



“Asian Paints Q4 FY2021 Earnings Conference Call”

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Management :	Mr. Amit Syngle	: MD & CEO
	Mr. R.J. Jeyamurugan	: CFO & Company Secretary
	Mr. Parag Rane	: GM – Finance
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Investor Call Transcript – Q4FY2021 Results

Arun Nair : Good evening and a very warm welcome to the Asian paints investor call for Q4 the FY 20-21 results.

Today, from the management we have Mr. Amit Syngle, M.D and C.E.O.

We have Mr. R.J Jeyamurugan, CFO and Company Secretary

And we also have Mr. Parag Rane, G.M Finance.

So may I now request Mr. Amit Syngle to take you all through the entire presentation, Over to you Mr. Amit.

Amit Syngle : Okay, Thank you Arun.

I think it's my privilege to welcome all of you to the quarter 4 Financial year 2021 investor conference and it's a pleasure to be seeing all of you. I would like to take you all through a presentation and then we can have the floor open for questions.

So, can we have the first slide please.

Welcome once again to the overall investor presentation today.

DELIVERING JOY SINCE 1942

So as Asian paints, we have been in the business of delivering joy since 1942, we exist to beautify, preserve and transform all spaces and objects bringing happiness to the world and that is something which you see that we have been across areas of industrial, home décor, kitchens, bath spaces, auto and therefore literally you can talk of any surface in terms of what you need to transform is what a solution Asian paints will have.

CUSTOMER JOY : OUR PASSION

So overall, I think as an organization our passion is about really bringing joy to the customer and we look at really celebrating the customer in so many ways. So whether it is with respect to the whole area of décor which can be personalized or customized or it is the area in terms of getting the best world class products which have clear propositions which are really helpful to the consumers or it is the whole world of professional services we really look at delivering them through cutting edge delivery channels which our across the entire country. So two things which we believe is that one is our supply chain, and our back end and distribution keeps on making availability easier and the whole area of brand keeps on getting personalization, professionalization and best-in-class products.

INNOVATION / PRODUCT PORTFOLIO EXPANSION

Overall, when we look at our entire portfolio one of the big things which we have kind of taken as a leader is that every year, we bring a very strong innovation in terms of what we do today to kind of really see that the value proposition to the customer is really very very strong. We invest a lot of money in terms of consumer research and look at in terms of products which come in and suit the customer in a very strong way.

For example, we were the first ones to introduce anti-bacterial paint which is called the Royale health shield which was effective even with the respect to the Corona Virus and we looked at really launching a full range of sanitizers and disinfectants very quickly in the year gone by in terms of looking at what the government, the communities and the industry needed.

We looked at some real DIY products which was the first time introduced by us and then we looked at prepositions which are in the home décor which can really make a customer really very very happy from what he or she needs.

So one of the big areas which we have been following is looking at patents in a very strong way and we have been able to work on lot of technologies where we look at getting patents every year, whether it is in the decorative area or it is in the industrial area. That is where the innovation really comes in from.

WORLD CLASS RETAIL OUTLETS WITH PHYGITAL EXPERIENCES

I mentioned about the fact that we have innovative formats in terms of where we are able to reach all these cutting-edge products in terms of what we beat. What keeps us really ahead in the game is that we have got the best of the retailing firms in the world working with us in terms of giving the customer a very very strong consumer journey which is based on an experience which is phygital which means that it combines digital and the physical in terms of the way customer navigates through various areas.

All these things which you see on the screen all the formats have the latest technologies, the best visualization to the customer and we make it sure that we are giving the customer the latest which is there in the world to that extent.

We have a large amount of 'Colour world's spread across the length and breadth of the country, you name the city and the town, and we have the 'Colour World's which are spread there.

We have innovative formats which are called the 'Colour Ideas' stores which are inspiration led stores which are more than 450 in number spread across more than 400 cities.

We have this new format which we spoke last time as well in terms of the Beautiful Home stores and these are 16 stores now spread across 16 big cities some T1 cities across the country and over and above that we have been putting specialty stores and kitchen studios which are helping people in terms of looking at their need of décor, on surfaces and home very very strongly coming in.

So a lot of innovation in this in terms of world class retailing outlets.

PROFESSIONAL & RELEVANT SERVICES

So not only in respect to looking at a brick and mortar model, we are looking at a very strong services area in a very strong way, one of the big learning which has come in the current year which is 2021 is the fact that the @home services are becoming very strong.

And the customer wants to seek a lot of things in terms of the 4 walls in the home and therefore what we have worked on is a journey where we are offering a huge number of services which the customer can just invoke either by calling us or clicking on the website or just putting a SMS.. so there are a lot of ways to reach out and they can get these services at home.

Safe painting service is a unique service which possibly gets you an opportunity to get your home painted which is absolutely safe, all precautions taken, and people are able to do this with no paranoia in their mind; they can have a very safe solution for their homes coming in.

We also have the sanitization service called the San Assure, where we look at professional implements, best in class products and look at surface sanitization and space sanitization in a very very strong way.

We also have lot of other services like the waterproofing service which is there and also a service which can make your home so beautiful.

So overall, we have done a lot of stuff and a lot of homes are getting reached with this and this is something which is propagating the brand in a very very strong way.

So I think really giving joy to the customer by looking at @home services which basically look at easing out the pain for the customer in a very strong way is one of the areas we have taken up in a very very big way.

BEAUTIFUL HOMES WITH ASIAN PAINTS

So, the other foray which you have been hearing is about the whole area of moving from the share of surface to the share of space within the home. I think that is very strong foray which we have got where we have introduced kitchen, bath, furnishing, lighting, fabrics, and the world which is there so that the person can get everything under one roof.

We have beautifulhomes.com as one of the inspiration engines, which basically gets the customers in and we are basically able to guide them to various formats, various services through this and people are able to get their beautiful home through this.

We have about 45 lakh people coming to this website annually and this is something which is a strong engine which we have used as inspiration to kind of really lead the customers to their choices and what they want for their homes to make their homes look beautiful.

BEAUTIFUL HOMES SERVICE WITH ASIAN PAINTS

So, as a part of the beautifulhomes.com what we do is we direct people to our beautiful home service. This is an absolutely unique service, where sitting at home you can get a hassle free, a full renovation of your

home, be it in terms of kitchen, bath, interiors, furnishing, furniture, lighting basically anything that you see we are partnering the customer in making her dream home.

We have got a fabulous response. This was a service that we started this year called the beautiful home service and we have gone through more than 500 sites this year and we definitely feel that this is a game changer in terms of the scene in the area of transforming homes, we have really come out with something really strong which gives us access to millions of homes across the country.

FORCE TO RECKON IN PROJECTS SPACE

The other big area is that the whole area of the projects which is there, which are the large infrastructure projects which come in. So I think that we have been very very strong; last year despite the fact that the year was slow, I think post a slow Q1 Q2 in projects we strongly recovered in Q3 and Q4 and did a fabulous job here. Here we look at not only Builders, Cooperative housing societies, we look at Corporates, hotels, factories, and we look at large housing projects so that we are able to kind of give our expertise here. We interact with a huge amount of architects and interior designers and design Consultants who we are able to provide technological support, give premium applicators for these sites and also run a series of services so that we are hand holding the project right from the beginning. Our waterproofing solutions are of a big kind of help here because we are able to get into sites at a foundation stage and then kind of hand hold the site to the full completion stage. So I think that is a very strong space which we have cultivated for ourselves and this is a space which has been growing phenomenally for us over the years.

DOMESTIC DECORATIVE BUSINESS PERFORMANCE

So coming to is this background coming on to the performance for the year, you have seen the strong performances which have come in quarter 2 and quarter 3 after a real lackluster Q1 where April was a little bit of a washout to that extent. Quarter 4 has been really bumper in terms of what we have been able to do. We have got a volume growth of about 48 percent which has come in and a value growth of about 46%. So I think it has been a real tremendous quarter which has happened for us and even if we were to look at from a point of view of that the last year, the last ten days of March was a lockdown and if we were to factor that we would still kind of look at growths which are upwards of 30% which has come in the quarter. So the strength in terms of really looking at new businesses apart from a lit bit off the pent-up demand has been very strong in terms of what we have seen.

We have also seen strong pick up in terms of metros and T1 and t2 cities coming back strongly which were a little weaker in quarter 2 quarter 3 to that extent and therefore we have also seen a very very strong progress with respect to you know some of the luxury products that happened in this point of time to that extent.

So what we find is that overall, the quarter has been good, the material inflation has been very high, it started from December end and it has been fairly high in terms of the whole quarter. We have restrained in the quarter from taking a price increase because we felt that the environment was not good and i think the demand sentiment would kind of get affected if we kind of take anything which is price increase in this

point of time, but we have definitely taken an increase now in the month of April which is there about a 2.8% increase in terms of looking at addressing the price inflation.

It has affected a little bit of the gross margins, but I think we were very well clear that at this point of time we didn't want to kind of tinker with the prices. But I think if we look at the full year it has been tremendous despite losing April, The full year we have given a double-digit volume growth of 13% which is quite spectacular in terms of what we have delivered and a good value growth of 8% as well. So this is possibly a very strong performance which has come in a tough year and to that extent I think this is definitely something we are happy about.

INTERNATIONAL BUSINESS PERFORMANCE

Coming on to the international business, I think again a very strong performance which has happened when we look at Asia, Middle East, and Africa. We have got very strong double-digit volume growths for all the units in Q4, and I think that is something very heartening to that extent.

Some units have been an exception in terms of Ethiopia, Indonesia which are smaller units to that extent, but overall, I think the strategy has been very strong where we have looked at the whole area of premium and luxury emulsions, looking at rationalizing our product range, looking at focusing on top end products and doing a lot of work around waterproofing in all these markets. We have also introduced services like the Safe painting service which is there in various markets overall to that extent that is why what we see very clearly is that the Q4 overall revenues are up by about 22% to that extent and on a yearly level we would have seen that the revenues are at about 6.5 percent which is quite good with almost a double-digit volume growth which has come in there.

As far as the PBT is concerned; in Q4 the PBT got affected In International for the very reason that the material inflation had been very high, and we did not take a price increase there to that extent and that affected the Q4 margins over all to that extent and that is something which is reflected in the PBT. But overall, when we looked at from the point of view of the full here, I think it has been a very strong performance in terms of the double digit PBT growth which comes in which is closer to about 15% which comes in. So in essence I think it has been a very strong year; all units have kind of done well apart from Ethiopia and Indonesia and it is something which is very very heartening that we are progressing very strongly on our international markets.

INDUSTRIAL BUSINESS PERFORMANCE

Coming to the Industrial business, a lot of you know that we have a joint venture with PPG of US in 2 areas - One is the Auto OEM business which is there which what we call as the PPG AP business which is there and the other is the Industrial General Protective business which is what we call As the AP PPG business which is there.

Now if you look at the overall revenues, I think the PPG AP business was affected in terms of the overall year in terms of what we look at because the auto demand was parodic in terms of what we see and the

auto refinishes we are also going a little up and down depending on how the market was going, but a very strong performance in Q4 which has been registered by PPG AP.

If we look at the General Protective business, which is the AP PPG business which is there again a very strong Q4 performance has come, but the heartening part is that this business has given a full year 7% kind of a growth which has come into that extent.

As far as the overall profits are concerned, we look at the PBT numbers the PPG AP numbers are weak given the fact that the top line has been weak to that extent. Although Q4 has been very strong for the PPG AP business and there we see a definitely uptick in terms of the PBT.

As far as the AP PPG business is concerned there what we see is that the Q4 and the overall year has been quite good in terms of what we have been able to do. So overall what we will see is that the General Protective business in Q4 has been very very strong and so has been in the full year as far. As far as the Auto OEM business goes, Q4 has been very strong to that extent given that auto which had opened up, but I think if you look at the full year, there has been a little bit of a miss in terms of what has happened there.

HOME IMPROVEMENT BUSINESS PERFORMANCE

The Home improvement business which is another very strong business which is coming in and has got impetus this year with the overall area of home decor entry by Asian Paints as we see it.

Both the kitchen business and the bath business have done extremely well this year in terms of what we see

If you look at the revenues point of view Q4 had been blockbuster in terms of what we have seen with respect to the kitchen and the bath sales which have come in and the revenues have been very very strong in terms of what we are seeing in terms of this business coming. 84% is the kind of growth which is there, obviously the numbers which are there are not very big but the growth is very strong in terms of what we have been able to register.

Similarly when we look at the full year numbers, both the businesses have grown in double digit numbers which are there which is 11% and 13% which is there to that extent and therefore I think very strong revenues coming in, as far as... When we look at for both the businesses we look at the PBT numbers very heartening part is that in Q3 and Q4 we have been able to kind of really literally come to break even and Q4 has also been very strong in terms of looking at getting to the almost basically reducing losses and looking at breakeven kind of a thing which is there. As a result, when we look at a full year for the kitchen the losses have reduced from about a 41 crore to 21 crores for, but it has reduced from 29 to 7 crore.

So I think a very strong performance for both Q4 and for the year which has come in from the Home Improvement business really guided very strongly by the entry into home decor business in a very strong way.

STANDALONE FINANCIALS

So, I think in summary when you look at the overall standalone financials, Q4 has been a very strong kind of quarter which we see as I said that revenues of 46% PBDIT up by 57% and PBT up by 70% and PAT also up by about 81%. So Q4 has been very strong in terms of what we see; even the PBDIT margins have gone by 162 basis points.

When we look at 2021 as a full year, I think the progress given the fact that Q1 was very weak because of the lockdown and April being a Washout, the overall revenues have been 8% and the volume has been definitely double-digit in terms of what we have delivered.

The PBDIT is up by 15%, the PBT is up by 19% and the PAT is up by 15% ;and PAT and PBT were the same if you were to adjust the fact that there was tax rate change which would have happened therefore adjusting for that the PAT would be still closer to 19 % equivalent to the PBT.

So the PBT margins here also for the full year have been up and therefore those are very strong and strengthening figures for us.

CONSOLIDATED FINANCIALS

Coming to the overall consolidated financials, if you look at all the businesses put together, quarter 4 has been very strong almost equivalent to what I spoke about the stand-alone numbers. We have revenue going up by 43%, PBDIT up by 52%, PBT up by 65% and pat which is really up by 81%. So again there has been an increase in terms to the PBDIT margin numbers in a strong manner that is something which is very heartening.

If you look at the full year which is the financial year 2021, again the numbers are very strong similar to the stand alone numbers because not only the deco business but all the other businesses have done quite well so revenue is up by 7%, PBDIT is up by 15% , PBT is up by 18 % and PAT is up by 15% and given the adjustment for the tax rate which is there which got change for us, I think the PAT and PBT numbers similar to that would be similar to about 18% to that extent.

And in both cases Q4 and for the full year 2021 the PBDIT margins there is definitely an increasing in terms of the margins which has taken place, so I think overall a good result there coming in.

STRONG RETURNS

Overall I wanted to just leave you with some parameters which are strong I think these parameters we have been working strongly so if you look at ROCE, that has really gone up from 35.2 % to 36.2 %, ROE is another one which has gone up from 26.6 % to 27.6% this year and I think there has been a huge increase in terms of market cap which you see to the tune of almost 52% which has happened and that is something which is a strong parameter which we are seeing in terms of what happened in the year gone by.

CONSISTENTLY REWARDING SHAREHOLDERS

Overall very strong orientation towards our shareholders and seeing that year-on-year we keep on rewarding them very clearly and to that extent we have looked at fairly healthy dividends to that extent and this year the dividend payout is fairly strong in terms of overall 17.85 and final dividend which was there for 14.5 and the payout is close to about 56.1 % which is kind of the better dividend that we have given over the years. So I think it has been a strong kind of a reward for the shareholders as well because that is something which is very important in terms of what we look at.

INVESTING IN SUSTAINABLE FUTURE

When we look at some other parameters, we just wanted to leave you with certain figures I think very strong work which is done in the environmental area. We look at not only reduction in terms of water is usage in our processes we also looked at water replenishment. We have been doing a very strong work in this area to that extent and that is something which we are very proud of

We have looked at electricity consumption coming down over the years.

Effluent reduction is a very strong area in terms of what we have looked at in a strong manner and similarly anything in terms of emissions; these numbers are very strongly monitored in terms of what we look at; and here the baseline is what is 2013-14 from which the reduction is been spoken of to that extent and we feel that these are very important parameters as far as sustainability is concerned in terms of looking at the fact that we are leaders in this thing and I think the best thing is that a huge work in terms of renewable energy which is being done. Today we are proud to say that 56% of our electricity comes from Renewable Sources and that is something which is pretty good.

STRONG SOCIAL COMMITMENT

We have a very, very strong commitment in terms of what we do with respect to our social commitments, which are there. And we really work strongly with a lot many NGOs. And overall, the work which we do in terms of skilling. We have, you know color academies across the country where we look at training the unemployed youth and looking at really skilling people in a very strong way. We touched last year life of about 1.68 lakh people overall in terms of skilling them and giving them a livelihood in a very, very strong manner in terms of what we did.

We looked at the whole area of health and hygiene strongly, where we worked in terms of looking at helping communities and hospitals and reaching out to a lot of lives and touched a lot of people there to that extent.

And we also do a lot of work with respect to general education and looking at various things around water management to that extent. So, I think a strong social commitment, which comes in in terms of the type of work which you take overall.

LOOKING FORWARD

So that is the last slide in terms of what I want to talk of is that the overall Yes, I think we have been very strongly able to overcome the year in terms of the way it has kind of gone by. I think progressively Q2, Q3 Q4 strong work has been taken up to that extent. And today we feel that we have been able to kind of really overcome the year. As we look forward you know, obviously, I think we have seen a little bit of an upturn in April and we have seen a lot of uncertainty which has come in because of the second wave, which is coming. The second wave is also a little bit far more vicious from where it kind of comes into that extent and we have now seen that it is starting to spread into the hinterland also strongly. You virtually see a little bit of like a lockdown today across the country and we have seen, even in international markets, you know, Asia is getting affected by this.

So while I think there are strong positives, the vaccination rollout is there and we know that more and more vaccination, that is the only solution in terms of what it comes in and I am sure government is trying the best in terms of looking at seeing, you know, how this can be really done in a very, very strong manner.

So today, what we see is that I think we have looked at, you know, April, still, we've been able to kind of, you know, look at the market very strongly and look at in terms of whatever we could kind of do to maximize our reach and look at it. We are currently looking at ways and means in terms of how we can look at a preparedness, keep our plants going, keeping our warehouses open and looking at supplying wherever we get a chance in terms of looking at sales.

Obviously, I think the environment is challenging and we will see in terms of how it really kind of unfolds out. There are severe inflationary pressures of the raw material, which is there, which is a challenge, we have taken one increase already and we will see that as we kind of go into the year, we will look at possibly some more increases as we kind of look at. But we also see that as we kind of go in the year, maybe some of the inflationary pressures would kind of come down overall to that extent.

So that is overall, how we see the, you know, the coming future, in the short term to that extent and that is what I wanted to kind of share with you.

Thank you very, very much in terms of listening to this presentation and I am now open for any questions, which all of you would like to raise in terms of anything that you would like to know.

Thank you, and my colleagues who are joining you with respect to answering any questions which come our way. Thank you.

Moderator : Thank you, Mr. Amit Syngle. We will now move on to our Q&A segment.

Today, we have participants joining on zoom video conferencing platform and by our tele calling platform, requesting all participants who have joined via zoom video conferencing platform, please use the raise hand feature to ask a question to all panelists.

Kindly unmute when given a chance to ask a question. Also, please say your name and your company name before asking your question. Participants on the zoom video platform can also pose the questions on the chat box and we will ask them on your behalf.

For our participants who have joined through the tele calling toll free number, please press star one. I repeat, please press star one to ask your question to the panelists. Please do say your name and company name before asking your questions.

So moving on, our first question is coming from Mr. Abneesh. Roy (Edelweiss Securities). Over to you Mr. Abneesh Roy, please ask your question to our panelists.

Abneesh Roy : Yeah, thanks. These are very short, some advice. So firstly, congrats on very good and strong year in such a tough circumstance. My first question is on non-pains. So, if I see that kitchen, sneaker revenue, it is a very consistent growth every year on a year-on-year basis every quarter. But if I see the losses' view, which you yourself pointed out, it has been also very consistent losses. In Q3 there was almost breakeven. Now in Q4, both q on q and y on y variable jumped in revenue. But again, losses are, I think, one of the last mini quarters. So, want to understand in Q4, is there any specific activation event which leads to this? And what is the road to profitability in this business? Because so many years have happened, and you have a very good profitability record elsewhere. So, what is the issue here?

Amit Syngle : Yeah. Great question in terms of what you just asked, and it just shows that you have been really kind of following us very, very strongly. What we see is that, you know, you're right that we have been in this business for some time to that extent and what we have done last year is a very strong change in strategy in terms of looking at propelling both the kitchen and the bath business where today we have put the, you know, a strong might of the Asian Paints behind it in terms of looking at a lot of collaboration in terms of with the home decor entry, which has kind of taken place in terms of when we have gone into our furnishing, lighting and furniture, space to that extent.

So, we are looking at propelling the kitchen and the bath business through a common set of propagators like the architect, designers, and people who kind of really are in the specification business in a very, very strong manner and therefore, what we have done is we have upped the Antennae in terms of really reaching out to the relevant set and looked at in terms of reaching out to the customers also in a very, very strong manner to that extent in terms of what we have been doing.

And given the fact that this has happened, we have seen a real uptick in terms of the revenues also in Q3 and Q4, we have not seen this uptick of revenues earlier to that extent, because, there is now, the whole area of AIDS - projects, we are kind of concentrating very, very strongly and given these initiatives which are there where there is a strong backup, which is coming from the décor business also propelling this in a strong manner.

We are seeing that today; the profitability has also improved to that extent and I said, as I said, in Q3 and Q4, we are literally saying that we have done a breakeven here to that extent.

So I think, somewhere, what we see is that we have really touched the goldmine there and the gold spot in terms of really seeing that we can propel this business going forward and that is something which we will kind of really do as we signed, kind of go ahead.

Abneesh Roy : Thank you.

Moderator : Our next caller is Mr. Avi Mehta (Macquarie). Sir please ask your question.

Avi Mehta : Hi, sir, this is Avi here from Macquarie. I had two questions. So, if I can just put this together. First, essentially, if I look at a FY 21 clearly there has been it said it suggests either that, you know, whatever was lost in first half has completely been recouped in the second half, because there seems to be no impact. Wanted to understand, does this suggest in your view that repainting cycles have become a lot stickier? And, you know, the increase that people expect is not correct now?

And second, sir, related to that is, in the second wave, would you kind of see us, are you expecting a similar impact to play out?

The second question, if I may, was on the gross margin and the EBITDA margin, they are now at life highs? And now, you know, we have we are clearly seeing pressures. But I wanted to kind of just understand from, you know, conceptual point of view, that is this more a structural change, because you have been working a lot on your procurement, on your sourcing, from your sourcing and on your, you know, the mix and the inputs that go into it. So wanted to kind of just put in, and I do not know whether it is premium as well. So wanted to kind of get your thoughts on these two sir.

Thank you very much.

Amit Syngle : Okay. See, in terms of, you know, repainting cycles, what we have seen is that, you know, as far as the overall cycles, which are historically, seven, eight years, and so on, so for the cycles have shrunk now to about four- and five-years kind of a thing. But what we are very seeing clearly seeing is that in the paint industry, especially when you see the area of renovation, and the whole area of repainting is concerned that the demand is definitely sticky in the sense that there is a deferment, which kind of really happens with the demand, the demand really doesn't kind of go away completely to that extent.

However, having said that, there are okay, you know, occasion led kind of painting, which comes there is a marriage in the family, or there is a certain event happening in the family kind of a zone and the house comes for painting, you might kind of lose the impact, because that's an event coming at that point of time, to that extent, but what we see is very clearly that anything which is maintenance led, or it is innovation led is something which clearly gets deferred to that extent, and you might not kind of lose that demand anywhere to that extent.

And that is something which we saw very clearly last year, where we saw a lot of deferment from Q1 and Q2 to Q3 and Q4 to that extent, okay.

Now, having said that, you know, some of these demand patterns are not very, very consistent, that you could kind of do a modeling around that and say that this will stay forever. There is always a movement, which keeps on happening here and there, but largely, as I see is that I think the painting cycles are that way sticky that it kind of gets deferred and do not get killed to that extent.

The only difference being is that the construction cycles are not very consistent like that and therefore, construction, which also contributes to 20-30% of our business will kind of really depend on the uptick of

the real estate activity which will take in the market to that extent, and that is something which you might not really come in a deferment period in that year to that extent.

So I think the two areas are very, very different but I think in the repainting cycle, the stickiness is high and possibly the deferment is something which really happens, which we will see possibly this year as well, in terms of going ahead.

The only element which kind of comes in is that one thing which I would like to point out. Last year, for example, there was a moratorium which the government had announced on loans, consumer loans, which are there, which kind of gave middle class a lot of money in hand to possibly use for immediate things in the home, and so on, so forth. Now, today, I think the money constraint would come alive again this year and unless the government does something in that area, it could possibly affect some things in that, but we are hoping that I think some of those things will really happen and it should be something which we see as a pattern what we saw last year as well. That is your question number one.

Secondly, in terms of the margins, in terms of what we see overall. See, while Yes, the overall margins have kind of really gone up, they have improved. You know, one of the big things in terms of the margins is that also that the material inflation in our industry plays a very, very big role to that extent and in not necessarily that every time the entire material inflation part we are able to pass on to the consumer, as has happened in the Q4, where we took care of the, you know, the consumer sentiment more, rather than being selfish in terms of really passing on everything to the consumer to at that point of time.

So therefore, I think, as we see is that the margin structures are a little bit dynamic, they will keep on varying a little up and down to that extent, given the fact that what can be passed on to the market, what cannot be passed to the market, because the inflation is really dependent on the consumption in the West and that is something which will really kind of keep on varying, as we kind of go ahead to that extent.

The second thing which comes into place also is that the mix keeps on varying in terms of what is there and therefore, depending on the mix, also, there is a little bit of margin variance in terms of what really happens in terms of what we are able to earn.

And third, obviously is the dynamic factor in terms of how we can compete in the market in terms of what we need to kind of do with respect to our discounting strategies and stuff like that.

So I think it is a combination of lot many factors and therefore, we can't say that the current structure is wedded to and it will remain like this. It is something which is dynamic in nature and will keep on continuously changing.

Moderator : Our next caller is Mr. Richard Liu (JM Financial), Mr. Richard Liu may I please request you to ask your question?

Richard Liu : Hi, thank you. just want to ensure I am Audible, right?

Amit Syngle : Yes you are.

Richard Liu : Okay. Thank you. I have a simple question.

I just wanted to know that, you know, this whole difference between volume and value growth that we have been talking about last quarters is this number of about 7 to 8% divergence, which was very, very large in Q3 has suddenly shrunk to just about 2% in Q4, as far as a parent account is concerned, I just want to understand, you know, the, you know, how to read this?

And does it really mean that the portfolio rebalancing between premium paints and 50 versus 40, and other eco products, that does not mean that the rebalancing is done with and now we are at, you know, at steady state portfolio?

Amit Syngle : So, Richard, how do we look at is that, see, we will see always a little bit of a quarter to quarter variance, if you look at the full year results, you'll still see a difference of about 5-5.5%, in terms of the overall value in the volume numbers to that extent, which is, what is the average for the year in terms of what it translates to; just to explain about this, it is very clear that it depends on the overall product mix in terms of what we have, we have got, and it is something which possibly, as I had said last time, also, we'll keep on varying between that 4 to 5% kind of a zone to that extent.

However, what has happened in Q4 to make your understanding far sharper, is really that we have seen that the metro, T1, T2 cities have very strongly performed, and they were not performing so much in Q2, and Q3, where the T3, T4 were really dominating the demand in terms of the way it was going, we saw a lot of pent up demand coming in T1, T2 and metros in Q4 and we saw a sharp change with respect to the product mix in terms of luxury and premium products to that extent, which has happened and therefore what has happened is that the difference has come down to about that to 2-2.5%, which you see in Q4 to that extent, which is there.

But this is not very sustainable is what we see, as we look at kind of going ahead, I think the prediction is that we would kind of live in the band of about 3 to 5%, as we kind of go ahead, depending on the initiatives in terms of what we are taking the kind of product mix goes.

For example, one of the big initiatives, which has spoken of last time is that we look at the bottom of the pyramid in a very, very strong way look at upgradation emulsions, in a strong way in terms of what we kind of put focus to and that is something which is a strategy which we have taken so that we can get the unorganized customer into the organized market very strongly and upgrade people from distempers to emulsions to that extent.

The second area is waterproofing where we are also looking at encouraging people to kind of use a lot of waterproofing so that the topcoat and the paint stay intact to that extent. Therefore, I would say that it is a totally a function in terms of the product mix, the strategies and the initiatives we would kind of take but that's the range possibly we will live with, which is that 3 to 5%, which is the gap between the volume and the value.

Richard Liu : Thank you, Amit. I wish you all the best. Thank you.

Moderator : Our next question is from Mr. Jay Doshi (Kotak Securities). Sir, please ask your question.

Jay Doshi : Hi, thanks for the opportunity. This is Jay Doshi from Kotak securities.

Congratulations on a great performance. A couple of questions.

The first one is can you tell us a little bit more about you know who you are gaining market share from performance is clearly far better than the other players during the course of this year and particularly in terms of the markets where you have gained share a little bit on projects at the premium end and maybe Tamil Nadu as a market.

Amit Syngle : So, overall, when we look at in terms of the results till the published results, for the first nine months, what we see very clearly is that there are strong gains coming from the organized sector which is there, which are the top four companies which are there and we are gaining very clearly from them in a strong way as far as the you know the premium and the top end is kind of concerned and various other segments which are there and that is something which you can tabulate yourself and see that we are the fastest growing company today in terms of all the quarters, which are there individually and put together for the nine months and we believe that possibly given the fact that one of the competitors have kind of really put up their results, We still think that we would be the fastest growing in Q4 as well and would gain share in this quarter as well.

The other thing which we are seeing is that in various markets, we think that there is a certain gain from the unorganized players also coming in because, what we see this year the supply chain, a lot of unorganized sector has got affected, they have not been able to reach out very effectively across the country and so on so, forth to that extent, which has given us some leeway, which are there, but there are strong regional players at the same time, who in their regions have done quite well to that extent in terms of which is there, but that definitely said that we would have gained from some bit from the unorganized sector also.

You asked about Tamil Nadu very specifically and we feel that in Tamil Nadu also there is a very, very strong gain which we have made from the organized players who are there to that extent, and largely in Tamil Nadu the gain is from the organized players in a very, very strong way. We already have a fairly strong share there, but I think this year the gains from the organized sector have been very, very strong there.

Moderator : Next question to the panel is from Mr. Shirish Pardeshi (Centrum), Mr. Shirish, please ask your question.

Shirish Pardeshi : Yeah, hi, I Amit. Thanks for the opportunity and heartiest congratulations. You have shown the way what the paint industry is going to do. Though on one part, I am very positive on the volume growth. But I am more curious, this volume growth quarter on quarter what we have seen where it will settle? And what are the top two things which are driving other than the distribution? I am sure you are penetrating the rural and hinterland but somewhere you'll have to help us understand what kind of volume growth we can expect going forward. That's what the first question.

Amit Syngle : Okay. Would you ask your second question as well? Or would you ask it later?

Shirish Pardeshi : Whatever works, if you want, I can give you all the 3 questions.

Amit Syngle : So, I will answer this thing, like you we will not like this volume to settle down okay. So, we would like this volume to kind of really keep on going up and really kind of you know, kind of getting us a fairly good performance, as we see it very clearly, you know, there are multiple areas in terms of how the volume is kind of volume growth is coming.

If you look at today, T3 T4 cities, we have seen a trend very clearly in the last about 2 to 3 years where the T3 T4 cities have been growing at a fairly strong rate to that extent and it is also related to the agrarian economy and the agrarian incomes which are coming and also related to the fact that the aspiration levels of the consumer segmentation there is changing in a very, very strong way.

So, therefore, I think what is very clear is that we are clearly seeing that there are people who are kind of getting from a traditional unorganized brand to a branded content to that extent branded, you know, sector to that extent, and that is something which is fueling as I said, the whole area of the upgradation emulsions, as we call it in a very, very strong manner and they have kind of fueled the you know, the whole area of volumes in a very, very strong way.

Apart from that what we also see that, when we look at the metro, T1, T2, there are equitable segments there as well, because in traditionally in India that you know, you don't have that there is only affluence in the metro of T1, T2 which is there is all kinds of profiles and we have seen that, even in metros, T1, T2 that there is a kind of splurge which has come with respect to some of the consumptions which you are able to get of a unorganized sector consumer buying into an organized the upgradation brand to that extent.

So, I think that is a universal thing, which is kind of splurging across the country in a very, very strong way. And we have looked at introducing a huge number of variants, which are value for money variants which have come in at that zone which offer customer a lot of choices of colors and decor which they can get in which traditionally with the distempers and other products they were not able to get so I think that is one area which is kind of strongly got the volumes up.

The second area which has happened is that today if you look at the whole area of the undercoats, the undercoats typically are not very strongly penetrated and they typically people tend to kind of use only the topcoat sometimes and they don't use the undercoat as an abuse to that extent.

We have propagated very strong initiatives in terms of painter awareness, painter training, where we have kind of looked at really educating the painter that a good painting has to be completed by undercoats in a very strong manner, then only you can look at giving the customer a guarantee in terms of the job which has been done to that extent and therefore, what we see is that our efforts are paying off and there is definitely the undercoats penetration is kind of improving all across the places and the abuse which is there to apply the paint without the undercoat is something which is much better to that extent, which is there.

Third what we see is that the quality of construction is actually going down in the market to that extent and what we feel is that the quality of the jobs done in individual bungalows and flats are not very good and therefore, it requires basically an undercoat putty and a primer to kind of give smoother walls to that extent and therefore, there is also a larger incidence in terms of using undercoats, which is coming.

The fourth area which I wanted to touch upon is as the whole area of waterproofing. Now, waterproofing erstwhile was not very strongly and it has been only in the last seven years, we have given it a push in a very strong manner, where we are seeing that you know a lot of customers are now becoming aware of the fact that there are waterproofing solutions, which are important because the quality of construction is poor and the fact that you know any water seepage kind of kills the topcoat kind of and the look of the paint in a very strong manner and therefore, waterproofing is another one, which is fueling the volumes in a very, very strong manner in terms of kind of coming in.

So, I think there are a range of products, there are a range of solutions, which are getting kind of consumed by the people and we also see that today the whole kind of awareness coming in in terms of the people to use this plus the T3 T4 Ingress is something which is getting strong. All these factors would kind of really keep the whole volume game definitely alive and we are quite pleased that we are part of that volume game.

Shirish Pardeshi : So one follow-up on that you partially addressed my second question that waterproofing is the new game, which the industry is find out would you be able to share what kind of contribution it has come in FY 21, from the waterproofing in domestic decorative.

Amit Syngle : No, very difficult to share any contribution numbers there honestly with you, but overall what we are seeing is that definitely the waterproofing range and the products have been growing at a very, very strong path to that extent and we are, you know, every year looking at a lot of new products, new solutions, which we are kind of putting in the market and especially the retail market, which was not possibly so much penetrated in terms of waterproofing, we have looked at going very strongly in that area in a big manner.

So I think definitely there is a very strong ingress there in a very strong focus, which is coming from our side, which is also fueling the growth.

Shirish Pardeshi : But Amit, will it have a similar margin if you are having a say premium emulsion.

Amit Syngle : Yeah, so I think one thing, which we do is that we look at in terms of saying that, we would not like to overall disturb the, you know, the overall gross margins, which we earn, and therefore, for the economy products, also, which would kind of really include any kind of this thing we would like to see that there is an equitable margin, which really comes in so that it doesn't really upset the whole game in terms of the volumes going up and affecting the margins at an overall pace.

Moderator : Thank you, Mr. Shirish. We request our participants to please limit their questions as we have many questions coming in and we want to answer as many as possible in the given time. Our next question is coming from our tele caller Mr. Satwik Jayant (Perennial Fund) , Mr. Satwik, please press *1 and ask your question.

Satwik Jayant : Yeah, sure. Thank you so much for the opportunity and congrats on the great set of numbers. The one thing which was coming to my mind was in these times of very high inflation, which is expected to be there, how are you planning to maintain the gross margin?

Amit Syngle : Okay. So, what we have been doing is that we have launched a range of initiatives right from Q3 onwards. You know, there are very, very strong sourcing efficiency measures which are going where we are trying to reach out to alternate vendors, we are looking at, you know, seeing that how is it that basically we can make the sourcing, far more efficient in terms of what is there because please remember that, given the fact that there is a large amount of consumption, which happens today, I think we are able to kind of look at material procurement in a very strong manner. And therefore, what we have invoked is multiple pathways to see that the sourcing efficiencies are basically really kind of increased to the next level to that extent.

The other area, which we have looked at is that we have looked at coming to technology in a very big way and looked at formulation efficiencies so, that we can look at seeing that the customer parameters in terms

of what we give is still very, very strong and pertinent, but at the same time, we are able to kind of look at some cost efficiencies coming from our formulations in a strong way, I think these areas or in terms of looking at certain raw material replacements and so on, so forth.

So, I think technology plays a very strong part and we have got multiple breakthrough pathways in terms of what we have really invoked, so that we are able to kind of get a huge cost areas out of it. Please remember that the material raw material contribution is more than 50% and therefore, that's a very big area in terms of which we continuously work and now, we have given it a far more stronger propellant.

In addition, what we have looked at is basically our overheads in a very strong manner and seeing that we are able to kind of really run the organization far more efficiently, look at curbing overheads to that extent, as we kind of go ahead and look at a combination of all these factors to kind of take care of the margins. But at the same time, we are also looking at price increases in the coming environment in terms of saying because everything can be made by only these strategies, and we will look at definitely price increases in the coming environment as the market really opens.

Moderator : That was Mr. Satwik. Jayant from perennial fund. We request all our participants to please say their name and their company name before asking the question. The next question is coming up from Mr. Tejash Shah (Spark Capital). Please ask your question.

Tejash Shah : Yeah. Hi, team. Thanks for the opportunity congrats on good set of numbers. So, the first observation, or rather question is on the choice of adjectives that we have used to define demand and the quarter which is exceptional, outstanding, which is very, contrary to how conservatively put demand scenarios usually. So, is there any unusual demand tailwind that we're observing, which is more than this pent-up demand of one or two quarters of disruption, and which is much more sustainable beyond this sequential pent-up uptick that we have spoken about? So that is first question.

Second, is that and that it is partly, you answered an earlier question. But looking at the base of healthy margins and inflationary pressure, both we are entering FY 22 with, how would you play this margin versus market share dynamic this year? Would you be comfortable sacrificing margins to continue this growth momentum? Or at some level we will intervene to protect margins and let go growth? If at all that is the trade off? Thanks.

Amit Syngle : Okay, I would have used even far more adjectives to kind of define the growth rates for Q4, because I don't think so it is only pent-up demand as you kind of define because if it would have been pent up demand, the pent up demand could have gone into Q3, and Q2 as well, to that extent. So I would say that, why it was exceptional, because we looked at definitely seeing new businesses kind of coming up very strongly, the new demand, which was there and was not only the pent up demand were so whether it was the increased construction activity, what we saw, the increased projects business which came out, the fact that there were new products, which came out which got us the numbers to that extent, and the fact that the numbers would be way ahead for you know, compared to any of the competitors. I think, possibly look at defining those objectives in terms of what I spoke of, and therefore, I would like to really qualify that this is not pent-up demand only to that extent. That is one.

The other part in terms of, as you said that, you know, as we kind of really look at market dynamics, and when you look at competition, you know, all factors kind of play together in terms of looking at how do I

kind of protect my margins, how do I look at my discounting, how do I look at in terms of protecting my market share, and how do I look at gaining market share to that extent.

So, what is very clear is that I think over a period of time, we have been consistently gaining market share and that is something which is a strong belief the company has, but I think just gaining the market share and not worrying about your margins is not a good strategy to kind of take, so therefore, what we want to be very clear is that we would like to gain market shares as well as kind of protect our margins as well to that extent and that is something which we will like to do for the coming financial year.

Moderator : Next question to the panel is from Mr. Nitin Gosar (Invesco MF). Please say your company name and ask your question.

Nitin Gosar : Hi, sir. Thanks. My name is Nitin Gosar, I am from Invesco mutual fund. So, broadly would like to understand or if could provide some insights on the demand part between the urban and non-urban or maybe the way you divide it between Metro tier 1 and tier 2 as one section and the remaining as the other section, what's the volume differential and the 2nd part to the question would be, are we seeing any kind of meaningful shifts in terms of premiumization basket in the urban part, this is more because of the kind of differential that we used to see between value and volume that has shrunk during the quarter Thanks.

Amit Syngle : Okay. So, when we look at, you know, the way we define rural urban kind of a thing in terms of what is there, what we have been seeing very clearly, if you look at the various quarters, you know, and especially when you look at Q2, Q3 and Q4, we have seen that Q2, Q3 the contribution, which was coming from a T3, T4, largely, the rural markets were very, very strong to that extent, and it was literally at a differential of almost about 10-15-20%, from the, you know, the urban markets, which is metros, T1 and T2 to that extent.

So, the contribution was varying very strongly. And the other thing which was also varying was that the growth rates, which were coming from the rural markets was very, very strong. What we are seeing is very clearly that there is a trend change in I think Q4, which has happened, because the whole paranoia kind of went off, the number of cases, if you see in January were at a low, vaccination kind of came in and I think people literally, literally celebrated normalcy at that point of time which we saw, the T1, T2, and the metro markets really surging very strongly to that extent in terms of this quarter. And what we saw was that the contribution from the T1, T2, the gap really decreased the, between the rural and the urban markets, and the growth rates, what we saw was, you know, coming much stronger from the metro, T1, T2 markets and therefore, I think the Q4, definitely T1, T2 in terms of product segments overtook the rural markets in a strong way, especially the luxury and the premium products and were kind of equated with respect to the upgradation and the economy products to that extent.

So, that is the little shift, which we have kind of seen. But having said that, you know, we don't know in terms of that this is there to stay, because finally, as I said, a part of the demand must have been also a pent-up demand for Metro, T1, T2, to that extent, and a lot of it is new demand as well. So, I think from that point of view, there is a little bit of a shift happening, which is there, which is possibly according to me or not a sustainable shift.

Moderator : There are a few tele callers who have joined in late if you have a question, please press star one and ask your question. Up next is Mr. Amit Sachdeva (HSBC), please say your company name and ask your question.

Amit Sachdeva : Hi, good evening, thank you so much for taking my questions this is Amit Sachdeva from HSBC. Am I audible?

Amit Syngle : Yes.

Amit Sachdeva : Yeah, thank you so much, and Congratulations on good set of numbers and my first question is the margins, but with a slightly different context, what I feel is that there is an obviously new entrant which is stated entry that large capital commitment has been publicly disclosed. In usually what we have seen in in such situation, industry structure, you know, governing dynamics change and existing dynamics sort of show up in maybe an aggressive pricing behavior anticipating the somebody may have an aggressive pricing behavior. In that context, while input price pressures are also there, but should we sort of think in this till the time new pricing discipline equilibrium is achieved? Is it fair to think that like it has happened in many consumer products, that pricing becomes a function of just a means to achieve maximum volume and let the margin be whatever it has to be?

That is question no 1, what you are thinking about this, how the industry structure should behave in that sort of situation, especially in paint, where the barriers to entry at least perceptibly are high.

My second question is, if I may, is on the new products, which are very impressive launch and Viroprotek brand. You've also got into FMCG categories there and I anecdotally I feel that that brand is done exceptionally well. Could you share more details about it? What are the plans and how sizeable that brand has become? These are the two questions.

Amit Syngle : Okay, you know, as far as the first question is concerned, see, it's not the first time that you know, we have seen a sizable player kind of come into the industry, despite the, you know, low barriers of entry, as you said, rightly. You know, we've had Sherwin Williams, which entered the market, you know, 10-15 years back and Sherwin Williams, as you know, is amongst the top three companies in the world who came in entered India in a very strong manner. We've had Nippon Jotun, who are by itself amongst the top 10 players in the world, kind of entering India, and therefore, we've seen a lot of action on the competitive front in terms of happening from not only Indian players, but multinational players to that extent. And I think the market is fairly open for everyone to kind of come in and do business in a very strong manner, and they deploy their own resources and strengths to kind of do it.

We have also seen, you know, pretty big Indian players kind of entering the market in terms of looking at, you know, doing business in their own way, and that is something which we are seeing. We feel that very strongly that pricing is not the only route to kind of really disrupt any of the players, because at the end of the game, you know, if you are player for the long term, you know, and if you only survive on pricing mechanisms to really scuttle the competition, you will not survive for a very long time. You need to kind of build in strengths, which are far more stronger, far more inherent, far more sustainable, and far more long term oriented to that extent to which is there.

So, we feel that while you know, people can enter very easily, what people cannot do is something which possibly the brand can do, the brand equity plays a very, very strong part. And today, we see that, you know, the mind share of Asian Paints is far more stronger than the market share in terms of what we bring onto the table and therefore, I think if you have, you know, a strong brand equity and you kind of continue to build that equity across the various stakeholders, which you have, that is a strength, which possibly no other player in the market can come and break very easily because finally, the consumer is the king in terms of really demanding what is possibly giving the customer happiness and joy in terms of really doing up his home to that extent.

Apart from that, it is not easy to kind of look at a distribution structure, which is really spread across the nook and corner of the country and looking at supply chain efficiencies, in terms of what you can kind of give to your retailers in terms of servicing the customer in a very, very strong manner.

Apart from that, your cutting-edge products and the high tech products, which kind of come in with prepositions, which are very, very different and in some cases patentable products, which kind of come in give you a very strong sense that you are way ahead of the competition in terms of what you are doing to that extent.

So, I feel that it is a very clear game, where you know, as a leader, we have to keep on looking forward in terms of saying that, what are the strengths which we keep on consolidating and kind of bringing more and more onto the table, and we see that we continuously invest with respect to our brand equity and taking it forward, whether it is the retailing experience, whether it is the selling experience, whether it is the format of the stores, I think, or it is the servicing edge, which we are bringing off what I spoke of at the @Home Services, I think these are sometimes unreplicable things which can't come in just by putting a tin in the shop, you can basically say that you are really kind of revolutionized the environment and got in to that extent.

So I think we are very, very strong in terms of where we are headed and where the possible, we are taking the market as a leader to that extent and at the same time, we are looking at more and more avenues to expand the market and we feel that there is enough kind of space in the market for everyone to kind of play to that extent and live harmoniously in terms of going forward.

So that is something which we clearly believe in terms of looking forward and going in terms of any players coming in the market big or small.

Amit Syngle : You had a second question? What was that?

Moderator : We will move on to our next question, sir.

Amit Syngle : Okay.

Amit Sachdeva : Okay. I am sorry, can I come in? I just got unmuted. I am so sorry. It was about viroproteck Amit.

Amit Syngle : Okay, so quickly on that since there are a lot of callers there. Just to tell you, I think what we are doing very clearly has been quite a good success in terms of what we have been able to do in terms of the range. What we have been doing is deploying the whole thing in the area where we have a san assure

service in a very strong manner and we are looking at deploying in the service very strongly where the service space and the surface sanitizers and we also kind of really want to kind of combine that with our coatings, which are antibacterial, and so on, so forth to that extent and we look at possibly kind of not really aggressively taking any of the FMCG players in that manner. But we want to kind of really integrate it into our own space where we are able to give the home consumer more avenues to really celebrate whether it is sanitisation of the house or whether it is a painting of the house.

Moderator : Our next question is come on chat box. It has come from Swastika Mukherjee from Newsrise. And the question is just wanted to get sales revenue and demand outlook for FY 22. How much are you expecting it to rise or fall? And what is the reason behind it?

Amit Syngle : I would ask the same question back to the caller in terms of if they can give us guidance for that. Okay, because no one knows in terms of, you know, what is the year kind of going to be and it is very difficult to say in terms of what is there. But however, I think we have great plans in terms of the coming year, we see that we have been able to do a certain amount of business in April and we see that as and when the market really opens up and, you know, the, you know, situation gets to normalcy, we'll be able to kind of really bat very, very strongly.

The initial prediction in terms of the GDP has been about 10% to that extent, and, you know, the paint market kind of really follows a certain pattern to the GDP to that extent and depending on what is the revised GDP, which really kind of comes out, I think it would define the year in terms of how the demand really pans out.

Moderator : Our last question for the evening is from Mr. Alok Shah (Ambit Capital), Mr. Alok Shah, please say your company name and ask your question.

Alok Shah : Hello.

Amit Syngle : Yeah, yeah, we can hear you.

Alok Shah : Yes. Yes. Very well. Thank you, sir. Oh, hi, this Alok from ambit capital. I had two questions. Firstly, just if you can touch upon the current situation in terms of your depot openings, retailer operations, etc. And second is more on the strategy question in terms of your home decor space. You know, it seems that all your business are mostly looking towards outsourced manufacturing and hence low capex, but my question is that what would be your ability to suffer in terms of losses and I would presume that considering the market size are huge, you are to create the market in some sense, you know, you should be okay to look at, okay, looking at about net EBITDA negative for three to five years; but what are the internal goalposts that you have, that you're working with? And in terms of expansion of beautiful homes, offline shops, what would that be in terms of own franchise etc., thank you.

Amit Syngle : Okay, as far as we see the current situation, I already commented that, you know, when we look at overall things, you know, today, all our factories are open, and today, we are looking at some amount of production which is going on, as I said that April was still okay, in terms of what we saw, still some of the markets are open differentially some upcountry and so on, so forth and we are supplying to those markets through our warehouses and depots across the country to that extent, obviously, the situation is far from Normal to that extent, and we are waiting so that, you know, with the increased

vaccination and everything, the market really kind of really opens. The good news, which I think which is coming up is that we are seeing some kind of a peak, which is kind of reaching in terms of some of the bigger cities and we have kind of seen the curve going down.

Yeah, the concern is that the at the hinterland, you know, the virus seems to be still spreading. So, I think it is a mixed bag in terms of what we are seeing, but we are really kind of seeing that the market should kind of really come back in two to three weeks' time to that extent, and we are well prepared for it to that extent. That is one.

The second area in terms of the home decor kind of category, which you are asking. We are very strong in terms of looking at the category and everything is not outsourced in terms of what you are saying. We have all our stores which basically sell Kitchen and Bath which is our own production, which is there. We have tied up with a brand called Pure with respect to fabrics which are there to that extent and therefore, as we are kind of going ahead, we are very clear that margins would kind of come in wherever we kind of look at possibly a strong alignment in terms of, you know, with some of these brands and some of the categories, which we can look at in terms of going. As we look at possibly taking this route, we are integrating this very, very strongly with the paint players to that extent so that we can give the customer under one roof, the entire experience of really partnering them on the entire home front to that extent, and we feel that, from that point of view, we would look at, basically definitely a profitable business, which would kind of really come in to that extent. And we are not really looking at splurging money in terms of looking at all, you know, huge losses to that extent.

And I think we are kind of going very, very carefully and meticulously in terms of looking at what we want to kind of do in this segment, as we kind of really go ahead in a very big way. So I think that's a strategy we are taking, as far as the online is concerned, we are using online as a very strong engine to really generate leads and look at the digital consumers coming into our journey and we are trying to create, you know, literally like a seamless omni channel where we are able to get customers into our journey and then we are able to direct these customers to our stores or to our service accordingly. So that is the game in terms of what we are playing online.

Moderator : Thank you. That was our last question. Thank you to all our participants for asking their questions. I would now like to request Mr. Amit Syngle to kindly share his closing remarks.

Amit Syngle : Okay, great, I think thank you for, you know, participating and being with us during this time and I know, I think a lot of interesting questions which came in and I hope we have been able to answer that some of the questions to your satisfaction. Yeah, we are going through very, very testing time and it is something which the entire industry is worried in terms of what is there; no one kind of expected the second wave to kind of coming in come in this manner, which it has come in to that extent. But as we see it, I think we are now more kind of equipped to kind of understand this entire virus and what precautions to take, what needs to do, our scientists and doctors understand it far more to that extent, and we see that we are better equipped to kind of tackle this. Yes, there is a current paranoia, which is high, but I think government is also looking at the seeing that there is increased vaccination, because that's the only solution in terms of what can come into that extent

We are looking at it entire thing very, very positively and we are looking at saying that we would be able to you know really have optimistic way of handling this entire situation and as I said earlier, we are also seeing

now, you know, the peaks kind of reaching in various cities and especially when you see the earlier things like Maharashtra, Delhi and so on, so forth already kind of reaching a peak to that extent and therefore, we are fairly optimistic in terms of saying that these things will get control and the markets would start opening far more strongly as we kind of go ahead.

I would also like to kind of extend saying that all of you take care, be safe and take precautions because I think precaution is the best way of staying safe from this. Take your vaccinations, get yourself registered and we hope that you know, you continue to, you know, bring joy into your lives by using Asian Paints. Thank you.

Moderator : Thank you, Mr. Amit Syngle and thank you to our panelists. Thank you to all our participants for joining us tonight at the Asian Paints investor conference, Q4 FY 2021 results. Thank you and good night.

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