ASIAN PAINTS

Q4 FY2025 Earnings Conference

Date: May 8, 2025

Management: *Mr. Amit Syngle : MD & CEO*

Mr. R.J. Jeyamurugan: CFO & Company Secretary

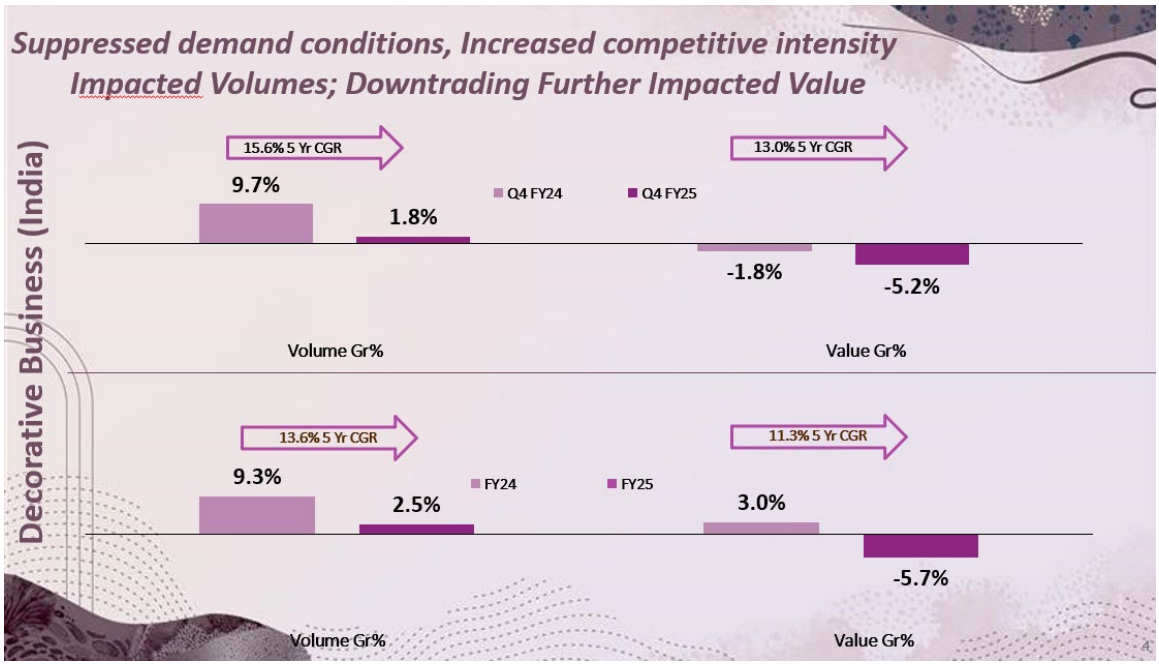
Mr. Parag Rane : AVP - Finance

Disclaimer: This is a memorandum of the proceedings of the Investor Conference of Asian Paints Limited held on Thursday 8th May 2025 at 5:00 pm in Mumbai with regards to the financial results of the Company for the Fourth Quarter and Twelve Months ended 31st March 2025. 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-to-word reproduction.

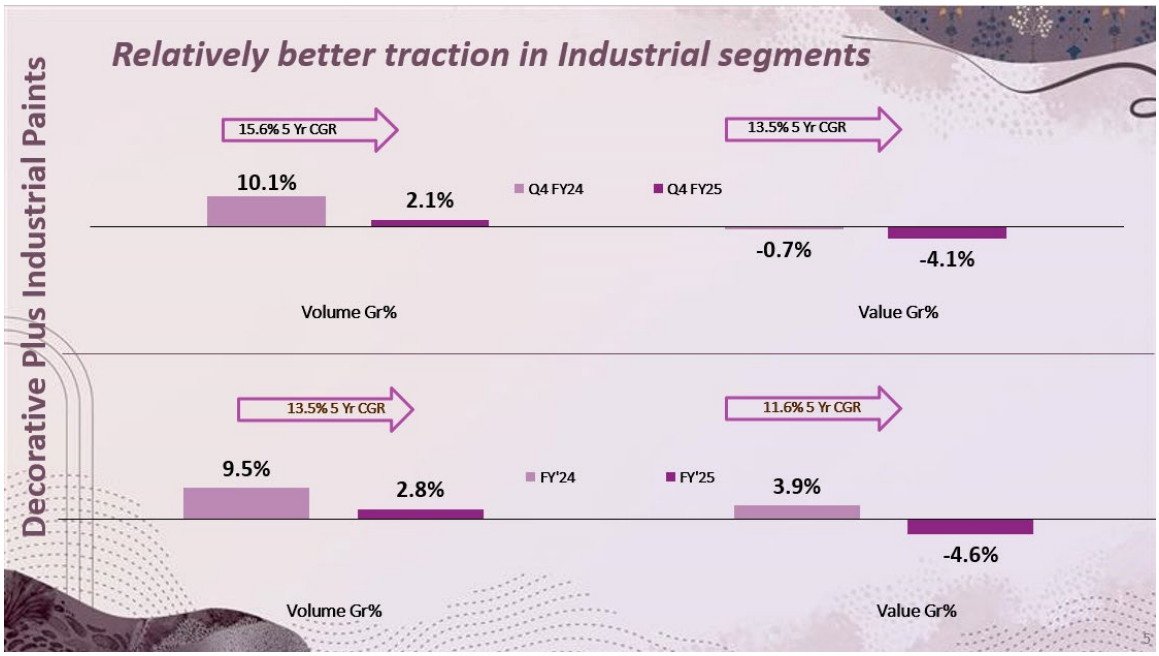
Jayalaxmi Gupta: Good evening all of you and thank you for joining us today to discuss the Asian Paints Q4 and full year 2025 earnings. I am Jayalaxmi Gupta from the Investor Relations team. We have with us today our MD and CEO, Mr. Amit Syngle, our CFO and Company Secretary, Mr. RJ Jeyamurugan and Mr Parag Rane AVP Finance. I would now like to invite Mr. Amit Syngle to give his opening comments.

Amit Syngle: Hi, good evening. Good to see everyone here. I think a lot of people are attending online and we have a mixed crowd in terms of someone turning physically and someone on the online. So, I think we will start with the opening areas in terms of what we are looking for.

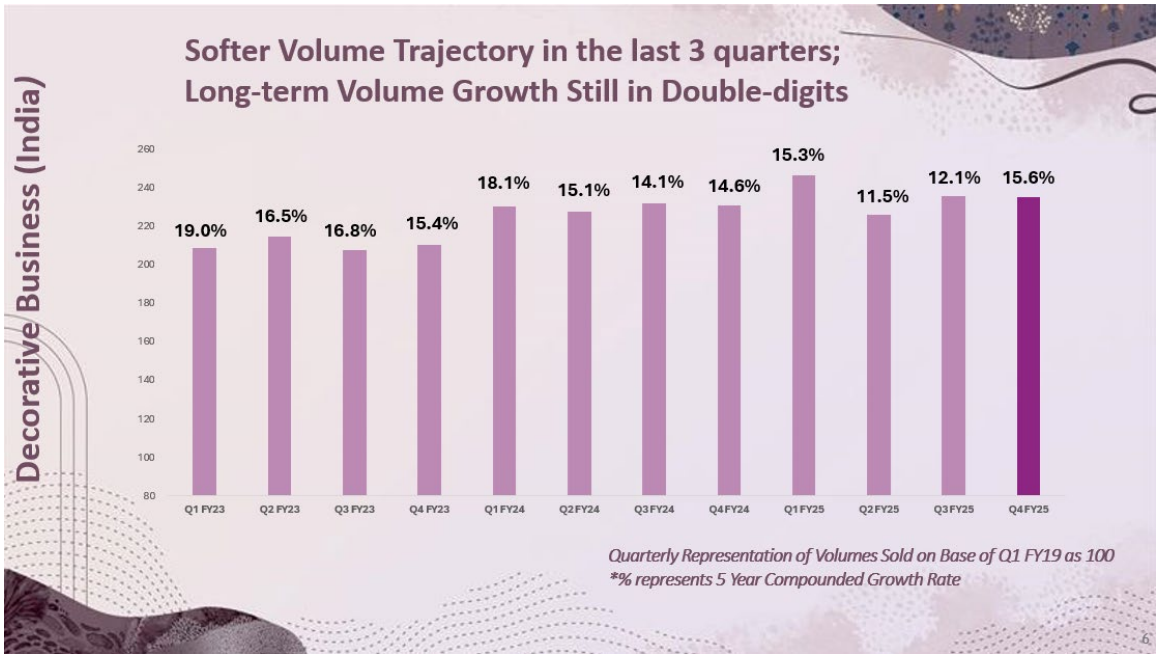
First of all, wanted to just talk about the core value at Asian Paints that we have been doing since 1942. It's all about looking to beautify, preserve and transform all living spaces, objects so that we are able to bring happiness and joy to the world. I think that has been the core value of what we have looked at and through this process appropriated not only homes but looked at any surface which really comes our way in terms of what we can do to transform.



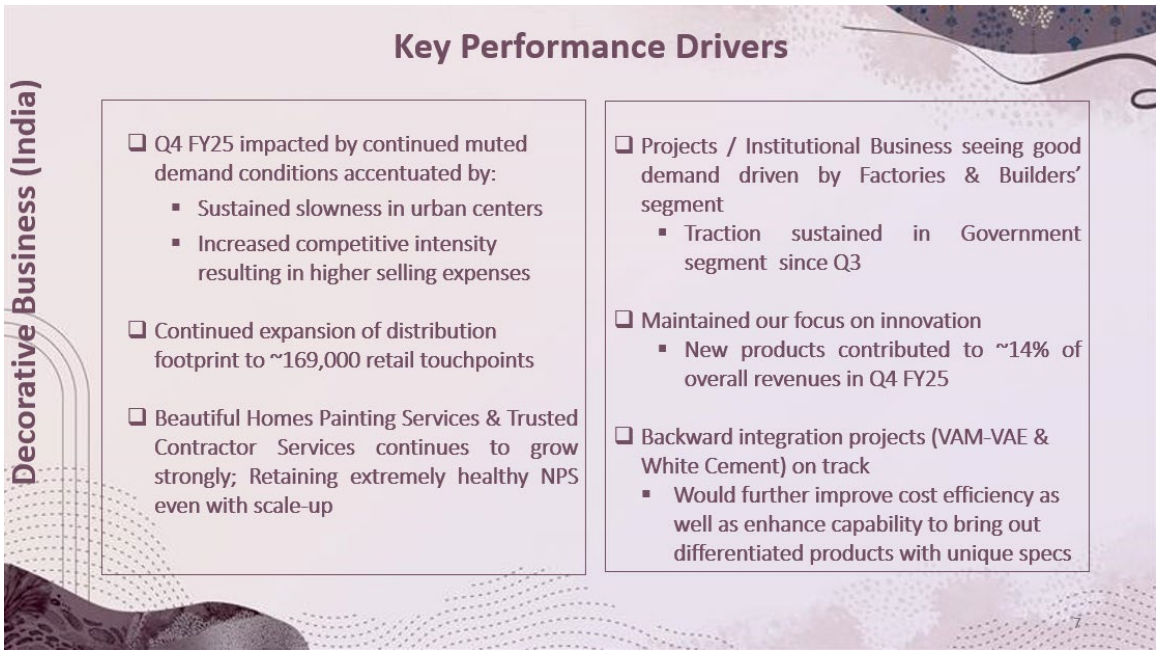
So, overall, I think it was a tough quarter in terms of the demand condition. If we see the overall numbers, the volume growth in Q4 is about 1.8% and the value degrowth of about -5.2%. On a 12 monthly basis, we are up by about 2.5% on volume terms and on a value we are down by about -5.7%. So, overall, even from a full year's perspective, through the various quarters, it has been tough for the overall paint industry this year, and which is also reflected from the weak demand conditions which we have seen throughout the year.



The decorative business has been far more affected than the industrial business. The industrial business seems to be doing much better in terms of growth. So, when I say industrial, it includes auto, industrial paints in terms of the protective coatings, powder and refinishes all these are clubbed under industrial. I think this has been growing quite well quarter on quarter. If you add these numbers, obviously the volume growth is 2.1% in Q4 and value decline 4.1%. On a 12 monthly level, the volume will stand at about 2.8% and the value at about -4.6%. So, you could see that the industrial trajectory is still doing quite well this year.



This is our overall trajectory. The CAGR numbers, which is the five-year CAGR numbers over the various quarters, have been very strong in terms of what we have been able to achieve, which shows the health of the organization from a point of view of last five years how we have grown. Obviously, I think the last two quarters have been a little bit lower from the CAGR perspective. But we continuously keep on looking at driving the growth from the point of view of going forward.



As I said, overall quarter was affected by the weak demand conditions. Like last time, the T3-T4 tier cities did relatively better than the T1-T2 cities. Therefore, the urban centers were much slower, what we have been able to see overall. And this is a trend which continued in Q4. Our initiative of looking at more distribution points as the country continues to expand, from point of view of suburbs which are there in the larger cities as well as from the point of view of smaller towns expansion. And that foray continues. We have almost about 1.69 lakh touch points created over a period and that is a fairly strong number of how this keeps on increasing quarter to quarter and over the years, the numbers have really gone up. The other advent has been in the area of services. That has been a very strong focus at Asian Paints, and this is something which we have been really taking very strongly. Therefore, the whole area of really taking the trend of service economy and riding it from the point of view of what we offer, is something which we are fairly strong at. This service now has been in operation for the last six years. Earlier we used to run something called Home Solutions and now it is more like a franchise service that we run across the country. This service has given us large dividends. We are present across more than 600 cities and towns across the country. And this is something which helps us to reach the consumer directly, aiding us from a point of view of CRM and associate it with trends which are happening at a consumer level. The other area which has done extremely well is the area of B2B and now this area literally becomes B2C, which is directly to some of the smaller builders in CHS, B2B to large corporates, large builders, key accounts and B2G which is directly to the government. So, that is the constitution of

the overall B2B business. This is a strong foray which has been growing over a period of time. In Q4, we have seen a fairly strong trajectory of what we have been able to deliver in the overall B2B business. When we look at from the point of innovation that is something which you are all aware that Asian Paints has been strongly straddling this piece in a very big way. Last five years we have seen almost 300 plus new products what we've been able to launch across the markets because we truly believe that the brand is really making differential propositions in the market to excite the customers and the dealers. Therefore, this continues to be a big initiative. We have more than 130 patents created in the last five years, and more than that this trajectory has contributed almost 14% to the top line in Q4. So, very strong initiative from a innovation point. The other big strategy which we had taken on course was backward integration. This is something which you are all aware that we have invested into a white cement plant at Fujairah in Dubai, a plant of 2.75 lakh tonnes capacity. The plant should be operational by June of this year, and we will continue to look at white cement coming from this plant for us which is our first foray into cement. The second big investment has been in terms of looking at the most progressive emulsion which would be there, and it is a futuristic project from a point of view of emulsion which will be environmentally friendly. It is futuristic and only about four players in the world have technology for it. So, this is the first plant we are putting up with a CapEx of more than Rs 3000 crores. This should be operational partially in the month of March - April of 2026 and fully by April 2027. And we believe that once these forays are complete, they will significantly add to our overall margins plus also from the innovation in the products qualities which we can impart. I think very strong objectives which we have put onto place.

The other strategy has been on premiumization, associating with the consumer very strongly in a category which is more like interaction once in five years which the consumer faces. As part of the premiumization drive, we have revamped our packaging. And today we can claim that it's one of the best packaging what we see today across the industry. We keep on doing innovations here. What you see on the screen is innovation, which we did as part of the pack, making the regionalism come far more strongly so that we are able to be closer to the customer in the region. We've seen the phenomena of IPL, how IPL has created a regional fervour riding on that same flavour we are doing now regional packs which takes the culture of that region and create an association of a consumer which is far stronger. And that is something which we did in this pack, which is premium exterior quoting called Ultima. It used a the QR technology, so you just click it, and you really get the flavour of that entire culture. Quite an innovation for the first time in the industry anyone has done this kind of a zone and it brings us very close to the consumer in a drive for premiumization.

These are more examples of our regional packaging which has been done. You can appreciate the fact that today for the kind of size of supply chain, we have to really look at regionalism. I think it is a very strong customization story of what's coming in. And we are finding that in all the places where the regional packs are going, we are definitely getting a higher traction in terms of overall growth. From a premiumization perspective this really worked very well for us.

Not only that, it's also about the whole new area of ingredient marketing. Each of the packs today we talk of ingredient which lends special properties to the pack. So, what you see on the screen is a pack of Ultima Protek. It has a special ingredient called graphene, which is a very special raw material which adds to the strength of the overall coating in a very big way. And that is why it adds to the durability and the warranty of the product. So, I think again differentiation in terms of looking at ingredients. Now this ingredient story comes across our various products in premium and luxury. In Royal we have something called Teflon and in some other products we have a PU serum and so on and so forth. Lot of areas of looking at strengthening our product quality and what we are able to do with new age materials. Second looking at products which can never be imagined or thought of. The example of Smartcare Infinia what you see is a futuristic product with almost a lifetime warranty, easily can go beyond 25 years of life for terrace waterproofing and is a high-end technology product which has been introduced by us. And not only this, but we also keep on looking at expanding our innovation with respect to various areas whether it is tools or rollers or any other areas which are leading to waterproofing or to wood finishes and so on and so forth. So, just to give you a flavor that this is a continuous path.

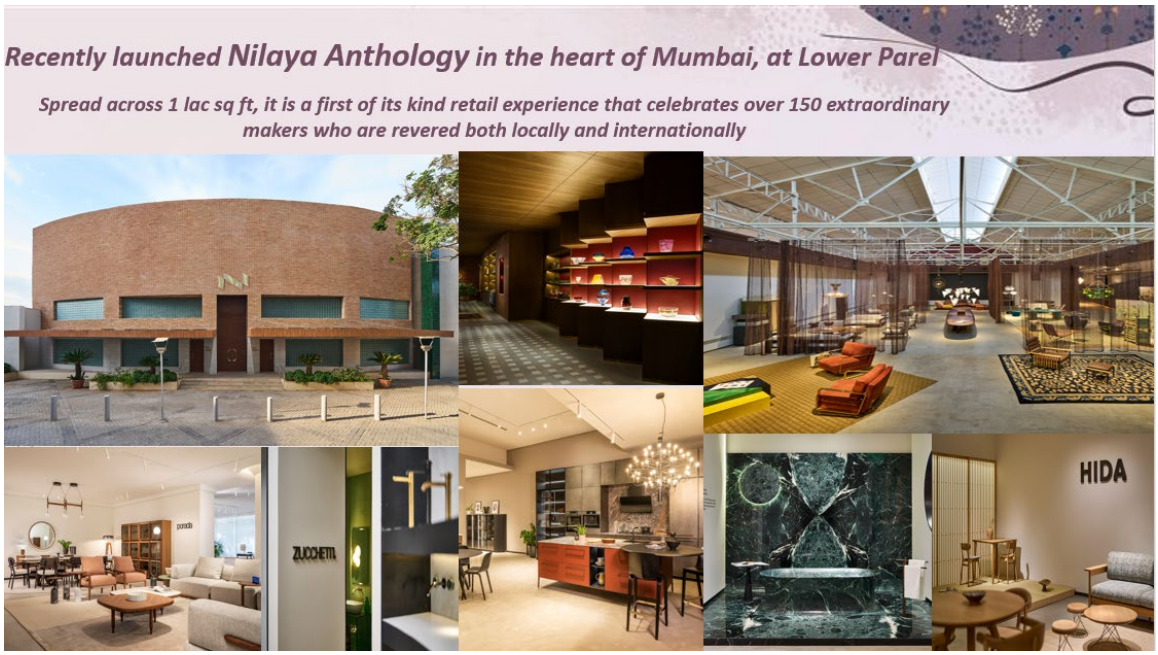
I think while premiumization is one of the objectives, the other big area is to keep on looking at exploring the bottom of the pyramid far more strongly looking at getting the unorganized customer into an organized brand. And from that perspective, we look at this entire campaign, which is the start point of an emulsion, which is the Ace and the Tractor Emulsion, where we get the person who's a value seeker in buying a product to give him the value preposition coming in strongly. That's why the whole area of a preposition of “Budget Kam Warranty Mein Dum” kind of a zone which comes in. A person buying is comforted that he's getting something in a certain value at the same time something which is durable, comes with the warranty and with the trust of Asian Paints very strongly. I think that's again a very strong campaign which we have unleashed in along with IPL and which is even playing now as we enter the months of April and May. That was a strong thing what we did in Q4 to really rejuvenate some of these products and look at bringing some excitement at that level.

The other big area what we invoked, all of you are aware that “Har Ghar” has been a very strong strategy and a corporate positioning what we have taken. We really looked at the fact that today given the large portfolio, one of the things which we really stand out is the fact that the quality which we give and the kind of durability we are able to offer is very strong. And given the fact that you talk of a certain kind of a share in the market, we almost spoke of that every second house is today painted by Asian Paints. And this has been a legacy of the last 80 years. Given that kind of an overall presence, we really researched and looked at physically shooting 12 to 14 homes across the country where possibly these were real shoots, where houses painted with Asian Paints and how they really bring about the whole area of warranty, credibility and trust far more strongly. We say it's a winner campaign that is been running and which we launched in Q4 and now running into April and May just to give you the idea of saying that today warranty for Asian Paints would mean that “Har Doosra Ghar Kuch Kehta Hai”.

This has really caught the fancy of the consumer, touched the consumer right in the heart because it's a real campaign. It's not something which is concocted, it's something which is real what you see around. And it really says a lot in terms of possibly the whole area of emotion every home brings along with a sense of trust and durability that it conveys from a warranty point of view. That's what we ran. And as a continuation of the “Har Ghar”, we felt that not only surfaces, we need to look at spaces and that is why we appropriated entering into home decor.

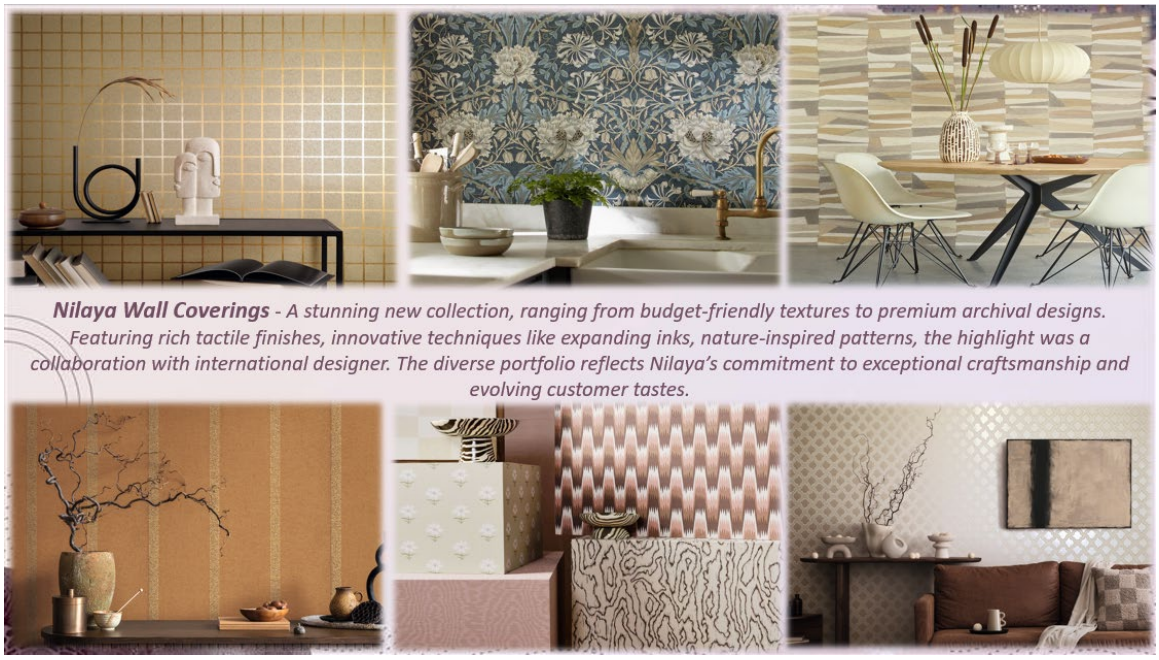
So, in home decor, we talk of surface decor, which is all about the surfaces and we talk about the space decor. Today, one of the things to understand is that it is something which is a very strong diversification. Because what we speak today when you make a new home, only 2% of that cost is paint. But when you look at the full home in terms of the space, you have very high spends which happen with respect to all other categories, whether it is furniture, furnishing, kitchen, bath, flooring and so on and so forth. So, the idea was to extend the same customer who's into painting to getting into home decor because painting is episodic. It happens once in five years as a maintenance cycle. But Home Decor is a continuous process. So, you keep on doing your home, whether it is a cushion, furniture or lighting. So, I think it's the continuous piece. The idea was that the brand always is part of the Decor life cycle of the customer. And that's how the whole Home Decor piece comes into place. We've been strongly looking at this as an integrated strategy for the last four years now. Earlier we had a kitchen and bath which we had purchased separately, as an acquisition which we did. But I think in the last four years we have been into this foray of Home Decor where we've looked at possibly spaces which can offer Home Decor under one roof. As part of that, we have our beautiful home stores, which are today about 67 stores across the country in the 53 cities and they are very strong proponents of offering integrated Home Decor under one roof and that is why we say we are now the number one players in offering an integrated Home Decor. As part of this, if you look at the kitchen business in modular kitchens, we are number 1. As part of decorative lighting, we acquired White Teak. We are number 1 in the lighting business, we also have a bath brand called Ess Ess. We've aligned with a brand called

Pure to look at furnishing. A lot of collaborations with Sabyasachi, Sarita Handa and so on so forth to offer a full package of Home. We now talk of full Homes from a Har Ghar perspective, surface decor and space decor combined.

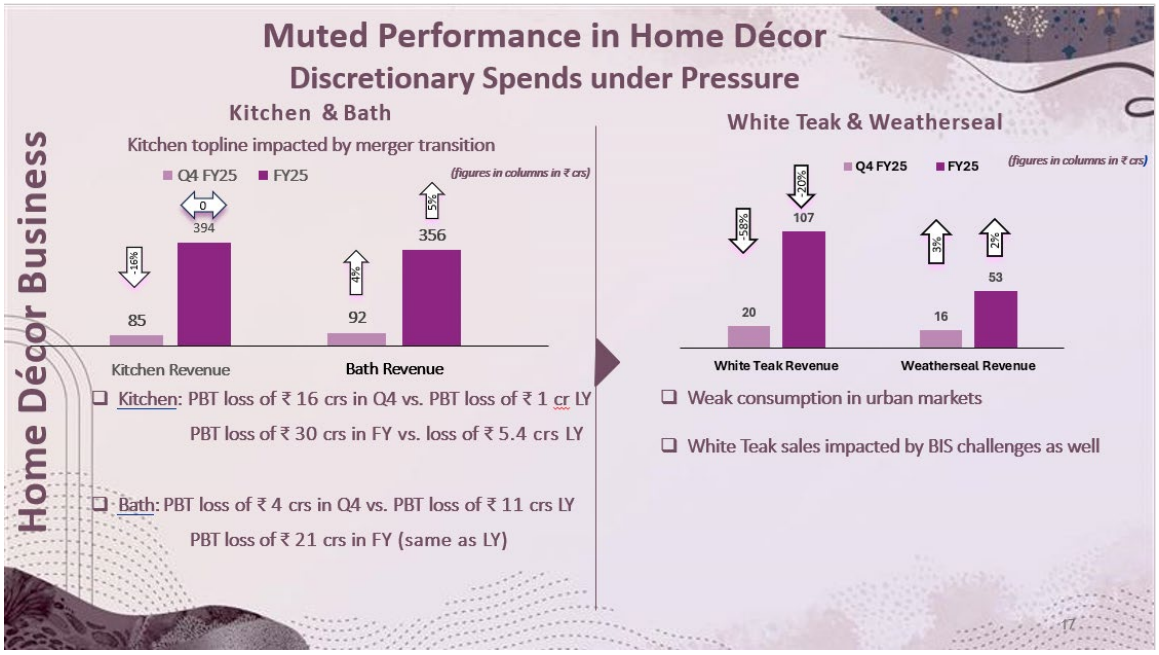


While I think of this strategy we took last year, we looked at exploding that space even more. We found that today if you look at the premium segment but at the luxury segment it was a vacant position. And therefore, we looked at opening world's first design destination for a global luxury in Mumbai. This is a 1 lakh square feet space which has been opened in Lower Parel in Mumbai called the Nilaya Anthology. Nilaya being our super luxury brand and this is a design destination which basically looks at celebrating art, culture and design in a very strong way. The whole concept is based on Confluence of India design and international design where you find the best of art, artisanal, cultural stuff as well as the best of international design in furniture, kitchen, furnishing and so on so forth. If you get a chance possibly do visit this is one of the best stores across the world what you see at Asian Paints right up there from luxury positioning, which no one else has taken this positioning today in the market. And it's not very easy to go into luxury positioning to that extent. And along with this we have launched Nilaya Emulsions, which integrates with the concept of luxury which comes in strongly. So, that's how it really integrates in terms of taking forward.

We have looked at very premium beautiful home stores which has come. We have two very big stores in a city like Bombay, one of about 14,000 square feet in Borivali and the other close to 15,000 square feet in the linking road in Bandra West. What you also see is a store in Surat, another store has been put in Guwahati. Today this is a very strong spread of offering Home Decor under one roof. These are initial stages; I would say it may take time to build up this category because all of you are aware that today the Home Decor category is the large unorganized sector. Last year again for Home Decor it had been tough.



This is a glimpse of the Wallpapers we do in terms of the textures Wallpapers.

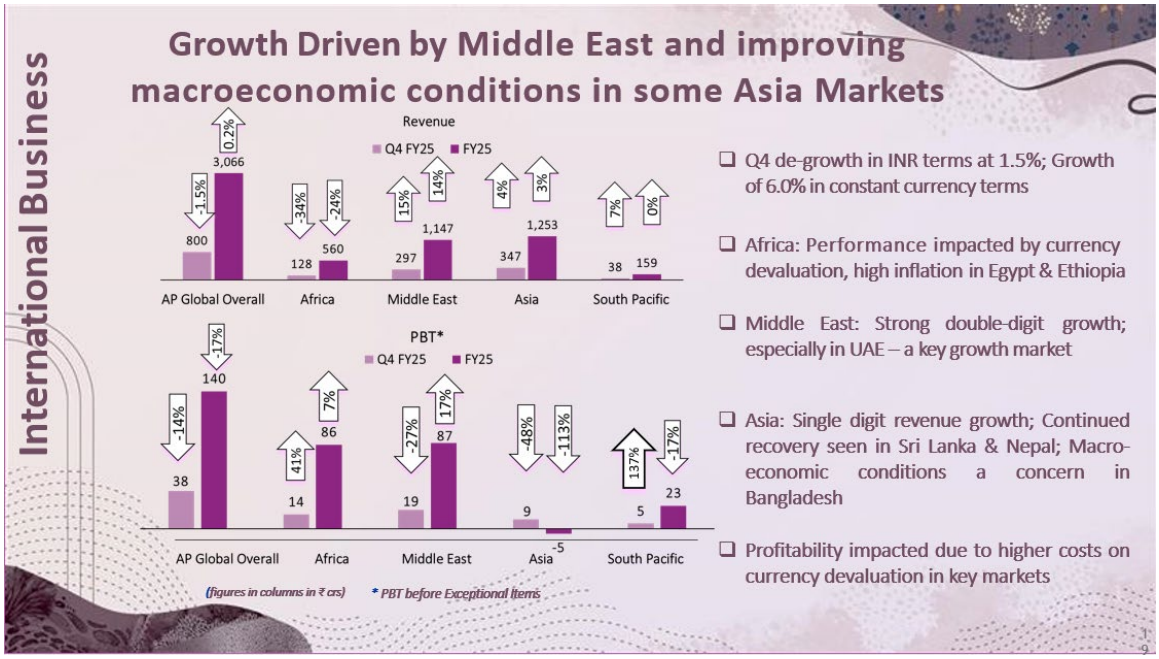


I was talking about the industry being tough last year. If you look at both kitchens and bath, the kitchen has been again flat, what we have been able to achieve from a 12 month performance. Whereas from a bath perspective, we have seen some single

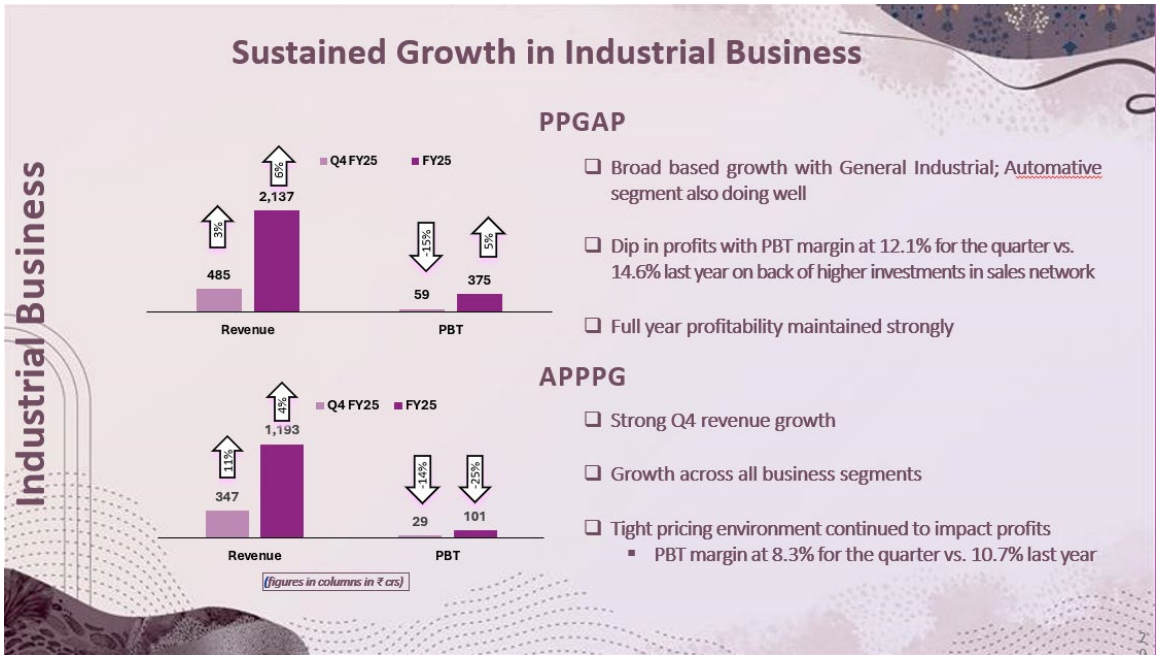
digit growths. But I think the concern here is that in both the categories there is a certain loss which we are making in quarter four and as well as for the year. And that is something which we need to set it right as we are going ahead. Secondly, we faced a lot of headwinds in White Teak where for the last five months we have not been able to bill much, which has taken a toll with respect to the fact that there are some BIS specifications which came in, and a lot of input comes in from China.

So, we have been stuck in White Teak and not able to look at any selling which has happened in a big way in the last 4-5 months leading to possibly a degrowth which has happened. Again, in Weatherseal, a brand we acquired 2 years back on doors and windows. The top line in last two years, the growth was good. This year the growth is there, but very small. Again, muted demand. But again, this is something which we are looking at strongly even from what we can build together as we grow ahead in profitability. But we must understand that all these are the constituents of that integrated Home Decor and that is why we have to carry all these categories. And that is something which we are still committed to, of how we would take it ahead.

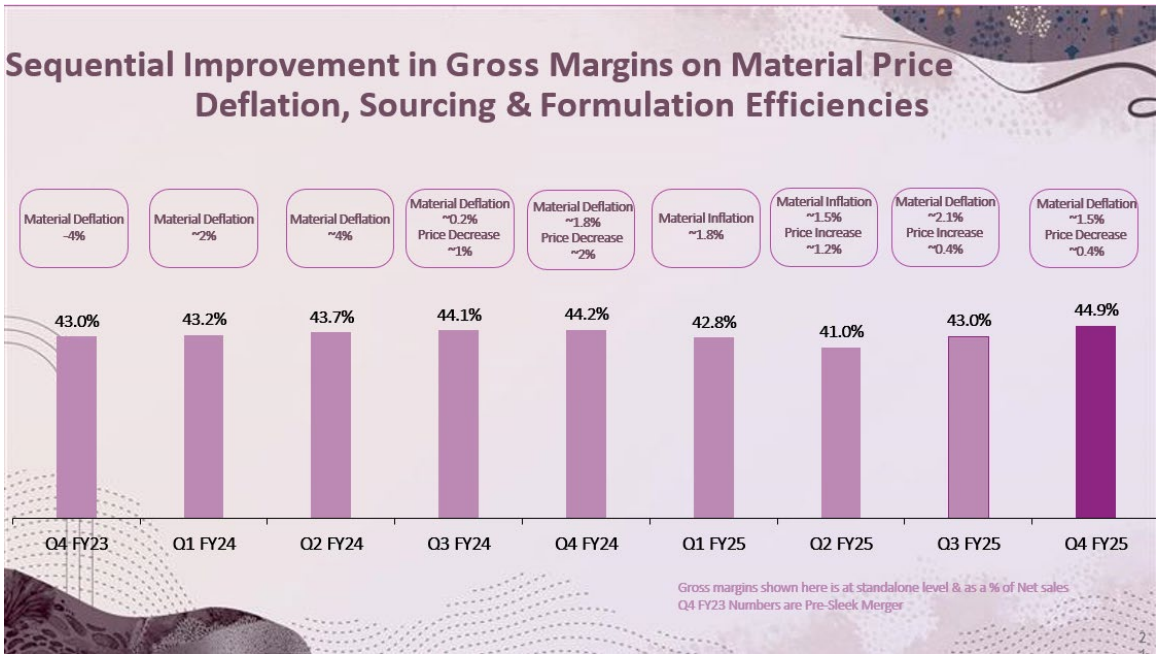
Coming to AP Global business, again, this is spread across largely in Africa, Middle East and Asia.



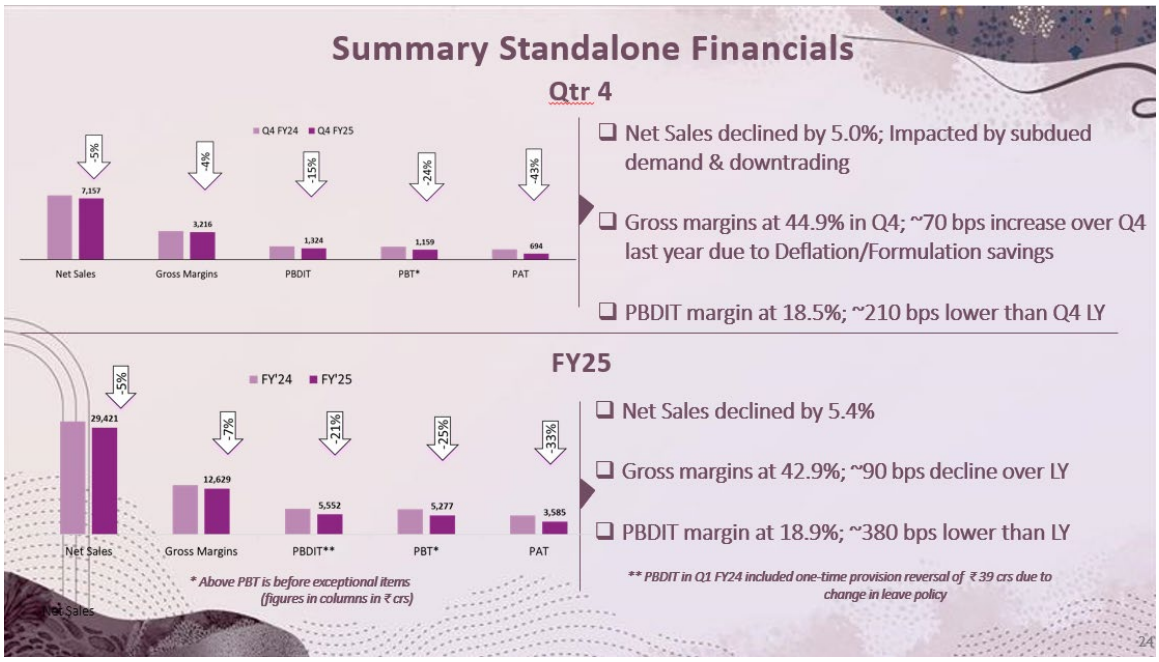
Overall, another challenging year from a global perspective. In quarter four, we were at about -1.5%, although in constant currency terms, we were still at about 6%. However, from a yearly perspective, we are just at base. Largely if you look at the geographies of Middle East and Asia have done relatively better. However, Africa has underperformed where we have been seized by the devaluation of the currency, which has taken a toll with respect to both the top line and the bottom line. Even PBT, we see a decline which happened in AP Global this year. So, that is how overall profitability has also suffered as a combination of first which is market led and second from currency devaluation. So, that's the global business for you.



Looking quickly at the industrial business, again, this business as I said, we have two joint ventures with PPG. PPG is one of the largest coatings company worldwide with a large base in US. One JV has been there for more than 25 years, the other has been there for more than 15 years. If you look at the performance of PPGAP, which is the JV with auto and auto refinishes largely and in marine business; that has grown. And what we see is that from an overall perspective in Q4 we see about 3% growth, whereas for the year the growth is about 6%. However, from a profitability point, while Q4 was a bit depressed, overall the business has done well. We saw about 14.6% PBT margin for the full year. For APPPG, Q4 has seen a strong revenue growth, almost double digit 11% growth is across business segments of powder, protective and so on and so forth. However, PBT margin has been something which is under pressure and is about 8.3% vis-a-vis 10.7% in quarter 4 of last year. But overall the top lines has been strong for the year. Both businesses combined, you see a top line of about 6% value. So, that's the industrial business.

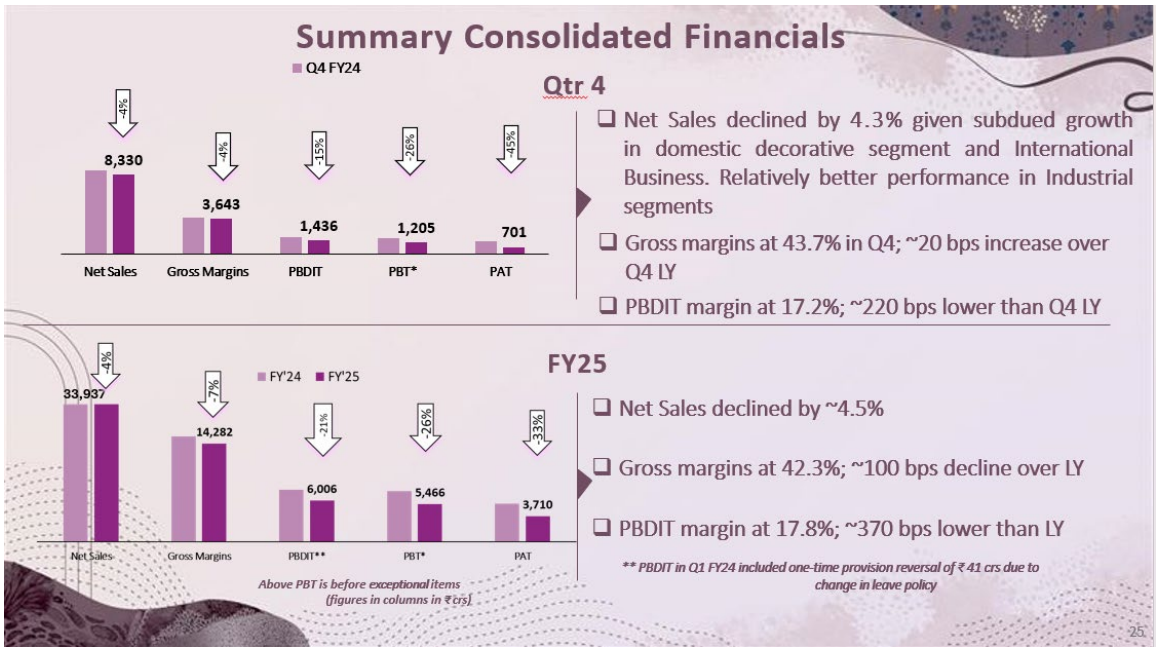


Just to give you an idea of what's happening from inflation and deflation point of view. If you see the last quarter we saw a deflation of about 1% to 1.5%. We had a small price decrease of about 0.4% overall. But this year it has been fairly good. We have not seen any big inflation and that is something which has been an overall good trend.

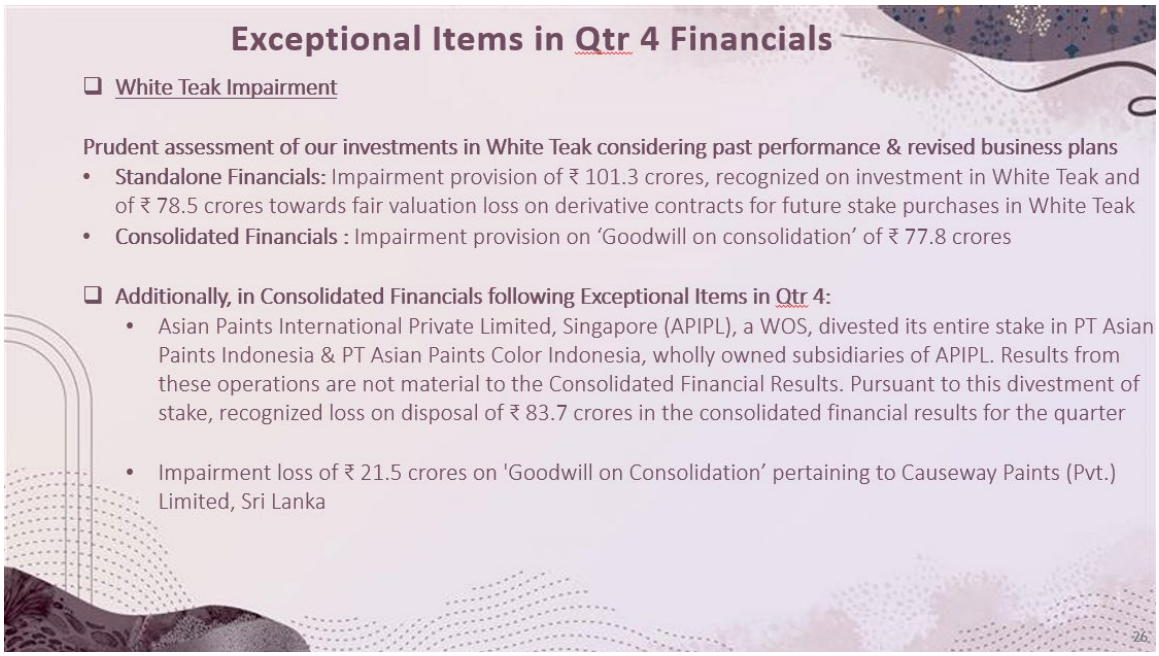


Now if you look at the financials how these financials pan out, it is very clear that overall, the value has had an impact with respect to the overall margins, we have

seen some bit of down-trading which has happened. I spoke of the standalone revenue down about 5%. From point of view of gross margins, have gone up which is a combination of some deflation and some of the work which has been done by sourcing of formulation efficiencies what we have brought in. The gross margins are at its peak in a way of what we see, about 44.9% in Q4 and this is an increase over Q4 over last year. Overall PBDIT margins are in the zone of guidance of 18% to 20% at about 18.5% although they are a notch lower than Q4 of last year and sequentially a little bit lower than that of Q3. So, I think that's how the overall numbers stack out from a standalone business. From a overall year perspective, the top line trajectory is decline of 5.4%.Gross margins are at about 43% which is 42.9%. PBDIT margins are still good at about 18.9% although lower than what we have seen last year.

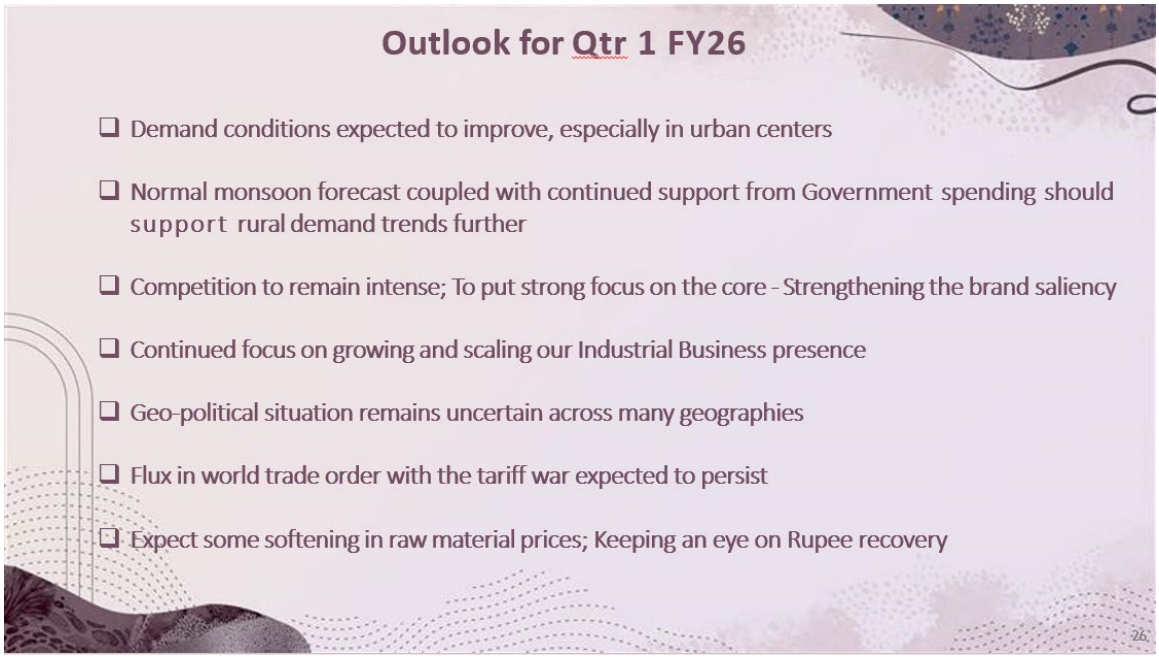


When we look at the consolidated numbers, quarter four had a gross margin of about 43.7%, which increase over Q4 of last year as we have seen in the standalone business as well. Then we look at PBDIT margins which are at about 17.2%. So, here there is a little bit lowering of the margin, which is a concern. If you look at it from FY25 perspective, for the full year in terms of consolidated, again the sales have declined by about 4.5%. Gross margins are at about 42.3%, almost about 100 bps decline. And in terms of PBDIT margins, it is 17.8%. So, if you look at both standalone and consolidated, obviously the gross margins have gone up, but the PBDIT margins have come down a bit from last year as well as sequentially. So, that's the standalone and the consolidated business.

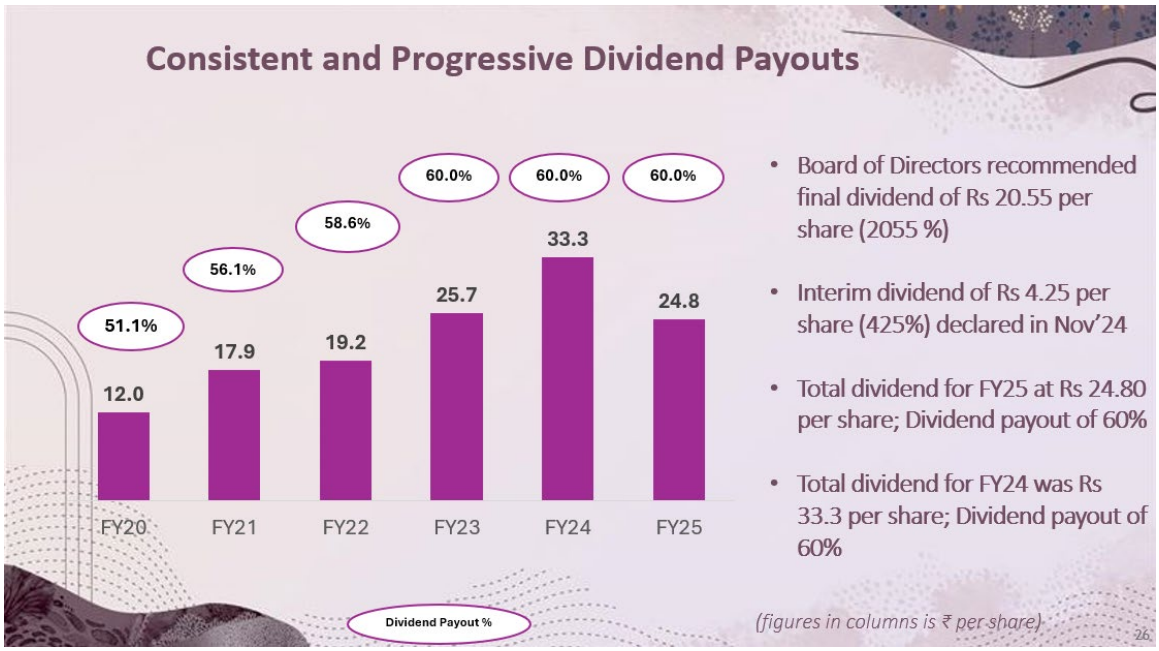


Some exceptions which I must highlight. So, we have taken impairment in terms of White Teak this was obviously that today we had to take a provision because of the fact that the trajectory of the business was not at as per what we had really predicted and therefore a fair valuation loss on derivative contracts for the future stake purchases is what we have taken. If you look at it, the total impairment provision on goodwill consolidation is Rs77.8 crores. On standalone, the impact is about Rs 78.5 crores. So, that's on White Teak. Similarly, there has been consolidated financials that has seen an impact of other exceptional items.

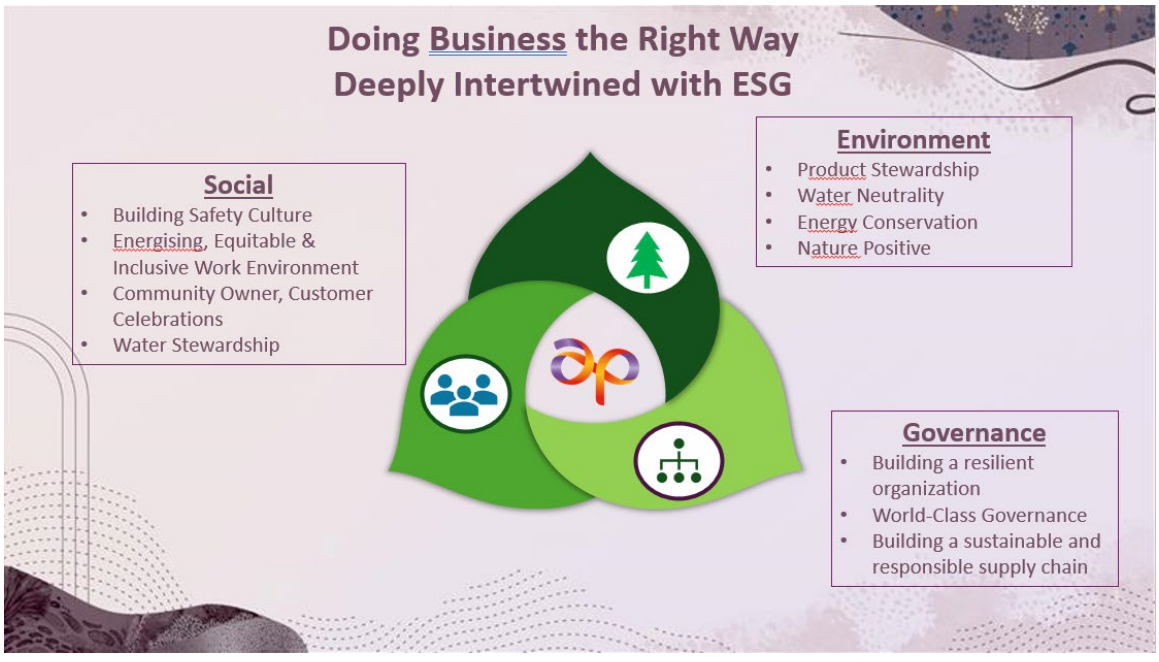
We had announced our divestment in the Indonesia operations and therefore with respect to that there is a recognized loss of about Rs 83.7 crores in the consolidated financials that we have taken for the quarter. And then we have a company which we acquired in Sri Lanka, Causeway Paints and there we have taken an impairment loss of another Rs 21.5 crores, which is the goodwill on consolidation. So, I think these are the exceptional items for the quarter four financials.



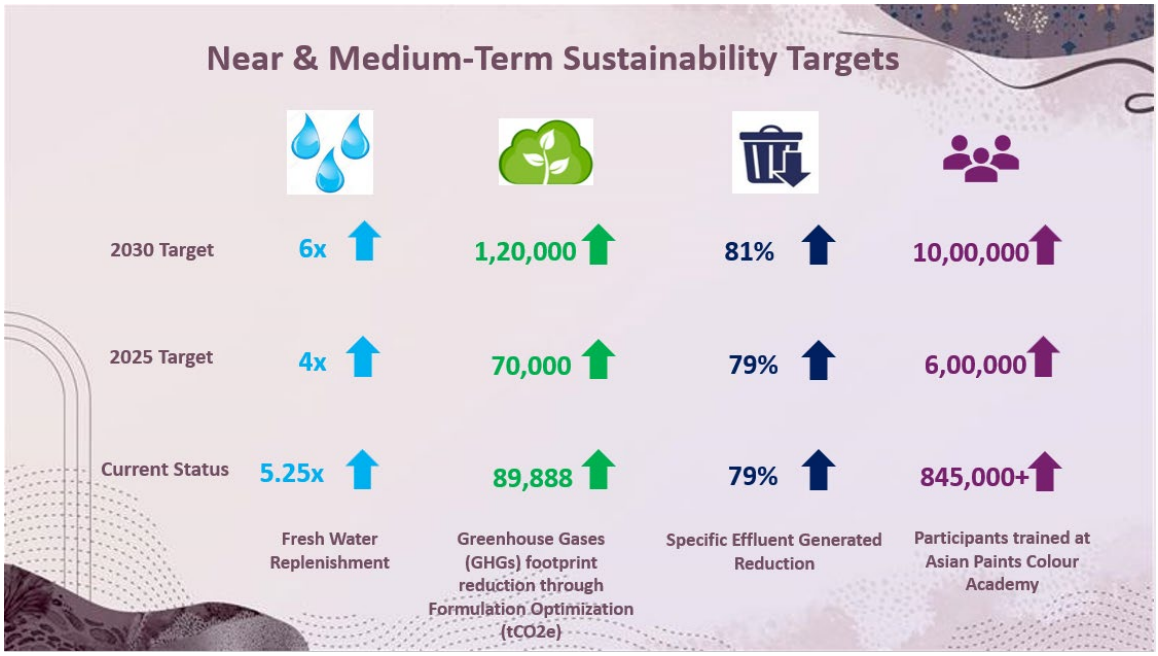
Overall, I think yes, we will be curious to see how we are looking at quarter one. Obviously, the larger area is that you don't see too much demand coming back very strongly. While the Tier 3, Tier 4 cities are batting a little bit better. I think it is still, a cautious optimistic mood what we are looking forward. Monsoon prediction has been strong. So, I think that is a positive point. Overall, I think there is an element of flux which is happening from the geopolitical situation which is going around. We'll have to wait and see how things really mature there in terms of their normalcy. Given that, we're seeing the certain demand, which is there, we are still cautiously optimistic about the coming quarter. So, that's our overall thing.



Just a quick point, the dividend payout has been consistent. We have been able to grow and maintain. We have taken a dividend payout at 60% as well for this year.



Just a bit on ESG, which has been a core to our strategy in how we are building up on all the fronts, whether it is environment, social or governance, strong imperatives, strong commitment in what the organization is showing and taking it ahead in a big way. And that we have seen strongly.



So, overall, from a point of view of how we have looked at our numbers, going forward today, the current status is that all the numbers seem to be growing strong from what we have done. Whether it is from freshwater replenishment or it is greenhouse gases and therefore the footprint reduction with respect to the CO2 imprint or it is from the specific affluent, I think that is something which has been strong. And from a social point of view, we run a Beautiful Homes Colour Academy where we were able to work around the livelihood of people who are plumbers, carpenters and painters. And that has been a very strong imperative where we are able to train more than 8.45 lakh people in a year.

I think that has been a strong imperative from a social point of view and these are what we are committed to in terms of looking forward. So, I think well on to our overall target numbers, and we are confident of what we should deliver.

Moderator: Thank you, Mr. Amit, for your opening comments. Participants in the ballroom. Please raise your hand to ask a question.

Abneesh Roy (Nuvama): My first question is on the warranty which you discussed in the presentation. One is, is there a cost escalation because of this? Because I remember earlier it was more of a three-year warranty. Now you're talking about four years and in some products, you're talking about 25 year warranty on the rooftop. So, is there a cost escalation from a raw material perspective and from a claim perspective? Because obviously if from three years you move to four years. And how

important is this from a consumer decision perspective given the competitive scenario and the new player was more on foreplay and now you're matching that. So, how important and how it will help in FY26?

Amit Syngle: When we have looked at seeing our warranties, we have looked at our formulations and the formulations have been done in such a manner that the overall margins which we derive out of the product, we don't have an impact from a cost perspective. So, it's more a chemistry marvel what we have put, looking at innovation which comes in the formulation. That's point one. Second, warranty becomes a de facto correlation to the quality of the product. So, it's not necessary that every customer will look at five years or ten years or fifteen years of repainting. But it becomes definitely a strong correlation with respect to how you perceive the quality of the product. And it gives you an assurance that if this product is going to be talking of this kind of a warranty, it's looking at possibly giving me this kind of durability over a period of time. So, we think the relationship of the customer with the warranty is very strong. And in fact, Asian Paints were the first one to introduce warranties about 20 years back when we started looking at all these warranties coming into picture. That's how we look at - one cost neutrality and second from a point of view of looking at these warranties becoming a very strong signature of your trust on durability and performance.

Abneesh Roy: One related question is in terms of advertising the new player which entered few quarters back, if I see their advertisement, they are talking that why continue with the legacy brand and they are trying to connect with the Gen Z and the new age customer. I understand the warranty bit helps from a quality perspective, but how are you addressing this aspect?

Amit Syngle: See overall, today when a customer is buying, customer is today relating to a lot of new stuff in terms of what we are doing. For example, we recently launched what is called Chromacosm which is the world's largest colour system, which offers more than 5,300 shades. This is today the world's best colour system what we have launched. Today we offer more than 1000 shops across the country which offers the best colour consultancy, which is what possibly any Gen Z or a millennial customer would really look at from the view of appropriation when they are looking at it today. I think the most important part is the visualization. The work we do on digital, whether it is with apps or whether it is on our website is absolutely led through artificial intelligence and looking at all the latest stuff, which comes in from the perspective of what influences the customer. I think saying is something, but people experiencing it is something very different. And as we know it today, possibly

we invoke the latest and the best technology. So, one technology is signified by the innovation which we are bringing. For example, a product which can last on a terrace waterproofing for 25 years is a sign of innovation which connects with a modern age customer. Secondly, the work around colour consultancy what we do is something which is there. So, we believe that as a brand which has been there for so many decades, we don't have to go on the rooftop and shout that what we are not doing or what we are not changing. We believe we are bringing the customer the latest.

Abneesh Roy: My next question is on the divestment, which you did in Indonesia. Now in international markets, if I see Sri Lanka has been challenging in FY25 and Africa, Egypt, etc. have been challenging now for many quarters. Similarly in Home Decor, if I see you have listed 9 verticals and you have taken impairment losses this quarter and earlier quarters also in some of those. My question here is, are you evaluating more such divestment in international markets? And even in Home Decor would you now evaluate whether you need to exist in all those 9 verticals?

Amit Syngle: So, how we see it from a global perspective, right now we are looking at more at consolidation of what we want to do because now some of these units are not of a small size except for South Pacific operation which is a small operation. Our presence in Middle East is now big. Similarly, when you look at Bangladesh and Sri Lanka, the investments are big. We have made the entire foray to ensure that we are amongst the top two players in those countries, that is the belief in strengthening our position. Similarly, when we look at from a Home Decor perspective, I was just explaining the rational of why Home Décor, because as part of our corporate positioning we are the only paint player possibly who are into the whole area of home very strongly. There is no one who is appropriating home in such a way of what we are doing. Because we believe that if you are part of the Decor life cycle of the customer, then whether it is a rented home, or a first home, it's a renovation, it's a second home or even a kids home you're part of the Decor life cycle of the customer very strongly is what we believe. And therefore, I think there also what we are looking at consolidation. We want to say that in all the brand spaces, if you are not one or two looking at the businesses, we should not exist there going forward at this stage. I think the other foray is to offer a complete solution to the consumer so that we are able to say it is truly decor under one roof who comes in. And similarly, I think in the paint business also, we have looked at waterproofing, textures, tools to complete the overall offering of what we are able to make. But everywhere the endeavor is that if you have to exist, you have to look at number 1 or number 2 position being there.

Atul Mehra (Motilal Oswal Asset Management): Hi sir, So, if we look at the current financial year gone by, it is by far like one of the worst financial years we've had in a long time. So, how much of this would you attribute to new competition and how much of this would you attribute to the broader economy? So, that's the first question.

Amit Syngle: If you look at over the last two decades and this is something which I had commented on last quarter as well, we have not seen possibly demand conditions like this in the paint industry ever. So, if you look at the overall organized paint growth, especially in the decorative sector, it is negative this year. And if you trace back for the last full 2 decades, there's not a single year where you have got a negative growth for the paint industry. So, I would say that one would largely attribute it to the slowing down of the market what has happened, demand conditions being very challenging both from the new construction, second from the repainting and third, while the B2B business is good, but it is not compared to what we have seen in the last five years. While we have always seen competition in the market, we've had newer players like JSW and Indigo and so on and so forth which have come into the market. Yes, this year we've seen about 3-4 new other players which have come in the market. I would say that possibly to some extent in a market which is already slow, the intensity of competitive action has been much more as well. I think it is a double whammy in combination of the market slowing down plus increased competition coming from both the existing and then new players.

Atul Mehra: Secondly, given what you said of increasing competitive intensity. So, what is our strategy going to be to defend market share, to defend profitability? So, if you can talk a little bit about how we plan to come out of this competitive environment in a positive way?

Amit Syngle: Our stand is very clear that we would look at playing to our strengths of what we would like to do in this environment. The whole area of Asian Paints, bringing a certain quality, certain kind of loyalty, certain value to the consumer which is very important because we believe if your value proposition is strong, the customer will buy into it. It's not the question of just discounting. It's not a question of offering something very cheap. It's the value which counts. And therefore, we would continuously play on the value proposition very strongly as to what we want to offer, whether it’s economy, whether it’s premium or luxury. The proposition is very important what we have been fighting on and which will continue to fight as we go ahead looking at the market. We also believe that we have a very strong network. I spoke about 1.69 lakh distribution points. And I think that's the other area which we

will keep on expanding. As I see it, the moment the demand conditions are back, we would see a much better performance ahead. I think from a competitive intensity, some of it will continue, but it has to be countered only to an extent possibly that it doesn't go beyond a certain value in what we are able to offer to the consumer.

Latika Chopra (JP Morgan): Just extending from the previous comment that you made, you know clearly that competitive intensity is going to stay high. Just want to get a sense do you see a downside to this 18 to 20% margin guidance that you have shared considering there is more need to spend in the market whether in terms of increasing the brand loyalty, visibility, improving the value proposition further, probably investing more in the market. Any thoughts on that how are you thinking about it?

Amit Syngle: There is no two ways about it that possibly you will have to spend more in the market very clearly. So, whether it is from building the brand or whether it is from seeing that you are present across the country, distribution spends of what you need to make. Or looking at elasticity of your pricing of how you want to behave vis-a-vis any other competition. And therefore, we are still very confident that today, as we are going ahead, there are series of things as an organization which we have taken up, whether it is a very big area of backward integration which we have built in. And as I said that we saw it coming earlier what was going to happen in terms of the competitive intensity and we invested earlier. So, not only this, but we have also unleashed three of the backward integration initiatives which are already in operation right now. Two I spoke of, which are going to kick in now and next year as we see it. That is going to bring us a very strong cushion for some of the spend which we are going to make in the market. Second, we are constantly working around looking at sourcing purchasing efficiencies in what is there, given the fact that you are able to buy materials at scale. I think that is something which is going to be very important looking at as we go forward. And therefore, we are looking at definitely some saving which comes out of that to spend money in the market. And the third area is, that these times call for very strong cost efficiency measures, which would be in the way we spend, the way we look at our existing models and redefining our model. So, we've already kicked in an exercise to look at what we can do in that space. And the last area which is still getting comforting now is, we've seen a deflation in the last quarter. We see in the current quarter also there would be a deflation of about 0.5% to 1% what would happen. I think all these are good arsenals to give us good spending power in the market at the same time maintaining the guidance which we have and are going to maintain.

Latika Chopra: On demand, you gave 3 reasons why, FY25 was soft for the category, you know, new construction not being as much. Second was renovation, you know, intensity was probably not as much high, which is repainting. And the third one was you would have expected B2B to have done better. Now as you look through FY26 or sequentially, as you're going through this quarter or how you exited the March quarter, which of these three you sense is going to pick up first? And is there a hazard a guess, where you would land or the category lands in FY26 because FY25 was a negative year?

Amit Syngle: When we look at FY26, there are some good areas which are occurring of what we are seeing. First, what we are seeing from the last third and the fourth quarter is the government spending is coming back which was disrupted in the first half because of elections or otherwise. And that is a very big source today. I think as Asian Paints, we are looking at any other airport, tunnels, bridges what are happening. That is something which we look at in terms of contributing to that extent. And we feel that is going to give us a good gain from our whole B2B business which is going to come up. That is one area which we are very confident and that is something which is going to increase. Second, we also see that the mid-to-luxury housing is going to flare up as we go ahead. We are already seeing second homes coming up in a very big way, this thing which basically gives flip to the premium and the luxury products in a very big way. And that is something which we see will go up. Third T3-T4 is a good indication while looking at some of the rural demand coming back. And given the fact that last year was a good monsoon and we are looking at a predictability of a good monsoon coming further that is another big bright spot which would auger well going ahead. Given these factors which are there, you know unless there is a geopolitical event which really looks at spoiling this trajectory, we think FY26 should definitely be much better. But obviously there is a caution till the time we really see demand really picking up. We are still being overall cautious in what we would look at. But the idea is to aim for single digit value growths for the year FY26.

Latika Chopra: And if I could squeeze one on CapEx, because you mentioned Rs 3000 odd crore, if I heard correctly on futuristic emulsion plant that you're putting up. I think between FY26 and FY27, any colour on stand alone out and consolidated CapEx for FY26 and FY27 for Asian Paints?

Amit Syngle: Already about a year and a half back we had announced our overall consolidated CapEx which was about Rs9000 crores in what we were spending. f you look at it today, we have been able to spend a considerable portion out of that till

FY25. As we look at FY26, our overall CapEx will be complete from a white cement perspective. It's only part of the VAM VAE plant CapEx which is going to go till FY27 which would be left out of Rs 3000 crores. I think that would be something which would come in this years. From a standalone and a console overall CapEx this year we would be.

Parag Rane: We are expecting about Rs 700 to 800 crores outflow this year and probably a similar number next year.

Jay Doshi (Kotak Securities): Hi, was there a conscious decision to improve gross margin in this quarter because you know the sequential improvement is fairly impressive and on the other side you're under performance versus market is also increased or maybe some of the companies are yet to report. Do you think you may have lost some market share because of this gross margin focus?

Amit Syngle: The gross margin improvement came at two levels. One was the deflation which happened in the market and second, what we see is that the raw material efficiencies which have been built in, with the work which we have done. So, I think the improvement came in from the point of view of looking at cost from a raw material perspective which basically jacked up. I think the bonus came in from the point of deflation which was there in the market, which gave us the overall gross margin improvement. I think from a overall share in the market as I said that we will have to wait for all the results which would come in for Q4. But given the fact that we are talking of market being negative, there could be the possibility of some loss which could have happened to some of the other existing players or some part to the new competition as well.

Jay Doshi: Sure, second is just clarification, single digit value growth for FY26 that is your outlook for the category overall industry or for Asian Paints?

Amit Syngle: For Asian Paints.

Jay Doshi: Okay. And you still maintain 18 to 20% consolidated EBITDA margin guidance?

Amit Syngle: That's right.

Jay Doshi: Finally, one year ago, most of us in this room would have probably expected Asian Paints to defend market share better when the new entrant came in. And we would have not expected the consolidated EBITDA margin to drop below 18%. So, I mean, when I look, at the end of the year with hindsight benefit, we feel that, you

know, this entire thesis has not played out, maybe number two, number three player have defended market share better. So, what do you think has played out this year which you know resulted to these outcomes.

Amit Syngle: The factors which have been played are multiple as I said. First of all, given the fact that the overall market has not played up to that extent. We did not anticipate possibly the kind of competitive intensity which would have come up given the fact that demand was not there and everyone was fighting for the same share. And given the fact that possibly you have a certain share, you were possibly coming under glare from all the competition. So, it's not about one competition, it is about everyone really fighting for the same pie. Second, what we see is that possibly when you look at the price elasticity and when you look at from fighting the competition on a certain pricing level, you would be very clear that you would go to a certain level which is sustainable, and you will not go to a level which is unsustainable. I don't think so it is a year's game. It is a game of looking properly at the next three years as well in how it pans out because I think some of those performances can be just a flash in the pan in what we can see of what is really happening. I think sustainability is more important. We could have guarded the share much better by spending some more money and so on and so forth. But one thing is very clear is that you are looking at possibly an area of sustainability, that you want to maintain the market share when you look at possibly even preventing your share erosion to some extent.

Jay Doshi: And this strategy will continue even going forward that you will not want to respond on pricing or because we are getting into a deflationary environment.

Amit Syngle: It's not that we are looking at saying that we have not responded on either on the pricing or in terms of the product innovation. As I said, we are focusing very clearly on looking at the value proposition. It will not be singularly only on the price to that extent. What is the price which the customer is willing to pay for a certain quality and for a certain brand which they have in mind. That is something which we are playing the card because there is a certain inherent strength in the brand. We also want to spend a lot of money with respect to building the brand further. From that point of view of either consideration to buy or from a share of search and that is strong and something what we want to maintain. Therefore, it will not be that you are not reacting, but you're reacting not in possibly a more predictable way what the market expects.

Shirish Pardeshi (Motilal Oswal): Just a fear we have been losing a lot of front-end mid level management teams. Is there somewhere I mean it's a perception which I'm

developing that somewhere we are defaulting in execution and that is also creating a challenge for us that we have been losing I don't know whether it is key or better skill set, but is it that worry you at this point of time?

Amit Syngle: For any organization, it is important to keep on looking at saying whether your strategy and execution skills are syncing together in the right way. And as we are looking at in the market today, there are definitely areas which we are trying to strengthen, whether it is distribution or whether it is servicing or even from looking at how we want to build capabilities into our people going forward. So, I think that is all part of looking at how these execution skills will come in. What we are very clear is that given the fact that we know the market, we know our dealer relationships are strong, to that extent we are looking bringing in more technology. So, we've got a Salesforce.com what we've implemented as part of our technology so that we are able to service the market better. At the same time have an internal productivity what we can look at. Similarly, looking at dealer coverage, dealer opening, dealer servicing in a certain period what we can do, what are the pluses of what you can incorporate going forward. So, we definitely are re-looking at some of those full areas in terms of execution so that we don't lag in those areas as we go ahead.

Shirish Pardeshi: In the new product contribution or innovation, you gave a number of 14% sales. It has three-part of questions. The first is that if you can elaborate, what is the entry mid economy premium split in terms of volume value? Second, is this overall mix 14% what is the deviation if our gross margin is 42% on average, what percentage of business is below that? And third is, is it really a conscious strategy we played to develop volume? And at some point, do we take a call that okay, now this new product has to come in Rs 300 plus or Rs 400 plus or Rs 2000 plus per litre a segment?

Amit Syngle: The innovation in terms of the new products happen across the economy premium and the luxury space. In fact, if you look at it the larger plethora of products, basically I think about 60% of the products will come in the premium to the luxury space what we will introduce. And therefore, even from a point of view of contributing to the gross margins, that would be similarly that same range of what they will contribute. From a division point of view, today like last year also we have looked at in terms of launching a plethora of luxury products what we have come in because there is a constant kind of foray in looking at premiumization, in terms of what we want to achieve. But at the same time, we introduced product called the Neo Bharat, last year, which was more at the bottom of the pyramid level. But the larger contribution definitely comes from premium to luxury. And that has been the kind of

foray. And that is how the contribution also gets affected on how we would look at in maximizing the sale for premium luxury. It's just that last year we have seen a little bit of a down trading which has been happening. And that is why the mix has not been so great what possibly we would have really seen overall. And as we keep on going, I think the innovation comes in from identifying the consumer gaps in terms of what people are looking at. So, it's not that I will just pre decide that I'm going to launch a product at an X rupees per litre. What you clearly look at mapping is how the market gaps from a consumer kind of buyout, how it is kind of really panning out. And then you would look at possibly expanding that price point from a new product or innovation.

Shirish Pardeshi: This 14%, how much percentage was interior or exterior?

Amit Syngle: Largely it would come from interiors about 65% would be interiors roughly.

Sheela Rathi (Morgan Stanley): Hi Sir, you talked about the distribution reach of 169,000 for us. As we go ahead, do we see any, I mean where I'm coming from is FMCG company says that the total reach possible is 12 million, with respect to paint sector what is the maximum potential we can get to? And you know earlier you have talked about expanding into markets like J&K. So, are we going for smaller dealers now versus what we have been doing in the past or smaller towns? Just want to understand the potential with respect to the distribution reach because everyone is talking about it.

Amit Syngle: We must remember that today the Indian market is expanding very fast. The consumption levels today is across the length and the breadth. So, suddenly if you've seen that the kind of infrastructure which has come in Northeast, suddenly the whole market has exploded with newer touch points which have come in, which were never accessible earlier. So, those are all new touch points which have come in and there could be about thousand touch points which have come in. Similarly, if you look at markets like the Jammu and Kashmir now the moment the normalcy comes in, there are more touch points. Similarly, when you look at any of the metro towns, you know the suburbs keep on developing much more and so on so forth. Kerala is now like one city, there are largely not any differences between one city and other city. Then there are these whole smart cities which are coming out today. So, we feel that every year there are new touch points which are coming up given the fact that we keep on looking at towns with a certain population where the representation is not there. So, that is how we define the potential in terms of opening more towns and so

on and so forth. Yes, a larger number of dealers which we are opening are smaller dealers given the fact that they are in smaller towns, smaller cities or in the suburbs. But at the same time today if you know there are opportunities which come in like I mentioned about a Northeast or a J&K, we possibly even looking at counters who have never dealt with paint earlier. So, it could be just a cement counter for example today that itself offers you a huge potential because there might be 1,00,000 touch points of cement, paints, guys who have not even expanded or they never sold paint. So, I feel that the potential today is immense and we ourselves look at possibly a very large number every year in what we are able to take on. So, if you ask me frankly saying that will it stop at 2.5 lakh? No it will not.

Sheela Rathi: How do we decide the number of 5000 or 10,000 dealers in a year? Is it a function of incremental growth we get from them? I mean, how do we arrive at a number of how many dealers to add in a year?

Amit Syngle: We do a scientific cluster analysis in seeing a representation in terms of the reach to a particular consumer. So, in that way, we would really look at saying that these are the minimum counters we would really need to cater to a certain population of a customer in a certain cluster in how it comes up because it is essential that today's world when people don't want to travel and the whole area of saying that I want convenience at footstep, I think that's becomes a very big area in looking at that cluster analysis. And secondly, the newer towns are full opportunity areas where there is possibly no counter. We would like to open a counter so that we can give access to that town availing the set of paints. Consumer reach is something what we read take as a very finite parameter in looking at how many counters do we want. Because essentially, we would not also like to say that we keep on offering or improving the counters only in one cluster. Well then it will only distribute the sales. It will not increase the sales going forward.

Sheela Rathi: Sir, the second question is you've answered this question before also. So, you talked about the organized sector not doing well, in fact negative growth for the organized paint industry. What in your estimate now, the size of the decorative paint market? If we include waterproofing, putty, everything, where are we now there and what would be the share of organized and unorganized?

Amit Syngle: Roughly the overall paint market size if we take waterproofing and putty everything would be about Rs 80,000 crores what we see in overall size. And I would say that from a value share today 75 to 78% is organized. So, that's how I put that as the size of the organized market.

Sheela Rathi: What's the whole idea behind Nilaya Anthology?

Amit Syngle: Okay. So, if you look at the whole germination of the paint industry, largely the presence has been more from a point of view of economy to mass premium to premium. Today if you look at luxury homes, if you look at possibly the top 500 HNI families in India, they would really look at getting a lot of things from outside India by either travelling to Italy or travelling to Germany and looking at really purchasing a lot of stuff from there or looking at seeking something which is exclusive, which is bespoke, which is limited collection kind of a thing. And it is really in the arena of super luxury in what it translates to. Similarly, if you look at from an architect interior design community, if you look at the top 300 to 500 architects' designers today, they look at possibly seeing something which is very different, which is unusual, which is again limited in what it offers. And that is why we have looked at possibly saying that when it comes, both Surface Decor and Home Décor can we have something which comes in and sits at this place so that we are able to get these HNIs and these top architect and designers to come and get that feel of that luxury and purchase from there. With that intention we have looked at basically making it as international design destination for global luxury. So, I talk of confluence and design. We have the best of the Indian decor items that we have put, it could be the kitchen, it could be a furnishing range, it could be the wallpaper range, texture, artifact what would be there. And from the best of the world. For example, this space harnesses the best from say, Denmark to Portugal to Japan to Italy. So, the best of the design, artifacts and the home decor items which come into this space. So, it's basically a confluence which seeks the best design and gets the right kind of people who are looking for very limited collection in the area of global luxury. Right from texture to furnishing to mosaics to kitchen to furniture to bath to Sabyasachi, everything is under one roof. And this is we think is the first time in the world someone has created an infrastructure like this.

Rohan (InCred): One is on the competitive intensity while a lot of let's say the attention has been towards the newest entrant, would you say other players like let's say Jotun Paints, Nippon have you seen competitive intensity step up from them as well or would you attribute most of it to the newest entrant?

Amit Syngle: When you look at the players you just named, I think we are seeing definitely that they have been affected the most by the newer players. In fact, there was a time when they were possibly following the same route as some of the newer competition is following now. And as I said that path is sometimes not very sustainable. And after five to ten years of existence, they've realized that the path of

just spending money and buying sales is not a great path. And that is how now they are really facing the crunch in terms of possibly not been able to grow the market to that extent. In fact, we have seen possibly in some of those brands the maximum battering down has happened this year. So, possibly it is a combination of existing players and some of the new players who have come in, which are adding to the competitive intensity, not these two.

Rohan: You also mentioned down trading earlier. Would you attribute it more, let's say from customer shifting preferences from premium to economy or shifting brands completely?

Amit Syngle: How we are seeing is that there are some consumption trends which are changing also in the market which is there, people are now differentially possibly spending money, whether it is on travel, food and so on and so forth. There are much larger spends happening in some categories like hospitality and so on and so forth. We are also finding that overall view of the market, there has been a liquidity crunch, especially when it comes to looking at some of the renovation businesses in Home Decor and the painting business and so on and so forth. Given the fact that there is a little bit of a crunch, there is a postponement which is happening. This year possibly on the repainting there has been a bit of a postponement which has also happened. And given the fact that if some people are constrained to really do it because there is event at home or there is something which is there, I think possibly today some amount of down trading will happen from person saying that if not luxury I'll take into premium product or if not premium I'll buy into a good super economy product. So, I think that is the trend what we are saying that possibly given the liquidity, given the fact that there are also varying requirements where you are spending. I think that is what we are seeing as a little bit of a down trading which is happening across.

Rohan: Sure sir. Just the last one on the industrial business on a full year basis, we've been able to maintain margins in the automotive segment, but we've lost some margins on the non auto side. And if you see the recent strategy briefing by Nerolac, they had spoken about structurally improving their industrial margins in the India business going forward. So, just wanted to understand where do you see margins standing for both of our PPG JVs and the overall mix of industrial going forward for us?

Amit Syngle: In fact, you know today the auto and the refinishes margins are the maximum of what we garner. And we cater to a lot many customers across. But I think our margins are very strong in both the auto and the refinishes. I think the margins basically come under some pressure when you look at categories like powder and

protective paints or even a Road marking paint. Some of those categories are more prone to possibly lower margins as compared to auto and auto refinishes.

Moderator: Thank you so much for your questions. We now further move on to participants who have joined us via Zoom video platform.

Mihir Shah (Nomura): It's been about nine months since we've seen, very low volume growth in the industry or decor. How should one think about volumes going forward? Do you see that it's been enough time for this week demand and should one expect double-digit volume growth to come back? Is it a possibility that you're thinking? Is it in your assumptions? Also, it can be supported by the lower base, or do you think that there is still high inventory in the channel? Or there are new stocks from other players in the market that can limit, possibility of double-digit volume growth in the coming year?

Amit Syngle: See, as I said, you know currently given the overall environment, I think we should be more practical in looking at what is the reality in the market today. I think today we are hearing across brands that demand conditions continue to be sluggish. We don't see really acceleration in the demand and particularly when we see the overall home, home construction segment, we are not seeing that a crazy demand is coming. It might be towards the infrastructure side, as I mentioned that we would see a more flurry of the overall demand and in consumption which will come in. From that point in view today, I don't think so that we should just say that we are gunning for double digit or something like that. I think we should really be watchful and look at possibly saying that what you are gaining, what is achievable and what you are kind of really targeting which is aligned to your strategies of going forward. So, I think from that point of view, I would still say that at this stage, I think single digit value growth would be a more good stronger imperative in how we would look at going ahead in the market.

Mihir Shah: Secondly on crude, has corrected quite a bit, what are your thoughts on the possibility of price cuts or making paints more affordable? Would you think that will be a factor that can drive up volumes or do you think higher dealer margins can lead to better volumes for you? Any study on the current situation on both these aspects that you can share will be very useful.

Amit Syngle: So, you're right today if you look at from the point of view of crude, the prices have come down and trading at one of the lower levels. Similarly, we have seen the rupee dollar parity which had basically gone to a certain level and now starting to

come down. I think the whole volatility in the environment is very high now. At this moment I don't think it would be really appropriate to take stances in looking at either decreasing or looking at prices in very different ways. I think we need to have patience. We don't know what the second salvo of tariffs is which are going to come after 90 days of this reprieve which is going to happen. And we don't know how the geopolitical conditions will pan out. At the same time, there is also the talk of some anti dumping duties which are going to come in for some of the raw materials which is being spoken in the market. So, I think we'll have to wait and watch and see how these things pan out and maybe then take calls going forward, it's too early to say that you could take up price decrease going forward.

Mihir Shah: The difference between volume and value has increased from 8% versus 5% that we had seen in earlier years. Should one take this as a new normal until the high value growth, high value paint, category comes back?

Amit Syngle: I had commented last time also that we are aiming that this should not be more than 6%, as we see it this time it is between 7 to 7.5%. The endeavor is very clearly, as we look at our product mix very strongly and the intention would be to get it within that band of 6%.

Tejash Shah (Avendus Spark): Five years ago, if you were told that there will be sharp revival in urban housing and the K shaped recovery again favoring urban consumers and on top of that under your leadership our extra focus on participating in B2B business we would have thought a very strong scenario for Asian Paints in the next 5 years, or 20 to 25 years and also for the industry. So, all that macro indicators are very strong, but somewhere the paint industries have decoupled from some of those macro indicators?

Amit Syngle: See actually if you look it's not only the paint industry right now, if you take the entire home industry, I think everyone is affected. It's not just paint part you've seen today it's also the cement business that's resizing. We see steel where it is going. I think overall if you see components from construction categories to in home categories, we are not seeing any big amount of inflation. For example Bath, all the current players, whether it is Cera, Parry, all the other players are not looking at any big growth. What we are seeing is that it is pan home categories and construction categories which have not grown the way possibly we had anticipated. A lot of stuff which has gone into the infrastructure, for example, the number of airports which have come in or the consumption, which is going to happen at railways, defense, some of this sectors is something which we are looking at rather than just looking at the home segment. And that is why you are seeing the inflation from our industrial

sales. But having said that, today I think the whole area of, the Awas Yojana, which the government had put for affordable housing and from the point of view of mid to luxury housing are some of those avenues which are going to come around as I see it from a cyclicity point of view. We are really banking in some of those parameters now kicking in, which possibly kicks in from the retail construction growing and then pepping up all the categories around home.

Tejash Shah: Have we done at our level or industry level, any studies where we compare per litre pricing of paint versus per capita income of some of the developed markets versus us in terms of index? Because optically as an analyst, I can see that collectively the industry has improved margins in last 10 years, but have we somewhere made the affordability quotient, which has actually led to compromising the industry growth at broader level? Just tangentially asking the question there.

Amit Syngle: So, see, if you look at the per capita consumption of paint in India is much lower as compared to any of the Western geographies. So, there is potential in looking at increasing that consumption. Which means that if you can get more households to either consume paint or even if you look at increasing the frequency of painting, both will improve the per capita consumption of paint. And I think today as a leader, we have been looking at some of those imperatives. For example, we have looked at various avenues where you can ask the consumer to repaint his house at a higher frequency. It could be just two walls; it could be another room. Or it is even with respect to possibly looking at, seeing that there are other avenues what you can offer so that the per capita consumption can go up. That is still a big opportunity for us in India.

Tejash Shah: When we compare per capita consumption with developed markets, the ratio is actually reverse than us in terms of industrial be 70-75% versus ours is actually 75% deco. So, in deco we are as not as much under indexed as it overall number shows. Is that understanding, correct?

Amit Syngle: The industrial markets across the international geographies, especially the West, is much more developed. And infact the ratio there is 70% is industrial and 30% is Decor, whereas in India the ratio is the reverse. We believe that with the rate of industrialization, the way government spends are in infrastructure and other things, I think today we are seeing that trend in industrial contribution seems to be going up. As I said, we have seen for the last two years, the industrial growth being very strong the way they are coming. So, possibly we are inching towards, the

industrial contribution going up, but I think very far away from where the Western world operates in.

Manoj Menon (ICICI Securities): When I look at the overall performance, let's say +2% volume, revenue decline of 5%, margin contribution higher or rather gross margin higher, is it only to do with COGS or is there any other up or down elevators here?

Amit Syngle: It is only COGS.

Parag Rane: In this quarter, we had some benefit of past price increases which has flown through. So, that's marginal benefit also in this quarter.

Manoj Menon: Okay. And one I would say clarification. So, when I look at the volume versus value, I understand the philosophy which you follow in terms of volume which is largely tonnage. Honestly after a point in time it become meaningless, right. I mean when you have such a huge divergence when we have a probably a globally accepted metric called underlying volume growth where you could actually debase or rebase to have mix included in the volume. Is there a reason why, is it we don't want to follow that and just stick to the tonnage bit here?

Parag Rane: This question gets asked often, but I think in our business tonnage still makes sense is how we see it on a like to like basis, not really comparable with other FMCG industries which do underlying volume growth. And to be fair, I think most of the other players also do not disclose any volume numbers as well. So, to that extent, I think what we disclose is apt.

Manoj Menon: And that's a fair one for the industry. Thank you and good luck, Sir.

Atul Mehra (Motilal Oswal AMC): Sir my question is, as a 60% market share player, anybody who is like 60% market share, it intimidates competition and potential new entrants. So, from the perspective of perhaps the strategy or the board, to what extent are we willing to go to retain market share? Like maybe it could mean that you cut your margins to much lower levels for a year or two just to defend market share and scare competition. So, to what extent are we willing to go or we are okay with seeding market share and maintaining the margin?

Amit Syngle: I don't know the number which you're quoting is your calculation what you're making. But what I see is very clear is that from the correlation between market share and margin, we are very clear that we should look at something which is really sustainable going ahead. There is no point looking at artificially trying to do something

in the market which possibly finds that after about a year, year and a half you're not able to sustain. I think the approach which we are following is very clear that if you play to your strengths, you play to in building the brand, if you look at possibly offering customer the best value proposition. And I think if these actions give you the best retention of share or even gain of share, possibly that would be the best route to take. Just irrationally going after saying that I want to prevent the share at any cost whatsoever might not be a good approach.

Abneesh Roy (Nuvama): When you were discussing the white cement plant launch in June, you said this is the first foray into cement. Is there any desire that longer term, just the way cement companies have come into paints, you would have some desire of it in terms of being open to it? I know this is something not in the near medium term, but your specific comment first foray into cement, what does it mean?

Amit Syngle: So, it was just to amplify the fact that it was, I didn't say first and only I said first foray into cement. So, we would like to first see how this goes because white cement is very different which goes into repairs, Putty, into a lot many other segments like sanitary and so on, so forth. So, we would really want to see that first we get this thing going and then examine if possibly there is any other desire to get into any other cement in future.

Abneesh Roy: In VAE you are among the four companies to have that capability in March of this year, and you have discussed the differentiated products which is possible once you have that, will that be essentially in the top end? And if you can give some more colour to it, what exactly is the untapped or white space left in terms of your product portfolio? How can it help?

Amit Syngle: Actually, you know from where the emulsion comes in, its the versatility of that emulsion which can be used from economy to premium to luxury. The versatility it offers is very good because one, it is essentially environment friendly, low VOC, no smell which comes in. And the other thing is that it can offer paint properties which can be very different at a cost which is unbelievable. So, I think the opportunities it opens is pretty high in what it does.

Abneesh Roy: Obviously, currently in India, no one has that right?

Amit Syngle: People import it. It is not something which is available in India. People import it from outside. But I think the whole equation changes once you are making it because you are making the monomer and you are making the emulsion as well here. So, the whole cost efficiencies change drastically. And not only that, today there is no paint company making it across the world. Once the paint company starts

making it, then you can be tailor that requirement to your need so that you can possibly align it to a certain property to what you want.

Moderator: With that, we come to an end with our Q&A session. I thank everyone for actively participating in the same. I further invite Mr. Amit Syngle to give his closing remarks.

Amit Syngle: Thank you so much for taking the trouble and coming here and its been a great talking to all of you. Hope to meet you next time with much better numbers as we see. Thank you.