Q4 and 12M FY2026 Earnings Conference Call Transcript

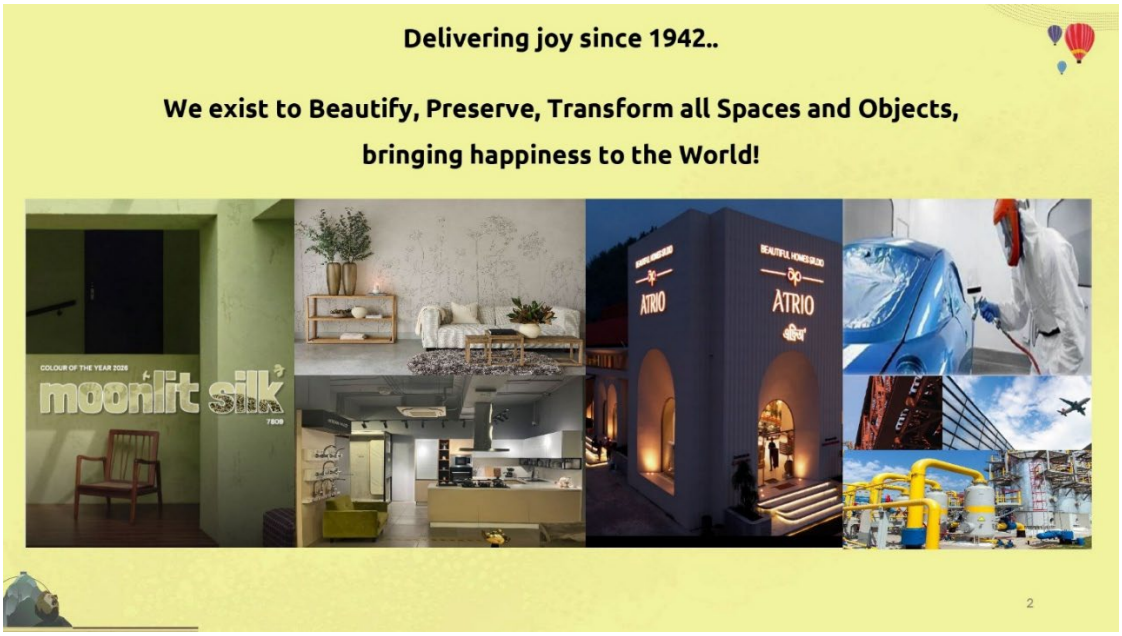
Date: May 29, 2026

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

Disclaimer: This is a memorandum of the proceedings of the Investor Conference of Asian Paints Limited held on 29th May 2026 at 5:00 pm in Mumbai with regards to the financial results of the Company for the fourth quarter and year ended 31st March 2026. While we have made our best attempt to prepare a verbatim transcript of the proceedings of the meeting, this document has been edited for readability purposes and may not be a word-to-word reproduction.

Lakshya Sharma: Hello, and good evening, everyone. Welcome to Asian Paints Q4 and FY26 Investor Call. I am Lakshya Sharma from the Investor Relations team, and it's my pleasure to welcome you all. We are joined today by senior members of our management team, including our MD and CEO. Mr. Amit Syngle; our CFO and Company Secretary Mr. R.J. Jeyamurugan; our AVP Finance, Mr. Parag Rane. I would now like to invite our MD and CEO for his opening remarks. Over to you, sir. Thank you.

Amit Syngle: Hello, good evening to everyone, and welcome to the investor conference for the Q4 and FY26 results.



For Asian Paints, this has been a core value since 1942, and I have been speaking about this over several quarters and years. We clearly believe that we exist to beautify, preserve, and transform all spaces and objects, bringing joy and happiness to the world. If you see, whether it is any surface—home or object—which we look at really transforming, beautifying, and preserving as we go ahead.



The standard disclaimer for everyone.



Let's get on to what we have been doing and what we have been doing and driving in this quarter. Overall, there have been very powerful initiatives that we have seen, and we have driven.

First of all, the whole area of upping up the ante in terms of building the brand and that is something which we have purely driven very strongly throughout the year and also in Q4, given the whole area of focus in terms of what we have taken. And it's a challenge to really see that in a fragmented media setting, what is it that you can do both in conventional channels as well as digital to really bring it up.

The second area is driving growth with innovation, and that is something which we have driven from the technology point of view in bringing differentiated propositions, which the market really holds.

The third area is the angle of services, and in today's world, that is something which takes precedence and really builds the brand in being closer to the consumer, and that's what we have really put the real ignition on.

Regionalization has been another objective which we have taken, and that is something getting closer to the regional consumer and looking at appropriating areas, which really enthrall the customer in various regions across the country.

The whole area of B2B has been very strong, and given the kind of investments that are happening in this space, this has been a growth engine for us in a very big way.

And finally, giving credence to the fact that today we can really add to our areas of cost excellence, the whole space of backward integration has also been very significant for us and a huge amount of investments are taking place in this area.



Just to build this story and amplify the points which I just made, we have really gone full on at amping up the whole area of Damp Proof so much, that now Damp Proof has become generic to the category, and therefore, today, we are appropriating Asian Paints Damp Proof very strongly, which singularly is the largest product the way it really offers solutions to the customer both from the point of view of waterproofing as well as the heat conservation that is cooling the interior.



We have also looked at appropriating cricket. Cricket is a religion in India and that's something which we have really taken in a very big way and therefore we partnered up with BCCI in terms of a colour sponsorship for every cricket event which is happening in India and that's a very big space we have appropriated where we have looked at lots of innovations during the matches, of really getting the fans aligned and owning up the

colours in a very big way and this is something which has really worked magically for us to reaching out the brand to billions of people across.



What is it that you can do in every match apart from the innovations, you also reach out to one emotion, one nation, and therefore, we created one anthem where we used Sunidhi and Vishal to really appropriate an anthem which really touches people at the right spot. At the same time, it amplifies the whole nation part in a very big way as a universal emotion which comes out.



The other big area that we have been working on for the last 23 years involves looking at and talking about the only Indian research in the Indian market on colours and regional usages. This is our ColourNext property, where we look strongly at colour and material intelligence, and this has been something that has been really very close to architects, making us literally the forerunners in dictating what colours would move and what materials would move along with them.

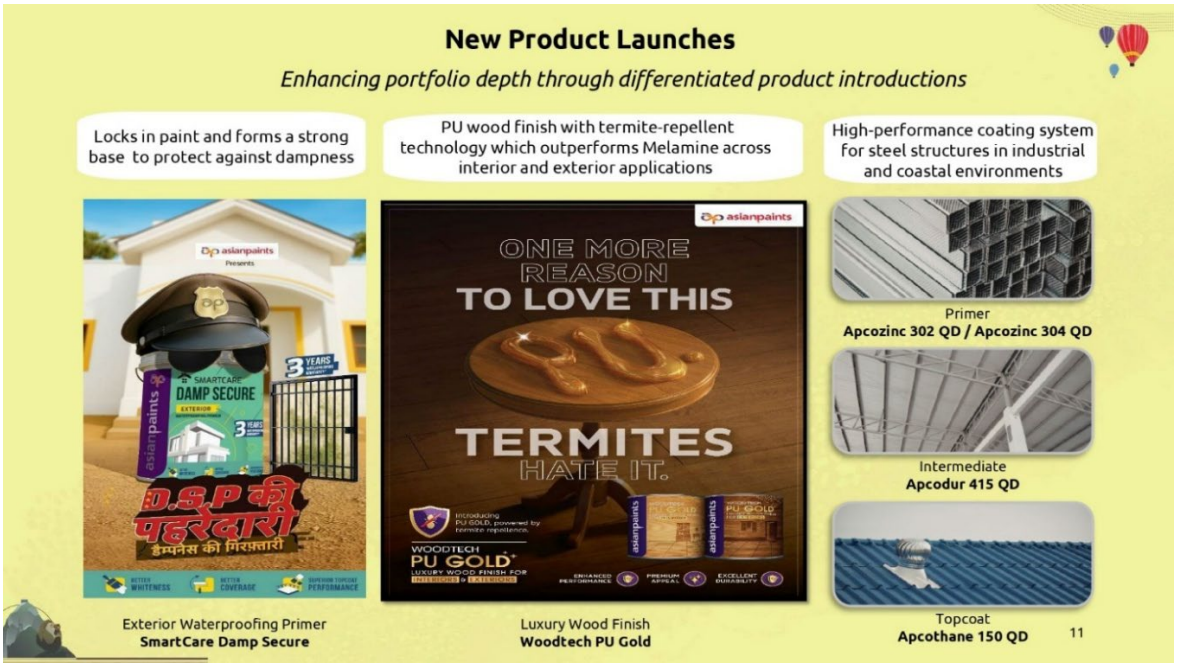
Here we spoke of two things very clearly, the colour of the year “Moonlit Silk” and the wallpaper of the year “Zanskar” inspired from a peak in Ladakh. So, lots of areas that really motivate the architects and the design community strongly.



We have also looked at upping the ante on decor by coming out with signature collections, which are topmost and top-notch across the world. We bring in the best of the excitement from all the fashion capitals across the world, look at appropriating what it means for the walls, and really offer scintillating finishes, which basically up the whole game of how today's high-end homes can really look like appropriating these kind of finishes.



Not only this, the whole world of digital is very important. We have shifted a lot of our spending into the digital zone now, and we have various properties which we keep on appropriating. One of the biggest property is “Where the Heart Is”, which is bringing the whole area of "Har Ghar Kuch Kehta Hai" in a very strong manner. We launched the 9th season with very strong personalities like Cricketers, Bollywood and Regional stars coming in a very strong manner, and doing up their homes and making it something which is very aspirational, both from the point of view of colour and decor in terms of what you bring in.



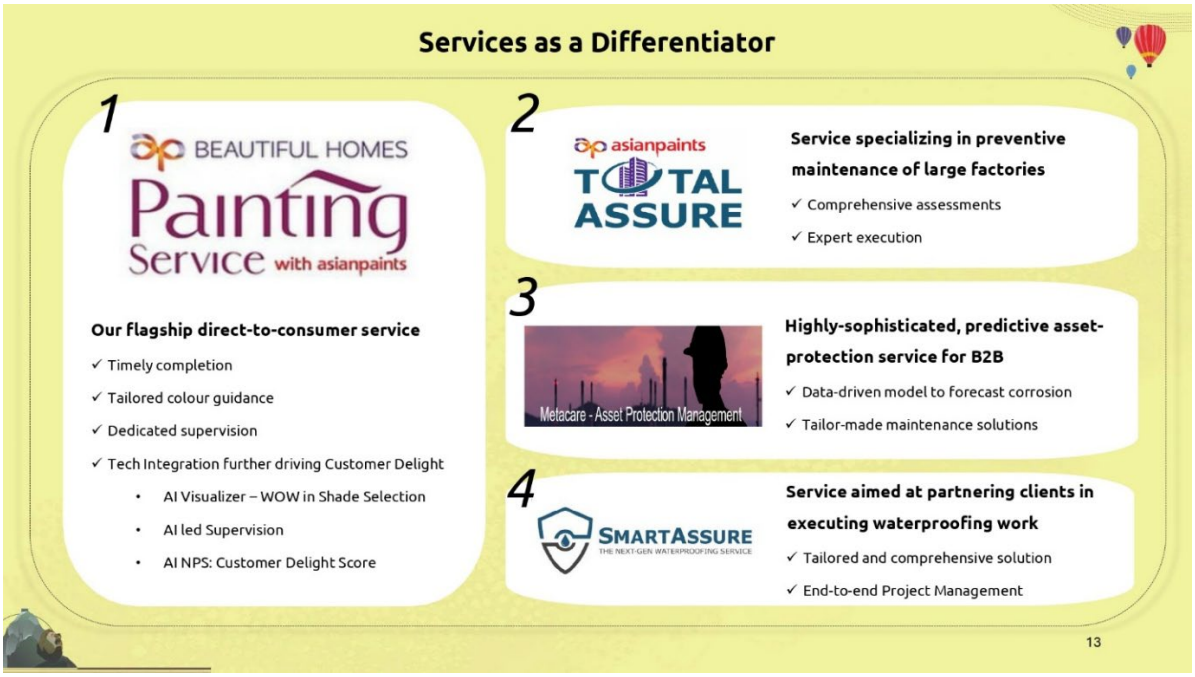
I spoke about innovation, and this is constant at Asian Paints. We have been looking at amping up the whole element of bringing lots of new technologies. Today, we speak of more than 160 patents of what we have put into the market.

As a part of that, we look at commercializing certain patents giving parameters and differentiated product propositions for the customer. We launched something called "Damp Secure" in the whole world of waterproofing.

We have launched for the first time in the world an anti-termite finish called "PU Gold", and in the space of high-performance coatings as well, some elevated finishes for steel structures, based on really evolved platforms and technology of what we appropriated. Lots of new zones which we brought in Q4 in alignment with our innovation strategy of what we have taken.



We have been partnering with the St+art Foundation across the country, and for about last 10 years, this has been a very strong foray where we have looked at really beautifying the public spaces in a very big way. Today, we do more than 500 murals across about 29 cities, seven art districts of what we have created. And this is something which is really an unparalleled initiative, which gives us a very strong work with the nation as well as modernizing India with art - one wall at a time.



Services, as I said, and this is one area, which we have been really amplifying a lot. We have today the world's largest painting service which is called the "Beautiful Homes Painting Service" and we run various models here where we are looking at appropriating these services directly to the consumers, offering them the best of the solutions, the best of the decor for their homes and this is something which is fully technology-led service which we pursue in a very strong manner.

The second area is “Total Assure”, which is a service we offer backed on an AI platform to large projects. Large projects where builders and other big entities can monitor how the painting is going at their large areas and this is something which we also give to large factories as well and seeing what we can do across the painting cycle there.

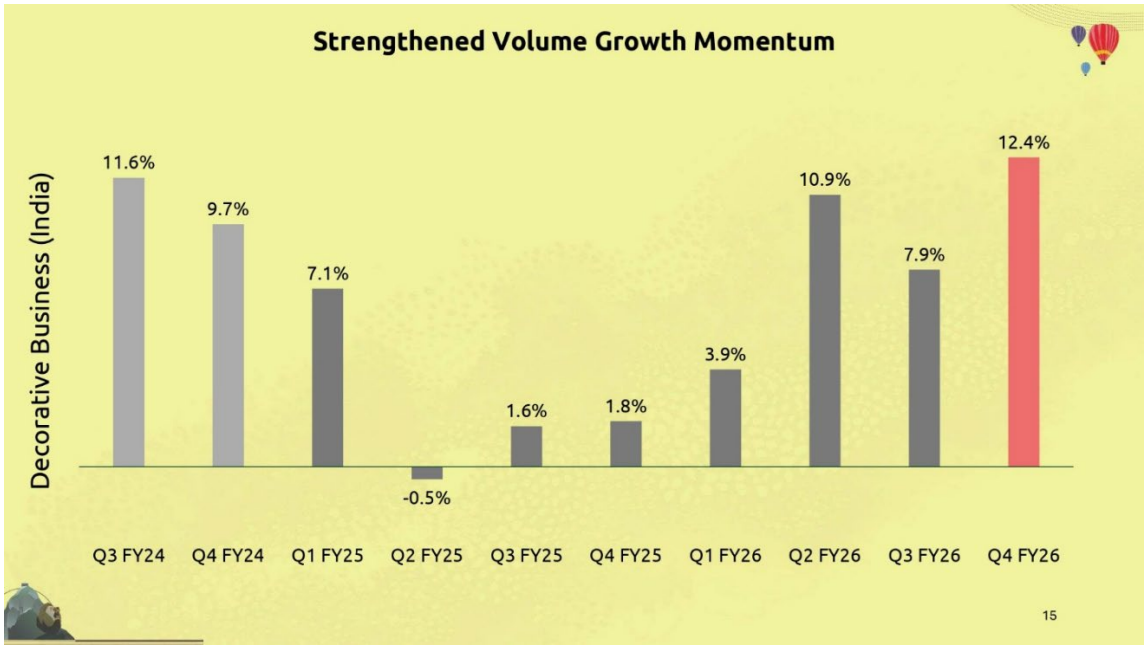
The other thing which we do very strongly is the whole area of maintaining factories and maintaining assets against corrosion resistance and other things and this is a service called "Metacare". A very popular service and all the big names in the industry today are aligning with us taking care of their assets from the point of view of coatings, which come in strongly from preserving the assets.

And lastly, "Smart Assure” service, which talks of offering solutions regarding waterproofing in a very big way so that the clients get a full experience of the expert knowledge of Asian Paints, and they are able to take care of any dampness or waterproofing issues in their homes. A series of services as a very big differentiator, which is really unparalleled in the industry.

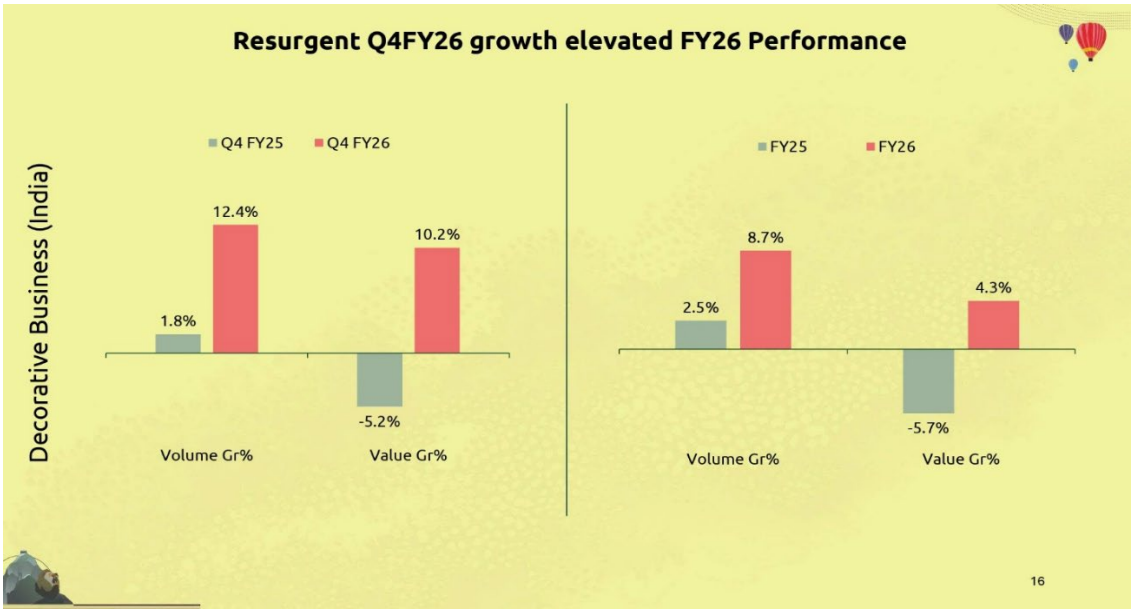


The other area which has been very strong is the B2B, and this we look at appropriating from the point of view of the conventional builders in the CHS, but we have moved very strongly into parallel spaces where we looked at large builders, large factories, large hospitality areas and also the whole area of the government where today every airport, every port, every tunnel which we are approaching and looking at participating in the growth story where government is putting a lot of money where we are able to offer a very strong platform for aligning our services, our products to give solutions here. And we think this is a very high-growth segment.

We have an initiative called the "Juggernaut", which brings the strength of One AP, where we marry decorative and industrial interfaces to give one solution to the consumer, which is holistic in nature, what we put in. Lots of great things happening in this space as we look at it.

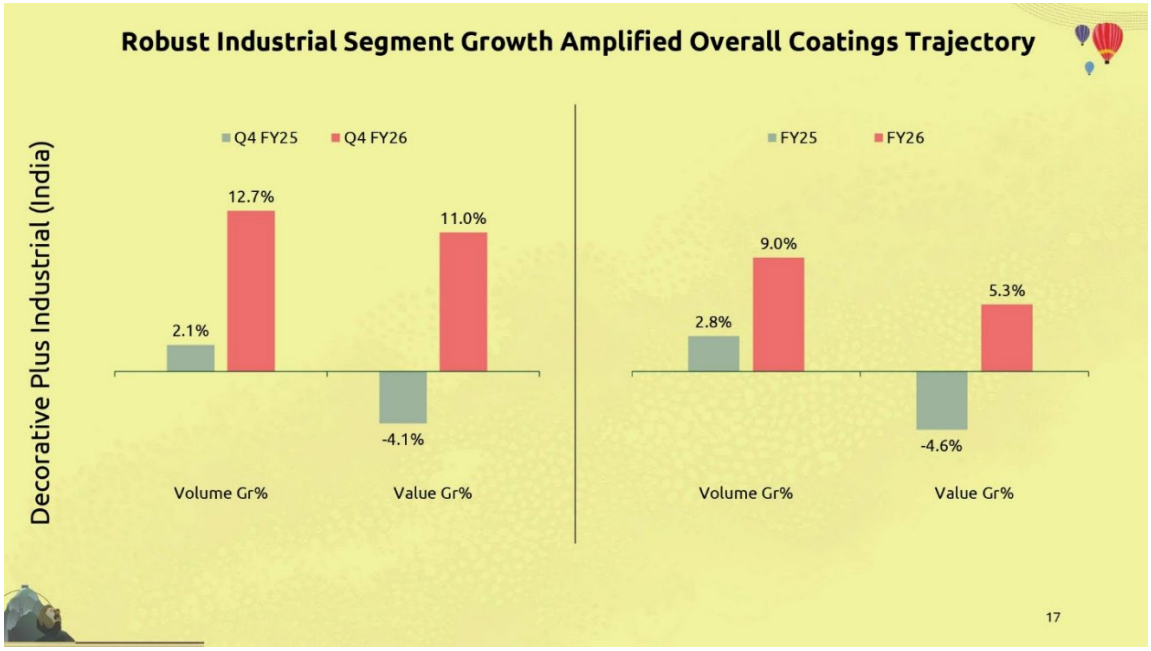


Coming to the numbers, it has obviously been a strong quarter of growth. The volume growth is back in double digits in this quarter, and we can see that the trajectory has been steadily good over the four quarters this year.



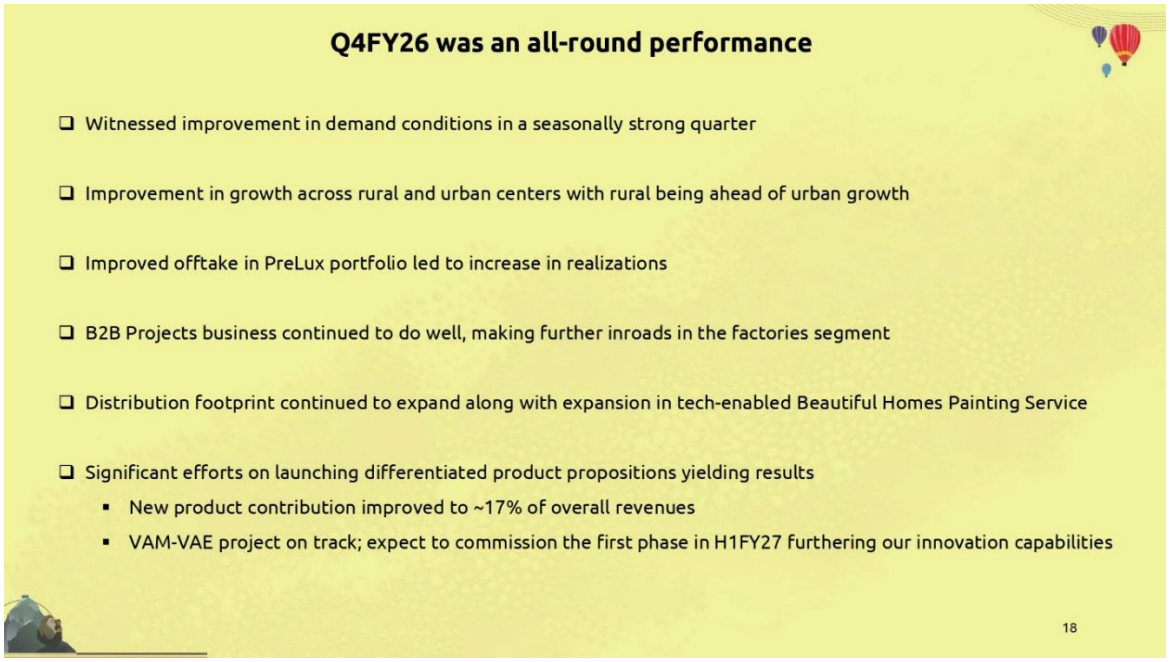
When we look at the decorative business, we have achieved 12.4% volume growth and a very strong value growth of 10.2%. Both double-digit growths, and also this time the difference between the volume and the value is just about 2.2%, indicating a fairly healthy mix in terms of what we have been able to sell.

On a yearly level, volume growth is close to about 9%, which is quite commendable, and the value growth is about 4.3%. The volume-value gap at a year level is still about 4%. Overall good going for the quarter.



When we look at the coatings world, which is decorative plus industrial, which means the full coatings range, the volume growth from 12.4% goes up to 12.7% in the quarter, and the value growth goes up from 10.2% to about 11%.

Very strong, robust growth you see for the full coatings of what we have been able to get in. At a country level, yearly volume goes to about 9%, and the value growth goes to about 5.3%. So, Good growth and they are strongly above the market growth rates.



If you look at some parts of this overall growth, we saw improvement in the demand conditions in all three months, where we were able to register good growth across the months.

We got good growth both in rural and urban centers across, that is something which was good. Rural was a little bit ahead of urban growth of what we could really get in, which is good news in terms of market growth.

The other area which was very good was that the premiumization strategy has been working very well. It improved the mix, and the PreLux categories have moved quite well improving the mix.

I spoke about B2B business. This has been stellar in terms of how it has been able to do, and this is something which has now become a very strong growth vehicle, from the point of view of a builder segment, the factory segment and the government segment, going very well here.

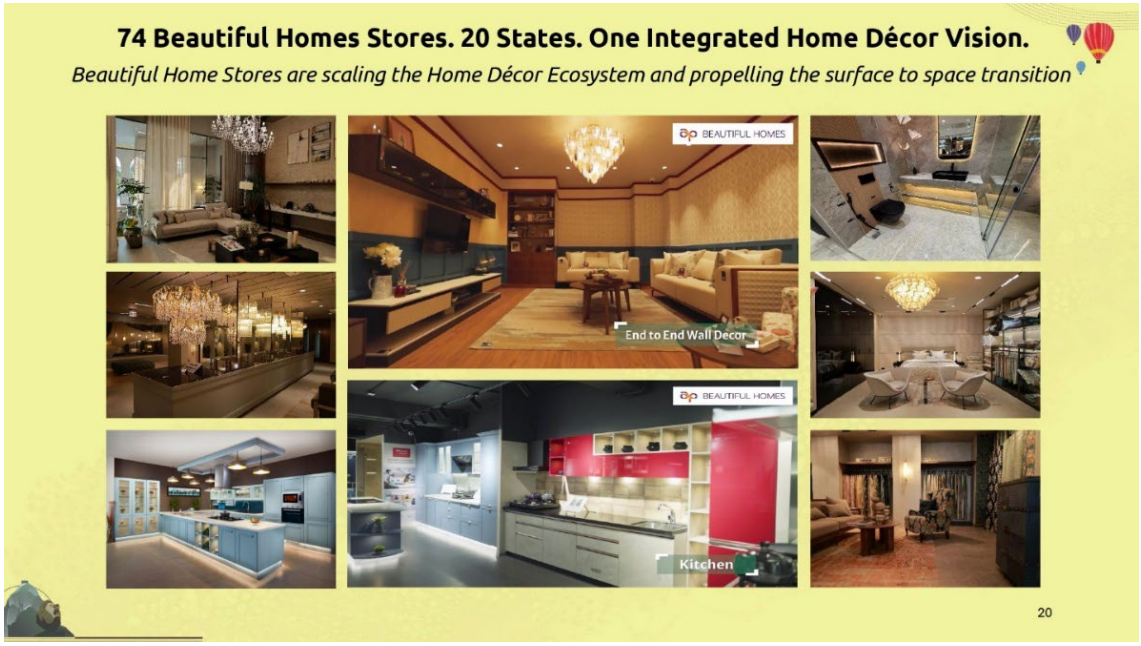
Then, if you look at the area of distribution, we continue to add retail touchpoints; more than 6,000 retail touchpoints we have added across the country this year. Not only that, but we have also been able to spread our distribution footprint for "Beautiful Homes Painting Service".

If you look at the area of technology and innovation, new products are something which we have always looked at, and they have now contributed to a substantial 17% of the revenues, which just shows the pace of innovation and the whole area of consumer excitement that we can bring into the market.

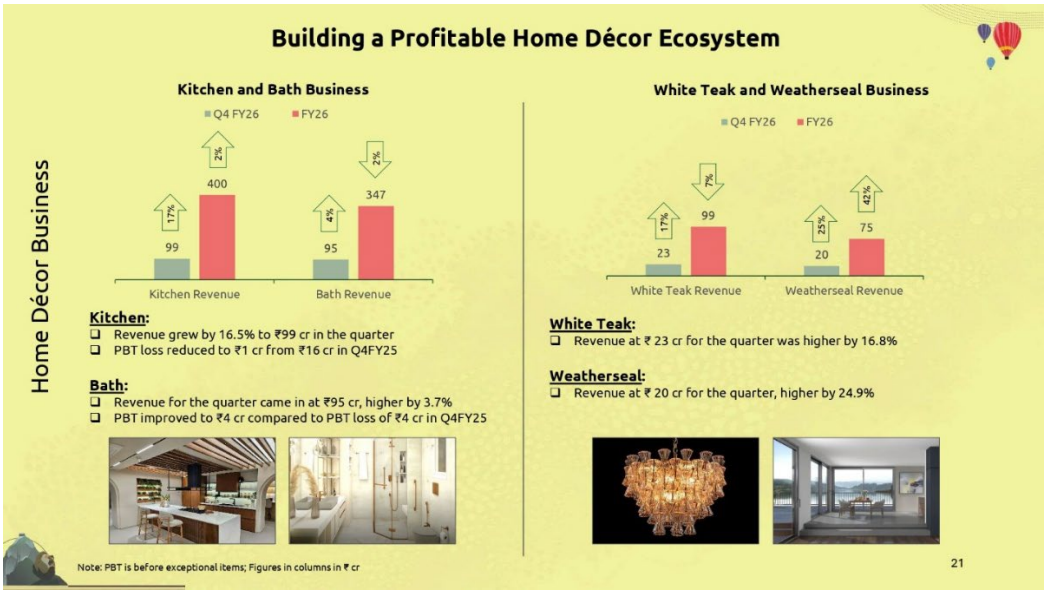
The area of VAM-VAE, which is our backward integration project, is something which we are looking forward to strongly. Today, worldwide, there are very limited players who are making VAM-VAE, and for us, it is a signature project and we expect to commission first phase in the first half of this year. The VAM-VAE project will bring to us very strong innovation capabilities in the market and really change the fabric of the market from the area of looking at green paints in a strong manner. That's something which we feel is a very strong catalyst for us going forward.



In the area of Home Decor, we have moved our inclination from surface decor to space decor because we felt we are very close to homes. We have been struggling a little bit in this area over a period of time, and this is one strong zone which we are not leaving so easily. We are today the number one integrated home player with very strong strengths in areas like kitchen, lighting, textures, wallpapers, furnishings. These have been strong areas in terms of what we have been doing.



And this is something which we are also marketing through 74 "Beautiful Home Stores" across 20 states, and no one today in the industry has created a space of convergence for the customer where the customer gets their visualization very strongly, and they get a spate of territories to beautify their homes through the "Beautiful Home Stores" which we have put in.



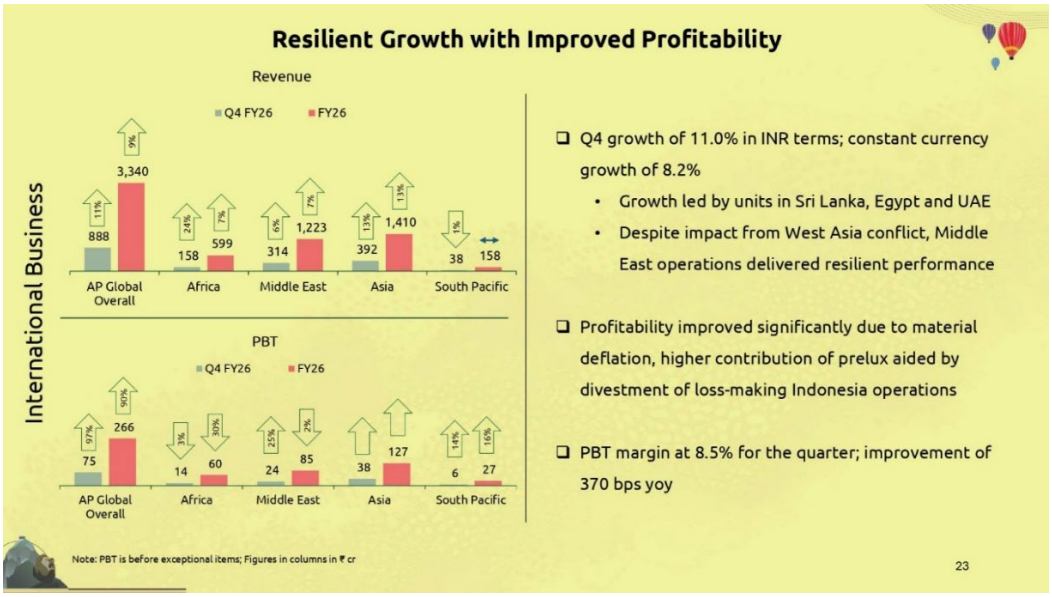
If we look here, we have been better in the quarter. The kitchen revenue has grown both from the point of view of the quarter as well as from the point of view of the year, even bath has done fairly well in the quarter by about 4% growth, while at a yearly level, we are just below the base.

When we look at the two other businesses, White Teak and Weatherseal, we have had a very strong quarter where both White Teak and Weatherseal have done very well. Weatherseal for the yearly level has also really done well at about 42%, whereas White Teak has been a little bit down.

A little bit of a mixed result, but this is again continuing to be an area of passion which we are strongly driving because we know that it adds back to the original coatings category in the same manner, because it is the same customer whom we are approaching and really appropriating the whole area of "Beautiful Homes" very strongly. So that's about Home Decor.

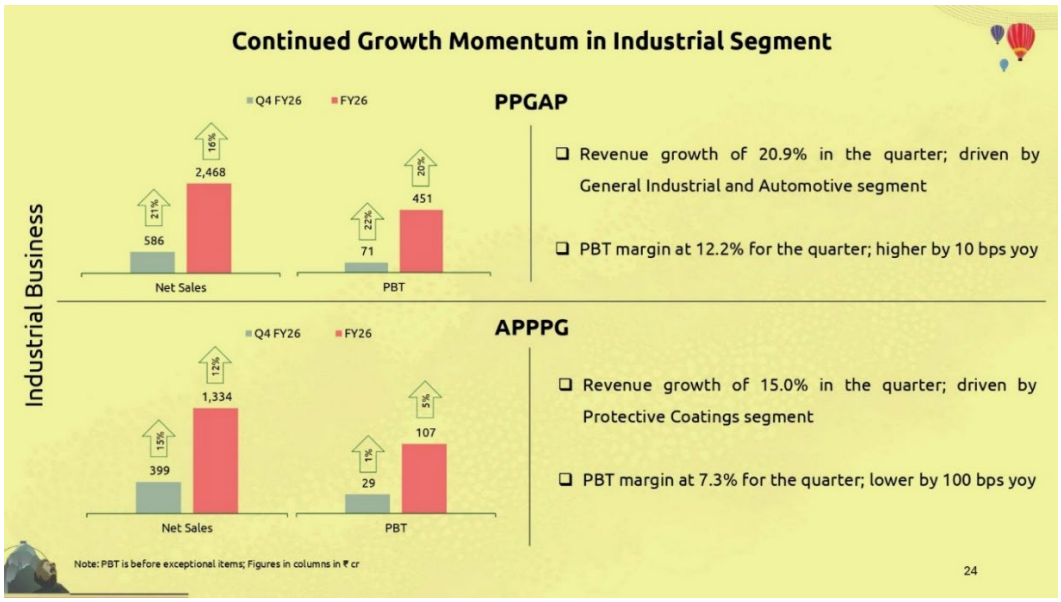


When we come to international business, this is the spread of our business across the world, which you can see across geographies. We also export from some of these markets to 60 other countries, but some of our brands here are also different brands, which have come in over a period of time through some acquisitions.



If you look at the business, the overall business has done very well. The markets of Asia have really led the show very strongly, but the Middle East has also been strong, along with Africa. It's been a very good quarter where we have grown in double-digit terms, and in the year also we had 9% growth, and there are clearly good gains which have been registered in markets of Sri Lanka, Egypt, UAE. And despite the current geopolitical situation continuing, the Middle East has still stretched and delivered a strong, resilient performance.

Now this is also reflected in the profitability when we see in absolute terms, very strong growths, but the good part is that we have been able to extend the PBT margins, which is about 8.5% for the quarter, which is a strong improvement by 370 bps year-on-year. If you look at a yearly level, we have also done fairly well. So that's AP Global for you.



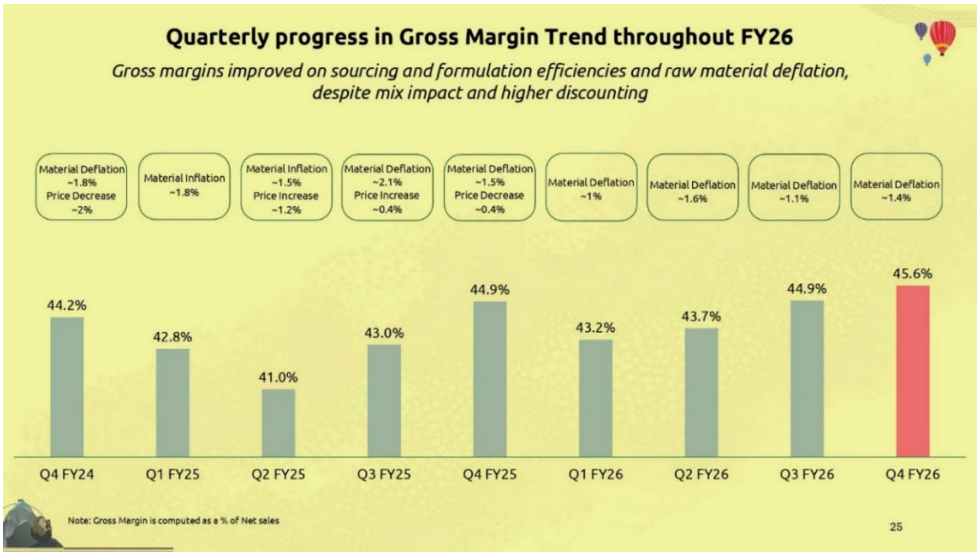
Coming to the industrial segment, today we have two joint ventures, as you are aware of one for the auto OE, which is called “PPGAP”. The other is for general industrial products, which is called “APPPG”. Both businesses have done well in Q4. In both businesses, strong double-digit growth has been achieved in the revenue, and

that is something which is also reflecting in the yearly sales in both the JVs. Both at the quarter as well as the year level, strong growth is coming.

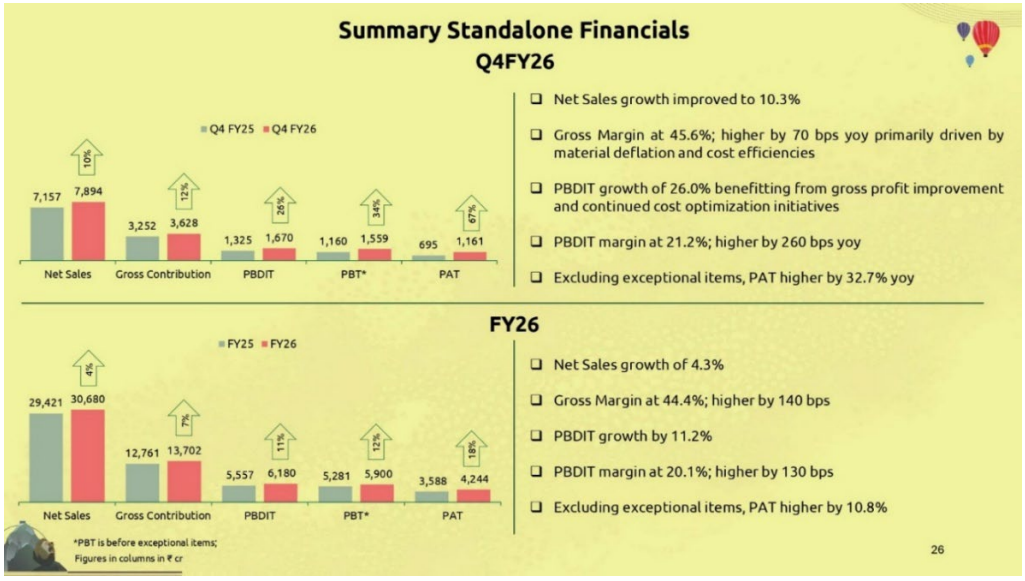
As far as PBT is concerned, if you look at the area of PPGAP, very strong delivery we have got here, very strong growth upward of about 20% both at a quarter and a yearly level, PBT margins are at about 12.2% for the quarter and higher than the year-on-year for the same quarter.

When we look at APPPG today, as I said, the revenue growths have been very strong, double-digit both in the quarter and the year level, but even from the point of view of PBT, the margin has been a little bit affected, given the fact that there has been a little bit of competitive intensity which we have seen in the market. Overall, PBT margin is at about 7.3% lower by 100 bps.

But combined, both the businesses have done very well in terms of their performance.



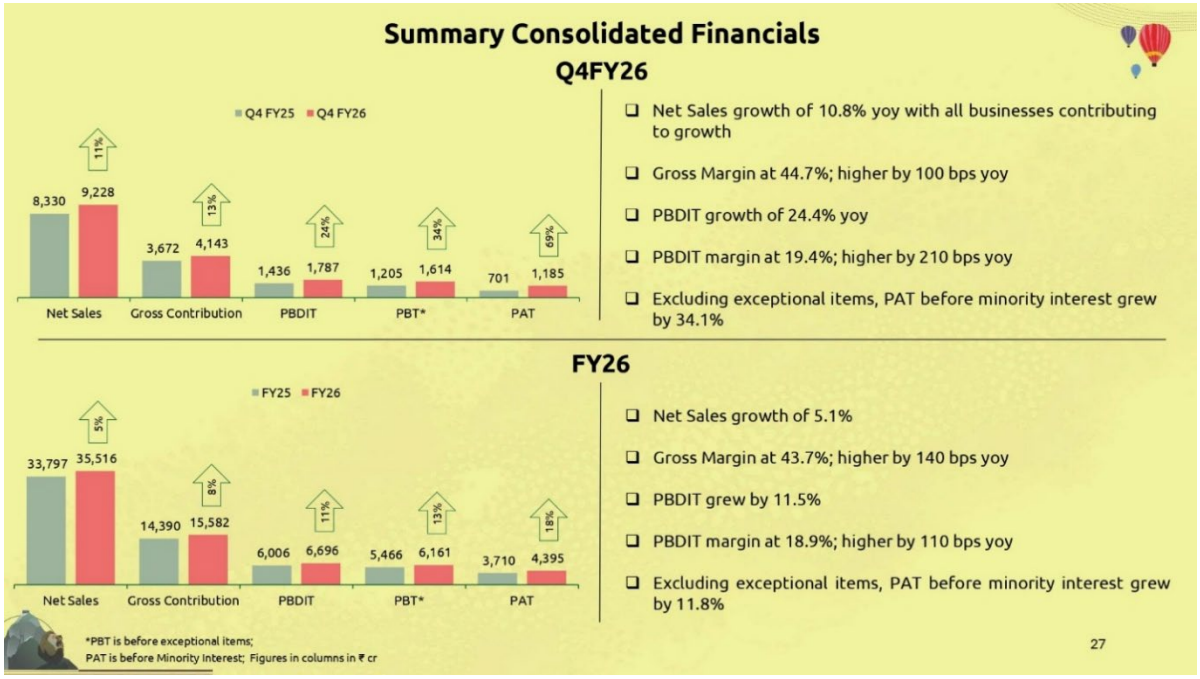
If you look at the whole trajectory, it has been a good year where we have seen deflation in the market across the four quarters and even in Q4 we saw a deflation of about 1.4%, taking our Gross Margins to almost an all-time high of about 45.6%, which is very strong.



And therefore, how does it really reflect on the financials. First, if we were to look at it from a perspective of the standalone financials, I spoke of the Net Sales, which is in double digits 10.3%. From the point of view of PBDIT, very strong growth of 26%, with a PBDIT margin of about 21.2%, which is higher by 260 bps year-on-year. Very strong growth which is there, even if you look at PAT, while the PAT is shown as 67%, if you exclude the exceptional items and were to compare like-to-like last year, we are at about a 32.7%, year-on-year growth, which is pretty substantial.

A very strong top line driven by an equally strong bottom line have come in a very big way.

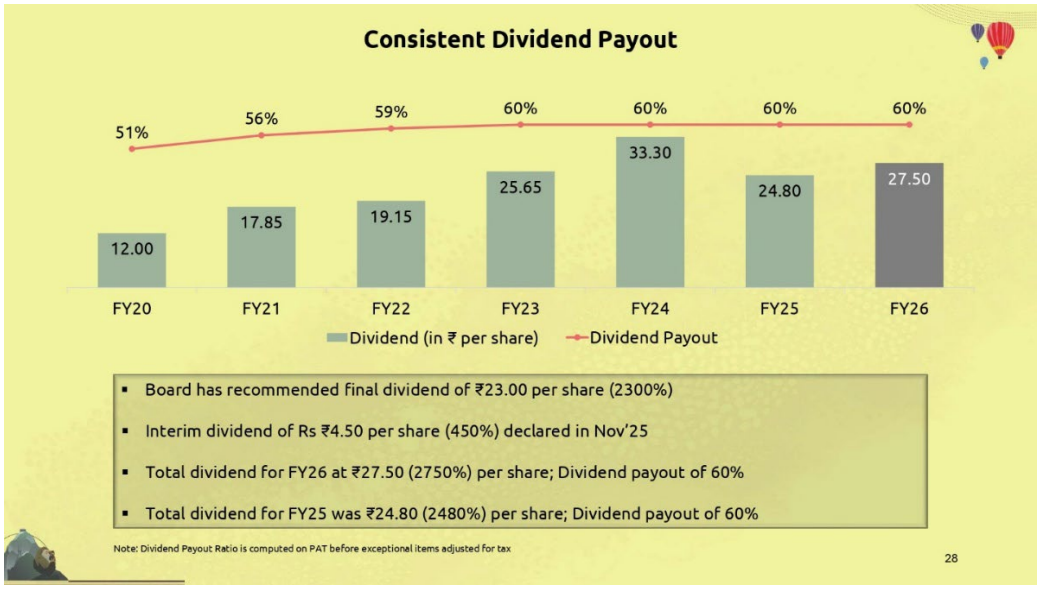
Similarly, if you were to look at the yearly level, the overall top line is at about 4.3%. I spoke of the volume growth closer to about 9%. From the point of view of PBDIT, growth has been strong at 11.2% growth, PBDIT margins at 20.1%, higher by 130 bps, and even PAT is at double digit, about 10.8% growth excluding the exceptional items. For the year also, the bottom line has been very strong, the volume has been very strong and the value is at about 4.3%.



Let us look at the consolidated numbers. Now consolidated numbers are reflected from the standalone definitely, and even consolidated numbers are pretty good. In fact, the top line moves further to about 11% as I spoke. The top line again is very strong, and if I look at it from the point of view of Gross Margins, again higher by 100 bps year-on-year, PBDIT growth is quite good at 24.4%, and the PBDIT margins at about 19.4%, higher than 210 bps year-on-year. PAT growth before minority interest and after excluding exceptional items, is 34.1%, so strong numbers which we are able to see for the quarter.

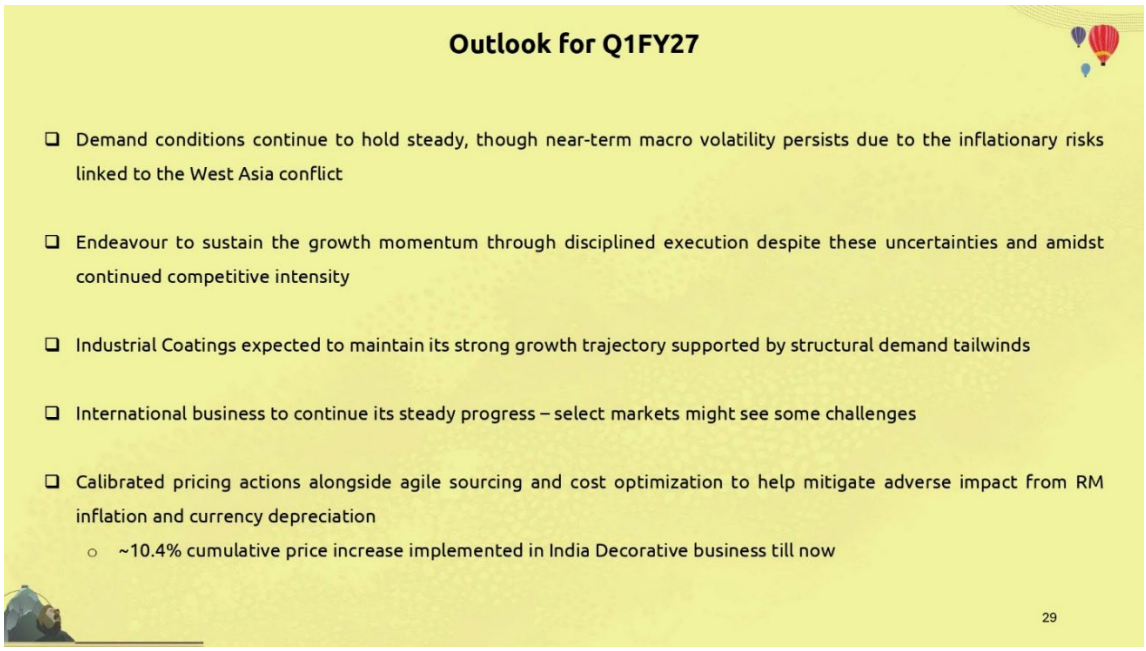
For the year, the net sales growth from 4.3% moves to about 5.1%, consolidated from standalone. Gross Margins at 43.7%, higher by 140 bps. PBDIT grew in double-digits, and PBDIT margins at 18.9%, higher by almost 110 bps. Similarly, the story of PAT before minority interest and after excluding exceptional items, where we have grown by about 11.8%.

Again, I could say that strong numbers we see both at a quarter level as well as the year levels, especially from the bottom line, have been very strong.



As we promise, we have been consistent with respect to our dividend payout. Again, this year we have declared about 60% payout. The final dividend would be Rs. 23 per share, and there was an interim dividend which we had already declared at Rs. 4.5 per share.

If we look at the total dividend for the year it becomes Rs. 27.5 per share, and the payout is about 60% ratio. So that is something which is again very strong and that is something which we feel is very clear, as a return to all the shareholders we really pledge out.



After this performance, the question is how is the market panning out? We are already two months into this quarter.

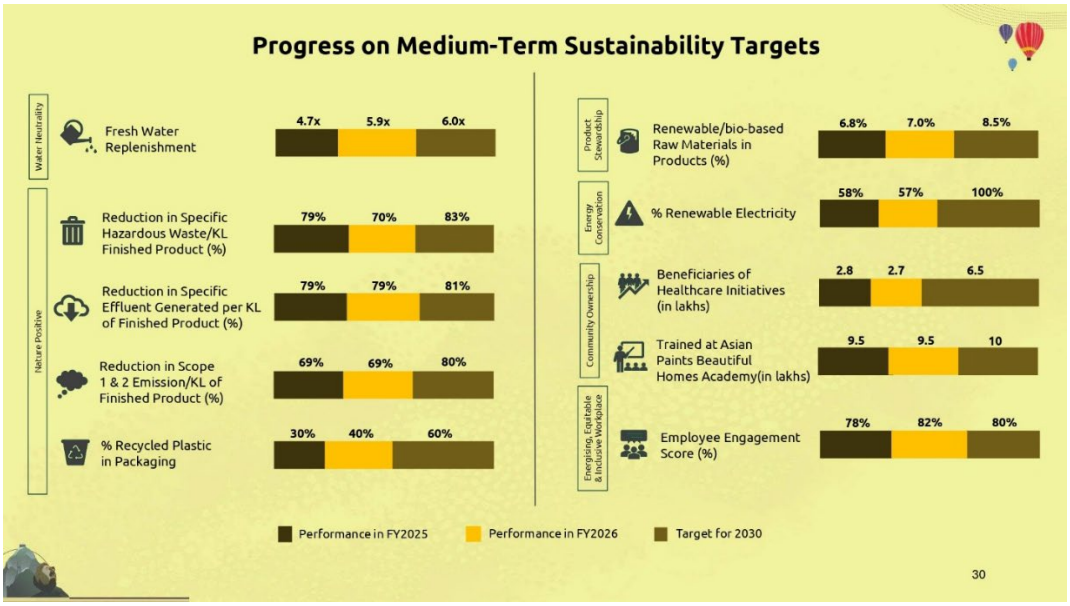
We have seen obviously very high volatile macro conditions in the market, the geopolitical situation is very dicey and there is a cautiousness around that of how this volatility translates into inflation, because we have already seen a very high inflation in the market and that is something which is to be watched out day in day out how that situation points out.

We want to sustain the growth momentum despite all these uncertainties happening and really see that we look at controlling the market from the point of view of what price increases we pass out, so that we are not in a situation where inflation becomes really very high, affecting the demand. We are approaching that very carefully in terms of what we want to do.

Industrial coatings will continue to grow much higher than decorative, given the investment happening in the infrastructure and Government spending that is happening in this area.

International business again is expected to continue to grow and therefore, both industrial and international will strongly contribute to our growth going forward, as far as Q1 is concerned.

When I spoke about pricing, despite very strong inflation, where we have already taken close to about 10.5-11% price increase, and we are talking of going ahead and taking some more price increases, which are going to happen. And it is really important at this point of time that as a leader of the industry, we see the measured increases which we can pass out to the customers, so that we do not allow the inflation and let it affect the demand going forward. We are continuously evaluating this the way we want to go, but at the same time, some minimum increases are something which we have already passed in the market, and some more might happen as we go ahead.



Now the areas of sustainability, this is an area of passion. If you can see that the performance has been very strong. And somewhere we are getting closer to our targets for 2030 much earlier, whether it is water replenishment, whether it is specific hazards, whether it is a reduction in specific effluent generation or it is about the Scope 1 & 2 emissions, along with the usage of recycled plastic in packaging.

Not only that, the renewable energy is also a very big area along with bio-based raw materials coming in products.

We have also really looked at working in the health space so that we are able to align and help people in that space and at the same time we have looked at training a lot of people through our Beautiful Homes Academy. More than 9 lakh people we have really trained and that is something which has been the hallmark of a service which we are offering. Along with training, there is a quality of training which is monitored.

And finally, the whole area of employee engagement has been strong. We have had a very strong quarter. We just did the engagement survey, and we have really come out very strongly, how we have been able to increase people's engagement, inclusiveness and empowerment in a very strong manner.

That is all from me in terms of how we have really performed, what we have done, and it is a real pleasure speaking to all of you. Thank you.

Moderator: Thank you so much, sir. Ladies and gentlemen, we will now open the call for question-and-answer session. The first question is from Mr. Vivek Maheshwari from Jefferies.

Vivek Maheshwari: Hi, good evening, team. Two questions, the first is, you mentioned price hikes of about 10-11%, can you just highlight if you were to pass on the total cost impact, including the rupee depreciation. Have you passed on the entire impact, or what will be the shortfall? You did mention another round of price hikes. What are your thoughts on that? So that is the first question.

Amit Syngle: As I said, we have only passed on some necessary increases. We feel that the impact is much higher, maybe closer to about 20% or so. We have passed on around 11%. We are looking at further price increases, which might happen in the market, as we go ahead. And at the same time, we do not intend to look at passing out the entire impact so that we can maintain a balance between inflation in the market and what we can really absorb.

At the same time, we are also looking at a lot of measures from our side, which would be in the area of cost excellence, looking at what we can do around material sourcing, efficiencies. That part of the inflation which we are not passing out is something which we can work around and see how we conserving those costs and seeing that we are still able to maintain our margin guidance.

Vivek Maheshwari: And just a follow-up Mr. Syngle, when you say 20% versus what you have taken, that is the basis of the previous quarter, or that is the basis where the spot prices are as well as where the rupee is?

Amit Syngle: Largely, we look at the inflation, which is affecting the quarter. And from that point of view, we have looked at evaluating it, and that is how we have looked at passing the price increases.

Vivek Maheshwari: And the second question is on volume growth. This quarter and the last, you have been doing well for the last two quarters. Part of this is essentially the base. But what do you think about the intrinsic demand in the sector? What is your outlook? And would love to know your thoughts on the competition. Two parts. One is the outlook on volume growth beyond the base. And the second is, the competition bit.

Amit Syngle: What we see is that, as I mentioned, the demand has been good both from the point of view of the rural demand as well as from the point of view of the urban centres. We expect at least some part of this demand to sustain in the market. And we have been seeing some early shoots in the months of April and May. And we basically believe that going forward, we are still looking atleast a high single-digit volume growth in terms of what we would kind of achieve.

Vivek Maheshwari: Sure. And any comments on the competition?

Amit Syngle: Yes, the competitive intensity in the market is going to be strong, and we feel that it is something that will continue. We have the consolidated players now who have been trying to align and come out with a unified strategy. We also have newer competition in the market, and the existing players are also equally intense in the market. We feel that the competitive intensity will continue to grow in terms of how we see the year ahead.

Vivek Maheshwari: Got it. Thank you. Wish you and your team all the very best.

Amit Syngle: Thank you.

Moderator: Thank you so much, sir. The next question is from Mr. Mihir Shah from Nomura.

Mihir Shah: Hi, sir. Good evening. Thank you for taking my questions, and congrats on a great set of numbers. Sir just wanted to understand how you see the volume growth trajectory as we go through the quarters during the year? How are you seeing the 4Q and 1Q volumes? Are you seeing dealers buying more than what they bought in the past, and they're stocking up due to the 10% plus price increase that you have announced?

And secondly, post 2Q, you will be having a higher base, unlike a favourable base that we had seen over the past few quarters. Can this upstocking that we are seeing in 4Q and 1Q maybe, and a higher base from 2Q, impact volume growth trajectory for the year? So that's my first question.

Amit Syngle: Yes, even in Q4 towards the fag end, we have seen some increased stocking, which would have happened because of the price increase announcements. But in quarter one, we would expect that the pipeline stocks to go up to some extent as and when a price increase is announced. But at the same time, we are also very clear that today we will look at the liquidation of the stocks in the market and the demand conditions being there in terms of how it is going, because the market can really stock up to only a certain limit.

So, while there could be a little bit of upstocking, which could happen because of the price increases, we are still confident that demand conditions should continue giving us closer to high single-digit volume growth in the band of about 8 -10%, as we predict going forward.

As far as bases are concerned, in Q2, we have a longer Diwali. We have a larger period, which is there both from the point of view of Q2 and Q3 as compared to the previous year. We are also looking forward to the monsoons being quite okay, not full, as what the IMD predictions are coming in. We are looking at good, fairly okay demand conditions, and a longer festive season also. The only worry in the segment is the geopolitical scenario, which is going on. If that really prolongs, it will have a different set of calibrations of what we will have to look at from the point of view of inflation and other things hitting the demand conditions.

Mihir Shah: Understood. That is very clear. Thank you for that. Sir, the second question is on the margins again. The price hikes that you have taken will cover a part of the Gross Profit per ton, but margins, on a percentage basis, will see some impact. However, the commencement of your backward integration projects from 1Q or 1H, which you have called out now, is also quite timely. So, how should one think about the benefits that you will probably get from these backward integrations plus which the peers will not see, but you will see the benefits coming in. And how should we see the impact of the margins as we go along, because in the past upcycle of crude, we had seen margins going down by 500 to 800 bps also. Any colour on the percentage margins with the benefits of backward integration over the coming year will be helpful.

Amit Syngle: Two things, one, as I said, we will continue to take some more calibrated increases, which we think the market can absorb, and we are also aware of the fact that we should not really look at suppressing the demand by too much of increases, which happen in the market. That's one part of it.

Second, as I said, we have been working very strongly in terms of our cost frameworks, how we conserve material prices, how we bring more efficiency with respect to how we consume material, and how we manufacture products. That's a strong initiative, which we think would give us definitely some cover from the point of view of margins.

The third area, as you rightly mentioned, is backward integration. However, as I see it, we'll have to see the whole impact of backward integration over the year because today a part of it is coming in H1, as I said, and therefore, we will definitely get benefits, but we'll have to observe these benefits over a year, rather than getting those benefits immediately in Q1. But with a set of things which we are doing and some passing of some more price increases, we should see how we can retain our margin guidance going forward.

Mihir Shah: Sorry, so you said you'll maintain the margin guidance, sir?

Amit Syngle: Yes.

Mihir Shah: Understood. Got it. Thank you. Wishing you all the very best.

Amit Syngle: Thank you.

Moderator: Thank you so much, sir. We now move on to our next question by Mr. Amit Sachdeva from UBS.

Amit Sachdeva: Good evening, sir. Congratulations on a great set of numbers, sir. My question is to your comment when you say competitive intensity will remain high, or at least that's what I could hear. But last year we saw competitive intensity show up in a manner that there was a free volume to consumers and there were higher discounting and even higher margins for dealers as well by new entrants. And that persisted for a while. Now we are in a very volatile environment of commodities, input prices. Things look uncertain on many fronts. When you say competitive intensity remains high, do you still allude to that discounting will remain high or do you think that it will show up in more product innovation or A&P spends and so on and so forth? I would assume that in such an environment, perhaps discounting-led competitive intensity would have reduced. How should we interpret your comment on this front?

Amit Syngle: First of all, despite the inflationary environment that we are seeing and despite the price increases that we have taken, we have not seen any let-up in terms of the discounting in the market. I must make it straight that today the discounting intensity stays whether it is retailers, whether it is contractors, whether it is other stakeholders, and therefore what we see very clearly is that, whether it is existing players, whether it is new players, the intensity of that continues and people calibrate how much they need to really spend.

Maybe there could be some rationalization around the A&P spends, what we could see in the market, but when I mentioned competitive intensity, I meant about the whole area of discounting, which, according to us, will continue.

Amit Sachdeva: Got it. Very well understood, Amit. Thank you so much. My very quick second one would be where the 10% price hike that you mentioned that you have taken on a cumulative basis. Has some part of it reflected in Q4 as well, or is it largely for Q1? I would assume that some inventory buildup was already there. How should we think about the pricing playing out in the revenue line in this quarter or the next and if you take incremental price increases? Just to help understand a little bit on the pricing side.

Amit Syngle: You are right because some part of the inventory is always with us. It has not majorly impacted us from the point of view of any things which are hitting the margin because the existing inventory has helped us tiding over the inflation which is there and therefore the larger impact we will definitely see in Q1 and Q2 which is going to happen.

The other thing is that, in the last quarter, we also had the benefit of a deflation, which we saw and that is why we are also seeing higher PBDIT margins and even higher Gross Margins. And as I said earlier, we are looking at recovering some of these things through the price increases already taken, some we are in the

process of taking, coupled with the whole area of cost excellence and other areas of how we want to calibrate our spends going forward, so that we are able to play this game of driving top line as well as balancing the bottom-line margins.

Amit Sachdeva: Just to understand clearly that in doing so, you would like to maintain your margin guidance, which has always been 18-20%, there is a high single-digit volume ambition as well for the year. I assume when you say high single-digit, you mean FY27. And also the pricing whatever will build up on top of it. Is this a way to interpret what you are saying?

Amit Syngle: Absolutely right. We are maintaining our margin guidance, which is there. We are looking at the price increases that are happening and trying to see that we get into that area of 8-10% volume growth.

Amit Sachdeva: Excellent, Amit. Thank you so much. Excellent set of results. Congratulations once again.

Moderator: Thank you so much, sir. The next question is from Latika Chopra from J.P. Morgan.

Latika Chopra: Hi. Part of my question was answered, but Amit, I just wanted to check again on the competitive intensity. It seems all the players, including the new entrant, took double-digit price increases, and it seems that the pricing levels are now coming at least at par, but you mentioned that the discounting levels remain high. Is it right to assume that the new player pricing is still below yours?

Amit Syngle: Just to reiterate what I said earlier, finally, what we see is that everyone adjusts to the overall pricing at the same level, which are the apparent rates of the market in terms of what pricing is pitched at. But finally, today, what matters is what discounts you are giving to various stakeholders. And as I said earlier, today, the differentials in terms of the discounting between the various players are the same as they were earlier. There is no change at all and therefore, the intensity of competition still remains going forward.

Latika Chopra: Assuming the raw material prices come off, in such a scenario, do you think a part of these price increases that the industry has taken will be sticky, basis your experiences from the past?

Amit Syngle: As I see it, if there is a prolonged situation which really happens today, we will have to really think of what part we can really pass further in the market from what we have already done. And therefore, some of those will be sticky till the time the situation carries on, there is no going back on it. And it is going to take some time before softening is going to really happen, all depending on how the geopolitical environment behaves.

Latika Chopra: And last bit, Amit, we have wrapped up FY26, you had a good exit quarter. Basis your understanding of the secondary sales environment, how would you read the market shares for Asian Paints in FY26 versus last year?

Amit Syngle: All the results are out in the market, all of you can calculate the shares in terms of where we have moved from where we were.

Latika Chopra: All right. Thank you and all the best.

Moderator: Thank you so much. The next question is from Percy Panthaki from IIFL.

Percy Panthaki: Hi, sir. Thanks for taking my question, I just wanted to understand this. When you are saying that you will maintain the margin guidance of 18-20%. Does this in the backend imply an assumption that the macroeconomic situation or the geopolitical situation will get resolved and the commodity prices will come

down pretty quickly? Or would you say that even if crude remains in that $90 to $100 band for the rest of the year, even in that scenario, the margin guidance would remain intact?

Amit Syngle: As we see it, in these conditions, it is very difficult to really predict for over three to four quarters. Clearly, if we were to look at the next two quarters as something which we are seeing, the inflation levels are not going to come down so easily. It depends on where the whole war situation goes and how it really fructifies, what further impact on raw material prices it really caters. In the given scenario, we need to work very diligently, looking at maintaining our margin band. It will be a combination, as I said, of working on cost efficiencies. It could be a combination of the mix that we are able to sell in the market and at the same time, looking at a very disciplined approach, in terms of how we really look at our spends in the market as we go ahead.

Percy Panthaki: Understood. The context of my question was, if I look at the last crude cycle which was FY22, at that time, also, on a Y-o-Y basis for the full year, there was about a 14% average price increase. At that time, we had finished the full year at a margin of 16.5%, FY22 consolidated. If I compare it to FY20, because FY21 was exceptional because of cost savings, etc., FY20 was about 20.5%. There was about a 400 bps contraction in FY22 despite fairly high price increases. What is different this time which gives you the confidence to say that we have closed this year at 18.8%, you are saying the contraction would not be more than about a 100 bps?

Amit Syngle: See, first of all, the current context is that, we are looking at the first six months at this stage because it is very difficult to really predict for the full year. And as I see it, for the first six months, possibly yes, we are still open to more price increases we need to take from the current levels where we are, and that would really compensate for some deficit what we are seeing.

The second different thing this time, is the whole area of the premiumization story and other areas of bettering the product mix we want to set up in the market. And the third area is backward integration, and in some of the areas of our cost efficiencies we are looking at. It is not going to be an easy one, it is going to be tough, but the endeavour is definitely that you try to remain in the margin band given.

Percy Panthaki: Understood. My second question, sir, is on demand, in any product, there is a certain price elasticity of demand. If you take pricing up, it affects demand. How do we look at this price elasticity for paints? Just for example, in the last cycle again in FY22 we did not see any impact, but the construct was different there in the sense that people were spending more time at home and therefore, looking at their houses and feeling that we need to make this better and spending more on home improvement anyways there were not too many avenues to spend on at that point of time. But that is not the case right now.

People right now will have to pick and choose where to spend, and very frankly, the last big crude inflation cycle, apart from FY22, that I can see where you have taken a double-digit pricing is only FY12, where the demand scenario itself was very buoyant and robust. In a way, we are at a position today where this question is difficult to answer, empirically speaking. What is your take on the price elasticity of demand for this product, and how do you think the price increases will impact volume?

Amit Syngle: If you look at it from the point of view of the paint industry, when we speak of the final cost to the consumer, it is a combination of the material prices and the labour prices. The material component in terms of the per square feet of what lands to the customer, is only about 35-40%. The larger area is of labour. What we are seeing is that the increase in the material prices gets a little bit nullified in terms of per square feet prices. The impact which we see from the percentage terms doesn't come to the same thing and that is why in each cycle, which we see that the impact might be limited unless obviously the things go haywire of everything turning very different from the point of view of crude prices or from the point of view of dollar strengthening. We will have to watch out for that from the point of view of looking at it, but we feel that

today, given the fact that one the spend on paint is discretionary and sometimes it is occasion and maintenance led, also which is there.

From that point of view, the elasticity is definitely there. But it all depends on the quantum of increases you take and that is why I said we need to calibrate those increases in such a manner that the final landed cost to the consumer is something which is still tenable, and we do not really ruin that equation of the prices becoming too high, which becomes untenable for customers to get their homes done.

Percy Panthaki: Just a couple of very quick hygiene questions. One is, what is the impact of upstocking on this quarter? I know it is difficult to exactly calculate, but whatever you think is the best estimate, we will go with that. Or even if that is not possible, what is the growth in Jan and Feb, only these two months, and we will go with that as the substitute. Second question is the other expenses line has grown only by 2% this quarter. Any reason behind that?

Amit Syngle: When you look at the current quarter, the good thing is that all the three months have grown by double-digits. That has been very strong. Some uptick from a point of view of upstocking has happened in the fag-end of March in terms of what I see. The impact of that would be for the month of March, the March growth rates would be higher by 3-4% mark, which would be the impact of the upstocking which would have happened in the month of March. But the good part is that both January and February have been very strong in terms of what we have been able to achieve from the point of view of sales, which has happened this quarter.

Percy Panthaki: And the other expenses?

Parag Rane: The other expenses growth is largely in line with how we have seen the full year, where the various cost initiatives have actually worked for us. Also, it helps that we have a higher revenue scale this year in this quarter, which has also helped the overhead absorptions.

Percy Panthaki: Okay sir. I will take this offline. Thank you very much, sir.

Moderator: Thank you so much. The next question is from Aditya Bhartia from Investec.

Aditya Bhartia: My first question was again on VAE and VAM project. While I understand that these benefits would be felt over the course of the entire year, could you give us some indication of what could be the benefit in terms of costing and in terms of Gross Margins? I understand that it will also help formulations and improve the quality of the product, help us differentiate, but what could be the impact on Gross Margins over the course of the year?

Amit Syngle: As I said, it is too early to say because there are several factors at play. One is the extent of usage and production of this emulsion across various products of what we can take, and the other is how do we ramp up the capacity of what we are able to make. And therefore, at this point, it will be very difficult to really give a quantum to that because the whole thing will vary from quarter-to-quarter, and it is only by the last quarter that we would be able to come to know, what would be the larger impact across in terms of what we would be making.

Aditya Bhartia: Understood, sir.

Parag Rane: Also, the fact that what we are commissioning in this first half is only the VAE part, the entire VAM-VAE project as such will still take some time, and that is when we will start realizing the whole anticipated benefits. We will have to phase it out over the next one and a half to two years.

Aditya Bhartia: Understood. That is very clear. My second question was on the mix impact that we saw in this particular quarter, which was only minus 2.5%. If I recall, it was almost a similar trend that we had seen in Q3 of FY22 as well, which is again a period wherein we had taken very sharp price increases. Is it a case that when we take sharp price increases, there is upstocking that happens specifically for paints and therefore, paints proportion goes up in the mix and that's why we get to see a lower mix impact as well, and we should be back to whatever 4.5-5.5% range in the next few quarters.

Amit Syngle: See Q4 is also a month where you have larger, higher value contributions, which really happens. That is one. Second, yes, because of the price increase, there is definitely an upstocking which happens in high-value products, especially as I said that in the month of March, we would have seen some upstocking happening there. And we feel that over a period of time, it is good to maintain that 3-4% gap, which would remain from a point of view of overall direction between volume and value.

Aditya Bhartia: But we are now speaking about a 3-4% gap versus, let's say, 5-6% that we used to speak earlier. Is that on account of the confidence that we are having that premium and PreLux categories are doing better?

Amit Syngle: Currently, it looks like that. We should really be able to look at that gap of about 3-4%.

Aditya Bhartia: Sure, sir. That is very helpful. Thank you so much.

Moderator: Now, we will be taking the last question. The last question is by Mr. Pratik Gothi and he is from HSBC.

Pratik Gothi: Thank you for the opportunity. I just have one question, please. In terms of mix, you already touched upon this. Any more colour on the performance of the PreLux category and whether economy range continues to outpace them on growth?

Amit Syngle: No, as stated earlier, the contribution from the economy range remains significant. It is not a trade-off where growth comes only from the premium or PreLux segment at the expense of the economy range. That said, there is a clear and strong strategic focus on driving growth in the PreLux segment. This is not limited to emulsions but extends across categories, including waterproofing and wood finishes. Premiumization, therefore, remains a strategy, with an objective to outpace overall category growth, even as the economy emulsions segment continues to grow.

Pratik Gothi: Got it. And a related question is the volume value gap. The volume value gap of 3-4%. Did you mention that?

Amit Syngle: Yes, I did.

Pratik Gothi: That will remain over the next few quarters as well, even while the price hikes are being followed through.

Amit Syngle: Yes, because the price increases might not be at a regular interval. But, we think that this trajectory of 3-4% will remain as we go ahead.

Pratik Gothi: Got it. Okay. That helps. Thank you so much.

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