimer for all of you on whatever we are going to speak about.



So, if you look at what we have started this year, we are clearly taking a strong journey forward. We are talking about six big areas through which we want to propel the organization forward. I've spoken earlier in terms of saying that today, Asian Paints prides itself on building a brand in the commodity market and we look at continuing to add credence and saliency to this brand as we go forward. That is something which is going to be a big and a massive effort, which we will continue to make as we go ahead.

The area of innovation is something which is very important. That is something which possibly is the area of differentiation, which we are looking at as we keep on going ahead and really be ahead of the curve looking at newer propositions and newer areas that we can bring to customers. Along with it, we are taking the whole area of premiumization, which means that we want to upgrade the consumers to a better product, where again, there is a value which comes in from what customers seek from us.

The third area is pressing the accelerator on our servicing regime. The services area is something we have been building strongly. It's a big differentiator, which we think we have been able to carve out, and services that reflect a certain stature and go beyond simply serving the customer.

The fourth area has been about regionalization. We think today as India emerges, that's a very big story which is there, where you can't take India as one whole. We need to look at what we can offer to various regions, tailored to their culture, way of living and homes.

The B2B area is a big space, given the urbanization and the industrialization which is taking place, and the huge amount of expenditure which is coming from the government. That continues to be a very big bet for us on what we are doing.

Finally, at our scale, we think that backward integration is a big piece of what we need to invoke, which will give us a treasure chest to keep on investing in the market and looking at profitable growth as we go forward.

Raising the bar in Economy Segment with Anti-Damp Technology

NA SEELAN KE DHABBE NA NISHAAN, BUDGET MEIN BADHAYE GHAR KI SHAAN.

4

TRACTOR EMULSION

ANTI-DAMP TECHNOLOGY NO WATER MARKS

ACE EMULSION

- Anti-damp technology helps prevent the appearance of watermarks on walls
- Reiterates the brand's commitment to making advanced solutions accessible to every Indian home
- Backed by a 4-year warranty on key performance parameters

[Link for Commercial Ad](#)

5

Coming to some of the innovations, while this is not very exhaustive, it just gives you a glimpse of what we have been doing. For example, we have introduced the Anti-Damp Technology in our Eco-Emulsions. This is the first time in the world someone has introduced this technology at this price point. We think that this is something very strong, because it addresses a genuine concern that consumers speak about, and it principally speaks of no watermarks, both for interiors and exteriors. That is something we have launched, which has received a good response from the market.

Asian Paints Colour Warranty

Colour so long lasting, it becomes your real Address

asianpaints Colour is the true address of your home.

For decades, we've protected the colours that have become your true address.

Ghar Pehchaan System built through Colours

- The Campaign celebrates the uniquely Indian way of recognizing and remembering homes through colour
- Also, partnered with Zomato to bring the 'Ghar Pehchaan System' to life
 - The integration was live for 15 days across nearly ~4 million deliveries nationwide

[Link for Commercial Ad](#)

6

The second area is that Asian Paints always has been appropriating colour in a very strong manner. Therefore, we have taken this whole area of looking at colour, which is not only for protection, it is for beautifying, and the colour is so long-lasting that it becomes the real address of your house. That is something which we have taken as a very big area of what we are working on. Coupled with this, it is not only the delivery of the right colour, but also the delivery of a colour which is long-lasting and anti-fading. At the same time, offering people a visualization of their homes in terms of colour, which they will

remember, and what they can do for beautifying their home spaces. This is also the first time we have extended the warranty platform to colour warranty as we look at it.

Asian Paints Damp Proof: Dual Protection Against Leakage and Heat



apply this and see, your house will prove

10 YEARS

10 YEARS

80504 80504

Link for Commercial Ad

- Heat-reflective coating, that reduces surface temperature by up to 10°C
- Thick and Seamless waterproofing membrane that prevents water ingress
- Protects home from water seepage and harsh weather conditions
- Designed to deliver long-lasting protection with 10-years waterproofing warranty

Another big innovation that has been done is in the area of waterproofing. We coupled it also with the very big need of the customer, saying that it also cools the interiors from where the heat is coming. We are talking of not only a protection which is against water, but also a protection against heat. Therefore, it creates a difference between the outside temperature and the inside temperature, which not only saves energy but also gives you relief in terms of the way Indian homes are structured. So, possibly this becomes a very big proposition of what we offer, along with a 10-year warranty which comes in.

Launched WoodTech Emporio Orano



- ❑ Ultra luxury Italian PU finish
- ❑ Designed and made in Italy for India
- ❑ Best in class grain filling and film clarity
- ❑ Excellent Durability
- ❑ Suitable for wide range of Interior and Exterior applications
- ❑ 8-years of Warranty
- ❑ Wide Range of 11 attractive Translucent Asian Paints WoodTech Wood Stains For Interiors and 6 Attractive WoodTech Wood Stains For Exterior

- Feather Touch Finish
- Distinctness of Image
- Unmatched Build
- Best in class Grain Filling

Then, taking the battle to the luxury area, we have launched this top-end product, which is from an Italian collaboration of ours. This is a top-end product, which we call "Emporio Orano", which talks of giving you a very strong proposition of not only gloss but also a warranty. It talks of best-in-class film clarity and many other things which come in. Again, the first one in the world, invoking some of these innovations which come into play.

Winning Markets with Region-inspired Editions

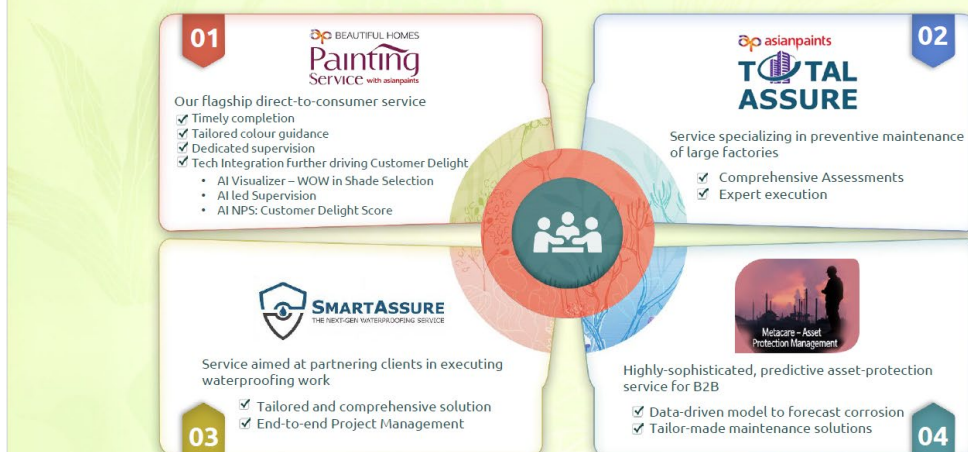


9

As I spoke of the regionalization, this has been one imperative where we are designing the packs in such a manner that they are loved by customers for what they see. Today, when you walk into an Asian Paints shop, you will find that the packs are adorning the whole area and attracting customers to the culture which they know, the culture they are familiar with. For example, in Rajasthan, we celebrate the core elements of Rajasthani culture, which adorn the packs. Customers can use the QR code to get more information about it and enjoy the area they live in. Similarly, we've done something in Andhra and Telangana this year.

Most importantly, for the first time in wood finishes, we are invoking something very distinct that comes from the craft of Chittoor, Andhra Pradesh, which we are trying to build into the packaging. We feel that this is a big area that improves customer involvement with the category. We now see many households taking this pack and, after emptying it, placing it in their living rooms, often with a plant inside it. They can do many things with it afterwards. It becomes a matter of pride to own it.

Services as a Differentiator



10

The services business is something we have been proliferating very strongly.

We have the world's largest home painting service, which we call the 'Beautiful Homes Painting Service'. With on-time completion, colour guidance, supervision, and the mechanization that we bring in, we are delivering a very high level of customer delight, which is measured through an NPS exercise. This is something that is progressing very well now and is spreading across towns across the country. Therefore, this is a significant area that we have embarked upon.

The second area is Total Assure. This is a service that we offer in the B2B business. We offer it to the builders and CHS societies, where we can provide them with a service that gives them assurance throughout the painting process. They receive a very strong experience in terms of paint completion, quality delivered, and the products that come through the service. This is another major area that we have transitioned into.

The third area is Smart Assure, which is all about leveraging the expertise of Asian Paints in waterproofing and assuring customers that any leakage-related problem is something we can handle. That is a very strong solution that we offer.

Finally, we have something called MetaCare, which is our asset protection system. Today, you will be happy to know that we offer this in the B2B segment, and many premium factories are availing of this service from us. It is an anti-corrosion system that we offer. We take responsibility for the warranty of almost the entire factory that we maintain. Today, some of the best names are approaching us, and Asian Paints can provide this service to various factories and institutions going forward.

As you can see, we are extending this service interface because we truly believe that one of the key ways in which the brand can be propelled forward is the service benchmark. That is the direction in which we are moving so that the true essence of customer centricity can be invoked in a strong manner.

Accelerating B2B Sales by Capitalizing on the Infrastructure Growth



Factories Hospitality Segment Government

Strong growth in Buildings, Factories and Government segments driving synergy across Coatings solutions and services

ONE VISION, ONE UNIFIED PLATFORM



opassure asian paints PROJECT SALES JUGGERN UT
IN WINNABLE EDGEE

11

The other area where we are gaining strong momentum is B2B. I have been speaking about this over the last one-and-a-half to two years. We believe this is a major growth vehicle, capitalizing on the infrastructure growth that is taking place. Various segments, whether factories, hospitality, or government projects, are all strong drivers of the B2B business, which earlier was largely limited to builders and CHS societies. Today, it has evolved into a much larger opportunity.

Whether it is airports, ports, or bullet train projects, you will find us present across these spaces, offering a wide range of products and services. This is an area where we continue to strengthen our presence and expand our offerings.

Within this, we also have something called the AP Juggernaut, through which we look at serving multiple requirements of a single customer, whether decorative or industrial needs, under one key account relationship. Today, we have more than 100 key accounts that form part of this Juggernaut initiative, where a customer can access the entire portfolio of Asian Paints products and services under one umbrella. This is another important area that we are focused on as we continue to grow the business.

Building India's first integrated VAM-VAE Manufacturing Ecosystem



- ❑ First phase to be commissioned by Q2FY27
- ❑ Annual Production Capacity of 100,000 MT (VAM) and 150,000 MT (VAE)

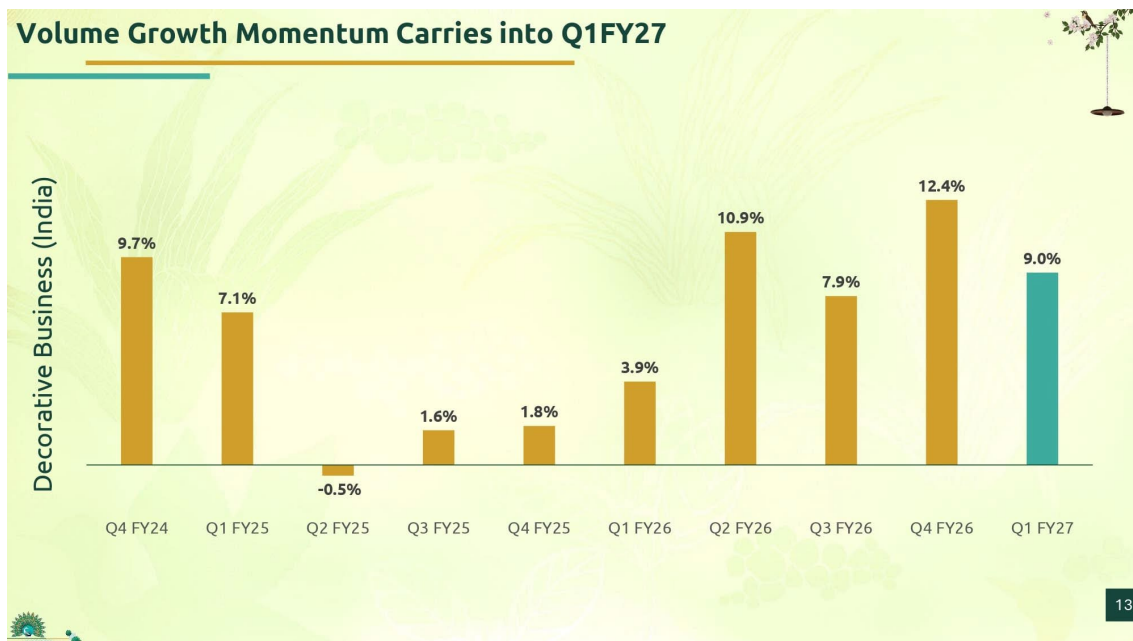
12

I spoke about backward integration. We have already completed our white cement plant, which is now fully operational and running at very good capacities in Fujairah, UAE.

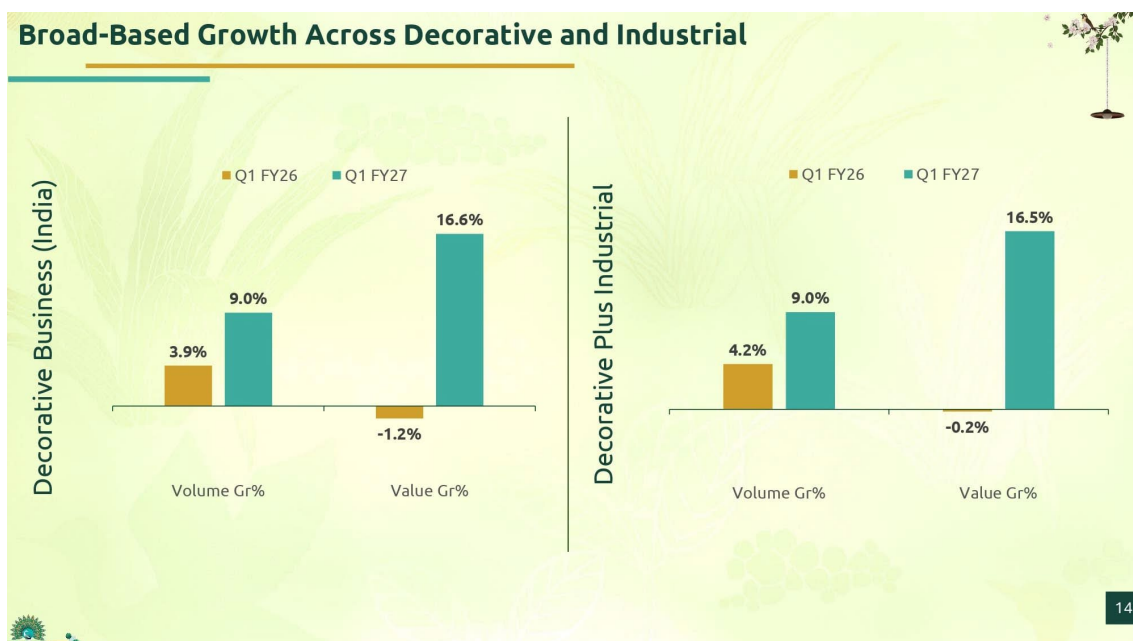
The second state-of-the-art initiative that is coming up is what we call the VAM-VAE manufacturing ecosystem. This is the first time that someone in India has invoked this technology. Worldwide, there are only four or five players operating in this space. We are operating in this space by manufacturing something that is very different and is core to our business. This is a new-generation emulsion.

The first phase of this initiative will commence by August. We believe this is a very significant area that we will be entering. Even from this brief glimpse, you can see that this is a major investment that we have

made, involving a high degree of sophistication. Today, you can control the entire plant from a single control room. It is truly state-of-the-art in terms of what we have put in place.



So overall, coming to the story in terms of how Q1 has been for us, I think it's been, overall, a good month, taking on from quarter four, which we were definitely doing quite well. Overall, we are at about a strong 9% volume growth. The growth has been across the months in this entire quarter.



If you look at the value, the decorative value has grown at a very good pitch of about 16.6%, albeit on a lower base. Overall, it has grown at a very good pitch overall, to some extent aided by some of the price increases as well, possibly a weighted price increase of about 6.8% or so of what is captured in it. Overall,

it's been a strong month where we have looked at improving the product mix, looking at the whole area of premiumization very well what we have spoken of.

If we also take the industrial segment, that has also grown at the same pitch, possibly, and both auto and general industrial have done well. If you take that 16.5% growth, which includes decorative and industrial, both businesses have done very well.

Q1FY27 was a strong quarter, with performance improving across key metrics

- ❑ Strong revenue growth driven by healthy volume growth & pricing action
- ❑ A good mix with strong focus on premiumization
- ❑ Growth witnessed across rural and urban markets, with rural markets continuing to grow ahead of urban
- ❑ B2B Projects business sustained strong momentum across Buildings, Factories and Government Segment
- ❑ Continued enhancement of distribution reach and network depth
- ❑ Innovation-led propositions continued to gain traction; new products contributing ~17% of overall revenues
 - ❖ The planned commissioning of the first phase of VAM-VAE expected to meaningfully strengthen our ability to develop and launch differentiated product propositions

Some highlights of the performance.

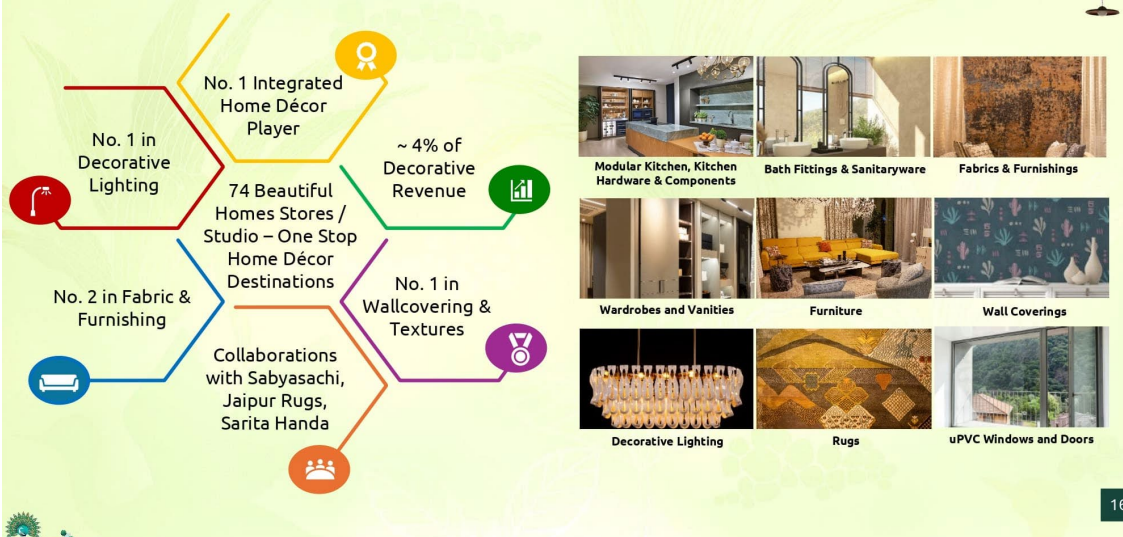
Overall, we are seeing good volume growth. We have seen that growth in rural markets has been much better compared to urban markets. This was a trend that we also saw in Q4, and trend continues to strengthen. However, the B2B business continues to be driven by good growth in urban markets.

When we look at premiumization, we have been able to galvanize a lot of products from the point of view of upgrading the customer to a higher level and premiumization has been a route, not only in the premium segment but also in the luxury segment. This has been an important area of focus and has been delivered through a 360-degree action we have taken whether it is around product or whether it is in terms of marketing activities.

The B2B business has been very strong and again it has sustained momentum and all segments are performing well for us. There is, obviously a strong foray continues, that we continue to open newer counters, newer selling points which are there. That possibly is something which is the credence of our overall distribution reach and network depth, which we'll keep on invoking as we continue to go ahead.

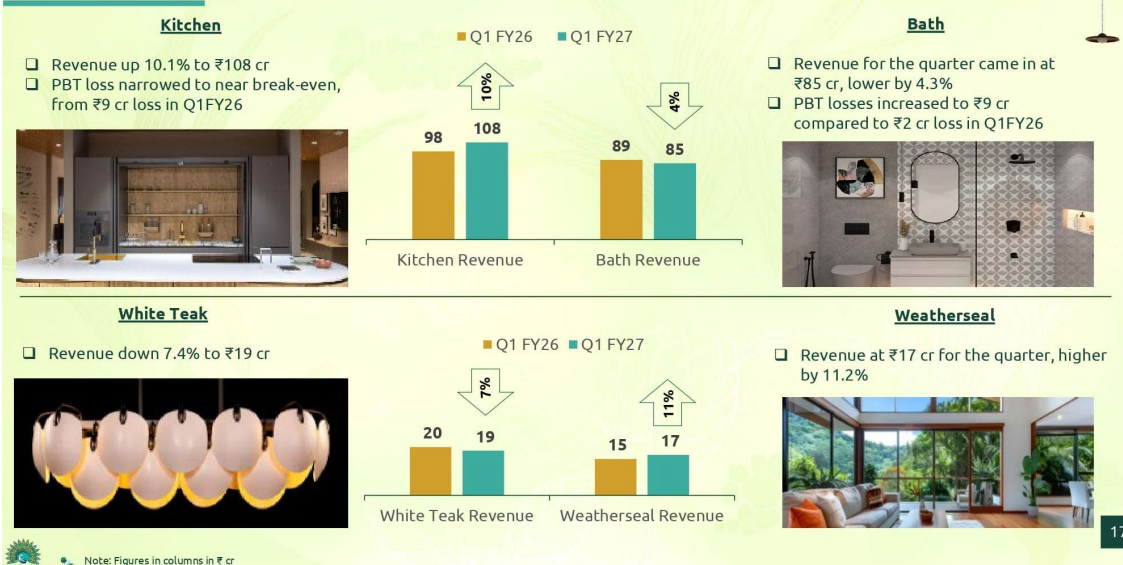
If you look at the overall picture, our innovation-led approach has delivered strong results. New products within the portfolio contribute 17% of our overall revenues. That's a pretty high number in terms of contribution. As I mentioned earlier, this will gain credence when Phase 1 of our VAM-VAE production commences, strengthening our product propositions even further in the periods ahead.

Har Ghar Kuch Kehta Hai: From Surface Décor to Space Décor: Owning Homes



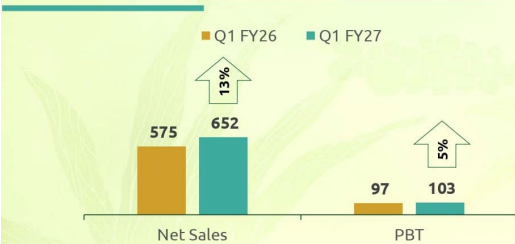
As far as Decor is concerned, today we are the number one integrated home decor player. This is something which we have been working on for some time. If you look at it, we have about 74 Beautiful Home Stores, which are under one roof, you can get all the decor items, lots of collaborations here. Overall, yes, we face a lot of competition from the unorganized sector. Our area has been more catering to customization in terms of what we believe is required.

Home Decor Business



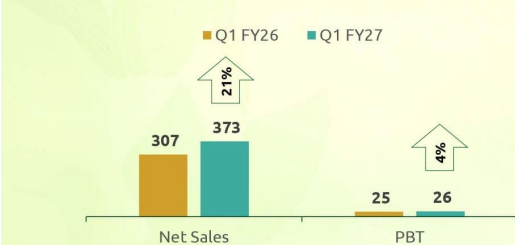
Overall, a mixed bag this quarter. Again, we have seen that Kitchen and Weatherseal revenues have been strong, double digits. However, White Teak and Bath have been on a lower side. Therefore, even the bottom line, there is some tension which is still continuing to exist. We are at it, and we are still believing that we want to look at possibly furthering it, because it adds to the whole area of home in a very big way.

Industrial Business



PPGAP

- Revenue growth of 13.5% in the quarter; driven by General Industrial and Automotive segment
- PBT margin at 15.7% for the quarter; lower by 119 bps yoy



APPPG

- Revenue growth of 21.3% in the quarter; driven by Protective Coatings and Powder segment
- PBT margin at 6.9% for the quarter; lower by 114 bps yoy

Note: Figures in columns in ₹ cr

18

Coming to industrial business, as I said, the two businesses which we have, PPGAP, which is the Automotive OE business. The top line has been about 13% growth of what we have achieved. We have got a strong PBT growth of about 5%. The PBT margins have been a little bit stressed here, about 15.7%, lower by 119 bps. Overall, the business continues to do well, especially the auto, marine, and the packaging business continues to be good what we have been able to do it here.

When it comes to the General Industrial business, there the growths have been fairly strong. 21% is the overall growth of what we have been able to do. However, we have not been able to take so many price increases in the market. It has been also very competitive. Therefore, the PBT margins are about 6.9% for the quarter, a little bit lower than what we had achieved on a YoY basis. There is still about a 4% growth in PBT of what we have got.

Global Presence

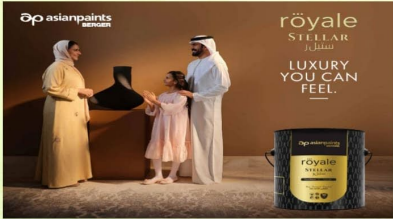


19

Globally, these are the geographies where we are present across the world. These are the geographies in which we have enhanced our work. All of you are aware that given the conditions that exist. All the geographies in Middle East have been a little bit stretched, both from inflation and from the overall demand. We have been able to do a strong job.

New Product Launches in International Markets

ROYALE STELLAR (UAE, BAHRAIN & OMAN)



- Ultra-Luxury Interior Emulsion at the highest price point across Gulf Co-operation Council
- Royale Stellar is infused with PU-Serum that gives flawless velvet smooth walls held in soft matte
- Stain and Scuff resistance
- No Odour, Anti-bacterial and crack bridging ability



ACRYCOAT NOVI (EGYPT)



- Ultra-Premium Interior Emulsion
- Prevent dirt, dust and everyday household stains
- Available in Matt, Eggshell, and Silk finishes with 1800+ shades
- 5-years performance Assurance



20

We have made the innovation story very big in this market. We launched a top-end luxury product called Royal Stellar. This product has been launched at various markets, including UAE, Bahrain, and Oman. We've also launched a product called Acrycoat Novi in Egypt, which is, again, an ultra-premium product, which comes with lots many properties.

Expanding Product Reach to select International Markets

UAE, BAHRAIN & OMAN

Nilaya Arc Pearlescent





SmartCare Damp Proof Xtreme

Apcolite Premium Emulsion Advanced

Royale Luxury Emulsion Matt

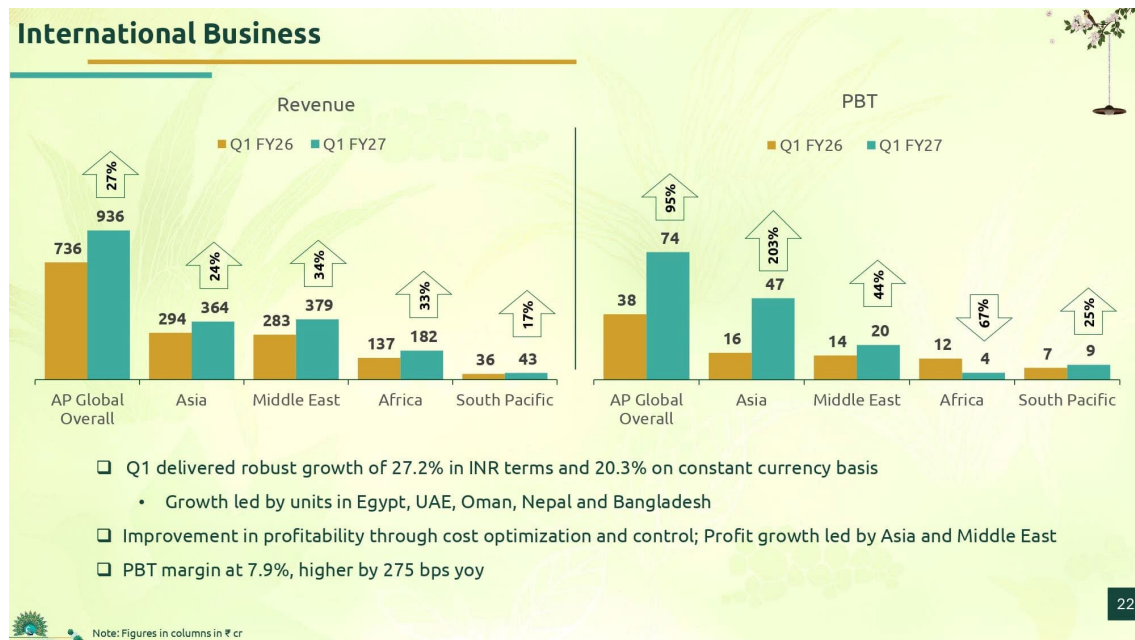
NEPAL

21

We also launched our Nilaya brand in UAE, Bahrain, and Oman, because that market is a luxury market for us and we want to take on competition in terms of making our mark in the luxury markets.

Then we have extended some of our areas of strength in the Indian market, whether it is waterproofing, whether it is premium products, or whether it is some of the luxury products in terms emulsions as well. That is something which we have launched in Nepal.

We continue to leverage our overall innovation in the Indian markets and trying to make the global markets go and take up premiumization space there.



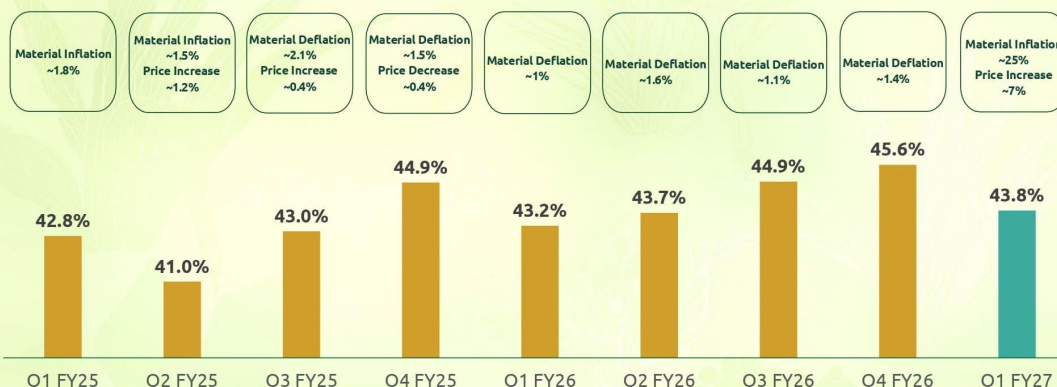
This has yielded results. We have grown at about 27% in Q1. This has been a very strong performance. The performance has been broad-based across regions. Overall, a lot of units have done well, including Egypt, UAE, Nepal and Bangladesh.

The PBT growth is also very strong. The growth has almost doubled.

If you look at various countries, every country performed well, except in Africa, where Ethiopia faced currency devaluation-related challenges. Overall, we have done fairly well across various regions. That's something which is a good story, which comes in with a PBT margin of about 7.9%, which is higher by 275 bps.

Standalone Gross Margin Trend

Lower cost inventory & calibrated pricing interventions absorbed the impact of steep inflation. Also supported by better mix and continued efforts on driving sourcing and formulation efficiencies

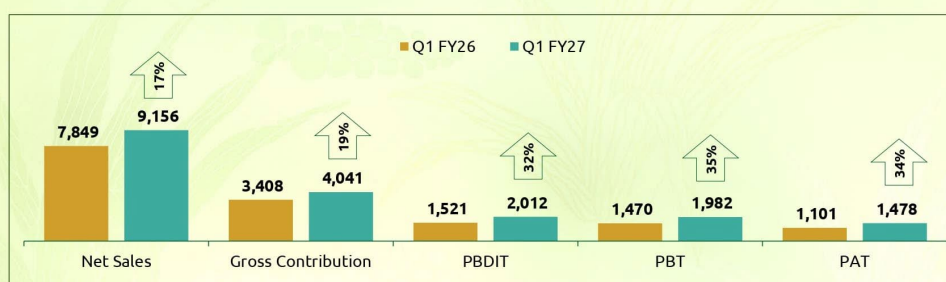


Note: Gross Margin is computed as a % of Net sales

23

If you look at it from a standalone perspective, the overall gross margin trend has also been fairly strong. There was some pressure on gross margin; we were at about 45.6% in the last quarter. However, we are still higher if you look at it on a YoY basis. Obviously, the pressure came in from a huge amount of inflation. While we took price increases in April, May and June, the overall weighted average price increase was around 7%. The material inflation was still very high to the extent of about 25%. That is something which is an area we will have to look at going forward, how it impacts us going ahead.

Summary Standalone Financials Q1FY27



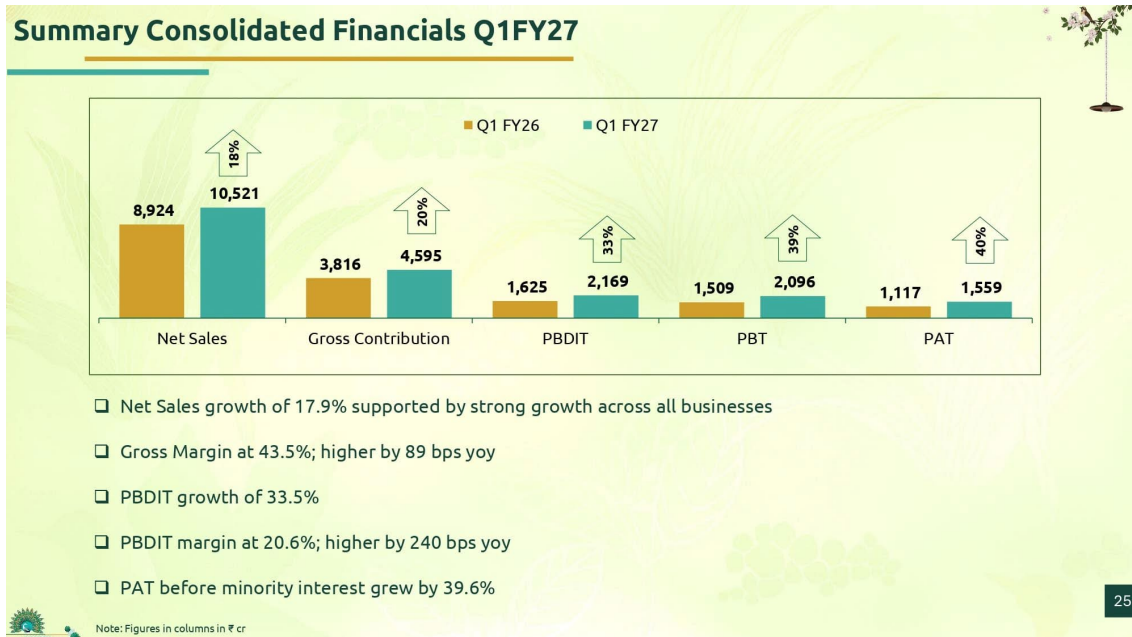
- Net Sales growth of 16.7% led by healthy volume growth and aided by pricing actions
- Gross Margin at 43.8%; higher by 66 bps yoy despite steep inflation
- PBDIT growth of 32.2%; aided by cost optimization initiatives
- PBDIT margin at 22.0%; higher by 259 bps yoy
- PAT higher by 34.3%

Note: Figures in columns in ₹ cr

24

In summary, if you look at the standalone financials, overall top line growth of about 17%. You see the PBDIT growth, the PBT growth, and the PAT growth all above 30%. Again, a very strong PBDIT margin of

22%. Also looking at the overall growth which has come in, the bottom line has also been very strong and healthy.



Consolidated financials almost follow the same route. In fact, it improved to about an 18% top line growth. Again, PBDIT, PBT, and PAT growth are higher than the respective standalone growths, given good growth across businesses of what we have been able to garner. PBDIT margins stand at about 20.6%, almost 240 bps higher YoY. Overall, it's been a strong position of what we have been able to drive the consolidated financials to, also.

Outlook for Q2 FY27

- The renewed conflict has intensified volatility across raw material costs and supply chain logistics, keeping the near-term operating environment uncertain
- Against this backdrop, our priority is to sustain growth momentum and meet competitive intensity through consumer connect, emotional marketing and technology innovation
- Key priorities for Q2FY27 will include:
 - Execute with speed and discipline across markets to sustain momentum
 - Step up investment in innovation and brand-building to deepen consumer relevance, sharpen differentiation and strengthen market salience
 - Drive cost efficiencies to absorb external pressures, protect margins and safeguard demand momentum

Obviously, you would be keen to understand what lies ahead and how we are looking at it. I think our top worry is the renewed conflict. The volatility in raw material prices continues, and it puts pressure on supply chain logistics, both from freight availability and price fluctuations across key inputs, given the fact that the paint industry is largely dependent on crude and crude derivatives. That continues to worry us, looking at how we look at fighting this volatility going ahead. That's something which possibly we are handling as we handled in Q1.

Overall, our priority is very clear that can we maintain the growth momentum which we have seen in the last few quarters. The competitive intensity seems to be at an all-time high. I don't think there is any leeway there. Our whole attempt is that the consumer connect, the emotional marketing, and the technological disruption and innovation are the key points of what we profess as we go forward.

When we look at Q2, agility is very important. We look at speed and discipline coming so that we can sustain this growth momentum of what we are taking. We can be one step above in terms of looking at how we propel these growths going forward. We are looking at the brand-building part, as I spoke of, looking at deepening the consumer relevance, looking at sharpening the differentiation story, and strengthening our market salience going forward.

Cost is a very big area. We have launched a strong cost initiative, which benefited us in Q1 as well. So whether it is sourcing, formulation efficiencies, this is going to be a big thing. In Q2, we will kick off our VAE also. All those will give us some benefits in terms of looking at what we are able to do to keep the cost under check and possibly giving us a good area of saying how we can deal with the inflation which is going on. So thank you so much for hearing what I had to say.

Moderator: Thank you, sir. We will now open the call for question-and-answer session. We will wait a few minutes for the queue to form. We request participants to limit themselves to two questions each and return to the queue if they have any additional queries. To ask a question, please raise your hand using the participant tab on the screen. The first question is from Mr. Abneesh Roy from Nuvama.

Abneesh Roy: Sure, thanks. My first question is on the innovation. 17% of the revenue is coming from innovation. That seems very high. How do you define innovation? What time period of launch are you considering here? Will this be largely in construction chemical and waterproofing? And versus your overall gross margin, of around 43% and EBITDA margin, of 20%, where will these innovations be currently? I guess gross margins will be ahead of this. If you could tell us in terms of, EBITDA margin, where would these innovations be at the current juncture?

Amit Syngle: So overall, our definition is that, we look at products which have been launched and it takes time to launch them nationally. Something which is in a three-year time frame is what we look at defining our new products. A lot of these new products are not only in the waterproofing and construction chemical zone. A lot of them are in the emulsion zone, as I spoke of. It would also include absolutely new customer propositions, and in the premium and luxury segment.

Given the fact that a lot of them are coming across various categories, especially in premium-luxury, they possibly corroborate our overall margins. Therefore, they would be a propellant of keeping our margins overall healthy in that space.

Abneesh Roy: Sure. I had one question on the demand side. You have done quite well on the profitability, congrats for that. On the demand side, will you be happy with the 9% volume growth on a soft base of last year? I do understand a lot of moving parts initially when price hike is so sharp, there will be a preponement of demand and price hikes happened in March, April and May. If you could tell us overall, was there a negative impact or a positive impact of the price hike on preponement of demand?

Second is, of course, Indian customer is extremely value conscious. A lot of customers will very happily delay their painting by a few quarters. Was there an adverse impact of that? Was there an adverse impact of Bengal election? Because every Bengali painter went back to Bengal for his SIR and vote and all that. Was that a big problem if you could highlight? Overall, what is your view on the demand? Are you happy with the 9% volume growth?

Amit Syngle: Overall, as an organization, you would like to achieve more and more. So, happiness is a relative state in terms of what you speak of. The demand conditions have been decent of what we have seen. As I said, all three months, the demand has been decent. Yes, because of the pricing action, there could be some bit of extra pipeline inventory which would have come in. Yes, we would have loved the demand conditions to be a little bit more vibrant with respect to the T1, T2 cities where we have seen a lower growth rate as compared to the rural cities, T3, T4 cities. Therefore, possibly that could have been a little bit more. It got compensated by good growth in T1, T2 in the B2B sector, where a lot of government expenditure which is happening. In all, possibly we could have looked at touching a double-digit. We seem to be quite happy of what we had predicted last quarter, that we should be in that band of about 8% to 10%.

Abneesh Roy: Last quick question on the two industrial segments, when do you see margins normalizing? Currently around 120 bps drop is there in both the segments. Volume growth seems to be a bit low in the first one. If you could elaborate how much was the pricing growth? Are you again happy with the volume growth in both the segments of the industrial?

Amit Syngle: If you look at the industrial segment, the price increase actions are a little more deferred and therefore the entire pricing action will not reflect here because, with some of the B2B customers and key accounts, the whole process of price increase takes a bit of time. It's not like in the decorative market that you can announce a price increase and from the next day it is implemented.

Looking at the Industrial segment, in that also, we see that segments which have done well is the area of auto OE, which has done extremely well in both volume and value of what we have been able to grow. Similarly, the marine and packaging had done well. Some of the areas like refinishes have been a little bit slow. Again, from a general industrial business, the value-volume growth has been strong.

What we feel is that the margin impact is because of the deferred call on the price increases. Overall, my belief is that industrial will continue to grow at a higher pitch than decorative as we look ahead.

Moderator: We now move on to the next question by Mr. Avi Mehta from Macquarie.

Avi Mehta: Yeah, Hi, team. Sir, I just wanted to first start with the demand side. We've seen 9% volume growth. Could you share your thoughts on how should we look at FY27 volume growth, especially because as we go into the later part of the year, the base turns adverse? Any thoughts on how should we look at the full year, would be useful?

Amit Syngle: Today, the demand conditions, as we look at quarter two, we are entering a festive quarter where the month of September becomes good enough from some festive sales. As we look at even quarter three, quarter four, overall, we have given our direction that we should stay in the volume region of about 8-10%. And that is something which we should look at because we do not know at this stage how the second half of the year would augur from overall price volatility and so on and so forth.

As we go ahead, possibly some of those indications will also look at whether price changes would happen in the second half, which could trigger demand even further. At the current stage, we are looking at the band of 8-10% for the full FY27.

Avi Mehta: Perfect, sir. That's very useful. The second bit is just related to what you highlighted about the input cost environment. Could you help us appreciate how from a going forward basis, do you see input cost pressures panning out? You did highlight low-cost inventory, but then logically 2Q might be lower than 1Q, but for the full year, how should we look at it? Any thoughts over there if you could share, that would be helpful. That's all from my side.

Amit Syngle: What we have seen is that quarter two has traditionally been a lower margin because of the mix of what we sell in quarter two overall. Given the fact that, we are taking a very strong drive in terms of premiumization, of how we want to go ahead from an overall mix. We are still garnering around the guidance of 18-20% of our PBDIT margins holds. We are making a lot of efforts with respect to both, how do we galvanize demand? And how do we look at premiumization? Third, how do we look at our cost structures far more strongly, especially with respect to backward integration and some of the cost efficiencies we are building through our formulations and sourcing?

Moderator: The next question is from Mr. Mihir Shah from Nomura.

Mihir Shah: Hi, sir. Good evening. Thank you for taking my question. Congrats on a great set of numbers. First, I wanted to understand the mix and the gross margin expansion surprise that we have seen this quarter. The difference between the value and volume, it seems that the mix is a +1% versus -4%, that was indicated in the last quarter. When one links this to the gross margin expansion, which saw the start of high raw material prices, it seems that sales from putty, etc, have been negligible. Would this be a fair reading? Or would there be higher sales from exterior paints and premium paints that is leading to this better mix improvement and gross margin expansion? So, I wanted some understanding on this. So that's question number one.

Amit Syngle: Okay. As I said, there has been focus on looking at premiumization. A lot of focus is on driving a better mix. Therefore, that has been principally one of the reasons of how today we have driven the overall margins. At the same time, there is obviously some benefit of the inventory what we had, which is a low-cost inventory to start within the quarter, which added to the overall area of the margins of what we have been able to garner. That is why the pricing which we took has been a calibrated pricing of what we have maintained.

Going forward, this imperative of looking at premiumization, looking at some of the newer innovations, so that we can get higher margins and get the premium for the brand, will be the effort going forward.

Mihir Shah: Understood. That negative 4% mix, would that assumption be required to be revisited, sir?

Amit Syngle: So, as I see it, going forward, for some quarters, till the time we don't take pricing corrections, value and volume gap possibly would be on the positive side, as you are seeing in this quarter, and the difference might not be too much of what we would see. Till the time we get into pricing corrections, the value would continue to be higher than the volume.

Mihir Shah: Understood. That's one. Second, I wanted to check about the average pricing of 7% that is there for this quarter. When you speak to the dealers, we believe that there is a price increase of 13%-14% that is put through till the month of June. Would that be the pricing growth that one should expect from 2Q onwards on the pricing front? Secondly, you highlighted that rural is doing much better than urban. There shouldn't be any impact on the product mix because of higher sales from rural in anticipation of this, right?

Amit Syngle: Given the rural growth being better, we have seen a certain product mix, which we have got. Therefore, even when I say rural, there is a classification of certain T3, T4 cities we look at. Therefore, possibly we can push some bit of good premium products there. Today, if you look at the trend data, some of the auto sales and some of the other things are also happening very well in some of these T3 cities which are there. Therefore, we can push some premiumization in some of those markets. Therefore, we feel that possibly urban markets from here would only grow higher.

The weighted average price increase has been about 7%. Overall, it depends on the product mix because there is a differential pricing which has happened on each category in terms of what we have taken. Therefore, the product mix will govern what is the total impact of the pricing which will come. Possibly it would be in the range of about 8-9%.

Mihir Shah: Understood. Last question of bookkeeping one, if I may, when one sees the change in inventory, it seems like there has been a material increase in the change in inventory. This is usually on the low cost, or it would be the average cost that we book out here. How should one see the change in inventory? Would you have a higher finished inventory booked at lower cost, and the benefit of that can come through in coming quarters?

Amit Syngle: If you look at from an inventory point of view, in fact, we have done better from an overall number of days of inventory of what we are holding. It's just that raw material inventory, which has come

in, it has come in at possibly a higher cost, which is where you are seeing a blip in the overall inventory. That is something which possibly will partly be affecting some margins as we go into quarter two.

Parag Rane: Sorry, Mihir, just to add to that, most of the low-cost inventory benefit on finished goods has seeped through in 1Q, and here onwards, we will see the pricing inflation coming in.

Mihir Shah: Yeah, but then you've already taken price increases, Parag?

Parag Rane: So, we'll have to see how the mix also behaves, and therefore, Q2 will depend on that.

Mihir Shah: Got it. Thank you.

Moderator: We will now request Mr. Manoj Menon from ICICI Securities to ask his question.

Manoj Menon: Yeah, thank you. Only one clarification, if I may, Amit, noted the outlook for Q2. Now, I completely understand the volatility part of it, but conceptually speaking, and practically based on historical experiences, in fact, times like these, which are very difficult, tend to favor larger formal players, right, isn't it? Secondly, for a full year basis, I understand the price part of it, but if I heard you correctly, you were still talking about 10% volume growth, right?

Amit Syngle: Yeah. I've spoken of that 8-10% as an overall volume band for the entire year. What you said is right, that today in quarter one, we would have definitely got some advantage of some of the smaller players, because the supply chains were pretty volatile and therefore, given the fact that, our supply chain was far more robust, yes, some advantage of that will seep in both for quarter one and quarter two going ahead.

Manoj Menon: Thank you and all the best.

Moderator: We will now request Mr. Percy Panthaki from IIFL to ask his question.

Percy Panthaki: Yeah, sir. Firstly, just a question on this quarter. So, the volume-value gap, which is approximately about 7% this quarter. Could you give some flavor on further breaking this up into a pure price increase and a mixed change?

Amit Syngle: Overall, as I said that the contribution of the premium products has been much better in this. There is almost about 3% impact, which is coming higher because of the better mix of what we have been able to sell. Today, there has been still a decent performance from the mix of economy products as well. On a longer run, the product mix is much better from what conventionally we have been selling in various quarters. Given the fact that there is a premiumization drive, there are also some of the newer products which have come in. All that have given us the benefit of making the mix a little bit favorable from premium products.

Percy Panthaki: Okay. So, it's a plus 3% on mix. Got it. Secondly, just wanted to understand the pricing. Now I know that you have several input costs, and they have their own demand-supply functions, etc. it's not just linked to crude. I understand that. Just as a very rule of thumb, a calculation, the price increases that you have taken thus far, they are benchmarked to crude levels or rather, if you want to maintain a margin in the middle of the 18%-20% band with only the current price increases. At what crude level does this equation set in?

Amit Syngle: Again, it's a slightly more difficult question to answer because the span of raw materials is something which is across. For example, TiO₂ is something which is not linked to crude at all. It's the largest value consumption in the paint industry. Similarly, if we look at a range of additives and stuff like that, they are not really linked to crude. Going forward, overall, the current estimate is that the crude band has been very volatile. It is very difficult to say that at \$90 this will happen and \$100 this will happen. That correlation becomes very difficult to justify because the raw material purchasing will happen from time to time. It is literally the weighted average, which counts, what we would have bought. Therefore, the direct correlation with crude at this point of time is very difficult to say that if I were to benchmark to a certain level of crude pricing, then my margins would land at that. It is a very difficult thing. What we can take in, is the point that 18-20% guidance is a good guidance to take.

Percy Panthaki: And, if the input costs, whether it is TiO₂, monomers, polymers, whatever it is, supposing they maintain in future at today's prices, would you need any pricing, either increase or decrease to stay within that 18%-20% band?

Amit Syngle: Again, as I said, the volatility, as we speak also there are some prices which are going down, some prices which are going up, as we have seen that some prices had started coming down in June as well. The volatility is so much that you can't take anything at a constant saying, that in quarter one, this was the constant parameter which we have taken, which if it remains in quarter two, will give us this margin. We'll have to live with this fluctuation, which has started that some of the prices, for example, we have seen that the TiO₂ prices were fairly stable, but it has started going up. Okay, and that trend we saw it at the end of June, when it started to happen. Some of the prices of Monomers have started to come down from where they were at earlier levels. So, very difficult to benchmark and say that we can correlate to it. Finally, it would matter in terms of the overall material index, when we look at the overall set of raw materials.

Percy Panthaki: Got it. Last question, would you be able to give some idea of the benefit of the low-cost inventory this quarter? Would you be able to quantify it in basis points of gross margin or something like that?

Amit Syngle: Again, difficult to put a number to it, because today we have seen that, normally you will not keep too much of inventory also. There is a mix of newer inventory which has also come in of about 30-45 days of what we would have sold the inventory. Possibly a lot of inventory which we would have sold for half of the quarter, would have been possible based on some of the old raw materials and the finished goods.

Moderator: The next question is from Mr. Aditya Bhartia from Investec.

Aditya Bhartia: Sir, given that low-cost inventory was contributing to our sales for roughly half of the quarter, could you give us some indication about how profitability may have changed in the first half of the quarter versus the second half? When we think about second quarter, if prices broadly remain where they are, costs remain broadly where they are, are you thinking about taking more price increases? Or could there be a potential of margin compression versus Q1 levels?

Amit Syngle: As I said, if you see quarter two, relatively speaking, the margins are little bit lower as compared to what we get in other quarters, given the product mix that we speak of. Therefore, today, any price movements will depend only on the volatility, which we will see in the market. Right now, it's very difficult to say that today, we will take a price increase. Ideally, we would not like to take any increases going forward unless the situation really becomes alarming of what we need to do in certain categories, if it really comes to the point of doing so. Going ahead, the whole idea is that we can still maintain a band of what we have been operating on.

Aditya Bhartia: Understood. The reason, sir, that I was asking this is because you have shown that costs have gone up by almost 25% and if we consider that costs broadly remain where they are and the price increase has been to the tune of 9%, 10% or 11%, then does that mean that we are bracing for gross margin compression, of course, keeping the seasonality aspect aside?

Amit Syngle: As I said, today, we are also seeing a lot of prices coming down in the market. What is really happening is that, the volatility is also helping us in a way, that if you are able to manage your overall sourcing and logistics very well, it can be also an area of advantage going forward. Therefore, today, what we see is that while there is a gap between overall increase we have taken and the overall inflation, there is also a little bit of a deflation seen in a lot of categories, which are basically the input costs. That mix married with the mix in terms of what we sell in quarter two would really govern of where we lie. As I said, obviously, to some extent, a large part of this inflation effect definitely will come in as we go ahead in quarter two.

Aditya Bhartia: Perfect. That's helpful, sir. Just one clarification. We've been quite aggressive on putty and low-value emulsions and have gained significant market share. Just wanted to understand what is our strategy going to be around these products? Is it that we are incrementally going to focus a lot more on premium and luxury and reduce our focus on these products? Or is it that we just had some possibly mix benefit this quarter because of prebuying at the premium and luxury end?

Amit Syngle: The strategy going forward is that we really get growth in every segment which is there, because while the overall premium segment is important to us, the economy segment is also large. That is also very important that we are able to grow it. Putty is a starting point of paints. That segment is also important because it really signifies that it's the first purchase a consumer is doing as far as painting is concerned. As we go ahead, we are going to maintain the focus that in each of the segments we have a decent growth. At the same time, there is a lot of imperative that we are able to upgrade the consumer, one from the unorganized industry to basically organized and second, from the levels of economic to premium and premium to luxury. Those imperatives of our overall strategy will remain.

Moderator: The next question is from Mr. Jay Doshi from Kotak.

Jaykumar Doshi: Hi. Thanks for the opportunity. I have a few questions on VAM-VAE backward integration project. First, is the understanding correct that VAE emulsion will be largely utilized only for premium and luxury emulsions?

Amit Syngle: It's a technology which is quite future generation oriented. It talks of low VOC. It talks about giving some special properties in paint it can garner. It totally depends on how you formulate the emulsions, because today the general market operates on certain standardized emulsions. Overall, when we look at this entire thing, the usage can be across any category of products, not limited to only premium. It can go into economy, it can go into other segments as well, like adhesives and powders. The overall consumption is fairly broad. Therefore, that's how we are looking at leveraging the overall output as it comes by.

Jaykumar Doshi: Understood. How should one think about this 150,000 metric ton VAE capacity versus your potential requirement on the current scale of business?

Amit Syngle: It would depend in terms of how many products we are able to really get, in the whole area of VAE, which would really guide the overall consumption from that 150,000 metric tons, which we have indicated. It also takes a little bit of time to reach that capacity. Our feeling is that possibly over a period of about 2-2.5 years, we should be able to reach basically a capacity which is higher and closer to about 150,000 MT.

Jaykumar Doshi: The last one, at the time of announcement of this project, you had indicated that you expect, this will give you cost competitiveness, which should help your gross margins by 400-500 basis points. I assume that would be pertaining to the part of the portfolio where you're utilizing this in-house capacity. Does that 400-500 basis points, for now, if I assume it's only premium and luxury emulsion, still hold at the current landed prices of VAM or VAE emulsions versus that?

Amit Syngle: Again, as a general rule, possibly, there would be a certain band in terms of what we will operate upon. Very difficult to say that it will maintain at 400 or 500 basis points or between 300-400 basis points, because overall it also depends on the advantage which you are getting from the current sourcing which you are doing and the formulations you are really planning to make. Generally, overall, for the category of products it would translate into that 300-500 basis points band.

Moderator: The last question is from Mr. Amit Purohit from Elara.

Amit Purohit: Hi. Thank you for the opportunity, sir. Good set of numbers. Just one, on the industry growth, what is your sense on that? Second, I wanted to understand on the economy range. About two years back when the competition started to catch up, I remember some comments coming from industry players largely around the economy segment being very competitive. Now when I saw your launches in the economy segment, is slightly on a product differentiation. The mix change that you called out, is it much more structural in nature? One should assume that now most of the players, whatever on the pricing side, much of it is over and everybody is now focusing on premiumizing in every segment of the economy and

all. First question is on the industry growth. Just to understand your market share trend, how it would have been for this quarter.

Amit Syngle: What we see is that some of the medium to large players would have got some benefit from some of the smaller players. Therefore, what we see is that possibly we would have grown slightly higher than the industry average. That would be the zone in terms of how we look at the overall market.

As far as the economy products are concerned, today, the competition intensity is across, whether it is economy, whether it is premium and whether it is in luxury. The competitive environment continues, not only from one player or two players, but across all players. My estimate is that the competitive intensity will continue to remain as we go ahead. In the economy segment possibly, given the fact that there is a propensity that you can really convert a contractor much better if you were to do higher discounting, so I think, the competition would remain slightly more intense as far as economy segment is concerned. However, the relative difference between economy and premium segment from a competitive intensity point of view, is not much different.

Moderator: On behalf of Asian Paints Limited, this concludes today's conference. Thank you for joining us. You may now disconnect your line and exit the webinar. Thank you, everyone.

Amit Syngle: Thank you, everyone, for joining us. Thank you.