

2 June 2022

Department of Corporate Services
BSE Limited
1st floor, New Trading Ring
Rotunda Building, P J Towers
Dalal Street, Fort
Mumbai - 400 001
Scrip Code: 500710

The Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, 5th floor,
Bandra-Kurla Complex
Bandra (E)
Mumbai – 400051
Symbol: AKZOINDIA

Dear Sir/Madam,

Sub: Investor Call Transcript

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the investor call conducted by the company on 27 May 2022 regarding the audited standalone and consolidated financial results of the Company for the quarter and financial year ended 31st March, 2022.

This is for your information and records.

Yours Faithfully,
For Akzo Nobel India Limited



Harshi Rastogi
Company Secretary
Membership#A13642

Encl: as above.

Akzo Nobel India Q4 FY2022 Investor Call

27 May 2022

Management:

Mr. Rajiv Rajgopal, Managing Director

Mr. R Krishna, CFO and Wholetime Director

Ms. Harshi Rastogi, Company Secretary and Compliance Officer

Investor Call Transcript – Q4 FY2022 Results

Moderator: Good evening to all of you. Its wonderful to have all of you.

Representing ISEC it's our absolute pleasure to have the senior management from Akzo Nobel India today talking to you in a small group investor format. There are only about 15 investors. It's a small group, so feel free to raise your questions at appropriate times later.

Yeah, we got 60 minutes so welcoming Rajiv Rajgopal, the managing director. R. Krishna, the Chief Financial officer and Harshi Rastogi, Company secretary and the Chief compliance officer. Rajiv Sir over to you for your opening remarks.

And if you have a presentation, please feel free to share that and speak. It's over to you. We'll manage the question queue, Sir. Thank you.

Rajiv: Thank you, thank you Manoj. Good afternoon to all of you. I want to thank you all for taking time out to join this call. I understand that it's a very busy day with a lot of results getting reported so deeply appreciate, yeah, I hope all of you can see the deck Is it visible Manoj right before I go?

Moderator: Yes Sir, please continue.

Rajiv: Well, I don't need to introduce these two people because they have been on the television ad for Velvet touch. We've had some fantastic reviews even from some of the analysts who sort of reached out saying, you know, good to see it. We just showed that to the Board and obviously they were absolutely delighted with this sort of work that we are putting on the brand front. Yeah so first and foremost, you know, let me quickly run through the deck and what I want to do is, you know get back to some of the narratives that I've been sort of playing to you starting from 2018, when I took over the role.

First, let me start with the business environment. Just so that all of us are on the same page. Well, I think all of us read the same newspapers, but suffice to say that if you want to look at it the way I see it, it is that India growth is picking up, you're seeing spurts. There are so many factors which have started bouncing back - real estate, infrastructure started doing well. If you look at it despite omicron, the fact is many of the companies who started posting high you know single digit double digit growth. Again, you know in the last quarter remember last quarter for many companies, including in our industry, we had posted some terrific growth. So really, our growth on top of that is really what I would call that separates the men from the boys.

Yeah, if you look at some of the key economic activities, whether it's a core sector growth, the expectations index, it's been on an incline. I think off late, primarily because of the fact that there is a bit of inflationary pressures and all of you know about it I think that's the only concern that I think people have. I think the other two factors for us from a

business perspective, we keep a close watch on Forex and crude. Back to that is what sort of has a tremendous impact on the way we do business. Yeah, so these are the two to watch out for as we start moving. Yeah, for business update perspective quickly you know just thought I would once again run with you a summary. Well, for some of you who are coming in for the first time, we've got five sites. Pretty much, you know when I've taken over with a mandate of sort of running it as a paints and coatings organization you know what we've started doing between us all the functions that work with. Plus, we've started making sure that we drive the business, and so if you look at, we've got about 1,460 employees, 5 manufacturing sites, Mohali, Gwalior, Thane, Hyderabad and Bangalore, we've got our regional offices, you know Bangalore so. Five offices. We've scaled up distributions significantly, you know. So, talk of 16,000 or actually the number now is more closer to 20,000 retailers and 15,000 machines. And we have got about 4,000 B2B customers and significant scale up after the COVID Wave 2. We've also got a world class color center for A&AC in Bangalore. And you know, through this call, I'm also going to sort of organize visit once you know we are able to travel full heartedly, for some of our investors, those wanting, like we will reach out to you so that we can take you to our plants and show you some of the world class color centers that we have which are also some of the global partners that we sort of work with. Yeah, we also support low cost Innovation Center for driving differentiated products, at Thane and I'll talk more about it in a little while. Later, yeah, so just to start with this is the new purpose for those of you who see Akzo Nobel about 3, very simply put people, planet and paint. And really, this is about making an impact to each one of the P we move forward. Yeah, so I'll come to the quarter. Our focus has been to continuously drive Innovations, disrupt technology and driving some industry first. So if you look at it, what we've done is, uh, flagship brand velvet touch you know we decided to put the brand back on air. We tried a few experiments very clearly consumers told us that look velvet touch is equal to Dulux and what we've done is we you know we put a new advertisement, you know, just before IPL started on air and we've had some great reviews, we used a differentiated technology called Tru Colour. And for those of you who are interested do reach out to Harshi and you can see the impact of Velvet touch on the walls. We've seen some phenomenal growth on the brand and over the last couple of months. Yeah, yeah. On the portfolio expansion I did mention to you that when we start getting into differentiated products, consumers and customers will start voting with confidence, of the sort of products that we do because of the sheer quality that we bring in. So Weathershield Max and Floor Plus has seen some phenomenal up tick and we've just launched it in three or four geographies. The product is in terms of exterior. We've brought our view into our exterior emulsion, so we've redefined crack proof with new technology and the nine year warranty on the brand, and you will see more to come in the quarters ahead. We've also taken a 4.7% price increase in January and February, but you know, last two weeks of January and the first two weeks of February, the demand was a bit soft because of the impact of Omicron, but we saw from the second week of February pretty much and let me be honest, going forward even to quite recent times a very strong uptick in demand. Yeah, so we are seeing a strong turn around and that is what has led your company to be able to demonstrate superior

performance. Yeah, a growth has been led by premium category and you know if we really want to look at our project business or some heavy growths, some unprecedented growth, you know, in the last quarter I would just say that this is the first quarter where I can officially say that we started gaining market share. And if you've seen the quarter results, you know for the full year we become the second fastest you know paint growing company in India and I'm so proud that the all these small efforts that the team has been putting over the last many years has come to fruition and there are better time when the industry is likely to see more players coming in then we start really, you know, putting the stripes and now getting back into the field. So really, really proud of this we've started seeing some market share gains. Of course, in a premium segment, but also in some of the other segments and geographies in our paints business. We've also seen some very good growth in our coatings business I'll come to that so some of the other products that we launched included Simply Refresh in the quarter, which is our first DIY kit. We've worked with our UK team very, very closely to bring you some world class products as we speak it is live on Amazon if any of you are interested you know please do reach out to us. We'll be happy to also share with you we have a kit and the kit has got all the to do instructions. Also, getting on video on how to use and also some commercials will be coming which will be seen on the digital platforms very shortly. Yeah, our health and well being platform, which is Better Living which is the first, you know, a bio based paint from tea tree oil is doing well. Started seeing some good update and we want to sort of see how we can progress this further. Yeah, I mean I think really. You know one of the things of being a Challenger brand is the fact that you need to really disrupt the market because that's what you would expect when new players come in and we then realize we're going to start working with the start up in the ecosystem to see what we can so the entire team of the Paint The Future for India is about seeing how can you get your digital solution to boost the magic of paint and transform the way consumers experience Dulux. The future is working around, you know you can see almost about 9 platforms. Things like surface health. How do you visualize better? How do you get personalization and experience when you get on the journey? How can you get trusted application, trusted advisor. So I'm just running through you what we're getting. We've got more than 100 and you know 100 plus applicants from the start up on our platform and we are working very closely with Nasscom, NIPP and KPMG on this to try and take this forward, yeah.

Coatings, I think, what really differentiates us is we've really done well in coatings in the last quarter too, so it's not just our paint business which has done well close to double digit performance, but even our coating business across, I would say I had a little bit of a slow start for reasons all of you know was automotive and specialty coatings business, which saw a slightly lower growth. Primarily because of you know issues like the semiconductor which impacted some of the customers in which we operate but all our businesses have posted double digit growth and it's for the first time that I see all businesses of Akzo Nobel doing well, so whether it's in terms of protecting aesthetics and assets. Whether it's in terms of powder through sustainable solutions or, you know, looking at our beverage, you know internal external of both the food and beverages. I think we've started getting some good, very good numbers. Yeah, our challenge in this

business has been the pricing so are you know pricing actions are slow because these are all time based contracts and as a result our ability to sort of execute price increases has been a bit challenging, which is where at an aggregate level, when Krishna speaks, all of you realize that you know, uh, fruitful, hence of the contribution margins have actually been slightly impacted by our coating business managers and what I'm really pleased is, you know, I've seen a lot of headlines by a lot of players, but we are definitely on paints business having one of the sharpest margins in the same sort of sustained.

What I'm extremely proud about is the fact that we've got approval for super premium luxury paint coatings in our ASC business. Right? Uh, yeah, I will try to sound louder Yeah, if that helps. So exclusively provided for, you know, for example from McLaren and BMW.

So these are the two that we sort of won and we will talk more about it if you have any further questions to us, yeah. So on the planet I think you are absolutely committed to ESG and sustainability. The global, you know, the targets that are also being sort of taken in India and by 2030 100% of our energy requirements coming from renewable resources and we want to reduce carbon emission by 50%. We are also going to be playing a lead role in the shift to plastic, as in when the regulations come out and also in terms of rainwater harvesting, water conservation even start playing a lead role. On planet, you know one of the things we really want to do is to reduce emissions and waste. And there is a lot of work which is happening on harvesting solar energy using a lot of greens at our sites and also solvent recovery to reduce waste that's happening in all the sites that are producing solvent. So for people I'm extremely proud of the work that our CSR team is doing. I'm sure if many of you are watching LinkedIn posts that we post. Uh, we have opened, you know, couple of academies we are working very closely with some of the governments and we are very, very proud to say that we have started equipping and we're the first company to actually drive women painters into our society. You can see the three young ladies there, absolutely smiling because we've ensured that we start providing them livelihood, yeah, we are also starting an experiment that you see in the photo below project called Indra Dhanush in northeast where you started providing livelihood to almost about 100 odd women to start with, and this is something that we'll be expanding as we move forward.

These women have also become entrepreneurs so they had not just painters but they have also started opening shops as a matter of livelihood and something that they've really really felt proud of. Yeah, we also provided a lot of Tele Health, not just to our employees and our customers but also to our painters because to me the real impact should come to the society in which we work with. Yeah, so this is another thing that we are very proud of. So it's not just about performance It's not just about now. You know, becoming the 2nd fastest growth company, and this growth is not for just this quarter but It's for the fiscal full year we've had a 30% growth. I think I would like to say these are baby steps of what we as a team, are committed to sort of putting as a footprint as we move forward. Also proud of the fact that we got recognized as a Great Place to Work at.

You can see some Members of my management team on the diversity and inclusion, bring the bias sort of agenda you can see from the photograph itself that the men have started getting outnumbered, something that I'm truly proud of, and something that we will continue to drive.

We run an initiative called Covengers initiative which is about care, connectivity, capability and culture, and these are initiatives that I will talk more at the AGM. For those of you who join, you'll get to hear a little more.

Yeah, so with this let me hand it over to Krishna for the financial performance. Krishna over to you. You will need to be a little loud.

Krishna: Thanks, Rajiv

As you are all aware, we embarked on our Grow & Deliver journey in 2021 and I'm extremely happy with the progress we made in this ambition at 3,149 crore of top line, we have achieved highest ever revenue with a strong double digit growth both in paints and coatings businesses. This has been achieved through Our innovative products, customer focused solutions and market share gains in select categories and geographies. As we recall, the year has witnessed significant inflationary pressures and we took calibrated pricing actions to mitigate the impact of this. By end March we had implemented around 21% price increase. With the 4.7% price increase in the paint business in Q4. With this, the GM percentage in paints is relatively held, but the benefit of pricing is in coatings has been slower to translate, given the long term nature of the B2B projects and with the efficient OPEX management, EBIT from the operations at 356 crores and at 11.3% we also sustained the double digit profitability for the third consecutive year. Profit after tax was up by 40%. This also includes a one time tax provision reversals pertaining to the earlier years. However, even after excluding this impact, the profit growth was the highest in the industry. Moving forward as far as the Q4 performance is concerned, we had a strong finish in the year across both the businesses. This while the industry witnessed some demand contraction to the omicron impact in January and February, we made a strong comeback in March, achieving the double digit quarter growth in the fifth time in a row. As alluded earlier, our pricing actions are carefully calibrated and which helped to cover the inflation impact in absolute terms.

We struck century in our EBIT from the operations and sustained double digit profitability for the 13 quarters and the profit was flat due to the one time adjustments of the one of the tax pendencies which we cleared at the Thane factory. And moving forward If there's one thing I'm proud of is that how well we managed our profitability in a volatile and inflationary environment which chart clearly depicts that how the raw material costs remained at elevated level and but our steady pricing actions helped us to gradually reduce the margin dilution, I believe this is the testimony of our strong analytics collaboration between the functions and the faith in customers and partners.

OK, regarding the cash flows as India celebrates 75th year of Independence this year, we are proud to announce a total dividend of 75 per share for the FY21 22. To

commemorate this momentous occasion. This one time proposal is subject to the shareholders approval. We are grateful to our investors, shareholders on their unstinted support and remain committed to increasing the value for them going forward as well. With this now hand it over back to Rajiv to confer his concluding remarks.

Rajiv: Thanks Krishna. So I just want to say you know it's for me. It's very quite a quite a poignant moment because, as they say, a journey of 1000 miles begins with a single step I'm reminded because many of you have been a huge support and I just want to thank out and call out many of you in this call who've You know been very very patient and being a great support and encouragement during the last three years. So if you look at it in 2018- 19 many of you had highlighted concerns about Akzo Noble India performance. At that point of time with lot of butterflies in my stomach, perhaps now I can say I committed to a performance of growth and double digit profitability. Some of you did ask me, you know which one are you sure of? And I said double digit profitability because Akzo Noble globally was embarking on a 15 by 20 journey, but I did also put my hand out and say we will start getting growth, yeah, and we will start not just getting growth but also getting significant growth.

Yeah, through the years we've invested in brand distribution technology to bring, you know, in my view some great innovations from a consumer point of view and we are now working on some disruptive solutions. So in the journey I think building the 3000 crore top line and delivering a very strong double digit profitability is something that truly sort of has been pleasing but what has also come as a surprise after all the results came in yesterday was to see that also in a way for the full year, become the second fastest growing paint company. I think look for us, it is about you know the journey we are committed to this we believe like many of you have reminded me, many often that it's a great brand, it's a great company you know, and now the time has come to really start making sure that we deliver.

What I'm really pleased about is the fact that we had lost market share in a couple of years and we've really started pulling it back. And, you know, we've got the, you know, the analytics at a market brand category level, obviously I'm under constraint that I cannot share that maybe the excitement and the voice after we got something analytics even yesterday just gives me satisfaction to some of the baby steps that we bought some of the you know, strategic drivers that we put in place that they seem to be working and seem to be in the right direction. So that's what I want to see. I want to thank each one of you once again for your time, and I look forward to all your questions with this.

Let me hand it over back to ICICI Securities.

Moderator: Thank you Sir. Ladies and gentlemen, we can now have the question and answers round. So if anyone has a question, request you to kindly raise your hand using the raise hand icon we will then unmute your line and you can go ahead with the question. We have the first question from the line of Chanchal Khandelwal. Yes please. Kindly unmute your line. And go out with your question. Chanchal we can't hear you.

Rajiv: Rushad, can you help us? We can't hear. Chanchal says can't talk.

Moderator: Chanchal can you unmute your line and speak?

Yeah, yeah, now, it's possible.

Chanchal: Can you hear me Rajiv?

Rajiv: Yes, yes.

Chanchal: Yeah hi, so Congrats on good set of numbers. I mean I got to know today it's a 75 year old brand in India, I'm sure you have a bigger like the wind and the journey is just started. Uh, my question Rajiv is, uh. If you if you can talk about the new launches. I mean, couple of launches looks interesting. Uh, and also on the on the mass and economy segment what are you doing? Steps to gain market share there? That's a bigger part of the market.

Rajiv: Yeah so so firstly our launches have been across the portfolio. Let me start straight with answering the question that you asked. We have launched our mass you know economy product called Dulux Promise SmartChoice. The reason we took time with our launches because this is coming at a price point of ₹80 a litre right? ₹80 -90.00 a litre has to be accretive to the margins that we work with. So a lot of time went in making sure that the formulations are and we are able to give a good product right formulation without sort of you know? we were destroying the margin profile of what we already do. Yeah with that let me tell you that it is that is the single brand which is played a huge role in our recovery between 2020 and now. So very clearly we committed we are also going to be bringing in few other categories as we speak by before Diwali some more of mass offerings and mass products as we move forward. Yeah yeah you will start seeing it. I'm sorry Chanchal, I won't give you the specifics, but between now and Diwali is just three four months you will see some more interesting products are coming in and formats coming in the mass and economy. We are committed to it. As I mentioned our distribution 2.0 we have now started see when I joined this company in 2013 we were covering 800 towns in the country, right?

You know when I came back in 2018 we had moved up to about 2,000 towns. As of this morning we got a dashboard which told me that we are today almost in 4,700 towns. our journey is in the next two years. I want to reach 9,000 towns and for that getting the right portfolio assessment is very quick and smart and economy is going to play a great role, but as you do that, we also want to make sure that we are able to defend and grow our premium segment and that's some of the work that we've also done because that's how you sort of make your profile accretive to what you do. So some of the products being launched we've talked about Chanchal so you know, Velvet touch true color, Floor Plus and we have just launched Simply refresh we're testing it in Delhi. We've launched it both on Amazon and on the retail shops we are testing for a few things on hypothesis on pricing etc. We've started getting some feedback. From the outlets where we serve and then we will start making a sharper. We've also developed a new communication which will be ready by July, August, and these then start going full on that.

And DIY, the way we are driving DIY and India is not just through you know, the consumers who want to paint, Of course it's for them, but we also understand a large part of the application is done through painters so we are also going to put a program. So painters who want to teach the consumers how to apply DIY products with very clear, you know, tools. So that's something which is also very interesting, in the projects side we've launched a anti carbonation offering and I must tell you as infrastructure goes that's another thing which is driving.

Well, I think some. Yeah I can, yeah. Further, on our coating side we certainly we basically put a couple of you know Wanda brand in AC is doing well. You know a metallic bonded powder is doing very well. In fact, your question we will be adding capacity in our powder and paints business in the next year so yeah.

Chanchal: Sir, thanks. OK, one more question. If I may say so your other expenditure has not gone up. I mean you've cut ad spend. Probably I mean, given a time when you want to gain market share when there's a competition coming up, a big group entering this space. I mean, if you have to be the number 2 in terms of growth going forward, you have to spend. And maybe this quarter you have you have Omicron so that could be the reason. But uh, just a thought.

Rajiv: Yeah, so my thought is very clear Chanchal and thank you for the question we had dropped to about 3-3.2 due to COVID as I mentioned to you, we are committed to taking it back to you know 5%. You know the A&P as a percentage of value, and obviously we will thereafter spend where it's required, so really some of the work that we're doing on interior, exterior products and some you know waterproofing where also we just we're going to launch a digital film in a couple of weeks, You know, and also you know, the new formats that we're launching.

You will see a lot of work happening or advertising input, so all I can say is this is a line that I'm personally now holding, you know, and we've taken Vandana Krishnia who's been a pretty high performing marketing individual. In fact, she just released the presentation to the board and you know, I think the board recognizing we've got a truly good marketeer now. And so that's how we sort of take it forward Chanchal. Yeah, this is something that we are monitoring we are very cognizant of the fact that a lot of new players have come and one more new player, large players coming in, so we are sort of cognizant of it and we would like the consumers to drive the brand because that's our biggest asset.

Thanks wish you all the best. Thank You.

Chanchal: Thank you Sir.

Moderator: Thank you we have the next question.

From Aditya Bagole, Aditya, kindly go ahead with your question.

Yeah, yeah.

Rajiv: OK, no problem, no problem Rushad you want to take?

Moderator: Yes, we have the next question from Dipin Sanghvi.

Dipin: Hi, thank you am I audible?

Moderator: Yes, you are.

Dipin: Yeah hi thank you Rajiv and a congratulation to you and the entire team for good set of numbers. My question is on the you know those couple of data points so you had shared in the presentation about the extent of raw material inflation and the cumulative price had taken. Can you just elaborate a little more? Uh, if the same number you know how does it look when you compare B2B and B2C? For the full year basis, what has been the increasing the RM inflation and the price had taken cumulatively for both, similar to B2C?

Rajiv: Krishna he will first give you the response.

Krishna: What we have seen on a full year basis Dipin is that around 25% is the RMPI inflation and our pricing actions. Cumulative pricing actions is roughly around 21% so we could able to cover absolute terms in terms of the RMPI inflation.

Uh, as in a percentage we have declined around clear basis by around 200 basis points. Right now, I was referring to in somewhere you had mentioned that you know you had you had some there is some lag in terms of taking the price hike in the industrial or the B2B business, so I was just trying to get the bifurcation over there. B2B business was the part about I would say about 2% points lower than the.

Dipin: Uh, sorry how your voice wasn't clear you said 2%.

Krishna: Yeah, two percent, 200 basis points

Dipin: OK, so secondly you know in terms of the big news these days, you know in terms of the kind of CapEx that Grasim has announced, or for the paint business there are concerns in in the market about the overall impact in the in the all the players in the industry in terms of profitability and growth etc. What are your thoughts and how are you know? Reading those kind of investments and whenever you know they launch the product? Now how are you preparing yourself, if at all you know you see any meaningful impact in some of the segments?

Rajiv: Yeah, so first and foremost, look, I think it's too early to react because it's a two day news. You know that's something even the board sort of asked. Obviously we need a little more time to be able to put our thoughts together, but let me tell you in a way, even before this announcement came, the fact was we already knew that they were spending an adequate amount of CAPEX incremental addition, which is all quite significant, right? So I think look what we are trying to get in is what other products in my understanding they will They are leveraging the strength of their cement business to launch their paint business. So obviously when they start doing it, they're going to come in two categories, particularly around the economy mass, distemper, putty they are already present today, through their sister company on the cement side right? and then slowly find their way. It

isn't a very easy journey. No, it isn't when you've got many new players who I think I'm sure with a little bit of humility, every player will tell you, including us, that it's not, it's easy to talk, but it's very difficult to dislodge because there is a way the business runs. I think this business, the paints business, the drivers of the business, that distribution, paint distribution, asset called the tinting machine is very important. It gives velocity and it gives, you know, return to the dealer on a daily basis, right? So I think you know there is a velocity of a brand. There is distribution there is, you know also in terms of some of the innovations and thought leadership that some of the players were brought in. So you know to come in new, there will be new news as even some of the players who got in recently have done right. In my view there are two things that will number one overall, the market will expand. There is also a sizable amount of local player right? even if you look at post Covid and you take the results of the top five companies now like pretty much if you see the companies have been growing and what's happened is there's been a shift from, you know, the unorganized to organized and within the organized to the top 4-5 places, right? I do see also a fact that you know you know one will have to be very careful in terms of how they will leverage their you know the cement business to bring in spring into their paints business.

We are working on it and you know what? I can assure you is we are working on a strategy. It's too difficult for me to sort of disclose at this point of time, but we are looking at all options because you know the reality is for Akzo Nobel globally now India is a very key market and from a growth perspective and an incremental growth perspective I can personally tell you that right now that I am sitting on a bed of thorns and It's a perfect position to be in. I really wanted to be in that position because, you know, I do think that the global is really taking India and India growth story quite seriously. I think it was important to demonstrate that India business can do it. Remember that we've been coming out of lot of user processes and performance seemed to be shine. This is what all of you could, say I think the 1st job was to, you know, do what we say and then start performing a little better than what we've been talking about. So we are in that zone where we've started doing what we say and getting into that zone of being slightly better. I think we have to sustain it and then we will come back to you. Also, in terms of what the specific strategies we are working on strategies we are also working with our global technology team because disruption in the paint comes through production formats and solutions and also customer service. So we're working on each one of these elements.

Dipin: OK, sure, and just the last one Uh, on my previous related to my previous question with the kind of price hikes you've taken, are you seeing any impact on the volumes and the demand as a result of this, you know increase or such a massive price at which has happened or not really?

Rajiv: They will be, you know, at this point of time you don't see clearly i think there are many other factors also playing in right, I think one will have to wait for another quarter or two to see the impact, where I would think it's a better position to understand is more closer. That's when you really start seeing when we have the next quarterly call in August.

The AGM is the time you should ask me this question. I'll be in a better position to answer it. The reality is that you know the prices are still not relenting. You know Krishna talked of 24 -25 thing that's a bit for the last quarter. You know, let me tell you this quarter for further going On right, and if you look at it, we took another 3% price increase on 1st of May . Are you seeing what the other players have done? They've taken 1.8, right? They're still doubling. We are very clear. I'm very clear in my mind that just because I'm a challenger brand, not going to be forgiving on the pricing, but I'm going to reinvest on the brands, making sharper and start playing aggressively. There's no other way for a player like me to sort of make sure that we sort of deliver on that promise.

Dipin: OK, sure, thank you so much and all the best.

Rajiv: Thank you, thank you, thank you so much.

Moderator: Thank you we have the next question from the line of Shrenik.

Shrenik kindly unmute your line, go out with the question.

Shrenik: Hi, am I audible?

Alright, thanks for the opportunity So my first question is on the decorative side Sir, could you explain what is the current network as of today and what are our plans for the next three years to increase this distribution given the competent density increasing?

Rajiv: So look, we are almost close to 20,000 dealers and we have close to about 15,000 painting machines. If you look at in terms of incremental, we continue to add about, you know, 2,000 machines a year. That's so that's what we plan to do and we will look at it, yeah, but the way t we're working on a strategy very clearly. To identify which of the geographies based on per capita income, etc. Which is the distance which would target you know or the 640 districts in India, which are the ones. which will give us a better return for what we do. Because remember any of these districts we have to also it's a first time for brand Dulux, though it's been advertised brand, known in the urban centers and in the rural centers we have to also create association for that brand, so there's a lot of other activities that have to go in place so you know, we want to make sure that we are doing things which are accretive so that's the journey we will do and our target is that look. We will take a point whether it's 25 or 30,000 outlets depending on what we believe is going to be accretive to our revenue growth on a sustainable basis. Right, our retention of our dealers has been very sharp, has been closer to 93 to 95% ,despite the fact that we took a price increase ahead of our competitors and we sustained it for almost four months, we did lose a few large dealers in between but what I'm glad is the moment competition took the price increase because it was inevitable many of them come back and started backing even stronger with because they realized that what we did was ethical, true, and value accretive even from their perspective.

Sure, sure yeah. Anything else?

Shrenik: On the industrial side, over the last one year, how much prices have you already taken and how much more is required to offset the cost impact?

Rajiv: So you know, I think Krishna said 21% average price increase. Even right now, speaking to our customers on price increases given that you know the RMC is still a little volatile I'm, you know, it's like asking me what is the crude price likely to be?

Honestly, I don't know. I see one day drops 102- 105, next day its back to 120. We have to see a lot of external factors driving it. My belief is the industrial will our coating business will continue to, at least for the next couple of quarters, come close to or deliver double digit growth. Just to just to add, Shrenik, a couple of pointers here.

One is that all the new contracts with the inflated prices are increased prices. The existing contracts which are long term in nature we have a cover around 70% of the contracts or projects with the revised prices, so that's the summary of how the pricing actions are being taken at a customer and the business level in the coatings.

Shrenik, hope we answered your question.

Shrenik: Sure, sure. So just last question Sir, on this split of decor industrial what is split in FY22 and what was the volume? Yeah sorry.

Rajiv: 65 – 35 Shrenik

Shrenik: Sure, thanks so much.

Rajiv: Yeah, welcome, Rushad I just want to invite Aditya because he's back on the line if his line is working.

Moderator: Yes, Sir, so Aditya request if you would.

Unmute your line and try and speak out.

Could you be closer to the speaker bit and?

Aditya: Rushad, if you are able to listen you can just tell me in case.

Moderator: Sure Sir I will

Aditya: Right, so my question.

One is, you know when we look at the numbers what we realized is that the gross margin compression that we've seen is lower than most of your peers. So, so I just wanted to understand if there is a mix element to that so have you seen a positive, uh?

Thank you.

Changing towards deco over or more value added, coatings or or some other segment. So that was question number one and question #2 is that you answered some of it is part Essentially what I wanted to understand is you know apart Trying to be based on their

cement dealership Are there any other sort of strategies that you think that they will? Uh, you know, go through and how will they fortify their position?

Rajiv: OK, so let me try with what I've heard. Aditya correct me if I missed something. You can fill me in. Your first question was on the margins of the fourth quarter. Is there a favorable mix impact?

The answer is yes. There is a favorable mix within the pains business we saw the metros and Tier 1 towns growing faster, while we also saw T3 T4 growing actually one of the fastest in the last five six quarters. But the contribution we already met pre COVID the bounce back despite Omicron being there. So it was favorable and within that our premium segments have seen a bit of a faster growth.

Yeah, that said, you know what we saw is a bit of an hourglass where the top end and the bottom end which is you know you the premium and the economy grew at dramatic levels; in between which is the mass segment didn't grow as fast as you know we expected it to, but it's something that we sort of corrected, and we've already seen some very sharp recovery in the last month and a half in this quarter.

Yeah, on the second part I think your question was with regarding the new player.

What were the new channels or was it new channels or what are the new strategies?

Those new strategies. So essentially what are they?

What according to you is their go to market approach?

Yeah, yeah.

And how are we trying to modify?

Yeah, so look look.

Firstly it's a very formidable player.

Yeah, so I can understand the reaction of you, the market, but that said, I just want to run through a bit of history, right? I, I worked in the previous company called Airtel. I was running Key brand and when this you know new player came with the market here in Kerala Idea came into Tamil Nadu and I was told by everybody that it would disrupt. I think as long as we are focused on our strategy reality study after is a market leader in Chennai in Tamil and right by a mile. Yeah, when I left itself it was 4,000 crores so I just want to say that from that example, this is what you do with your branding strategy, right? It is a formidable player. It has got some great people, I acknowledge.

Well, we and there's no point getting worried. In 1983 World Cup Indian cricket team got worried about the West Indian fast bowlers. We've never won the World Cup right? So I think we are taking lessons from that. What we are doing is we are putting a strategy which is aggressive because it's obviously strategy and hence you must appreciate is a little classified as far as I'm concerned, but with my top team. We are putting a sort of a

strap some of our key channel members are key Channel partners are key customers and you know our employees. You know reality is some of you know, and these are the places where first you know you would see signs of a better world. The other thing remember we are the only player in this entire country that coats any surface. We coat an aeroplane, we coat Indian Navy, we coat the Indian submarine. We coat American Pentagon right? I mean so understand the power of what Akzo Nobel brings on the table and how to be a part of this organization.

We just got some great lineage and connect with Alfred Nobel. So I think this is now time for us to bring it to play. Yeah, otherwise it'll all be English and that's what my R&D team, which you know housed in Bangalore. And in you know Bombay are working day and night and saying how can we unleash certain disruptions and we have to do it at the appropriate time. Now whether they work how successful we are. Only time will tell, but I think what we are trying to do is we're putting out what I call a four page strategy doc. Yeah, we I call it an elevator pitch because that's my sort of running with the global scene. You know when I have to go talk to the CEO to say that, look what do we need to do in India? To make sure that we hold position and start going forward.

I think now you have got it covered.

Aditya: Yeah, I think.

Rajiv: We are very clear then when we started this drone delivery. We made efficient organization in 15 by 20 and now when we said we will grow and deliver, there are apprehensions and there are questions that on their growth path and we demonstrated that, and I think we'll continue that with our loyal customers and end users.

You know, last five quarters is not enough for me.

You know, for people who know me, they know I'm quite restless and you know.

And I'm not here to play into the, you know, league matches or into the Quarterfinals right so? I think that's where I come from so we give it our best.

What that retains, you know, with a lot of blessing and maybe divine intervention too Hopefully we will continue to sort Of continue to put our mark here.

I hope that answers your question.

Aditya: Absolutely Sir, thank you and wish you all the best for the future.

Rajiv: Thank you we need tons of it.

Manoj you Raised your hand.

Manoj: Yes, Sir, so quite a few questions actually.

First, you know we've been interacting with you for a while.

Looking up when I take a step back and go 24 months 36 months back. How much of let's say what you would have thought at that time, but It got pushed back because of COVID.

Rajiv: Quite a significant amount Manoj, so very good question, so I'll tell you what happened.

You know when COVID happened, you know we are a true blue company and so you know. I followed all the instructions to a T so we didn't launch sanitizers to start selling paint. We have worked for you know, similar companies in the past, like Unilever, right so?

You know, for me it was about resetting the organization and I must say the team you know when management team has worked very closely. Because we realized that some of the you know 3 - 4 big innovations that we wanted to put in all got derailed by year because the priorities changed with such an intervention, right? You saw that in the market. We had to then focus first on the economy segment so you know what we did is we went the other way around. So to the question that some people I have been asked us in the past and how serious are you about your mass and economy segment? We are very Serious as to launch Dulux Promise SmartChoice in Akzo Nobel actually, well, I can tell you it required the blessings of you know my line manager, the global CEO and the teams, because it was impossible to try and explain why you need to do it, particularly when you're coming out of COVID and you know you need to protect your margin. But I must say the sort of response you've seen. You know this brand has attained the highest volume for us in a single year for us in the last three decades. So the moment we started doing that, the moment we started seeing it's getting accretive to the way we run the business, we started getting a lot more tools. So to answer your question. Yes, there was a derailment, I would think. By at least about three to six months from an R&D perspective even a little more because many of the tests we do know for all the new products we launched, we do. A lot of trial steps. Yeah, so we do test in our research in labs we do the test in in markets like Cherrapunji for example on exterior to test heavy rainfall, performance etc. All that got shelved by. So to that extent, Manoj, it's a fair question what you started seeing now is still just what I would say in the trailer, or several things that share tool.

Manoj: Sir, understood I'll take it.

You know, on this particular aspect, the second thing was on the ancillary products.

Actually, yes you did, alluded to paints. You know, the new products, what you have done and also you know. Thanks for the insights on the promise Uh profitability, you know aspect etc. But if you could talk a little bit more about, you know the other products you know which is which is either coats or waterproofing or anything. Which is which quote, unquote included, which is ancillary?

Rajiv: Krishna you wanna say something? Yep no, I think so. Can you? Can you just?

Rajiv: Your line is not clear Manoj.

Manoj: No, no.

My question with the noise around me, so I've just kind of unmuting very quickly.

Was asking was essentially the where are you in the journey of ancillary one?

What are your aspirations that?

Rajiv: OK, so let me let me take that on.

So look, I think on the journey of ancillaries, waterproofing is doing remarkably well.

You know we are looking at saying how Can we sort of Get a higher presence.

That's something that we will talk to you a little later, but I think the first sort of results we've gotten Dulux Aquatec I could take, and I'm sure all of you are doing your channel checks is very, very comfortable. We've also, as I said, launched our, you know, entire simply refresh in DIY, where we've also put certain kits which are also for the first time. So really they are thinking around working around some of these fast growing adjacent spaces and we will talk more about it. But I think during appropriate times, because some of it is still you know what I call it. A bit classified and sorry you know, for reasons you can appreciate. We can't sort of get into sort of giving specifics.

Manoj: OK understood.

My question was more to do with the aspiration Rajiv is not necessarily about, you know.

For example, the comment about the promise profitability you know helps me understand a little more finer.

Rajiv: Your question, could you please repeat it?

Manoj: No no, which is I'm just saying that you know the aspiration part was more important, not necessarily about you know anything in the short terms are actually. You know, for example, let's say, would you have an aspiration to be a top three player or a top five player?

For example, in paints we are very clear. About what you are gunning at. Right, I mean, which is what it's getting it.

Rajiv: Yeah, so let's be honest, OK, and I'm a very practical human being.

I like you know, you know I like very ambitious, lofty goals, but I also believe that there is a practical side to it, right?

So because you know, I'm also conscious of some of the history that we've had in this company that many of you are invested.

What I said.

If you remember first, we will continuously deliver double-digit growth because one of the biggest challenges that any industry faces for our #4 player is are you doing things which are going to be value accretive right? Because all of you are putting your money on this company. For those of you are investing, you must not have any stress either in terms of governance or in terms of profitability of the business.

So that's number 1, 2, ofcourse, any country like India is to get growth right it as we grow that is going to be value creating so it has to be profitable growth, right? And that's the journey that we've embarked.

On so yes.

We will start playing it.

We have a clear ambition, but you know, I'm not the sort of person who likes to sort of advertise.

Some of those ambitions, you know, demonstrate it through performance.

So as we perform, we give you our first year when your number 4 is to become a number 3 and then to become a number two, you know.

So for me, I like to climb one step at a time.

I think we've been in the number four position where I've heard in.

The last many quarters come from many of our other players saying, you know how they would move into these positions.

So for me it was important to cement it and take it further.

So we will take it like that Manoj quarter after quarter we are there, you are there, I'm there.

We'll continue to interact and hopefully learn during the process.

Manoj: Understood Sir, just quickly a couple of more and I'll come back in the que. If you could talk about, you know the let's say strategy and execution both on this service part of painting and the reason I'm asking this because, you know, given that you have a premium portfolio you know predominantly.

And it is indeed very premium.

You know, quality, pricing, everything actually right?

So the context here is that if there is one player who should be, you know investing ahead of the curve.

You know, in this service business it is you right?

So which I'm not sure which is actually, I find in the market maybe I'm missing.

So any comments on the service side of it would be very helpful, Sir.

Rajiv: Absolutely, let me be honest.

In my first assignment, when I handled the Paints business, that's pretty much what I did. We opened the top ten cities that give us painting service, but you know what happened is during 15 By 20. So the margins to the EBIT margins. That we were sort of measured on and so we have to re scale it. Also, what we started seeing is a lot of people getting into it, so you know it became almost an Uber ride service with a lot of clicks in different markets coming and you know, start up setting up their own purposes, right?

But we believe that, like you say, it's a win in premium and as a result we are going to be coming back with our painting service.

I'm not, I'm not using to announce today or talk about it.

We want to put the entire back end.

Front end getting from pilots take some learnings of how we can, you know, make it better.

You already have a strong lead management process because we are entirely on CRM now so you know get all that done and then I'll come back to you.

Hopefully not too late, but you know when they are more.

Any couple of questions.

Moderator: Anirudh Joshi has his hand up, he would you like to ask question.

Anirudh: Yes, Sir.

Two questions.

One obviously considering the growth in revenues of Akzo over the years. Uh, there is a definite market share gain in decorative paints, so if you can elaborate more on it whether we have gained market share in the premium or the value for money paints, whether it is enamel or emulsion or if you can also indicate where we would have gained the market share because some of the players have indicated that. They have lost some market share in North India, so whether Akzo has gained in North East, southwest? Any details on the market share gains any color?

Rajiv: No, I appreciate it.

But OK, let me give it a bit of a jab.

We've got all these things.

Yeah, we've got by market we've.

Got by customer.

Right?

So just to answer your question, yes we gain market share. But let's also face the honest factor being eroded market share in 2018 and a bit in 2020. But you look at our results it's basically 17 -18 we eroded, we started pulling it back in 19, but during COVID being so, we eroded it A bit of Market share.

Similarly, in year really put it back right and I'm talking of paints, you know.

I understand that there are lot of classification like decorative categories.

We only sell crudes and coatings. We've no other products that we sell.

Yeah, so on that note what I would like to say is we've seen market share growth in three regions, North East and west. In North we've not been able to grow our market share in some. That's something that we are cognizant of.

We had this whole plan in couple of states to start getting it only for me to comment, but we are seeing some early signs of events.

There's some slight improvement count.

We've sort of done well.

In both our retail and project segments, in paints, but why Paints? even coatings I must say whether it's the powder segment or whether it is Specialty coat we gained share in some of the premium segments we operate in powder. We only play premium mass. We don't play in the economy segment and similarly also if you look at our VR business vehicle refinish, we really play very well in the mass and the equally premium.

We don't play too much in the economic segments.

In these segments we've started getting share we are going to now combine and leverage to see how We can all win together, which is one of the tasks that I'm now going to see how we can start playing together, which we embarked on and use the strength of each of the businesses to leverage on the other. As we move forward.

I hope I've answered your question.

Anirudh: Yeah, so thanks.

So last question. Uh, now Akzo has introduced multiple premium products, so the way the market is thinking about some down grading or down trading happening in paints, consumption and likely some of the unorganized paints also coming back on track now. So how do you see the growth for the premium paints in next?

Rajiv: I see a strong growth for two reason. Let's look at. The impact of India and Indians like us, right? I think parts of the market and segments which were impacted other middle class right? Actually one of the sad reflections of the entire COVID and you're reading a lot of it. Many of you are covering it and many of our journalist friends are writing. It is the rich becoming richer and the poor are becoming poorer so it's a real sad reflection

Honestly, for people like me come from very humble backgrounds, I think it's quite sad right? But given that within the premium segment. A lot of people have not been for last two years going into movies, going on international vacations, a lot of others. You know early, you know big fat Indian weddings. All have literally got curtailed.

All that will slowly start coming back, but one of the things that has happened is people are spending more time at home. Even now, many organizations are still including us you know, giving still at least one or two days work from.

In that scenario, people like to work in a home that they believe is something that we feel excited about, and that's where the role of paint comes in. And that's where in my mind the role of premium paint comes in, because many of the offerings that are there are truly something that then she was like when you ask the consumer whether you'd use Dulux Velvet Touch, I think 9 out of 10 people know Dulux because of Velvet touch.

So really I see the premium paint at least till Diwali this year. Right? And I believe in taking it slowly and steadily, yes, there will be an impact of inflation. Yes, there will. Be some path some at some point of time some down trading, but at this point of time I see premium growing very, very well, at least good strong double digits for a couple of quarters and we'll have to see how as the impact of the inflation as the impact of the home loans and car loans started impacting people and change right. There was an impact because of fuel costs, but that fortunately the government is taking a very good action as a result of which at least you know some brief breather is coming back.

Yeah yeah, so really, you know.

You know if there's any one last question, happy to take it.

So, because we and is there any further questions?

Do feel free to write to Harshi and we are happy to sort of connect at a later point in time.

Moderator: Yeah, so we've completely run out of time.

So and as there are no more hands raised, I think we can end the call if there are other questions, we'll definitely forward them to across to you, Sir.

Thank you very much for patiently answering all the queries.

Thank you Rajiv, Krishna, Harshi

Thank you all the investors for also making this an interactive session.

Rajiv: Just give me a minute.

You know what I want to say is look for me going back into this role in November 2018

When we first started getting your passion for growth in 2019 and then by early 2020 COVID wave one hit us and you know what it was.

We started bouncing back and then you know you are a wave 2 new task.

But what I really want to thank is all my partners, all the channel partners, all the entire team.

Employees across the length and Breadth of Akzo Nobel and most importantly.

Many of you have personally reached out to me saying that, you know, we hope to see you fight.

We are very proud of this brand.

We are very happy to be invested with this Brand.

Hope that you will feel you know you will sort of continue to raise the bar right?

For me it is also an opportunity to hold the India Office for Akzo Nobel India and the Indian country flag.

As you know my global parent looks at me.

Yeah, I think for me there can never be a better opportune moment.

And really, these are moments for which professionals like me work for.

So thank you for all your faith.

Hopefully we've started, you know, in a small way.

Coming back to you, and let's hope that we will sort of not doing so, but we will continue this run and we will look forward to your continued support as we move ahead.

Thank you Rushad

Thank you Manoj

thank you to each one of you.

Good day.

Moderator: Bye, thank you very much, Sir.