



Investor Conference

Q3 - FY2023 Results

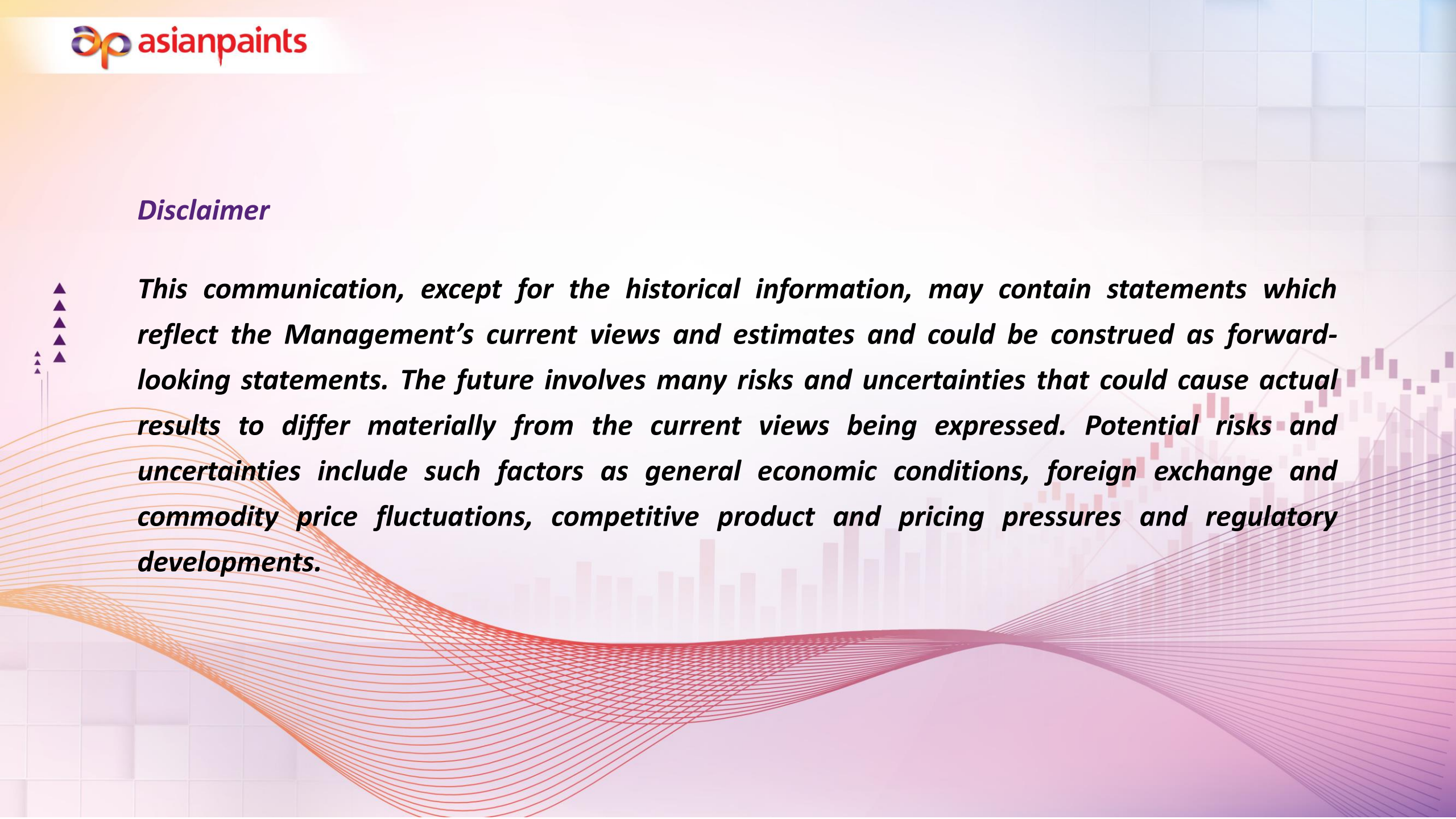


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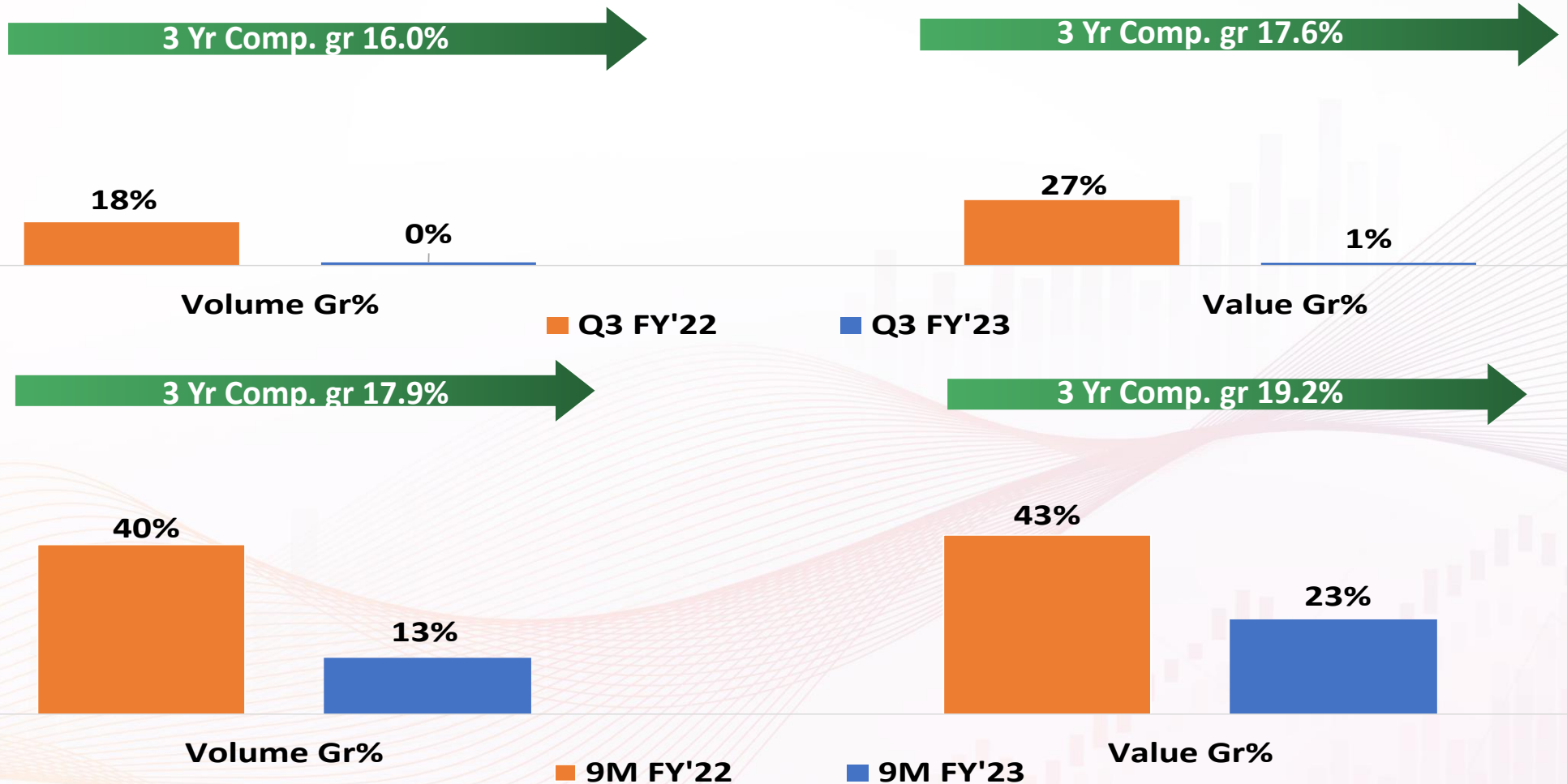
Disclaimer

The background features a light blue and white grid pattern. On the left side, there are several purple triangles of varying sizes pointing upwards. A large, wavy graphic composed of many thin, overlapping lines in shades of orange and red flows across the bottom of the page. In the background, there are faint, semi-transparent images of a bar chart and a line graph.

This communication, except for the historical information, may contain statements which reflect the Management's current views and estimates and could be construed as forward-looking statements. The future involves many risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange and commodity price fluctuations, competitive product and pricing pressures and regulatory developments.

Decorative Business (India)

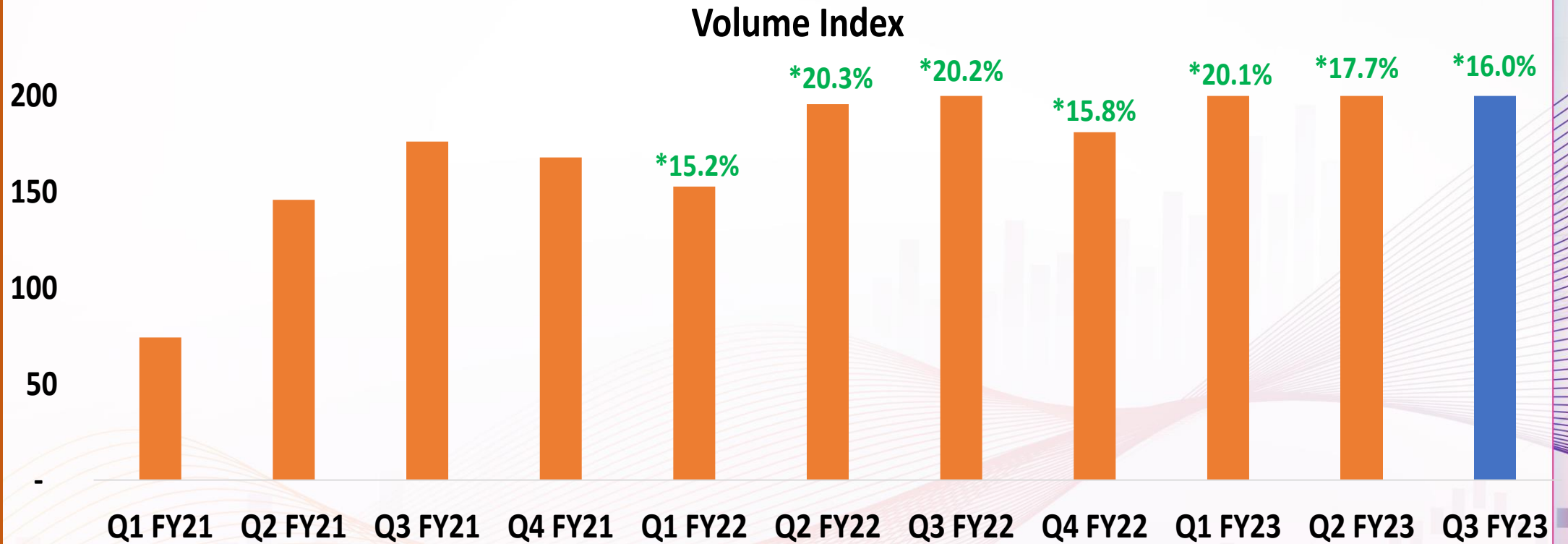
Flat volume & value sales for the quarter despite multiple headwinds
Strong Business Momentum evident from double digit 3-year compounded growth



Q3'23 and 9M'23 Volume and Value Trend

Decorative Business (India)

Consistent trend of double-digit volume growth



Quarterly representation of Volumes sold on base of Q1 FY19 as 100

**% represents 3 Year Compounded Growth Rate*

- ❖ Extended monsoon & shorter Diwali season coupled with a high-volume base impacted overall growth in Q3'23, especially in North, Central & West markets
 - ❖ Tepid growth across markets - T1/T2 as well as T3/T4 centers
 - ❖ However, strong recovery recorded in December with double digit volume growth across markets
- ❖ Mix led by Economy & Waterproofing range, with downtrading seen in certain Premium range products. Luxury Emulsions performed relatively better
 - ❖ Last year Q3 product mix comparatively better with pre-stocking on price increases in Nov'21 & Dec'21
- ❖ Strong foray in Project/Institutional business – gained inroads across segments
 - ❖ Grew well in Government, Factories, CHS & Builder segments
- ❖ Continued expansion of the distribution footprint with harmonious co-existence of Distributor + Direct Dealer model
 - ❖ Added ~10000 new retail points in 9M; enhancing our Rurban distribution reach
- ❖ Improving Customer experience with Safe Painting Service (SPS) & Trusted Contractor Service (TCS) – the largest of its kind painting service in the world, now available across 834 towns

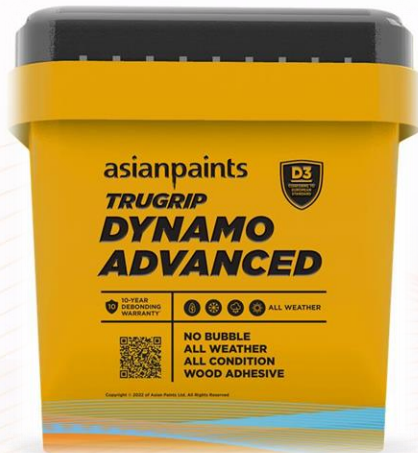
Continued focus on innovation - New Product Introductions in Q3



Apex Createx
Scratch finish



Sparc Exterior
Wall Primer



TruGrip Dynamo
Advanced



Woodtech
Purafin PU

Continued focus on innovation - New Product Introductions in Q3

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SMARTCARE
DAMP PROOF
XTREME

8 YEARS
WATERPROOFING WARRANTY*

UP TO
10°C
SURFACE TEMPERATURE REDUCTION**

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Call 1800-209-5678 to register warranty

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Asia fibre acry DIRECTIO
SURFACE PREP
Preparing the surface is the most important step in the application of SmartCare Damp Proof Xtreme. The substrate must be clean and free of any loose material. The surface must be dry and free of any moisture. The surface must be free of any oil, grease, or other contaminants. The surface must be free of any peeling paint or other loose material. The surface must be free of any cracks, holes, or other defects. The surface must be free of any other material that may interfere with the application of the product. The surface must be free of any other material that may interfere with the application of the product.

APPLICATION
A. Horizontal Surfaces
1. Apply a coat of SmartCare Damp Proof Xtreme to the surface. The product will form a waterproofing membrane that will prevent moisture from entering the building. The product will also reduce the surface temperature of the building by up to 10°C. The product will also prevent efflorescence from occurring on the surface. The product will also prevent other types of damage from occurring on the surface.

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Cutting edge differentiated products launched in Waterproofing in Q3

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SMARTCARE
HYDRO LOC
XTREME
PRE-PUTTY WATERPROOFING COAT

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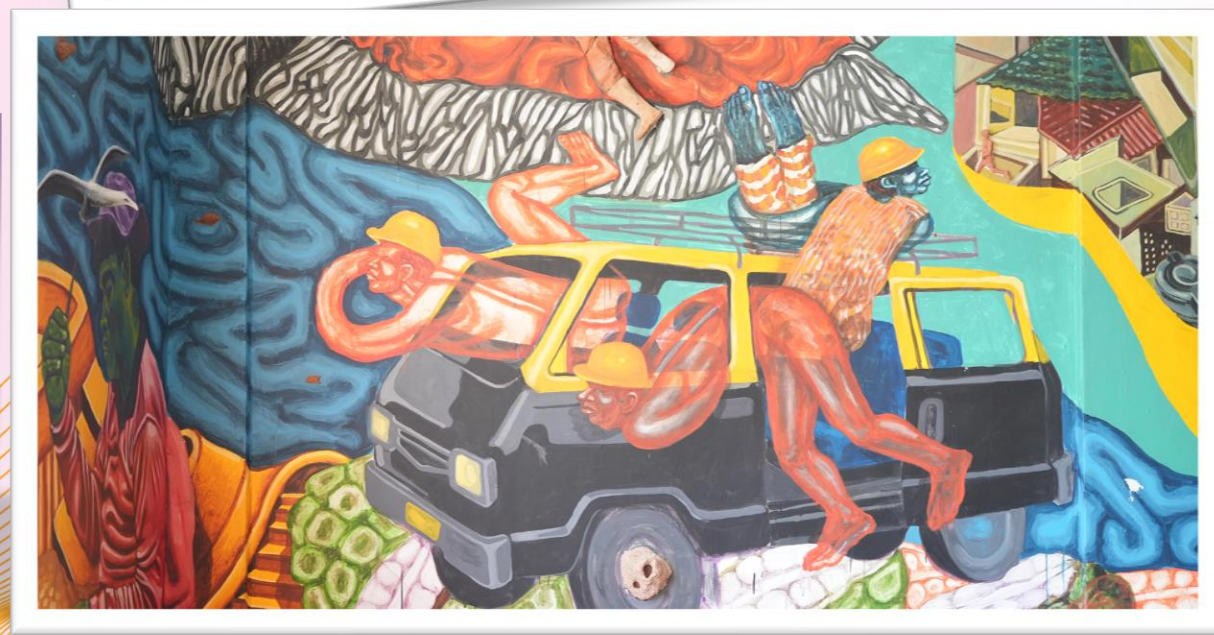
EASY TO APPLY

5 YEARS
WATERPROOFING WARRANTY*

Call 1800-209-5678 to register warranty

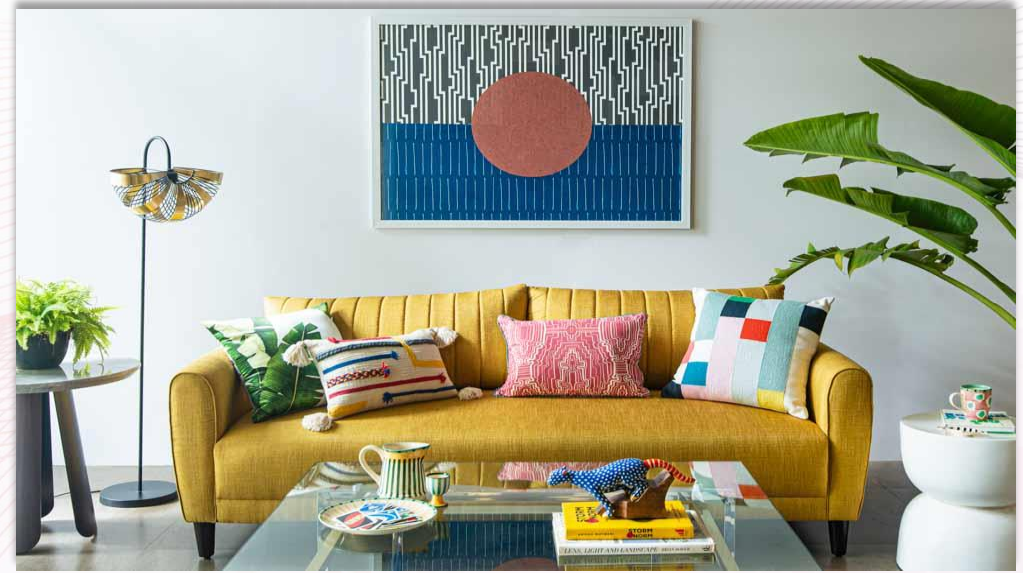
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ST+ART **मुंबई** URBAN ART FESTIVAL
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- ❖ **Home Décor Foray**
 - ❖ Transitioning from ‘Share of Surface’ to ‘Share of Space’ within the Homes
 - ❖ **Beautiful Home Stores – Home Décor under one roof**
 - ❖ 38 stores functional now across metros, T1/T2 cities
 - ❖ **Beautiful Homes Service – Personalized Interior Design to Professional Execution – offered in 11 cities**
 - ❖ **BeautifulHomes.com – inspiring millions to create their dream homes**





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- ❖ **White Teak** offering Decorative and Designer Lighting and **Weatherseal** offering uPVC Windows and Doors - gaining from the synergies
- ❖ **White Teak** generated revenue of **Rs 29 crs** during Q3; 9M revenue of **Rs 73 crs** against full year revenue of **Rs 58 crs** last year
- ❖ **Weatherseal** - Revenue of **Rs 7 crs** during Q3; Revenue of **Rs 15 crs** for Jun'22 to Dec'22 period against full year revenue of **Rs 14 crs** last year
- ❖ Both businesses benefiting from the integration with the Beautiful Homes Stores network

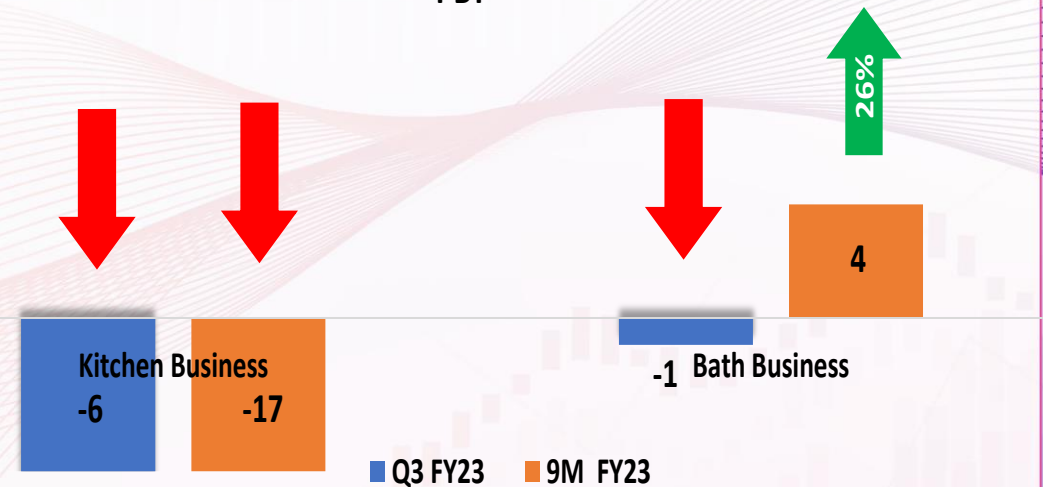
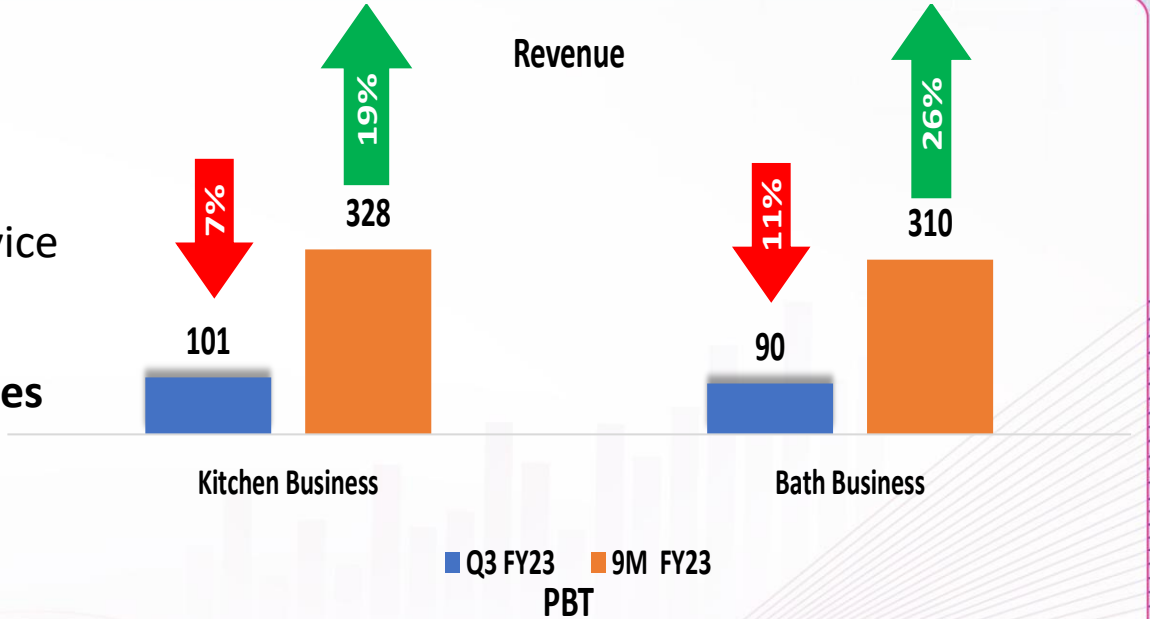


❖ Kitchen Business

- ❖ **Net Sales @ Rs 101 crs in Q3, de-growth of 7%**
 - ❖ Slower demand in retail channel
 - ❖ Strong integration with BH Store & BH Service aiding growth in full kitchen business
- ❖ **Higher Loss compared to LY due to subdued sales**
 - ❖ Loss of Rs. 6 crs in Q3 vs breakeven LY

❖ Bath Business

- ❖ **Net Sales @ Rs 90 crs in Q3, de-growth of 11%**
 - ❖ Projects business continues to lead growth amid challenging situation in Retail
 - ❖ Premium range 'Bath Sense' & Sanitary ware performing well
- ❖ **Subdued sales and material inflation hurting profitability**
 - ❖ Loss of Rs 1 crs in Q3 (vs Rs 1.3 crs profit in LY)

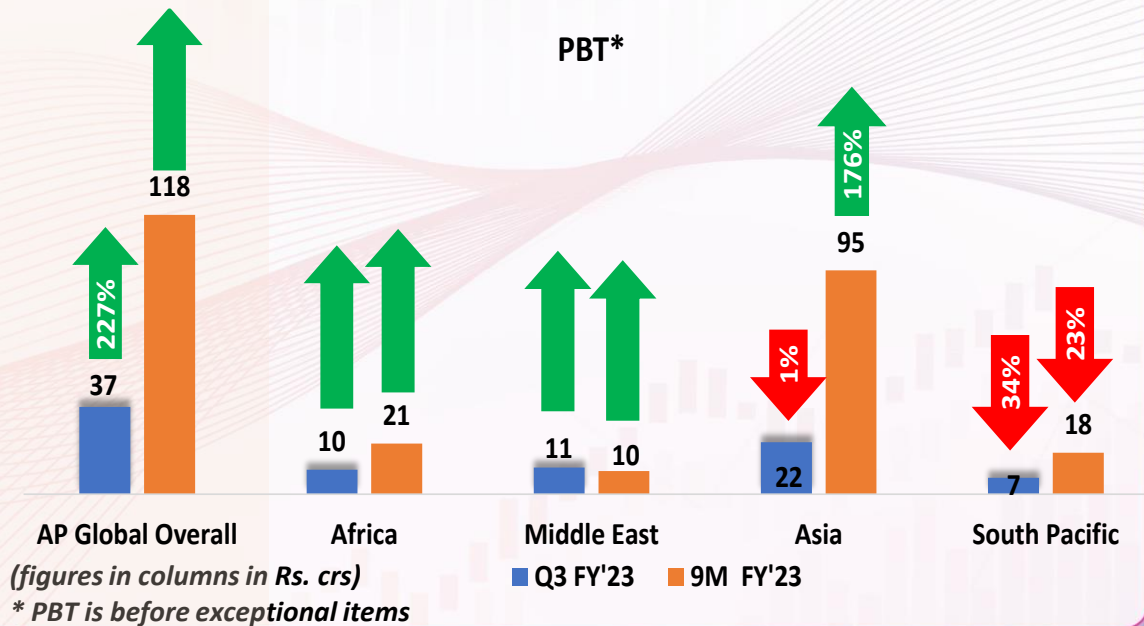
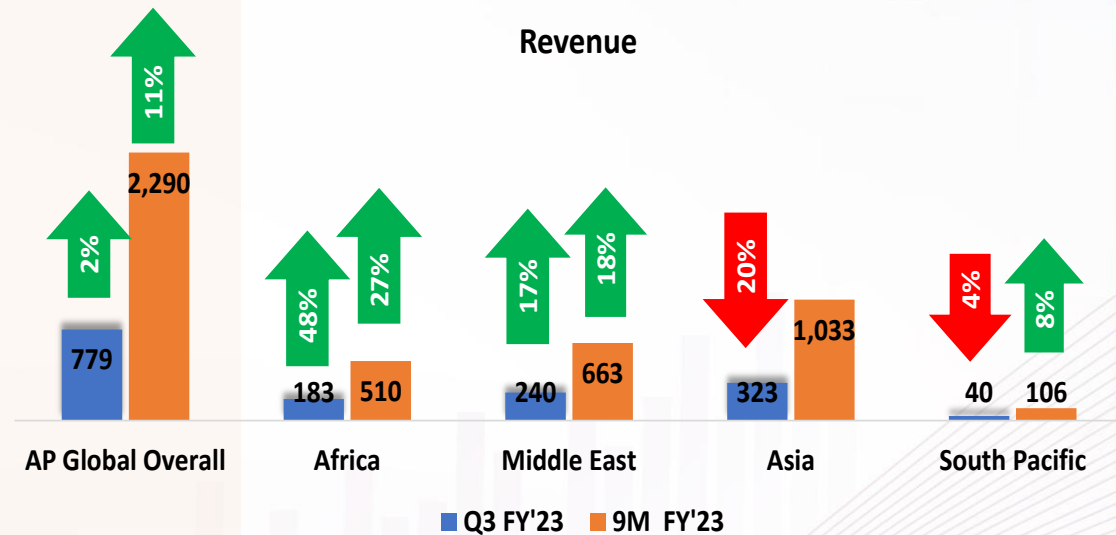


(figures in columns in Rs. crs)

International Business



- ❖ Business conditions remained challenging in Asian markets while improvement seen in other geographies
- ❖ Focus on PreLux & Waterproofing categories playing out well
- ❖ Overall, International Business revenue: Q3 at Rs. 779 crs (+2%) & 9M at Rs 2,290 crs (+11%)
 - ❖ Q3 growth largely led by price increases
- ❖ Significantly improved Profitability on the back of price increases undertaken to negate inflation and cost efficiency measures
 - ❖ Q3 PBT Rs. 37 crs against Rs 11 crs in LY (9M PBT at Rs 118 crs vs loss of 17 crs LY)

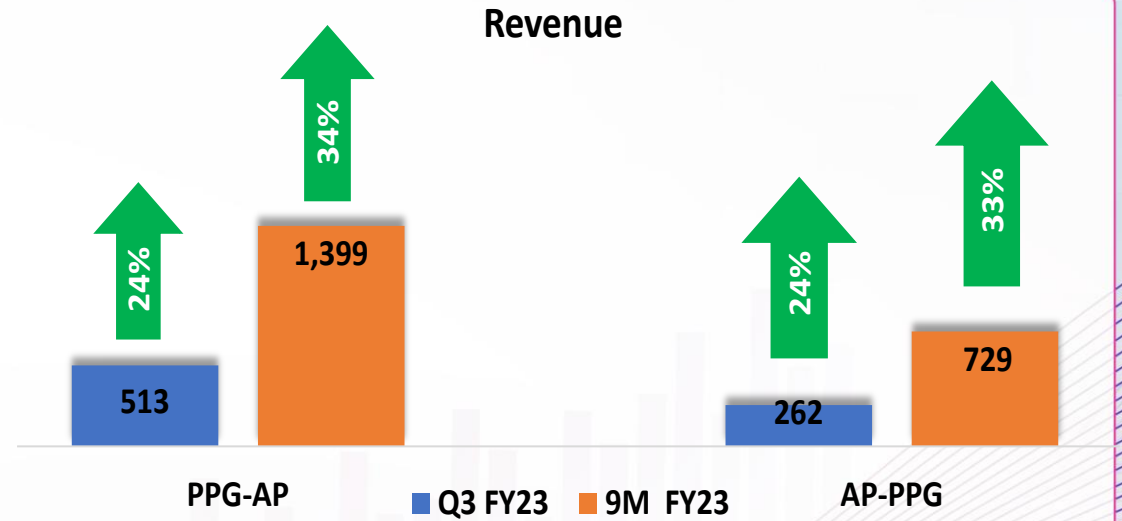


Industrial Business



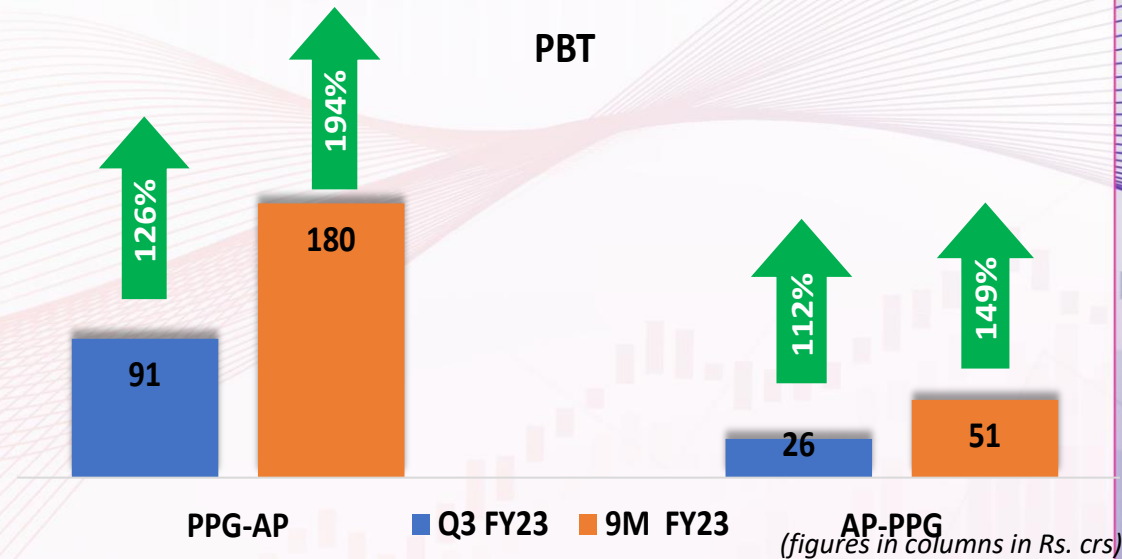
❖ PPG-AP

- ❖ High double digit value growth led by demand recovery in Automotive segment
- ❖ Price realizations helped improve PBT margins for the quarter & 9 months to double digits



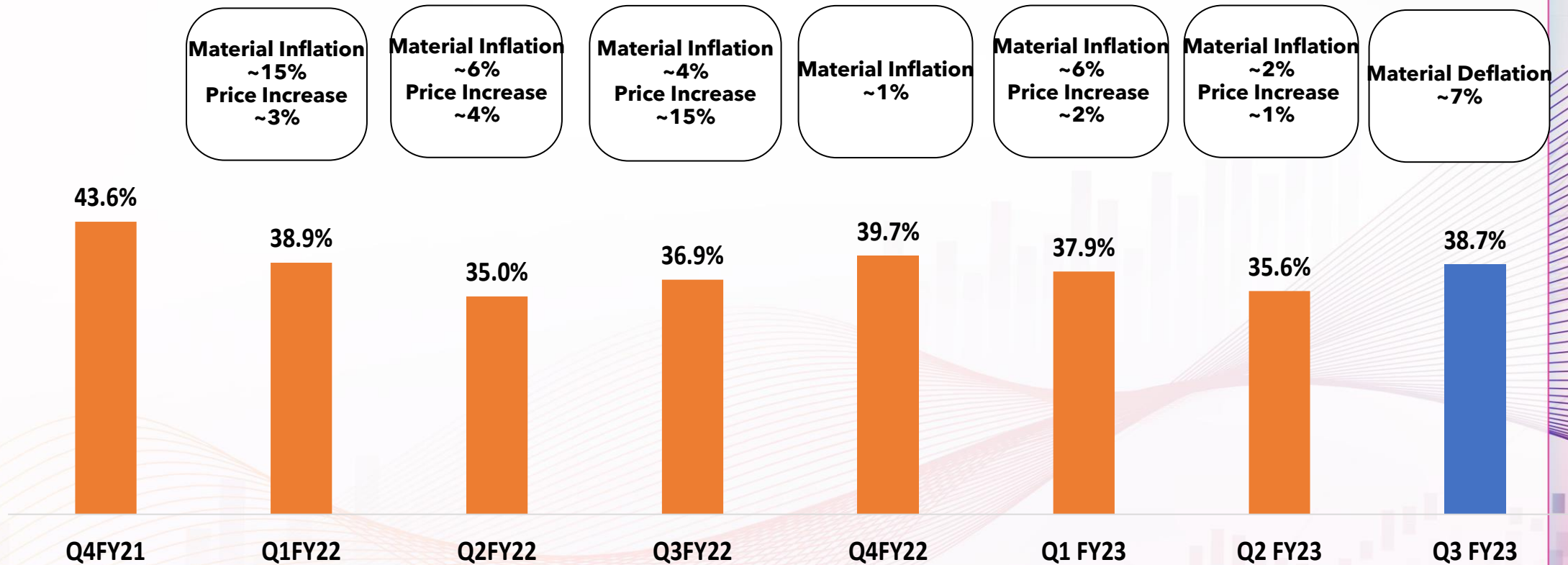
❖ AP-PPG

- ❖ Continued to exhibit strong growth trajectory across business segments
- ❖ Price increases coupled with improved sales mix helping improvement in PBT margins



Softening material prices resulted in marked improvement in Gross Margins

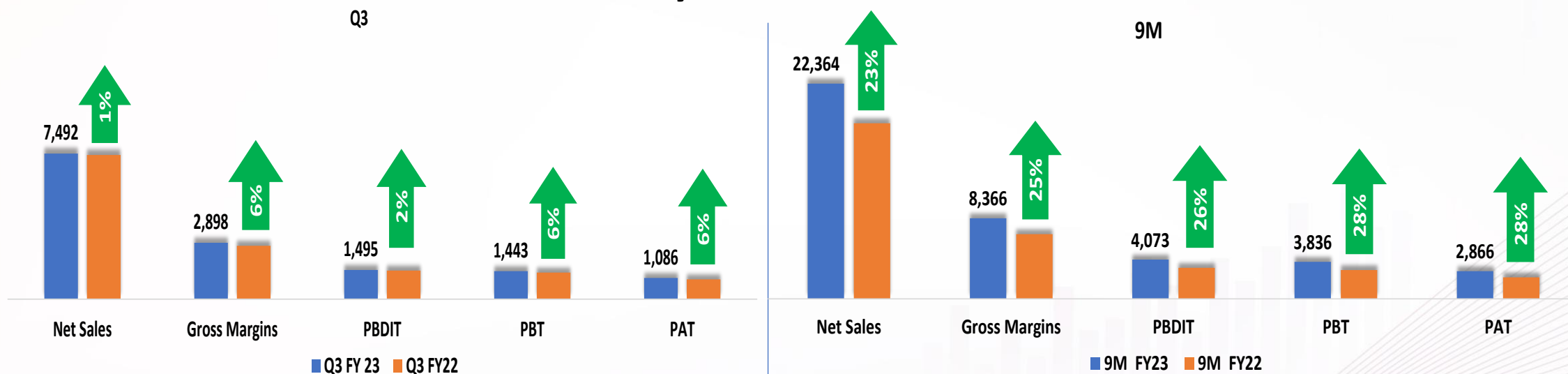
APL Standalone Gross Margins



Gross margin shown here is Gross margins as a % of Net sales

Summary – Standalone Financials

(figures in columns in Rs. crs)

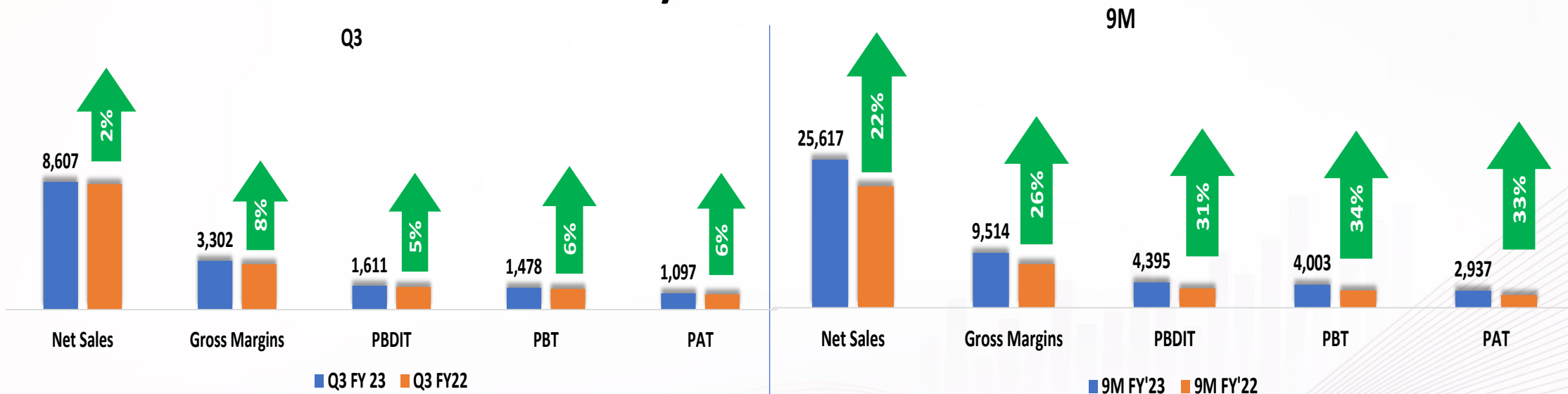


- ❖ Flat Net sales in Q3 on a high base of LY. Strong double-digit revenue growth for the 9 months
- ❖ Deflation in raw material prices resulted in sequential improvement in Gross Margins
- ❖ PBDIT Margins sequentially improved from 15.2% in Q2 CY to 20.0% in Q3 CY (Q3 LY @ 19.8%)
 - ❖ For 9 month period, PBDIT margins at 18.2% vs 17.7% LY
- ❖ Q3 PBT growth higher @ 5.5% compared to 2% growth in PBDIT

* PBDIT before Other Income

Summary – Consolidated Financials

(figures in columns in Rs. crs)



- ❖ Q3 FY23 Net Sales growth of 2% on consolidated basis
 - ❖ All businesses (excluding both the Industrial business) registered flat value growth
- ❖ PBDIT margins sequentially improved from 14.6% in Q2 CY to 18.7% in Q3 CY (Q3 LY @ 18.2%)
 - ❖ For 9 month period, PBDIT margins at 17.2% vs 16% LY

- PBDIT before Share in profit of Associates & before Other Income

Immediate Outlook – Though uncertain, Positives to look forward

- ❖ Demand conditions looking better – recent downturn in inflation as well as the strong recovery seen with double digit volume and value growth in Dec'22
- ❖ Good monsoon coupled with expected increases in MSP augurs well for Rural sector
- ❖ Material prices expected to further soften in Q4; Will further improve margins
- ❖ B2B projects business should continue its growth trajectory with support from demand in Housing, Construction, Auto and Industrial
- ❖ Need to be watchful of the recessionary fears on the global front
 - ❖ Forex pressure persisting in many of the African as well as Asian markets

Further investments to fortify our Leadership Position

❖ Setting up a new water-based manufacturing facility with a capacity of 4 lac KL p.a.

- ❖ Approx. investment of Rs. 2000 crs for this facility
- ❖ Expected commissioning in 3 years, after acquisition of land

❖ Already announced investments progressing as planned

- ❖ Brownfield expansion across multiple manufacturing facilities in India increasing in-house paint capacity by ~30% to 22.7 lac KL p.a.
- ❖ Backward integration in critical & import dependent raw materials

❖ Expanding our Product Horizon

- ❖ Providing wings to our Beautiful Homes aspirations through additional investments in décor proposition

Plan Capital expenditure over next 3 years	Rs crs
Capacity Enhancement - Greenfield	2000
Capacity Enhancement - Brownfield	3400
Backward Integration	2550
Acquisitions already announced – expected outflow	800*
TOTAL	8750

*Includes outflow already made towards acquisitions

Thank You

