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APL/SEC/32/2022-23/15

12th May, 2022

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Fort, Mumbai – 400 001
Scrip Code: 500820

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,
Block G, Bandra – Kurla Complex,
Bandra (East),
Mumbai – 400 051
Symbol: ASIANPAINT

Sir/Madam,

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Investor Conference

Please find enclosed the transcript of the investor conference held on 10th May, 2022, with regards to the financial results of the Company for the quarter and financial year ended 31st March, 2022.

The transcript has also been uploaded on the Company's website and can be accessed through the following link:

Transcript - Investor Conference Call - Q4FY22 Results.pdf (asianpaints.com)

This is for your information and records.

Thanking you,

Yours truly,

For **ASIAN PAINTS LIMITED**

JEYAMURUGAN RAMALINGAM JEYAPANDIYAN

Digitally signed by JEYAMURUGAN RAMALINGAM JEYAPANDIYAN
Date: 2022.05.12 17:58:34 +05'30'

R. J. JEYAMURUGAN
CFO & COMPANY SECRETARY

Encl.: As above

Corporate Identification Number : L24220MH1945PLC004598
For shares related queries, email to investor.relations@asianpaints.com
For consumer queries,email to customercare@asianpaints.com
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"Asian Paints Q4 FY2022 Earnings Conference Call"

May 10, 2022

Management :	*Mr. Amit Syngle*	*: MD & CEO*
	Mr. R.J. Jeyamurugan	*: CFO & Company Secretary*
	Mr. Parag Rane	*: GM – Finance*
	Mr. Arun Nair	*: Manager - Corporate Communications*

Investor Call Transcript – Q4 FY2022 Results

Moderator: Good Evening everyone. We will be beginning shortly. In the meantime, requesting all participants to kindly rename yourself with your name and your Company name. Thank you.

Arun Nair: Good evening and a very warm welcome to one and all for Asian Paints Investor Conference for Q4 FY 2022 Results. Myself, Arun Nair from Corporate Communications. Today on the panel we have Mr Amit Syngle, MD & CEO, Mr R J Jeyamurugan, CFO and company secretary and Mr Parag Rane, GM-Finance May I now request Mr Amit Syngle to take you all through the presentation. Mr Amit Syngle, over to you.

Amit Syngle: A very Good Evening to all of you and thanks for coming for the investor conference for the Q4 financial 2022 results. I will take you briefly through the presentation in terms of how have been the numbers so that we can get a quick idea in terms of what it is.

DELIVERING JOY SINCE 1942

Just to recap Asian Paints has been delivering joy since 1942 and as you all know we exist to beautify, preserve, transform all spaces and objects, bringing happiness and joy to the world. So, you can see practically all spaces is something which you touch across with all the objects which are there.

DISCLAIMER

Just a disclaimer.

DECORATIVE BUSINESS – VOLUME & VALUE TREND

So overall when you look at the numbers finally a very strong quarter is what I would say in terms of what we have been able to deliver. The basis were very very strong with a 48% volume growth last year on the same quarter and 44% value on which basically the volume growth has been a strong 8% in terms of what we have been able to deliver; and a value growth of about 21% if we look at the overall decorative business.

The CAGR's over the two and three years for both the volume and value as you can see are very strong and very positive from that point of view in terms of stating the intent of the company in terms of which way we are headed over the various quarters and that has been the very strong focus in terms of what we have taken. In terms of the volume growth, the larger growths obviously came in the months of February and March because January was affected because of the Covid third wave to that extent, and we think that to grow 8% on a 48% kind of a growth base I think it is very good in terms of what has been delivered.

DECORATIVE BUSINESS – ROBUST PERFORMANCE

Overall if you look at the picture across the quarters, if you see all quarters have been very very strong to that extent resulting in terms of the year being also at a very strong 31% volume growth and value growth of 36%. so, it's clearly a very robust performance in terms of what you see. Specifically when we look at the full year today as I said volume is at 31% growth on a base of 13% growth last year and value is at a very strong 36% growth so despite the fact that there would contribution because of the price increases, I think it's overall a very strong value growth for the year in terms of what has got delivered and again here you see that the CAGR's over two years and three years both on the volume and the value are very strong and very strongly positive. So I think that's clearly indicating that overall the trajectory has been very very strong over the years in terms of what we have looked at in terms of our growths on the overall topline.

Some qualitative things which are coming which you would be definitely interested. If you look at you know the growth T1/T2 centres in the metros have done good double-digit growths especially in the luxury and the premium range which is there. And T3/T4 if you look at there have been good growths here as well and double-digit growth in the economy range here to that extent. So there is a mixed bag in terms of this thing. But overall, what we see is that T1/T2 has done been much better than T3/T4 cities as an overall performance in Q4.

As we see today that the growth was dented in January 22 because of the Covid; February and March were very strong growths in terms of double digits which we kind of got which has given us the resultant 8% growth for the quarter. If you look at growths have been across geographies and the highest obviously has been in West & Eastern geographies but other regions also have been pretty good overall in terms of what we have delivered in Q4. Overall one of the focus of the companies has been that we look at technological innovation in a very strong way and new products is a way to that innovation where we are looking at patents and we are looking at invention disclosures to that extent and today we see that the overall new products are contributing to almost like 14% of the revenues topline. So, I think that is a very strong trajectory as far as the story of innovation goes.

Waterproofing and Wood finishes, two categories which has seen the exponential growth rates and here the competition is not only paint companies but what we see in the competition being a plethora of multinational companies and other players which are there. The other business which has taken a big surge in terms of what we see as far as Q4 is concerned is Projects Institutional business and this has been across the cities from the builder segment as well. Strong growth coming more from the Government factories segment overall and waterproofing and Admixtures have done fairly well overall as part of the imperative to kind of get into newer Construction. So this is possibly the highlights in terms of what we look.

WORLD CLASS INNOVATIONS

Some idea in terms of the innovation We have got into world-class textures now which are being offered and today we believe that no one is able to offer this range of textures at this cost in terms of what we are giving and these are tuned to the Indian climate conditions. So this is the innovation which I would say that it is a new to the world so too so innovation which we have kind of bought. The other kind is that for the first time in the category, we have looked for a fire-retardant paint which was not there. It was only in industrial coatings but a fire-retardant paints for normal homes with a very strong 'Lotus Effect' technology which means that today it prevents any water kind of going inside the walls to that extent so I think it comes with also an Anti-stain absorption. So I think all in all a very very superior technology product which we introduce this year. Then we have 'Royale Glitz' which is the top end product, which is there, and I think the key thing here comes in is that is it in the Uber luxury space with anti-crack durable coatings and Teflon kind of luxury and protection which kind of comes in. So interior products good innovation.

Similarly in the whole area Waterproofing, Wood finishes a lot of products which are unique for the first time for Indian market and based on technological innovations to that extent. So I think the stress here is that somehow these products cannot be offered by competition very easily because it is either patented or in terms of coming with a huge technology which is there; so to that extent it is something which we think will give us gains for a long period of time.

DECORATIVE BUSINESS - DISTRIBUTION

If you look at the overall year, as we see I think distribution footprint which has been the strength of Asian Paints is something which we looked at concentrating in a very big way. We looked at opening retailers in big city, suburbs and T3/T4 cities in a strong way. So today we have a unique model where are we are now coexisting on a distributor model and a direct dealer model as well which has given us almost 15,000 retail points more this year taking our total tally to about 1,45,000 retail points, which itself is a very very strong number from the point of the footprint across the length and breadth of the country.

DECORATIVE BUSINESS – PRODUCT CATEGORY EXPANSIONS

When you look at product category, again as I said expansion into areas which have been very very strong this year some of the things I just covered for you including new categories like adhesives and DIY paints in terms of what we have kind of got into.

DECORATIVE BUSINESS – INCREASING PER CAPITA PAINT CONSUMPTION & ENLARGEMENT OF PAINT MARKET

The entire thing as a leader what we are looking at is that we are increasing the per capita consumption and enlarging the whole paint market in a strong way so new categories to fuel growth. We have entered the wood polish market which we can convert the French Polish players to a new product called 'Glow Max' in terms of what we have introduced. We have introduced Super Economy emulsions which basically get the unorganised emulsion user into an organised emulsion space strongly; and some of the categories which I just covered like the fire retardant, glass paints, floor paints which are really enlarging the overall paint market in a very strong way and that I think is a task of a leader in terms of looking at continuously exploring newer spaces, newer avenues so that the per capita consumption of paint really kind of increases.

DECORATIVE BUSINESS – BEST IN CLASS PAINTING SERVICE

The other unique thing is that we have a very unique painting service model We believe that globally, this is the biggest and the best service model no other company today even outside the paint space have such a big model in terms of what it is delivering. It is across more than 240 towns with 1,50,000 trained painters and a customer delight coming through an NPS measure in terms of what we have put into place. And a range of services which we are offering through so that the customers are happy taking the service. So, we think this is a very strong servicing edge which cannot be replicated by anyone very easily, something which we have propagated and we are going it bigger and bigger every year.

Some of the glimpses of the services which we offer in terms of the 'Safe painting' services and waterproofing and other things which comes as part of the overall painting service which we have.

HOME DÉCOR FORAY

We look at now the Home Decor business and I'm sure a lot of you have questions on Home Decor in terms of what we are doing. Today, I think the Home Decor foray is a very very strong foray where we are looking at Asian Paints being a forerunner in inspirational and exciting partner where we are also partnering the customer in the home decor so that we can make her dream home come alive. So, this is a transition from the "Share of Surface" to a "Share of Space" so now we exist not only on the walls but between the four walls as well. So, this is the business I want to re-emphasise it is complementing our existing business and adding to our coatings business in a very big way because the customer is the same and therefore what you are expanding is the customer life cycle. So you are talking of more touch points in the customer life-cycle and therefore I think it really invigorates our core business as we kind of go forward. Today our endeavour is to provide Home Decor under one roof. Today we are looking at 'Beautiful Homes' stores across the country. We have got 29 stores which offer kitchen, bath & sanitaryware, lighting, tiles, flooring, furnishings, furniture, doors & windows under one roof to that extent; and in this category if you see today, we own kitchen, we own bath we own sanitary in terms of manufacturing. We have just bought the lighting company which is 'White Teak' okay we have got into furnishings with the company called 'GM Syntex' where we have done an alignment and we have got doors and windows through another acquisition which we have done on 'Weatherseal'. So, the idea is that today we are not looking at just procuring products but we are looking at making our own products and Asian Paints having a way of decor going very strongly. We believe that today by the end of this year. we would have about 70 stores and we would be India's biggest chain of stores of Home Decor in terms of how we see it going forward to that extent. We have a central inspiration model which is called **beautifulhomes.com** which offers inspiration to the people and we also have a 'Beautiful Homes' service which is offering personalised interior decor to what professional execution which is offered in now 9 to 11 cities as we look at. We also have a BH shop which is offering a ECom kind of a potential which is there to that extent. So, if you see all offerings are very very strong and it's a complete home decor foray which we have built over the last 2-3 years in a very strong manner to that extent.

HOME DÉCOR ACQUISITIONS / INVESTMENTS

As part of this today as I said we have made investments across the products which are there. Overall where today all products are getting kind of made by us. In designer & general tiles we are making a greenfield foray ourselves. In wardrobes and vanity again a greenfield foray which we are getting into and today when you look at the designer wallpaper, we have set up a facility in Jaipur to extent. Rugs, we have done an alignment in Jaipur rugs there and I said two new acquisitions which have come. So today I think it's a unique model which we have and it's a very strong model which is spread over Ecom, physical execution and services all together which is a complete kind of facet which we are offering. As I said, we align with this company, we took over this company. We announced it on 1st April 2022- The 'White Teak' Company, it's a premium lighting company and we feel that it's a very strong alignment in terms of what we have done. Secondly, we have got this 'Weatherseal' which is making uPVC doors and windows and it's a big segment in terms of what we are gunning at and therefore I think it gives us a lot of advantage in terms of going forward as we look at the Home Decor category.

HOME DÉCOR BUSINESS TRAJECTORY

Obviously, coming to numbers, we think that Home Decor business this year overall if we see all the businesses would be about 4% of our total Deco business. Going forward I think in the next about three years, we are aiming that we can take it to about 8 -10% of a total business and that also profitable business, so that overall, this kind of really becomes a very strong point of galvanising the company into a new trajectory going forward and adds to the coatings business in a strong way as we go ahead. So, I think this is something which is the story of Home Decor which I wanted to quickly tell you.

HOME DÉCOR - KITCHEN & BATH BUSINESS

Going on to the other businesses.. sorry kitchen and bath which is part of this, both businesses have been really revolutionary this year. Kitchen business has been delivering hundred plus crores for the third consecutive quarter and overall if you see the growths have been very very strong in terms of the overall financial year it has grown by 55%. Good growths in Q4 as well. Similarly, the bath business has registered a very strong growth of 46% and in Q4 about 17%. So, overall if you see on the profitability front both businesses are coming of fairly well. Today kitchen business has reduced the losses to just about minus Rs 2 crores this year over minus 9 of last year to that extent. Overall… sorry over a business of -9 over the full year kind of a zone which was there earlier… so today we look at kitchen contributing to minus Rs 9 crores which is much better than what we did last year in Bath overall if you look at the this year we have done a Rs 4 crores kind of a PBT which has come in to that extent in the quarter it is Rs 1 crore. So, both businesses strongly delivering on the top and the bottom line and I think today this is the future in terms of what we are taking of the kitchen and the bath business going forward in a strong trajectory with good profitability going forward.

INTERNATIONAL BUSINESS

Coming to International business, this business has been something where I think it has been a very tough year overall as we look at it in quarter 4, if we look at overall we have still done a decent amount of business which is there overall to that extent. But if you look at the various regions the highest growth comes in from Asia where basically the revenues have been stronger both in Q4 and the full year followed by to some extent in Middle East and South Pacific. Africa has not done too well overall in terms of looking at it; but the debacle this year has happened more from the point of view of profitability given the very high amounts of inflation we have taken some price increases but not commensurate in terms of the overall increases to that extent and the second factor which is contributing is the devaluation of the currency which is in Sri Lanka, Ethiopia and Egypt overall to that extent and that is why if you see the numbers in Africa are effected very very strongly, so are the numbers affected in Middle East to that extent. Asia has done relatively better in Q4 you have got some profitability, but I think the whole thing what we are seeing in Sri Lanka has put the overall profitability down to that extent this year. So, on the whole, on the topline, I think it is still a good growth in terms of what we are seeing in International business, however, from the point of view profitability I think inflation has taken a toll coupled with the currency devaluation to the extent.

INDUSTRIAL BUSINESS

Going forward to the industrial business if you look at the entire business which we call as the PPG-AP business which is about the Auto OE, Auto refinishes and the Marine paints business overall to that extent. This year has been relatively good year in terms of what we see for a year we see a 32% kind of a growth, for the quarter we have a 19% growth which is there to that extent. In the other business which is the a AP-PPG business which is the General Industrial business which we see this has done phenomenally well. In fact it has grown by 51% for the year clocking almost close to Rs. 800 crores of business which has come in and quarter four also in the business has been very very strong. I think the good part is the profitability for both the businesses which is the PPG-AP as well as well as the AP-PPG business has been strong and we are saying good growths on both the businesses together to that extent and therefore I think industrial overall has grown well both in Q4 as well as for the entire year.

EXCEPTIONAL ITEMS IMPACTING Q4 & FY22

There are some exceptional items which we would like to draw your attention to. Obviously today there is the, when we put up a plant we get some subsidies from the State Governments and the state and the subsidies take a little bit of time from the realisation of these money really coming to us physically to that extent and therefore what we have looked at is basically you know creating a method where we are looking at how to account for these because the realisation of this are not known in terms of when they will happen to that extent and therefore we are provided for two amounts: One is the Rs. 53.7 Crores which is what we have taken as one set of subsidy which is there which is for the previous years to that extent and the second is what we have taken as a subsidy of Rs. 31.1 crores which is there which is for the current year in terms of what we are kind of assessing. So, I think these are the two kinds of subsidy of exceptional items which are kind of coming which is impacting the profit. The third is the story in terms of Lanka, where possibly we are seeing that there is a currency devaluation which has taken place which has led to almost recognition of an expense of about Rs. 48.5 Crores towards exchange loss and second we have a company called 'Causeway' which we had acquired quite some time back and there were looking at an impairment provision of about Rs. 13.5 crores as an exceptional item on goodwill on consolidation recognised on the acquisition of 'Causeway'. So, I think these are the two big items which are coming which are affecting you know the overall profits at the standalone as well as the consol level to that extent which are there.

APL STANDALONE GROSS MARGINS

We look at overall if you look at your familiar with this in terms of what we have presented. Overall if you look at from the point of view of gross margins I think this trajectory had gone down to Q2 to about 35% and then in Q3 we bought it to about 37% and in Q4 after the price increases in terms of what we have taken, the gross margin is quite good relatively speaking at about 40% to that extent, helped also by price increases in the fact that in Q4 we did not see too much of inflation, it was just about 1% to that extent. So therefore, I think the good story is that gross margins are back to that extent which is happening obviously I think you like to watch out because Q1 story is now again inflationary which is looking at about 5-7% kind of inflation happening in Q1, where we are also we are taking some measures as we kind of go forward.

SUMMARY – STANDALONE FINANCIALS

Overall, in the summary, if you look at the standalone financials, so overall as he said we just discussed that on the Net Sales there is a 22% kind of a growth overall which has come in if you look at a PBT, PBT is a strong 14% which you are saying this is before the exceptional items and if you see the PAT, PAT is about 10% for Q4. So, these figures are all for Q4 and I think they are very very strong numbers because the basis were very high to the distant coupled with the fact of January was a Covid month which was like a whitewash month to that extent. So the quarter was a two month quarter in a way to look at in that way. If you look at the full year again I think the standalone financial are very strong at 37% Net Sales kind of a growth which were seen overall; PBDIT which is also strong in terms of which has come up along with PBT and the PAT numbers which are their overall and if you see the PBDIT margins have really improved in Q4 to that extent and so has gross margins as I said to that extent. So the PBDIT margins for Q4 are back to the 20.2% which is there to that extent, so which is a good recovery which has happened in terms of the PBDIT margins overall to that extent.

SUMMARY – CONSOLIDATED FINANCIALS

Let's look at the consolidated numbers; again if you see for the quarter four overall good numbers on Net Sales 21%. Even in terms of PBT numbers if you see you are looking at a clear 13% kind of a growth which is coming and the PAT number and the PAT is flat because obviously in terms of the exceptional expenses we have taken and also the global business which has possibly underdelivered overall to that extent. On the year front obviously, the topline numbers are good the bottom-line numbers are affected overall for the full year because of the global performance and the exceptional items which have come in terms of the overall PAT which is there but overall the topline looks pretty good in terms of what we have been able to deliver.

STEADY DIVIDEND PAYOUTS

In terms of dividends again I think we have been a steady player in terms of rewarding the shareholders to that extend and for even the current year we have given 58.6% payout to that extent and that is something which is a reward for possibly a good performance in terms of what has happened this year. So I think overall this trajectory has been fairly good.

IMMEDIATE OUTLOOK - CHALLENGING

Some of the conditions as a immediate outlook as we see overall as I said the demand conditions can be a little tough. We don't know in terms of what is going to happen but we are still confident that what we saw in February & March I think the project should be good in terms of going forward from the point of view of demand. The only worry is that if there is a Covid scenario which comes back, or the other big problem is the inflation in terms of what is there. So for inflation obviously as you stated here we are taking some calibrated price increases. We have already taken two increases this quarter and we will see in terms of if we have to take more increases going forward but we are putting in place a very very strong structure for sourcing and formulation efficiencies which we can get so that we can counter the effect of the inflation going forward overall. Monsoons are supposed to be good, so I think the trajectory of T3/T4 cities we are confident that should kind of pick up as we kind of go forward. Global market challenges will continue for some time we don't think so the situation in Sri Lanka is under control to that extent and Egypt and Ethiopia possibly fight back in the second half of the year, but Sri Lanka would always remain as a concern because it will take some time to kind take a you know situation to kind of really become normalised.

FOCUS ON LONG TERM SUSTAINABILITY JOURNEY

Just a brief thing on our journey in terms of what we are taking as the ESG and that is a very strong journey Asian Paints has been and a making over the years. we are specifically looked at environment, social and governance here. In the environment strongly looking at product stewardship, as one strong thing. Water, energy is something which is a very strong objective which we have kind of taken and I think a strong journey which is kind of pursuing in those areas. As far as social is concerned strong amount of community work which is happening. We have taken a strong work of water harvesting and whole area of Water Stewardship is a very strong area in terms of what we have kind of invoked. The whole area of making the entire environment energising equitable and inclusive I think those are the strong elements in terms of what we are kind of bringing with our policies and looking at giving that kind of empowerment to the employees going forward to that extent. In terms of governance, I think this has been a strong point at Asian Paints and this is something which we give a lot of kind of weightage to and therefore we look at a world-class governance which is coming and therefore engaging with stakeholders proactively and looking at complete transparency in terms of going forward as we look at. So I think these are the responsible choices we are making as far as the ESG journey kind of goes.

Some elements which will keep on highlighting to you as we kind of go forward I think sustainable products is a very strong zone. 'Green Seal', 'Green Assure' are some of the standards which are kind of doing we have about 187 products which have been certified by the CII-IGBC, as a GreenPro products to that extent and similarly we are in the process of eliminating a lot of ingredients, so for example lead was eliminated for by us way back to that extent and subsequently we kind of took out some of the elements like the Respirable Crystalline Silicon and so on and so forth to that extent and this is a continuous initiative which will kind of keep on going to so that we are able to kind of look at green products in a very strong way. The other is the whole area of the carbon footprint and here is something which is a continuous kind of work which is going on not only with respect to our plants but also looking at supply chain, looking at our offices and to complete 360° in terms of seeing what is the kind of work we can do at shrinking the carbon footprint in terms of going forward.

Lastly if you look at from the point of use the work which we have done I think it is pretty strong in terms of that not only we are looking at reduction in terms of what we consume in terms of water but also replenishment and that I think is a big story in terms of what we are doing and I think these two kind of go together with respect to the whole area of environment conservation in a very strong manner similarly when we look at from the point of view of electricity okay we have over 59% electricity from the renewable sources which is coming and we have also reduced the in electricity consumption internally. Strong objectives both ways which are coming. Similarly the industrial effluent generation is something which we are reducing and we have already got into a zero effluent discharge from our factories and I think this is a very strong initiative in terms of what has been taken by us towards the environment and lastly in terms of looking at plastics, so more and more areas in terms of recycling, collecting the plastic and then seeing in terms of what we can do about it in terms of going forward so I wanted to kind of give you just a flavour in terms of the ESG what we are doing and there is lots more which can't be putting three slides together but I think that is a big focus in terms of as a leader we are taking in the industry to make a mark that we are socially responsible and those are the choices we are taking.

So, the other thing which is what we would like to kind of to respond to the social thing which is concerned, the CSR we have touched. very very strongly good numbers. We have a vocational training, we do about 3,60,000 such trainings in terms of the health and hygiene kind of really cover almost like 2,70,000 beneficiaries which are there and in terms of water management, that is a big thing which we are taking possibly in a lot of areas where plants , where our plants are located where we are looking at the recharging the water through various initiatives to that extent. So you can see the plethora of work which is happening in these areas which is extremely strong.

So these were some of the things which I wanted to bring so overall in summary a strong quarter which is there a range of initiatives a lot of innovation which has coming and we believe that it has been a very strong objective for us to kind of look at the full year being delivered in this manner in a Covid kind of trajectory which we have seen this year as well. Thank you so much.

Moderator: Thank you, Sir. We'll begin with the Q&A now.

Q&A SESSION

Moderator: Today we have participants joining on Zoom Video platform and also via Telephonic platform. Requesting all participants joined via Zoom video platform, please use the raise hand feature to ask your questions to the panellists. Kindly unmute when given a chance to ask a question. Please state your name and company name before asking your questions. Participants connecting via Zoom video platform can post their questions on the chat box too and we will ask on your behalf. kindly and you to please take your name and your company. Participants joining through toll free number-please press *1 to ask questions to the panellists. Please also share your name and company name before asking questions. We would also request you all to limit your questions to 2 numbers please so that everybody gets an opportunity to ask the questions.

Our first question is from Mr Avi Mehta (Macquarie) who has joined us on Zoom. Sir, please unmute yourself, take your name and company name and ask your question.

Avi Mehta: Hi, this is Avi here from Macquarie. I had two questions specifically. First essentially is on the price, the input cost environment. What is the extent of price increases that you are looking or would need to pass on the current inflation or put it differently, what is the crude price that is there after these two price increases that you have taken which is almost 1%- 2% odd. If you could give us that sense and more broadly while you are kind of answering that if you could give us a sense of the demands strength because you did sound a little concerned on the demand strength and hence do you expect that the time it will take to pass this inflation will be longer than what it is historically be? That was my first question would you want to go to the second now.

Amit Syngle: No, I will answer this question. So, overall, when you look at from the point of view of inflation, as I said that in quarter one which we are seeing an inflation of close to about 5-7% and this is across the range of raw material including TiO2, Solvents, and so on and so forth to that extent. We have taken roughly a price increase of about 1.8 – 2% kind of increase which is spread across two months and terms of increase on 1st of May and a increase on 1st of June. In addition, we are looking in strong initiative which we have launched internally in terms of sourcing and formulation efficiencies and looking at alternate RM's in a very strong way and we think that we should be able to cover a large chunk of the inflation also through some of these initiatives which are kind of coming in. As we go forward we need to kind of balance the consumer demand and also looking at the price increases in terms of what we pass on to the market as a responsible industry leader to that extent and therefore what we are looking going forward as some calibrated increases which we might do depending on the kind of savings that we are able to get over all. So I think this is going to be a cycle which will continuously assess in terms of going forward and look at possibly some more calibrated price increases coming as we kind of go forward depending on the kind of savings in terms of what we are seeing and also observing the geopolitical situation in terms of how it kind of really quietens down. So that's part one. The second part is with respect to demand. We feel that in the quarter 4, the price inflation did affect a little bit of a demand in terms of some of the T3/T4 cities, where possibly people kind of really kind of deferred their kind of paint demand since paint demand is discretionary in nature to that extent and some amount of downgrading from premium to luxury to economy in the T1/T2 cities in terms of what we would have seen; but as I said February and March were high double digit volume growth numbers, which means we feel that the inherent demand in the market would still kind of play on. We must remember that people have seen two years of solid kind of uncertainty because of Covid and therefore there is still a latent kind of demand which is still there which we will see in the coming months and quarters to that extent; and therefore I feel that all the demand conditions if the current situation persist, I think the demand conditions should be good. We are not expecting possible in other Covid round coming to that extent because I think the third round of vaccinations have already started to that extent so I think as we kind of go forward we are pretty confident about the consumer demand given the February - March indications and whatever we see of April currently to that extent going forward. The only concern would be that inflation should not play a spoilsport because if the inflation goes up largely, we would be kind of constrained to take a larger price increases in the market to that extent which will definitely affect some of the economy products in terms of the demand which is there because finally there is a price elasticity which matters in terms of looking at consumer purchases. But overall, we are pretty confident that the current situation, I think the consumer demand should be very good because in February, March and April, we have seen that.

Avi Mehta: My second and last question was on the home décor piece. While you're looking to increase the touch points, could you give me a sense of the positioning. Is this more quality product at a value kind of position which is not available in the market or is this more of convenience wherein all products are available under one roof? What will be Asian Paint's focus over here?

Amit Syngle: So, we are looking at something what we call as the Affordable Luxury. So this is something which is kind of pegged at a premium kind of a level it but at the same time a strong connotation of the value for money which also comes in. This is definitely not in the space of Uber luxury at the top end in terms of what we see. But we look at possibly affordable luxury in a very strong manner and the whole theme is that Asian Paints is looking at a certain way of décor. So Asian Paints in propagating a certain way of décor. It is like fashion in terms of what you propagate and as I said, I think the big story here is that you are talking of physical assets which are in terms of Stores. You are talking of a big service which is the implementation service, and you are talking of categories where there is a strong manufacturing angle or an acquisition angle which we have taken. So, I think all in all, it kind of any gives a very strong signal that there is a strong seriousness and there is a strong kind of inclination in terms of making this category big.

Avi Mehta: Okay, sir. Thank you. That's all from my side.

Moderator: Thank you Sir. Next question is Abneesh Roy (Edelweiss) who has joined us on the tele calling platform.

Abneesh Roy: Hello, Hi this Abneesh Roy from Edelweiss. Congrats on strong performance. My first question is on waterproofing and wood finishing. So, you mentioned, that you have come out with unique product and India First product, and these are based on patents and technology. So now there is a very strong adhesive player which has got a brand for much longer time frame and very strong advertising also. So, when you say unique and India first products, is this against broader markets or is this against adhesive player also?

Amit Syngle: Okay, so when we look at the waterproofing space Abneesh, we are looking at going forward one being the you know undisputed players as far as the retail offering is concerned because if you look at from the point of view of retail offering, it is all about solutioning. It all about giving a solution to the customer which is very very important in terms of what is there. So when we are talking of unique products for example I will give you example of a product for 'HydroLOC' which we have come by which has a unique technology that it kind of really doesn't allow water from inside to come outside on to the wall at the same time it has a technology where when it comes in contact with water it forms crystals. Okay so that it blocks the water to kind of come out. So I think the technology which we are talking are very very unique and no other, I repeat, no other player today in Indian abroad has a technology like that for a retail market in terms of what we are placing and we think that today we are the number one player as far as the waterproofing category is concerned as far as retail goes to that extent. When you look at the category from the point of view of B2B segment and an Institutional Projects segment which is largely construction in the place where a lot of the multinationals like the Fosroc, the BASF, Sika which are players which are there to that extent. We are today stepping up our chemistry is looking at a lot of solution which we are launching which are in the spaces of not only liquid membranes but other kind of membranes which are coming, which are very strong technological backed products which are there to that extent. So today I think that is an area where only the multinationals are strong and there is no other player in India which is strong to that extent which is there and we are looking and targeting in terms of getting some very strong kind of business in that area also. I can only tell you that I think over the last seven years we have been literally looking at doubling the numbers here in terms of going forward. So we think it's a very strong objective and we are much ahead of any other company in India or the world in terms of looking in the technology in waterproofing.

Abneesh Roy: Thanks. My last question is on Sleek. You had acquired Sleek in 2017. Its now almost Rs. 500 crore business and a very strong 33% YoY growth, 14% quarter on quarter growth. Even after 4 years mostly every quarter there is a small loss. So is it advertising spend and second, Sleek after 4 years is still loss making you also made a comment that home decor in the next 4-5 years I think you will earn, you will target a profit here, So taking Sleek into consideration, how easy will home décor, because that's much smaller scale also the Home décor, Sleek which is already Rs. 500 crore run rate, so how easy will profit be in Home décor in the next 4-5 years?

Amit Syngle: Okay so first of all, I must say that Sleek as we are saying that last two years, I think there are quarters which Sleek has delivered profit as well over all to that extent. This year overall if you look at the number, I think the numbers are very strong. There is a very small loss which is there. We are very confident that as we come into the current year, I think the current year would be a total profit year for Sleek as we look at way going forward. Bath is already on our profit trajectory in terms of what you see this year to that extent so going forward if you look at the home decor category you know whether it is the fabric business, or whether it is the beautiful homes business, or whether it is The White teak business today, it's not that people are not making money. The White Teaks business today is at a very strong EBIDTA of more than 20% in terms of what they earn out of it. So, it's a category where you can make money in terms of going forward to that extent and therefore we believe that the trajectory which we are taking is very strong and it would be a profitable category as we go ahead. Even today what we are confident that both Bath and Sleek will now continuously coming into the positive trend as we kind of go forward and so would other categories as we look at the next about 2-3 years.

Abneesh Roy: Thanks Amit. That's all from my side.

Moderator: Thank you sir. Next question is from Mr. Shirish Pardeshi (Centrum) who has joined us on Zoom.

Shirish Pardeshi: Yeah, Hi Amit. Good evening. Thank you for the opportunity. Actually, I am delighted, and you have a double congratulations. One is the good set of numbers and I'm happy that next 5 years, we will interact with you continuously. So, on that note I have two questions. One on domestic decorative. You said that the demand conditions which are a bit hazy at this point of time, but you also made a very strong comment that monsoon in a row three years is going to be very strong so in that context if you can help me because T3/T4 the performance win, a little volatile in last 3-4 quarters but T1/T2 is very strong. So, there are two parts to this question. For FY 22, if you can break up what is T1/T2 contribution and what is the T3/T4 contribution to overall decorative business and the touch point what you said, is that is a stronger outcome of the need that we are expecting a very strong growth in T3/T4 and how much more we can grow in terms of distribution.

Amit Syngle: Okay so if you look at the possibly the contributions roughly for T3/T4 versus T1/T2 would be in the zone of about 40-45 to 60-65 kind of a zone which is there to that extent. So obviously I think the contribution from T3/T4 is higher in terms of what we see because the number of towns are very very large to that extent. What we see is that the T3/T4 has been fuelled also by a large distribution strategy as I pointed out that extent where there are new retailers coming, new customers kind of coming into the belt to that extent and that is something which is also fuelling the entire T3/T4 market in a very strong manner to that extent. So, for the year as I said, the T1/T2 has grown faster obviously to some extent which is there, because what we are saying is that, because of the migration of the customers which is happening the T1/T2 cities are getting more and more populated as well to that extent. So, the T1/T2 contributions are increasing over a period of time to that extent as we kind of go ahead. Overall, what I see very clearly is that T3/T4 cities are also very strongly dependent on the agrarian income and agrarian kind of forecast which happens in the country. As I said monsoon predicted normal this year, overall so I don't see that there should be any reason why we should not see good growth in T3/T4 coupled with our distribution which will kind of continuously kind of continue to that extent. The only one hitch where is there is that, today there is a certain price elasticity and for consumers, if there are too many price increases which are there then I think to some extent there is a deferment in terms of the paint category which starts happening over a period of time. So I think that is the only concern if inflation figure goes haywire; right now I think it is still controllable to that extent, but if the inflation goes haywire like what we saw it last year to that extent now that could have an impact on the demand but I don't think so that is the probability. So therefore, my prediction is that, I think for the coming year both T3/T4 and T1/T2 should do quite well.

Shirish Pardeshi: Okay that's really helpful. My second and last question is on the International, so I just made a rough calculation - out of Rs. 28,000 crore what we have done is around 13.5% contribution comes from the international business. So my question is specifically on you said that there is some volatility in terms of currency head winds. Especially you called out Sri Lanka, Egypt and Ethiopia. So just one question on that. Out of that 13.5%, may be broadly if you can say that what how much quantum of the business is at stake because of these three geographies.

Amit Syngle: So, if you look at you know there is a Sri Lanka, there is Ethiopia and there is Egypt. So roughly I would say that the quantum which would get affected is about 5% or so, 5 to 6% of the total group

Parag Rane: So about roughly 40-45% of the IBU sort of portfolio.

Shirish Pardeshi: Okay okay thank you that's really helpful Parag…. and Amit, all the best to you

Amit Syngle: Thank you.

Moderator: Thank you sir. Our next question is from Mr Saumil Mehta (Kotak Life) who has joined us on the tele calling platform. Sir you may please ask your question now.

Saumil Mehta: Yeah, thanks for the opportunity. This is Saumil Mehta from Kotak Life. Two questions.. One is in continuation to the previous questions that you are increasing your distribution footprint by 15,000 retail points. That is a very heartening number. What I wanted to understand is for the next 2 or 3 years, should we believe contribution from those touch points would be similar to what we have today probably there will be cannibalisation to that extent.

Amit Syngle: Sorry I couldn't get your question. Could you repeat it please?

Saumil Mehta: In terms of the distribution touchpoints wherein we have added more touchpoints. How should we look at the contribution from those touch points over the next two or three years. Can that number be similar to what we do today. That's my first question.

Amit Syngle: Okay, so today what we feel is that, We frankly feel that for the coming 4-5 years to 10 years I think of you don't see any saturation happening in those numbers, because I think India is a rapidly expanding market to that extent and we are kind of trying to reach the smallest of the towns and the cities to that extent. Each town we find that there are more and more retailers that are coming in given the population which is there and the low capita per capita consumption of paint which is there to that extent. So that also is kind of increasing every year overall. So, I think there is nothing which we see as a cannibalisation happening in terms of going forward. From the point of view of contributions as I said see the distribution expansion is happening in both even T1/T2 cities as well as in T3/T4 cities to that extent, so therefore you know as I said both the quantum's are going to increase to that extent and therefore what we see that this would be a strong source of contribution in terms of our overall growth as we kind of go ahead. At the same time, there is the existing set of retail points which will also continuously keep on growing to that extent. So I feel that while these are larger distribution points, I think the contribution which they kind of make is good and substantial but overall, this is a process which will continue.

Saumil Mehta: Sure. My second and last question is I Believe you are also in the race to acquire white cement business of RAK which finally been acquired by a large player. Do we expect any sort of sourcing issue in terms of white cement for our putty business? Because you know the idea of asking if I look at last 2-3 years, the increase in the putty business fraction from paints and cement players are higher than the white cement production. So at some point in time, do we believe getting a better sourcing white cement for our putty business might be a challenge.

Amit Syngle: So as a strategy we keep on looking at backward integration in a very strong way. So, as you are aware we already make one of the raw material called Pentaerythritol in terms of what we ourselves to that extent. We are also making a lot of emulsions, you know in certain ingredients that go into paint to that extent. So we keep on looking at opportunities which are coming whether it is in Putty or whether it is in paint that to that extent which is there and as part of the foray, I think today, we would kind of be eager to kind of look at saying that if there is an opportunity which comes in terms of investing in a backward integration, which is a strong product from a long-term paint consumption point of view and we think that we can put some technology in that to kind of grow that area, I think we would kind of really be interested as part of that and therefore not particular to putty but for all other categories we look at the backward integration in a very strong manner.

Saumil Mehta: Sure. Thank you so much and all the best

Moderator: Thank you sir. Next question is from Mr Richard Liu (JM Financial) who has joined us on the zoom platform. question.

Richard Liu: Hi. Thank you for taking my question. I just want to check this part on gross margin right. If i look at your standalone accounts, if i look at the inflation and COGS per unit you know based from your standalone accounts what seems is the value growth in COGS is about 51%, where you had a volume growth of about 31%. so that implies that inflation in COGS per unit is about 17%. Against that If I look at what headline costs increases TiO2 as far as what the Bloomberg data suggests is about 29-30%. Crude is up 60-65%. So, the blended would i guess anywhere is about 35-40%. Now against the 35-40% blended inflation in your RM index, you know your COGS……. cost inflation is just about 17%. I know you talked about internal efficiency etc etc, but inflation flow through factor if i can call it that seems to be less than 50% of what you know what your headline Raw material price data suggests. So if you can throw some light in this and how should we look at this as far as FY22-23 is concerned

Amit Syngle: Okay, so i think you will have to look at possibly a different way of calculation today because if you look at possibly the last year total inflation how we kind of peg it is across various quarters in terms of We see is something like about 32-34% kind of overall inflation in terms of what we see against which we have already taken a 24-25% kind of overall increase which is there to that extent. You also see the gross margins, in Q4 we're almost at about a 40% gross margin as compared to possibly a year before which was at something like about 44-45% kind of also. And also, the deficit is about you know if you see about a 4% kind of a deficit which is there. The rest is kind of getting covered a lot by the fact that one the percentages like you can calculate is that TiO2 goes to a certain percentage across the variable kind of products in a very different manner some products TiO2 is higher, some products TiO2 is lower; and similar story for solvents to that extend and in our base there is a larger quantum of water based anyway so we can to get shielded if there is a large Solvent based increase which kind of takes place. So it means that for every company the kind of inflation would be very different depending on the product mix in terms of what they have. So from that point of view today I think across margins in Q4 which are closer to about 40% as I said they are possibly 4-5% lower than a year before kind of margins which were there to that extent. So I think we were pretty comfortable to that extent it's only in Q1 Where we are saying another 5-7% kind of increase against which we have already taken almost about 1.822% kind of our overall increase. So, I think the calculation which we need to kind of take is different and this way what you are kind of arriving at possible doesn't come to the you know the number which I am indicating to you.

Richard Liu: And Amit can you also help us understand you know the so called mix impact that we are really seeing. That was a number that ……. 46% of which you were quarter talking about. If I Iook at the volume growth number.. the value growth number which you recorded for Q4, the so-called mix dilution impact seems to be in the order of 10-11%

Amit Syngle: No so are you know talking of the product mix contribution in terms of solvent and water based.

Richard Liu: No, so I'm talking about so, so you know based on the headline price increase that you know we talked about over a period of time. I would see that YoY increase in headline paint prices is about 20% plus. Now you recorded 21% value growth in the paints business against which the volume growth is 8%. So, the implied pricing component is about 13%

versus the headline price increase of more than 30%. So, the mix impacts seem to be like 9-10% vs which used to be about 4-6%.

Amit Syngle: No see I think the other problem which there is that, see for quarter when you calculate it becomes a different picture because there is a raw material inventory of the previous quarter which carries on to the subsequent quarter for two months or so. So it becomes very difficult to put a quarterly number to that extent in terms of looking at it. You like to look at that yearly number in terms of what I just gave you in terms of the overall kind of margins in terms of what we are enjoying to that extent as of now to that extent and as I said that what you like to look at from the point of view that overall we have grown by a value of about 37% this year in terms of what you see. We have taken price increases which are above 24-25% in terms of which are there in the total inflation which we are talking is about 34-35% kind of a 32- 34% and kind of a zone. So, I think those on the number is it possible you'll have to crunch to kind of understand. I don't think so you can go quarter to quarter.

Richard Liu: Okay so let me ask an easier one. So, you talked about non-direct dealer Can you help us understand how big is that part of a business. How much is that contributing.

Amit Syngle: So actually, there is no concept like a non-direct dealer because there are dealer that are paint dealers and there are dealers which are touching through the distributor to that extent. Okay so I think this is a combination where there are distributors now who are supplying some part of the paints, some part of the waterproofing, some part of the wood finishes to that extent. so it's up mix kind of a zone in terms of what is there so I would principally qualify that with all these 1.45 lakh retail outlet, we are almost directly in touch directly in touch either with the dealer or the distributor.

Richard Liu: Okay. Alright. I will be probably take this up with Parag or Mr. Jeyamurugan later.

Amit Syngle: Okay.

Moderator: Thank you sir. Next question is from Varun Singh (IDBI Capital) who has joined us on the tele calling platform.

Varun Singh: Yeah, thanks for taking my question. My name is Varun Singh from IDBI capital. So, my question is on Home Improvement business. So how we expect to share management bandwidth given that we expect this category to become quite meaningful in next 3-4 years. So, what changes should we expect with regard to how we wish to drive growth in all the 3 categories. I mean the kitchen-bath business, the waterproofing, and the other home improvement categories. If you can share some thought over this point sir.

Amit Syngle: So what we are doing is that as and when we are kind of adding this businesses, so for example the moment we added a fabric kind of business we have added people both from the point of view of sales and marketing to that extent which is there similarly as the lighting business kind of comes in and in terms of other category. So there is a set of design professionals we are adding who have competencies with respect to some of these categories and then their sales people who possible who are able to kind of leverage this kind of categories to that extent and there is a third set of people like the people whom are trained slightly specially to kind of take it to the architects and designers to that extent. So what we are progressively doing is that as and when, we are adding the category we are looking at adding numbers in terms of that particular category; at the same time at the core of it we are putting a very strong design structure which are there which will include specialist who would kind of come and look into each category and they will look at new ranges, new designs which would kind of come in, which would kind of match with what is really happening as overall trends in India and the world.

Varun Singh: Understood sir. So broadly we are not expecting much changes at the top management level in regard to how we wish to manage the growth in these 3 categories for next may be 3-4 years.

Amit Syngle: So today we are putting people at GM & VP level as well in terms of some of these categories to that extent, but it's not that you know there is a very strong you know that there is COO or someone kind of a coming to that extent. So, I think it is more at the possibly a mid-management to a senior level in terms of what we are putting along with people who are coming to manage the overall areas with the network and also with the designers.

Varun Singh: Understood sir. And second question is on the number that you have given is quite encouraging with regard to more than doubling the number of stores from 29 to 70 by the end of the current financial year. So, in regard to how we wish to sell the products in the home improvement category. Sir, I mean, how are you thinking to selling this product under one roof rather than trying to sell it through a distributor led model. The way we have changed- distribution model in the paint business. Any insights if you can share on the distribution approach. Why only through stores and why not through distributors.

Amit Syngle: So actually, it's a dual selling strategy which is there. The larger propagators are basically the 'Beautiful Homes' stores which I spoke of which from 29th we will take to the number of 70 in terms of what we are talking of. And these the stores would be bigger sellers because they are kind of pitching to the consumers the full kind of home decor at one shot in terms of the whole area of design and execution in a strong manner. The other structure which we have is that, like we have a structure in kitchen and bath where we have a set of dealers and distributors, who are independently selling kitchen and bath products. Similarly in fabric, we have now almost 500-600 kind of retail set which is kind of selling the fabric as well so and when we have acquired White Teak, they have their own stores which are coming with the acquisition to that extent. So as we kind of go forward, you will have a dual structure of selling, where there is consolidated home decor being sold through 'Beautiful Homes' and then each of the categories is being sold by the network in terms of what we create around those possible to be sold to that extent and they kind of sell only one or two categories and whereas the store will sell close to about anywhere between 12 to 16 categories.

Varun Singh: Understood sir. Thank you very much for the detailed answer.

Moderator: Thank you. Next question is from Mr Amit Sachdeva (HSBC Securities) who has joined us on Zoom.

Amit Sachdeva: Hi good evening, everybody and thank you for taking my question. My name is Amit Sachdeva from HSBC. I have sir two questions. First coming back on margins. basically, you know last year as you rightly said that 400 bips margin has come down when it was 44 in Q4 in the near ….. and now going ahead the two issues one basically there is some inflation as you say in Q1, but can you also describe the mix effect which could be different in Q1 relative to Q4. Also, in this context given the base is benign, Should we now look at what gross margin being sort of expansionary rather than contractionary in this particular year. what is your template thinking right now we are not asking for any guidance but comfortable position relative to margins? Your volume base is very high, but margins base is very benign. so how are you thinking about it. Related question to that is whether Asian Paints as the leader would like a margin for hover around 41-41 but not go back to 44 because there is so many new entrances. Would you like to keep the pricing discipline may be enforce in some sense? Is there any comparative angle to it as well? that's that's my question number one. And then I will ask my second question

Amit Syngle: So, first of all when we look at the whole story of margins going to Q1, I don't think so that there is a very strong change in the mix which kind of really happens because you know the quarter to quarter, we don't see too much of a mix change which happens except for a little bit in around the Diwali in terms of what we see that around that four weeks to six weeks, there is a little bit of different kind of a mix which gets invoke but otherwise I don't see that there is going to be a mix which is going to be very very different in terms of going forward. The other thing is that currently as you said rightly, we have reached about a 40% kind of a gross margin which is there as we see it a 44-45% kind of a margin is a little bit unrealistic in terms of going forward. I think it was also when possibly the prices were at its lowest in terms of inflation was just not there. In fact, it was more of a deflation at that point of time to that extent. And therefore we would kind of really see it that we keep it in the band of 41-42 kind of a percent in terms of the overall gross margins going forward and with respect to pricing, I think that we are very clear is that we would very clearly look at a certain modelling it around the price elasticity where we can see that there is a certain affordability which we can get to the customer because we would not like that the demand should kind of get affected and we would be responsive as a leader in terms of looking at that in terms of how we would like to kind of peg the overall pricing; but going forward in terms of we would still kind of see that we would like to maintain that band of 18-20% from the point of view of the EBIDTA margins going forward as well. so, I think that is a dual role in terms of what we will keep on playing in terms of saying that how do we kind of really peg our pricing, how do we look at overall EBIDTA margins in terms of this thing because what we see is that, this year again the volatility of inflation will continue to some extent. We are not getting an indication that the second half of the year currently is kind of giving us any comfort that it will be benign in terms of inflation from inflation point of view. I think we will have to keep on looking from quarter to quarter to in terms of how we do any… as I said your price increases will have to be calibrated to see that what gross margins you are maintaining and possibly what is the kind of work which were doing with respect to cost saving as we can go forward. So, I think it will be a combination of all that.

Amit Sachdeva: That's very very helpful Amit. My second quick question is on decor business. And in Decor basically obviously there is a service element, there is a product element and then you are your combining various elements together including lighting, furniture, design element, bathroom fittings to kitchens. So it is the entire … of basically new homes to existing home being renovated. So, I can clearly see the value proposition. Also you described the affordable luxury proposition and so you are targeting typically household I can imagine. In that can I get your thoughts a little bit clear more as well, whether the real focus is on selling product and value capture is largely on the product for a traded product or own product or services element which are integrated with it. In my sense, services should be free and product is where you capture the value and is a service element is entirely outsourced and how are you integrating with because that it is a very complex ecosystem that is interacting it. It may sound very simple but how are you balancing this so many elements interacting and have you executed few projects already and what is the size of the project so far in the month it has been launched and what is the kind of learning so far. If you can help us, explain the way we can understand the business and model it is going forward. Theoretically, it can be humongous opportunity, but can company like Asian Paints, my worry is that company like you can capture value in product but not in service. Services can complicate the hell lot because it just brings in element which you compete it with all sort of random people. Sorry about long question but you get where i am coming from.

Amit Syngle: So just to clarify first of all I think we are looking at value in terms of a combination of offering inspiration to the customer which is in terms of visualisation, second in terms of the qualities or what we bring it in the product in terms of what we are offering and the third element which is very important is the whole area of execution and bringing delight to the consumers. So if you look at today in the world there is no player who offers visualisation coupled with execution to the glory along with basically a product proposition which is built into that extent and so I think what we are trying is something which is you know as you rightly said it is complex but it is in evitable as I said. It cannot be copied by anyone because once you build the servicing edge along with the fact that you have not only traded product but your own product which is kind of giving you margins to that extent and you have a very strong visualisation story which you are able to give to the customer I think it's a lethal combination in terms of what you can offer to the customer. We have kind of gone into all the elements if you look at from the 'Beautiful Homes' service point of view, we have kind of executed it across about 900-1000 customers across the country and we have done jobs which vary from as less than as Rs. 50,000 to Rs. 1,00,00 to as high as about to about Rs. 2 - 3 crores as well so that extent for various kinds of customers to that extent. so I think we are getting a very strong hang of it in terms of what we need to kind of do to that extent and it is done very strongly through an angle of supervision which kind of comes in to that extent because we feel that if we kind of just leave the execution to the market, it kind of really plays havoc in terms of what it does to the overall product execution piece and delight it brings to the consumers to that extent. So I think that is the model in terms of what we are looking at and especially I think this model is not applicable for categories like there could be a retailer who is just selling bath taps… now if he selling just bath taps like basically he is the selling taps to a customer to that extent, but when you come to a Beautiful Homes were selling the full home to the customer along with the element of visualisation, product quality and certain element of execution which kind of comes in.

Amit Sachdeva: Sure, thanks so much Amit and all the best for this. Thanks a lot

Moderator: Thank you sir. Next question is from Percy Panthaki (IIFL Securities) who has joined us on zoom.

Percy Panthaki: Hi this is Percy Panthaki from IIFL. Sir, this year had been a splendid year for you with a very high-volume growth of about 30%. But looking ahead I see sort of two head winds for you in terms of volume growth for FY23. One is the high base effect that you are sitting on for FY 22 on a comparator YoY basis that may dampen your FY23 growth. And the second is the significant almost 25% kind of price increases that you have taken which in turn as you mentioned there is some amount of price elasticity issues. In light of these two issues on a YoY basis for FY23 as a whole, do you think it is possible that volume growth would slip to low single digit or zero kind of number because we are seeing ofcourse not exactly comparable category but facing many FMCG companies now post a 0% kind of volume growth even with 8-10% kind of price increase. Paints, of course is less penetrated and therefore you have new product also waterproofing, Putty which are growing much faster but just your thoughts on how we can look at volume growth for FY23 YoY.

Amit Syngle: Okay, so first of all I think if you look at the CAGRs as in terms of what we have been posting for the two & three years. We are saying that both on volume and value we have been able to post a very very strong numbers even come. If you compare to a relatively normal year which is 18-19 which is before the two Covid years to that extent so I believe that the company has taken a very very strong focus in terms of driving that trajectory through a range of kind of strategies in terms of what are involved in terms of going forward. Second, if you look at a trend of a Q4 over a volume growth of 48% as a base, you are still able to grow at an 8% and I said that February & March were high growth double digit volume months for us because this 8% primarily has come because January was down because of the Covid to that extent. so, despite the price increases baby realise the full value in the Q4 month, we have seen still 8% growth with February & March at high digit high double digit volume growth to that extent. now which only gives the indication of the fact that you are able to kind of still kind of propel the demand from the point of view of how customer is seeing it and we are seeing that opportunity across the category of products; so whether it is upgradation of emulsions, whether it is from the point of view of upgradation of people to from economy to premium to premium to luxury as a pyramid in terms of how you want to kind of go forward; or whether it is in case of looking at transitioning people from solvent-based to water based or from the point of view of saying that you put a regimen of people putting undercoats to that extent. So I think there is a range of strategies in terms of what we are kind of taking and we find that there are certain categories like waterproofing and would finishes which are also growing quite spectacularly overall to that extent. in addition to the fact that you are getting a lot of innovations in the market so I think we are pretty confident that going forward despite the base as you rightly mentioned of 31% volume growth that we should be definitely kind of look at if nothing less that you know something like definitely a double-digit volume growth going forward is what we are definitely endeavouring in terms of going forward and we think that it is possible given the range of strategies in terms of what we are taking and the fact that this year, we are saying that if it is a Covid free year definitely see that there is a lot of pent-up demand for the last two years it will aid this kind of a strategy of growth.

Moderator: Thank you sir. We will be taking a last question now from Mr Sujay Kamath (Millenium Partners) who has joined us on zoom.

Sujay Kamath: Yeah hi. thanks a lot for taking my question. My question is a little more longer term. You know understand long-term growth of industries. So on one side and if I look at you know player organised players such as you. Over the last… in fact If I go back to some of the previous presentation that you gave, it appears that over the last 3-4 years, you have actually doubled your volume growth to your volume which is amazing on the decorative side, but when I look at, you know, data like TiO_2 consumption in the country which is basically a mix of import as well and domestic production, demand in India has only grown at 7% over the last 10 years in fact even slow over the last 3-4 years so I'm just trying to you know connect the demand for TiO_2 versus the kind of growth that organised sector is witnessing. I mean something like 100% growth over the last four years and you know, in that context how does one look, at you know the portion that the organised sector captured from unorganised and how does one look at long-term growth

Amit Syngle: Okay, so let me just answer that straight away. So if you look at various profile of products you know they have a very different level of TiO2 to consumption depending on what the product is so right from an undercoat to a topcoat which is economy to mid- end to high-end, every product will have a very very different level of TiO2 consumption. So you can't correlate paint growth to the TiO2 consumption straight away to that extent because it might not be a straight correlation but would be a complex correlation in terms of how it kind of comes by. That's point 1, second is that today TiO2 being the most costly element in paints, all companies are looking at seeing lots of measures in terms of how they can bring down the TiO2 consumption both from the point of view of innovation in manufacturing, better dispersion technologies and also looking at a lot of alternate raw materials which have come in the last about 3 to 4 years which basically kind of decrease the TiO2 consumption in the paint. So this category which basically gives the hiding to the paint and basically removes the need in terms of putting that quantum of TiO2 into the paint to that extent. So I think given these kind of overall measures which are happening and then there are various grades of TiO2 which is the chlorides and the sulphates and so and so forth to that extent which kind of gets use in different percentages again depending on the product which is there to that extent. So I think given this whole area in terms of what you kind of look at it would not be clearly co-relatable with basically the TIO 2 consumption and as it said that the larger imperative of the entire industry is that they are looking at more and more places they can replace TiO2 with better technologies both in manufacturing as well as alternate arms.

Moderator: That was our last question. May I now request Mr Amit Syngle to deliver the closing remarks please

Amit Syngle: Okay I think good I think we try to see that we could kind of give you some larger kind of clarification and that is why we had a slightly longer presentation today in terms of the various the specs I think thank you all for coming today and really asking some incisive questions which are there I think it's always good to kind of see that we are able to answer those questions and give you some clarity in terms of how we are proceeding and what is really happening with the organisation. So, thank you once again for coming for this investor conference and have a have a have a great season ahead thank you.

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