Asian Paints Limited
Asian Paints House
6A, Shantinagar
Santacruz (E)
Mumbai 400 055
T : (022) 6218 1000
F : (022) 6218 1111
www.asianpaints.com

APL/SEC/19/2021-22/48

25th October, 2021

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: Transcript & Audio Recordings – Investor Call

Please find enclosed the transcript of the investor call conducted after the meeting of Board of Directors on Thursday, 21st October, 2021, with regard to the financial results of the Company for the quarter and half year ended 30th September, 2021. This information will also be available on the website of the Company at:

Investor Conference Call Transcript – Q2 FY2022 Results

The audio recordings of the said investor call are also made available on the Company's website, at:

Investor Conference Call Audio Recordings – Q2 FY2022 Results

This is for your information and record.

Thanking you,

Yours truly,

For **ASIAN PAINTS LIMITED**

JEYAMURUGAN RAMALINGAM JEYAPANDIYAN
Digitally signed by JEYAMURUGAN RAMALINGAM JEYAPANDIYAN
Date: 2021.10.25 14:44:00 +05'30'

R J JEYAMURUGAN
CFO & COMPANY SECRETARY

Encl.: As above

"Asian Paints Q2 FY2022 Earnings Conference Call"

October 21, 2021

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 – Q2 FY2022 Results

Arun Nair : Good evening and a very warm welcome to one and all for the Asian Paints Investor Conference for the quarter and half year ended September 30, 2021.
In the panel today, we have Mr. Amit Syngle, MD & CEO,
We have Mr. RJ Jeyamurugan, CFO & Company Secretary,
We have Mr. Parag Rane, GM-Finance,
And myself Arun Nair from Corporate Communications.
May I now invite Mr. Amit Syngle to take you all through the presentation, Mr. Amit Syngle over to you.

Amit Syngle : Good evening everyone, and welcome to the quarter 2 Investor Conference for the financial year 2022. For the next about 20 minutes, I will take you through in terms of some of the brief highlights for the quarter.

DELIVERING JOY SINCE 1942

So one of the big things in Asian Paints which we have been kind of really looking for from 1942 is been the whole area of delivering joy, and that is something which possibly is one of the core values in terms of what Asian Paints is looked at.

We say "We exist to beautify, preserve, transform all spaces and objects, and bringing happiness to the world!" So I think today, this kind of emanates from what we used to say a long time earlier, that any surface that needs painting needs Asian Paints. And this is how it kind of really transforms now, as we look at a plethora of areas that we are able to get as we move forward.

DECORATIVE BUSINESS (INDIA)

Overall, when we look at the entire Q2, I think it is a great thing to see that overall, the growth story continues to be very very vibrant, very strong, and I think our continued commitment in terms of looking at growing the top line very strongly, I think has been something which we have been pursuing and that has been the theme in quarter 2 as well.

If you look at the numbers, the overall quarter 2 numbers, which is the blue graph which you see is something which is over the last year is very very strong, so the volume numbers for Q2 are standing at about 34% and the value figure stands at about 35%.

So overall if you see that volume and value have grown strongly together indicative of the fact that a lot of premium and luxury products have been growing very strongly in quarter 2.

The other area which you see is that we have the CAGR numbers, which is indicative of the fact that if you look at a two-year CAGR and a three-year CAGR, both the volume numbers and the value numbers are also pretty strong in double digits as you see on the screen. And that is something which kind of really is the story of the strong volume growth strength which we have been seeing over the years and this is something which has continued very very strongly. If we look at the entire H1, inspite of the fact that the overall environment in Q1 was quite tricky, we had a month of May where the second wave had basically a huge lockdown across the country. I think the kind of overall recovery in terms of what has been there from June is a very very strong story, indicative in terms of the kind of growths which we have been able to achieve in the H1 of the financial year 21-22.

DECORATIVE BUSINESS INDIA - STRONG VOLUME GROWTH

So if you look at the volume growth are to the tune of about 58% and the value is to the tune of about 56% ; again very very strong growth and the CAGR numbers are there for you to kind of just see that it is a story which is consistent over the last 2-3 years. So the two-year CAGR is 17.5% for volume and 18% over the financial year 2019 and similarly in terms of value, if you see for the two years it is 12.3% and for the three years it is 12.7%. So very very strong and I wanted to really emphasize this point that, if we kind of look at basically the last 8-10 quarters, this is a story which has been very very strong which we have been pursuing as in terms of looking at really growing the market.

Overall, this is another predicament in terms of what is clear from the point of view of this story which I just told you that if you look at the entire quarters, overall the numbers are very very strong , this is a three-year CAGR which you see right on the screen right from quarter 2 of financial year 2021 going on to the quarter 3 of financial year 2021 then quarter 4 of financial 2021 on to the current quarter, so overall I think you see the volume growths really in strong double-digit numbers and this is something which is been growing over a period of time, and this is something which we are committed to in terms of really growing and this is something which is also kind of giving company strong market share gains in the market as we kind of look forward.

DECORATIVE BUSINESS INDIA – KEY BUSINESS UPDATE

Some of the key things that we look at from the point of view of the business; one of the big things in quarter 2 we have seen is that the growth has been led very very strongly by the metros, T1 and T2 which is centres across the regions and this is something which is in a little bit contrast to obviously what we had seen last year, where there was a story of T3 and T4 which was stronger than the T1/T2, but I think the good part is that even T3/T4 in Q2 has grown quite well. Obviously the volume growth rates in T1/T2 far outstrip the growth rates in terms of T3/T4 overall. But having said that T3/T4 centres have also done fairly well in quarter two to that extent. This also kind of reflects very strongly in terms of the mix because the T1/T2 centres doing well is also reflective of the premium and the luxury products kind of doing well across these centres. Overall, when we look at from the point of view of our growth, so I think over the last year very very strong industry-beating growth which is there, strong and consistent market share gains I think which has been a very very strong story which is emerging and this is something as I said we are committed to.

Both economy as well as luxury ranges, continue to do well. When I say luxury it includes premium as well, so we call it is the Prelux and the Lux range, both ranges kind of doing quite well overall and this is happening both in the interior space as well as in the exterior space. Our continued kind of progress with respect to the upgradation of the market at the bottom of the pyramid continues very very strongly and therefore we see the emulsions at the economic level also moving in a very very strong trajectory to that extent.

The projects business, again where in quarter 1, there was a slowdown because of the fact that the builder's segment especially was affected during the lockdown in May which was there, has picked a very very strongly we looked at changing a strategy in terms of looking at builders, government, factories, cooperative housing sectors, very very strongly and that has been fairly upbeat and it has given us a very very strong growth and we believe that now this would be an indicator of a good growth coming in H2 as well as far as the project business goes.

Some of the other categories I think now the whole area of the waterproofing is something which is going very very strong and this has become a real anchor for the company in terms of growing forward and this is something which continues to grow at a very very feverish pace and this is something where there is a number of new products happening, a lot of new areas in terms of what we are able to kind of get in and this is really kind of giving us a good propellant in terms of the overall growth.

The other area to mention here is the wood finishes. Again a very very important segment because what we feel is that wood as a segment is kind of increasing across the Indian homes in a very very strong manner and we are focused not only at the premium range, but also the luxury range which is also pretty expensive which comes in, but this is a category again where we have been able to kind of grow very well and I would say that that there is a strong market share gain happening against a lot of Italian players which exist at the top end in terms of what are playing in the market. So I think very strong areas in terms of what we have been able to build in.

NEW PRODUCT INTRODUCTIONS

if you look at some of the categories I spoke of, one of the products which has really kind of given us a very big leeway is 'Royale Glitz' in the entire luxury interior emulsions which is there. This is a new technology, which is supposed to be a world-class product which comes in from the point of view of anti-stain and other parameters and it is for the first time, giving the sophisticated luxury consumer a very very strong and very sophisticated look for the house which comes in, doing extremely well and adding to the growths in terms of the luxury segment.

We have 'All Protek' which is another revolutionary fire-retardant paint, for the first time which has been introduced and I think it is one of its kind product in the world in terms of what we have kind of introduced in the Indian market.. again got a very strong response from the market, already launched.

The third product I want to talk about here is a 'HydroLOC' from Smart care which is our waterproofing flagship brand which is there. This is a revolutionary product which comes in. It has technology in terms of penetrating into the wall as well as forming crystalline structures so that it can really impede the dampness on the wall in a very strong manner and this is another product which has been launched in a very very big way and this is something is what is creating magic in the market, again, in terms of growing very well.

We have 'Ingenio' which is another strong product which comes in the wood finish is in the luxury range to that extent. Something which gives the top of the mind, top of the durability in terms of from the angle of how people can look at their wood finishes.. very good and high gloss and Matt levels in terms of the finish with it kind of gives.

And similarly, we have two other products which are largely you know in the undercoats category.. as one is a 'Tile Grout' which is a strong product from waterproofing range and we have the 'MDF filler' which is something which goes for the word finishes.

So if you look at the common story here, among the products, is the innovation story which comes in; all these products have basically a unique technology which is world-class which is we are bringing and I think that is something which we think as Asian Paints, we are proud of because in each of the category it is innovation which is kind of holding the whole stake in terms of making the entire category grow.

DECORATIVE BUSINESS INDIA – KEY BUSINESS UPDATE

We move on to some other areas in terms of what has been able to do. One of the big areas Asian Paints always has followed is in terms of looking at exploding our network presence across the country and this is something which has been going on for some time and this is something which we have been focusing on in Q1/Q2 this year as well. This also kind of really gives us the up-gradation focus which we have in terms of getting an unorganized customer into an organized smart upgrade in terms of emulsions. One of the big things which I wanted to share with you is that, we have looked at really expanding a Rurban footprint. Last two years we have really worked in terms of almost adding 40,000 new retail points, okay, in terms of some of the retail points are direct and some are indirect in terms of what we are able to kind of really take on in a very very strong manner, which kind of really explodes our presence across the country in a big way.

Added to this is the Colour world's expansion which kind of really keeps on going every year and this is something which we keep on putting on the tinting machines in the market which gives us very good presence in newer towns, newer suburbs are coming up, some of the smart city's which possibly are coming up in strongly and that is the foray which is there.

Retailing again has been a strong strength. There is no other company which possibly has invested so much into retailing and consumer experience and that is something which today we have you know close to about 500 stores which are there which we call as the 'Colour Ideas' store and we have added about 16 new 'Colour Ideas' stores this year in terms of taking this forward.

The other big kind of retailing world-class standard is the 'Beautiful Homes' stores which we have been speaking in the earlier meets with you as well. These are state of the art high-tech phygital stores, which basically offers consumers a physical and digital experience which is unmatched and this is by its own standard one of its kind of a model which is there in the world today offering a customer everything under one roof regarding home décor; and this is our entire stores which are doing extremely well and now we have 26 stores which are functional, and we will basically keep on adding newer stores by the end of March and we hope to have a good number of about 35-40 stores by the year-end in terms of going forward. So this is a continued initiative in the area of home decor that continues to that extent.

So this entire story of Beautiful Homes that transgresses into the whole area of share of surface, transition to the share of space. So I think this is the disruption in terms of what we are taking and we think that it kind of the whole area of home décor really adds on to the core business in a very strong way because the consumer is the same and we use the entire data in terms of looking at catering to the consumer from the CRM, so the person who is using Asian Paints on the surface moves onto using Asian Paints in the space within the four walls and vice versa to that extent. So I think it's very very strong in terms of complementing the core business of Asian Paints in terms of going forward.

Overall, all the categories which are kitchen, bath, furnishing, lighting and furniture are doing extremely well with the 'Beautiful Homes' stores and we are furthering that in a very very big way. We have done extremely well in the furnishing area, where we had aligned with another company called 'Pure' in the market and this is a very strong foray which we have taken in terms of going ahead.

The overall décor story continues to be strong. We have our 'Nilaya' wallpapers which are in a very strong way come in and we have the 'Royale' luxury finish in terms of which has various variants. I spoke of the 'Glitz' range sometime back. We have launched the 'Sabyasachi' set of wallpapers and home furnishings in a very very strong way. In the recent time you would have seen certain print ads in terms of what we have taken which have been designed by the master designer himself - Sabyasachi. Some glimpses in terms of you know what they kind of look, I think they've really caught the fancy of the market, and we see a very strong response coming from people in terms of really adorning Sabyasachi wallpapers and looking at Sabyasachi furnishings together, offering a home a very very new unique look in terms of how it really comes about. So overall, I think this is a category which is doing well, furnishing is taking place, it is kind of also elevating Asian paints into the luxury reckoning with all the architect designers in a very strong way and we feel that this is a strong way in terms of really building a top and luxury portfolio, in a very big way in terms of going.

DECORATIVE BUSINESS INDIA – SERVICES

The other big differentiator has been the area of services, which is a very very unique differentiator, no other competitor has the range of services which we have and therefore Asian Paints pride itself in terms of really creating a service brand by itself in terms of what has been done in the last about 4-5 years. We have now a 'Beautiful Homes' service which is a turnkey service right from the space of really renovating your house or a newly acquired home or a flat which can be done totally by us. It is really something which has been traction and something which is really very successful. More than 500 sites have been booked and I think we are taking on some of the companies which have been in this space in a very strong way, which are offering, you know, home decor at your convenience sitting at home, in a strong way. And this is something which is a unique thing which only in the paint industry, only Asian Paints offers.

The second big service the 'Safe Painting' service, very very strong momentum here. This service overall as it kind of really goes will become a strong percentage of the total business of the company and very strong momentum and this is something which consumers are finding it very very strong and we are able to do and grow here in a big way. It talks of mechanization as a very very strong way, talks of the entire area of sanitization which kind of comes along with it; so it's a big service which is there and we think that this is the service standards which Asian Paints is kind of appropriating and taking, which no other player in the industry has kind of taken over and this is something which is unique as far as even the entire global standards go.

STANDALONE GROSS MARGINS

Now coming in terms of you know the overall, I must admit that you know the entire inflationary trend has been really unprecedented this year. We have never seen I think in the last about 3-4 decades, inflation which is so strong which is there and overall inflation is closer to about 18-20% levels when we see from a perspective of Q3 of last year to that extent. So overall, I think a huge amount of inflation which we have been seeing and this is reflected in the chart which you see in front of you. So if you look at from the margins of Q1 of the financial year 2021 to basically you know Q4 of financial 2021, we had basically looked at about some kind of inflation kind of affecting the gross margins strongly there, but I think the bigger transition has happened when we looked at the quarter 1 of this year where basically there was almost like a 15% material inflation which is there. So we looked that in terms of taking price increases in terms of and there were price increase is taken at that point of time to take and see some part of inflation we could set off. But we saw another 6% material inflation coming in quarter 2, which is there, we could take another 4% additional price increase at that point of time to really look at in terms of what we can do to stem this trend in terms of going.

One thing which I want to put forth is that I think Asian Paints has the capability in terms of taking the price increase that has never been the concern. I think the concern has been clearly two areas, one is as you know the effect in terms of the stability of the market because what we have seen, if the price increase is very high, it creates a huge amount of instability in the market in terms of the rates which are offered to the consumers and then it kind of creates a lot of confusion with respect to what the consumer is kind of purchasing because it totally depends on which retailer is kind of stocking, what kind of material at what price to that extent, and therefore taking very very high price increases is detrimental in terms of the stability of the market.

The second area which is very important is that there is a certain price elasticity in terms of you know how consumer looks at price increases to that extent and we chose to kind of take this type of increases given the fact that we were going through a transition of the second wave, which was there and we wanted to kind of really give a big boost to the consumer confidence and that is how basically this price increase was taken which were obviously, I think not commensurate with the total inflation in terms of what was there, but as I said that in the past, we have never kind of taken increases which are more than 3-4% in any year to that extent and this time, it has been unique in terms of the way the overall inflation has panned out.

When we look at on the basis of this, when we look at obviously, I think the top-line numbers as I shared with you have been very very strong, but I think this kind of affected all the businesses very very strongly and as a matter of fact, the entire paint industry and the coatings industry is affected across the world because of the inflationary trend.

INTERNATIONAL BUSINESS

When we look at our international business as well. I think you know today the topline across various regions has been fairly good. If you look at to the Middle East and Asia, if you look at from the point of view of overall revenue, I think has been good. What we got affected was clearly in Egypt and Ethiopia which basically where the top line has not grown if you look at both from a point of view of Q2 and the first half of the year to that extent. But I think Asia and the Middle East have been pretty strong from that point of view as we look. I think the whole area which possibly came as a problem has been the overall you know PBT if you see; the PBT numbers have got strongly affected because of the margin situation which is there to that extent and therefore overall when we look at PBT, there is a loss of about 17 crores in Q2 and in H1 a PBT loss of about 28 crores as far as the international operations go; and the losses have been kind of across the various markets given the fact that you know, the inflation has been very high. We have taken increases here as well to that extent, but obviously, the increases are not possible in line with the inflation which is kind of taking place. So that's the international update in terms of how it kind of looks.

INDUSTRIAL BUSINESS

When we look at the overall industrial business in terms of the two joint ventures which we have, the PPG-AP which is the Auto OE and the Refinishes venture, if you look at, I think the toplines have been strong in terms of how you see it in terms of both from the point of view of Q2 and H1… Q1 was not too great here but I think in Q2 business has really rallied in terms of giving a very strong 33% kind of a growth which has come in Q2, and H1 which is the first half of the year looks very strong in terms of a 72% growth there. When you come to possibly the PBT here, again on a half early basis, we are still kind of sitting on a positive in terms of how we see. however, on the Q2 level, the margin pressures have been there here; while we have taken some increases but in the industrial zone, it takes a little bit of time to kind of get the price increase implemented and therefore we see a PBT loss of about 13% higher as compared to the previous year as we see it.

Similarly, if you look at the JV2, which is the AP-PPG, which is largely in the area of Protective coatings and Powder coatings, which are very strong business is for it, what we see is that strong topline growth both in Q2 and H1. Infact, H1 one stands at almost about 92% kind of growth, Q2 is about 55% growth. If you look at the PBT numbers here, the PBT numbers are overall good from the point of view of H1, which is there, since we have grown over the last year numbers. However Q2 numbers have been lower to that extent, although absolute numbers are small in terms of how we kind of look at it. So that has been the kind of industrial performance, again basically the inflationary trends kind of weighing on the profitability a bit here to that extent.

HOME IMPROVEMENT BUSINESS

Going on to the entire business in terms of the home improvement here, talk about two businesses; the kitchen business if you look at it, again something which has been going great guns from you know the last four quarters if we see. We have touched the 100 crores revenue mark milestone here in a strong manner, strong performance in terms of full kitchen solutions in terms of what we are able to deliver, strong performance in projects as well which have been coming which is reflecting in terms of a Q2 growth of 70% and overall growth of about 94% in H1. The good part is that we have been kind of able to kind of look at you know PBT also here and we have you been able to stem the whole thing of this thing and now in Q2 basically I think we are at break even at H1 level given the fact Q1 there was a loss, we are still a small loss kind of a thing is seen of 7 crores there. Otherwise, I think this business has been doing very well, it is an uptick business in a very big way.

When we come to Bath business, again very strong performance here and we see that you know overall what we have grown is in a 69% in terms of the quarter 2 and about 83% as far as the first half is concerned. PBT is also strong break-even coming and this is been the business which is been turning for the last about now 3-4 quarters to that extent, and that is something which is a very very strong signal which is coming that both businesses have been turned around now and they have started basically looking at break-even plus some small profits which has started to come in both the business combined together. We must note here also is that inflation here was not that high as compared to you know the paint and coatings kind of a zone to that extent and that is something which is a lesser impact, while we have taken some price increases here as well.

Some of the new introductions here which we have done, these are like real premium luxury kitchens which are offered. Some of this kitchens a come at costing about 8-10 lakhs, talks of some unique materials, unique design in terms of what they offer and this is something which has a new foray which is there which is kind of been accepted very very strongly. We have looked at even knew wardrobes, new vanity cases and therefore the full kind of zone which is coming in a very strong manner.

STANDALONE FINANCIALS

Overall, when we look at the entire standalone financials after you've seen all the businesses which is there, what we see is that from the point of revenue, as I found pointed out, very very strong numbers in terms of what have come in.. on the left inside what you see is the Quarter two numbers which are there, strong 36% growth which is there, obviously I think from a gross contribution point of view you know, that this thing is just about the 7% growth which is coming in. I think the issue very clearly is because of the whole area of inflation, we see that there is definitely you know dip with respect to PBDIT, PBT and PAT accordingly as we see and that is something which possibly is because of the gross margins which have shrunk almost by about 975 basis points if we look for the quarter; and if you look at from the point of view of H1, I think the situation is still strong from the point of view of overall numbers. Revenue numbers are up as we saw about 57%, the gross contribution here is better PBDIT numbers are still positive in terms of which is there and so PBT is about 16% overall growth so I think H1 numbers are still better, although here itself what we see is that there is also a gross margin contracting by about 837 basis points for the first quarter as well.

so overall, what we see is that, I think a very strong top-line growth which is there and in for the quarter, I think the gross margins got affected very very strongly from the point of view of the higher inflationary trends which are there.

CONSOLIDATED FINANCIALS

Looking at the overall consolidated numbers, again, you know the revenue numbers are strong for quarter 2 which is at 33%. The gross contribution is just about 4%. The PBDIT numbers have as definitely a concern there at about 29%, degrowth over last year. PBT is less by about close to about 28% and PAT is similar about 29% .... again here the gross margin contraction has been about 966 basis points which are there for the quarter.

The H1 story, you know as in the case of standalone is much better. Obviously with the top line above 50% and PBT at about 11% in terms of what you see and PAT at about 10%; but here also if you look at from the point of view of gross margins, it is about 816 basis points lower to that extent. Overall I think, when we look at PBDIT margins for the first half from the previous this thing it is lower by about 680 basis points and I think a lot of measures have been taken in terms of looking at propping up; while at this point I must highlight that I think the company has taken a lot of measures here as well with respect to cost controls looking at in terms of price increases in terms of what has been taken. By and large if look at you know the overheads have been kept under control to that extent overall. There have been marketing expenses to kind of fuel the entire story of the volume and the value grows in terms of what we have taken over a period of time because we wanted to be consistent with a stance in terms of taking the top line forward.

DIVIDEND

Dividend again, we have declared interim dividend of 365% which is higher than last year in terms of what was paid to that extent and you know we think that this is something which expresses the confidence in terms of how we want to kind of go forward with respect to H2 of the balance year.

LOOKING FORWARD

Looking forward, you know, I'm sure there are going to be a lot of questions in terms of what you have; but what is very clear is that the overall demand conditions look fairly good. We have a festive season which is doing well and we see that now with the third wave becoming a little bit distant to that extent, the consumer confidence is back in a strong way, good monsoon is something which has given a very very strong sentiment in the market and we feel that the entire T3/T4 markets would kind of really do very well in terms of both Q3 and Q4 going forward. We also see an uptick with respect to the real estate which is kind of coming strongly and therefore I think the builder segment with the construction going up will start looking up which will kind fuel both the industrial products as well as the Project sales in a strong manner.

As we look at overall, I think the organisation has taken lot of steps in terms of looking at fuelling this growth. We also see that, you know, we maintain all business protocols in terms of Covid controls and what sanitisation controls which we are taking. We have also got almost 90% of people across the company, eligible people who have been vaccinated twice. So I think the confidence is very strong that we should be able to kind of really go for very strong growths as we look at future.

Overall, from a point of view of inflation, we think this is something which we will have to live with for sometime. There doesn't seem to be any reprieve now, we are just hoping that we should not see another bout of increase in terms of this kind of going forward but this is inflation is here to stay definitely to that extent. We are looking at a series of actions which we want to kind of really look at, namely we are looking at you know at some aggressive price increases in terms of what we want to kind of do, we are looking at areas in terms of formulation efficiencies, cost control and a very very clear regimented manner in terms of looking at seeing, so that we are able to kind of action this you know for the Q3 and Q4 as we kind of look forward.

Overall, I think the international sector is a little bit of concern especially the African markets which are there. We are taking some steps in terms of what we can address there in terms of going forward and we are confident that we would be able to correct some areas as we look forward to it.

So thank you so much, and thank you for paying attention to that account to the presentation and we are now open for some questions.

OPERATOR : Thank you Sir today we have participants joining on the Zoom video platform and also via telephonic platform. Requesting all participants who have joined via zoom video platform please use the raise hand feature to ask a question to the panelist; kindly unmute when given a chance to ask the question, please say your name and company name before asking the questions. Participants connecting via zoom video platform can post their questions on the chatbox too and we shall ask them on your behalf. Participants joined via toll-free numbers, please press *1 to ask your questions to the panelist. Please say your name and company name before asking the questions.

Going forward we have a first question from the telephonic platform Mr. Abneesh Roy (Edelweiss). Sir, can you please ask your question.

Abneesh Roy: Yeah, thanks for the opportunity, this is Abneesh Roy from Edelweiss, so I have got 3 questions, the first question is on the rural and overall volume growth. So for rural, you have put out a positive outlook, if you see HUL has been a bit cautious and reason especially he said that in last two months rural FMCG is now at one-third of urban FMCG and has come down sharply, so how confident are you of your outlook, that is the first one on the rural volume. On the overall volume, H2 has a very high base.. given that are you confident of a double-digit volume growth on YOY basis in the second half?

Amit Syngle : So overall what we look at is that what are the signals we are getting in the market is that Asian Paints has taken some very strong steps as far as the rurban markets are concerned is and in T3/T4 centres, we have looked at expanding our network, we have opened up as a briefed in this thing a lot of retail points so overall to that extent. We also see a lot of upgradation which is happening from the unorganised sector to the organised sector as a see it, the whole area of monsoons have been pretty good and that is a positive sentiment and we think that that is a boost to which is definitely going to happen in the agrarian economy. All these factors are indicative of a good growth which we see especially in the rural sectors going forward and this is basis our experience that even in Q2, when we look at rural centres, while T1/T2 centres have done much better, but I think as I said, T3/T4 centres have also done equally well. So I think we see a lot of opportunities from the point of view of upgradation, from the point of view of demand for newer categories like waterproofing coming, and also in terms of the fact that the sentiment is going from good from the monsoons point of view. So I think we are pretty confident that we should be able to kind of login double digit growths here as we look at the second half.

Abneesh Roy: So that is very helpful. My second question is on the broader strategy level. Since you have taken the leadership at Asian Paints, I see a very high focus on market share and expansion into adjacencies. Is this the right time to do it given 4 decades high gross margin pressure. Now if I compare your results to HUL, I find it completely extreme. For example, in volume growth, you have done extremely well aided by market share expansion with 34% volume growth versus 4% volume growth for HUL but on gross margin, it is completely different and EBITDA margin is completely different. HUL EBITDA margin only 35 bps compression, your case 900-1000 bps. So my question is, given such high gross margin pressure for everyone and including you, would you need to temper down your focus on market share and going into adjacency. Launching full page ad for example for your home furnishing, obviously needs money. Similarly, in terms of focus on the market share, you will grow faster than the peers, but again would you need to focus more on profitable volume growth rather than just volume growth? Because you did say that next one or two quarters, margin pressure will remain.

Amit Syngle : So what I see is that you know I want to divide the answer into two parts, first very clearly you know this kind of inflation has been unprecedented, we have never seen this kind of inflation of 20% levels which has been there in the past as I said for the last about 40 years, we have never seen this kind of inflation which has been there to that extent. I feel that, you know given the fact that what we have kind of, you know, put as clear plans for the next quarter in terms of the price increases in terms of what we are taking and some of the work which has been done from the point of view of material formulations and other price controls, I think, we are quite confident that we should be basically by Quarter 4 definitely get into our EBITDA ranges and prop up the gross margins in a strong manner as we kind of go forward. We feel that our entire work which we are doing in adjacencies which is the area of home décor and other areas, it's not something which is so big that today any spends in those categories can affect the core business margins to that extent. The core business margin story is only because of the very high inflationary trend in the raw materials in terms of what we have seen in the coatings industry to that extent and what we are very confident is that going forward, we would still kind of retain our strongest strategy with respect to the volume growth which should be intact because that is the strategy which we have taken very clearly, but along with that, we have a clear plan in terms of how we can look at a stronger price increases in terms of getting the margins back. We think it's just a matter of time in terms of getting that thing done. It's not something which is a very big area of concern which we are saying and I think the whole focus is definitely back to profitable growth.

Abneesh Roy : That is very helpful. My last question, when any company sees 34-35% sales and volume growth, there is always operating leverage. If I see your gross and EBITDA margin compression, both are in the range of 900-1000 bps, so what is the issue here.. is it very high ad spend and if your volume growth is anyway so good, why do you need to spend so much on advertising. Is it again adjacencies which is taking away lot of advertising spends; any other line item you want to highlight, where the operating leverage has now worked?

Amit Syngle : So there are 2-3 areas, One is that we feel that when you look at the overall marketing spends or the media spends which we are making, we think that as a good brand, you know, there is always a certain share a voice which you need to kind of maintain in the market. We need to kind of really think about the mid-term to long-term as far as the consumer is concerned. You know marketing is not like an on and off switch which you can kind of take-off the spends are you know in one quarter and get them back in the second quarter to that extent and I think if you are a long-term player you would definitely look at possibly seeing that marketing spends is a very very strong part of the fact in terms of how are you kind of retain your brand equity in the market in terms of going forward to that extent. As I said, you know the larger spends in terms of marketing are obviously in the core business to that extent which is happening and therefore it is not about adjacencies is in terms of which are kind of taking money in terms of going forward; the other area which is there is that, we see that from a point of view of variable overheads also, freight has been a very very strong kind of contributor, which basically, the inflation in the freight is extremely high because of the diesel rates and other things which have happened in the market to that extent and therefore that is another factor which is possibly also really contributing in terms of the overall higher overheads which have kind of happened and therefore shrinking the gross margins overall. So I would say that you know, I don't think that it is a good idea that we should kind of really see that we should really curb the overall marketing spends, but yes, I think overall when we look at both Q3 and Q4, we are looking at a measured stance in terms of what we need to kind of spend in terms of for real good growth in terms of what we want as we go forward, because as I said, I think the focus definitely would be on profitable growth.

Abneesh Roy: Sure that's very helpful. That's it from my side. Thank you

OPERATOR : Thank you sir… our next question is from Mr Manoj Menon (ICICI Securities).

Manoj Menon : Hi Amit, Jeyamurugan, Parag and Arun. Thanks for your brilliant disclosure friendly presentation. Congratulations for that, a welcome change over the last year and a half. I got a few questions actually so should I just go ahead because some of them are interlinked. Just allow me to kind of speak out. So point number one, for a large company like you with probably a 80% mind share, 70% profit pool share and 60% value market share, you know these are unprecedented times, but I am little wondering or confused that you know, why are you not exercising your dominance in the market in ensuring profitable; I understand that you did mentioned that in the next six months, one year, which I don't really care, but when you are hit with lot of uncertainty in terms of let's say planning right when input hits you, what is that stops you, because you have that level of dominance actually. I am just trying to understand the way you thinking currently, strategy versus tactical because there are may be lot of tactical measures you might need to take given the competitive activity levels, which you may foresee in the next 12 and 18 months, that's point number one. How is the thinking. That's question number one. Should I just go ahead or stop here.

Amit Syngle : Yes**,** Go ahead

Manoj Menon : Sure Sir Thank you. Second linked to this sub point here is that when I look at lets say a small player like Akzo Nobel which seems to have taken a double-digit price increase versus you in the mid-single-digit; again there seem to be completely two different thought processes in the market. You know you as a market leader and there is this company which is….. so that's question number one.. The second is, I am not even sure if it is a relevant question to ask but I will still go ahead. You know, given the dominance that you have and when you don't take a price increase, obviously the informal get decimated. Now, obviously in a capitalist society, it is not relevant actually to consider that, the way I look at it. But the question here is that, you know, basically there are two levels of growth, formalization and consolidation. Now if you accelerate the formalization and consolidation both very quickly, then your growth in the medium term in paints I have to assume that it will be in line with industry growth. How are you thinking about the constraint because there is market share gain which is great, but the same time, are you utilising a lot of it or are you frontating lot of it, how are you thinking about the industry construct. That is question number 2.. and the third one I will stop here is that when you talk about formulation efficiency as one of the key drivers, if you can give us some examples just to understand what exactly you mean, that will be super helpful sir. Thank you.

Amit Syngle : Okay, so that's a lot of questions in terms of what you asked. I will attempt to kind of answer some of them. So from the point of view of overall profitability when you kind of look at, I think what we are very very clear is that you know that by and large as we kind of look forward, we will look at you know as we have shared earlier that getting PBDIT in the band of about you know the whole area of 18-20% overall, so that is something which is a clear focus and sometime back last year if you look at, the prices were very benign and we had hit levels of about 24% at that point of time to that extent and that was the time when everyone was asking whether this would be sustainable in terms of going forward. So I think that some of these variations will kind of come in as we kind of see the kind of inflation which kind of really happen in the market. Having said that we have taken close to about 7.5% increase which is there in the Q1 and Q2 areas, you know if someone does double digit by additional 2-3% , I don't think so it really kind of alters things very much to that extent if the inflation levels are to the tune of about 18-20%. I very clearly said that you, know the larger consideration is that we can also take 15% increase so on and so forth to that extent. The larger thing is today that, have you got an eye on your consumer or have you got an eye only on your balance sheet in the short term. Okay, I think it is very important to kind of see that when you are a player, you don't play to short-term strengths, you play to strengths which are bigger to that extent and from that point of view, destabilising the market in terms of taking very high increases kind of does have a effect in terms of you know how the market kind of looks at it and with respect to the stability in terms of prices. Also, I think considering the fact that these are not normal circumstances, which are happening. We had a Q1 where basically the entire May went for a toss and then we had a Q2 which started where no one knew when the third wave will kind of hit us and there was always a perennial dagger hanging on the head in terms of this thing happening. At that point of time, taking increases which would have really destabilised the demand to that extent which is there. So I think, as a leader, we need to kind of really respect the consumer and look at respecting the market dynamics in terms of which way it is going. I don't think so there any short-term measures which kind of really help us in terms of doing. So I would say that therefore that's the larger stance in terms of what we have taken and some other player taking 2-3-4% higher doesn't really alter the whole story again. You could have basically the gross margin shrinkage lesser by about maybe 100 basis points, but I think the larger damage on the gross margins would still be there to that extent. So, I don't really agree that 2-3% points here there would really matter in terms of changing if another player is doing it to that extent. I think the other thing which is very very strong is that when from an overall industry construct point of view which we are concerned as I said we are very clear that we would like to kind of from the medium to long term clearly focus in terms of the band of 18-20% in terms of going forward and we would have strategies to kind of look at in terms of what we can do. Our entire growth construct is from the point of view of growing the market and it is not only about taking share to that extent and I can give lot of examples here in terms of how we have done; the moment we got into waterproofing business, we have kind of increased the overall pie of the market in a very big manner so that all the companies in the industry have now got into the waterproofing business to that extent. Similarly if you look at the entire area of wood finishes, we have really looked at converting the entire French Polish segment to melamine and a polyurethane segment which is there, so you are upgrading the industry and creating avenues for the industry to start growing into this, because we realise that the overall per capita consumption today of India as compared to some of the West market is something which is small and therefore it makes sense in terms for us as a industry leader kind of really you know upgrading and making the volume grows much higher to that extent and we feel that you know if you are able to do, one, I think it adds to your leadership and you will be always much higher than the market rate because people will kind of take some time to catch on and that is something which we will find that always from a volume value growth perspective, you will be definitely much higher than the overall market to that extent because you are working in expanding the market in a very very big way. When we look at formulation efficiencies, what we really concentrate is that if there is a product which say a 'Royale', we would look at the entire formulation and we will see as far as the entire formulation is concerned, are there any raw materials which you can replace in the formulation which possibly are at currently trending on the lower side as compared to the original raw material which is there in the formulation; so long as basically the customer facing parameters of the product basically remain the same and today we do not kind of tinker with some of those attributes which the customer is liking in a product in terms of going forward; and therefore in a larger volume of the product, the moment you kind of really look at a replacement of a raw material to that extent with another raw material which is coming at a cheaper price, you talk of a price saving which comes and which kind of really helps us in terms of taking the cost out of the system. I would also say that in Q1 and Q2, we have almost saved about 300 crores coming out of the formulation efficiency measures we have taken and this is something which is a strong initiative which is on further.

Manoj Menon : Thank you so much Amit actually, in fact, a truly I was taking some notes actually while you were speaking, truly appreciate the disclosure friendliness which you and the team are continuing. I have just have one follow up and then I'll come back in the queue. When you speak about the price increases, capability versus price stability in the market, is this a very specific market leader sort of a challenge or is it a general challenge for every player. The reason I ask is because when you have a certain presence in the market; let's say if I go to a particular street there are so many Asian Paints dealers out there. It is a very Asian paints specific problem versus a player who might have one store out there, right, from a price stability in that street point of you, am I understanding something wrong… thank you

Amit Syngle: No, I think, from a player who has you know one or two counters in overall market, it doesn't really matter because their overall turnover would be so small that it doesn't matter in the overall scheme of things to that extent. So for them even if they take a 20% increase doesn't matter really to that extent, so I do I don't think so there is any comparison there

Manoj Menon: Absolutely understood because you have got the size; bigger scale actually… good luck sir... thank you!

OPERATOR: Thank you sir, our next question is from Mr Richard Liu (JM Financial).

Richard Liu : Amit, Sorry I am harping on this again. We have spoken a lot about this gross margin and etc etc stuff; I am just referring to the statement that you made in the press release that you expect gross margin to turn around strong in the quarters to come. I know you talked about aggressive price increases and formulation etc but you also mentioned that some of things are already sitting in Q1 & Q2 in terms of benefits. I was just doing some rough maths about how raw material prices are behaving; even if you take price increases of the orthodox say 12-15% year on, say at one go let's say post Diwali, I am not able to harp on the situation where you get back to a gross margin which is higher than 40%. I am sorry as I am harping on this, but , if you can take us through a detail, how you envisage this strong turnaround in this gross margin to a level which is let's say 42/43 or whatever that you used to make earlier; and will you as a business manager be comfortable in taking a double digit price increase at one go, to really get your gross margin back or you think that there.

Amit Syngle : So 2-3 things, you know just kind of really substantiate your this thing I think possibly some of your calculations are based only with respect to the price increases which are there to that extent, you are right I think the pace of price increases will be a little more aggressive in terms of how we kind of look forward going if we have to catch on in terms of the gross margins as we kind of look forward and therefore, I think the next 2-3 months will kind of show that in terms of the pace of increases in terms of what we will take definitely there. The second area is the overall area of the product mix because I think when you look at from the point of view of premium and luxury products, where obviously I think the margins are much higher and there are certain other categories in terms of where we could kind of really grow especially for example if you look at even the area wood finishes and other areas; I think a strategically taking a mix change is something which is the other thing which really kind of adds in terms of the overall numbers in terms of what is there and the third area as I said is in terms of looking as far as the whole area of material sourcing and formulation efficiencies are concerned. There can be bigger gains which can come out of it because there are already a series of initiatives which are kind of going on there and the fourth point which is also there is that if you take a keen eye in terms of the work which we are looking at from the point of view of overall overheads and also looking in terms of how we are spending for the topline, I think, those are the areas which were looking at consolidated as an overall view in terms of taking a … but I think you're right in your assessment that there would be a larger aggression in terms of taking slightly higher quantum of increases in terms of as we go ahead for the next 2-3 months in terms of looking at it

Richard Liu : Thank you… Related to this. I think what you are essentially saying is that even if you have to take very aggressive price increase, I am not asking you to commit to a number, lets say something like a double digit price increase, you are comfortable…

Amit Syngle : No I don't think so that we would take double digit numbers, but I think you could kind of vary the frequency in terms of the increases to that extend so that we are able to pace it out as we kind of go ahead.

Richard Liu : And the other thing related to this is that, I see that the inventory that you recorded for the September period versus what was there earlier, there is a dramatic increase. It is not double, it is more than that. Is is fair to assume that we are locking some raw materials at Q1 prices and have to do with the high Q2 prices atleast for the time being or how does one look at that. That's all from my side. Thank you

Amit Syngle : No **,** I think it's a good observation in terms of what you have. It is right that the inventory has gone up in terms of both FG and the RM in terms of what is there. I must remind you is that not only there is price inflation in the environment the whole environment is also very very uncertain. Lot of raw materials have something which are not coming in by very easily, a lot of raw materials are not available in the market to that extent; so there is quite a bit of anarchy which is existing in the market in terms of the kind of availability in terms of some of the RMs which are there to extent because some of the lines are getting choked in terms of the imported products coming from China, the shipping lines are not working well , there is quite a bit of chaos happening with respect to delivery times and so on so forth which is kind of really put a lot of uncertainty in terms of the conventional way we would like to kind of stock up both raw material and FG inventories. The other thing which I must point out is that the lock downs have taken a toll with respect to basically plant closures which are happening all-across and also with respect to the labour which is kind of working in the plants which has been erratic because of you know the location where it is, the state where it is and so on and so forth and some of the labour is not turning up, higher absenteeism which is taking place in production and so on and so forth. I think one of the commitment to the market for a leader like us is that we talk of a certain level of an order filled rate to the consumer. So, if an order is placed on to us we will try to say that at least 90% of the order is serviced at one go so that we have the confidence of the retailer in terms of that, here is the company which is promising you in an order because the whole paint cycle basically works on a certain ROI model and if the inventory is not serviced in that stipulated time it will kind of really go for a toss. So I would say that the whole inventory inflation which you are kind of seeing, both from a RM and FG point of view is to kind of safeguard the entire area of the order fill rate and our commitment to the retailer very very strongly in terms of what we can supply. So whether it is a retailer, whether it is a big project, whether it is a builder site, I think that is the kind of commitment we have in terms of what we will commit and for that basically what we see in the short-term measure, I think the whole inventories have kind of gone up to that extent but I don't think so this is a systematic change which is happening it is only a say change which is happening because of the current situation which we are into that extent and I see this normalizing out as we can do go forward

Richard Liu : Thank you Sir. Thank you very much. Wish you all the best.

OPERATOR : Thank you Sir. Our next question is from Mr. Avi Mehta (Macquarie)

Avi Mehta : Hi sir, this is Avi Mehta from Macquarie. I just had one question on the thought process on margins versus new sales growth. Clearly, you know you always said that you want to focus on volume growth for the market but when you say profitable growth, is the understanding that you would not look at percentage margin but look at more EBITDA growth that you would want to achieve. Is that the construct that you would be looking for or is the 18-20% consolidated EBITDA margin range that you would want to stick with. Thank you

Amit Syngle : So there are very clearly as I said, I think as an organisation, we are committed in terms of looking at saying that the overall growth which we want from the market are coming from the point of view of growing the market very very strongly and not just taking the share from people. In this basically, there is a lot of focus in terms of some of the newer categories like waterproofing and other areas like upgradation, what we are talking of in terms of looking at going forward. So I think the commitment here is when I speak of profitable growth, we are saying that we will definitely see in terms of how we can really go forward and look at in terms of working on the product mix, in terms of seeing that, we get good margins from the growth in terms of the way we are kind of growing, so that basically we are able to get that range of 18-20% of the PBDIT in terms of what I spoke of. So, I think it is not one thing for the other to that extent. The challenge is something that we have to kind of look at both going together but at the same time, I think the whole area of the volume growth philosophy of the organisation will remain

OPERATOR : Thank you sir. Our next question is from Aditya Soman (Goldman Sachs)

Aditya Soman : Hi, thank you for the opportunity. I am Aditya from Goldman Sachs. So, the first question, Would there be a build-up for inventory at the channel just in anticipation of price increases, especially now that even the channel would assume that there will be price increase.

Amit Syngle : So what really happens if you look at the overall market construct, is that you know whenever you kind of announce a price increase, you know, a week before or five days before the increase there would be some kind of increase in terms of the pipeline inventories which would happen with the retailers; but you must remember that the retailers would also kind of know that they have to pay the company immediately because it's not something which they can have a credit kind of a zone which is there to that extent, so therefore each retailer would kind of take a little bit of inventory pileup depending on the increase as per their capacity only and in lot of many cases what we see is that, it is not that the inventory really goes up very high to that extent. It is only very few dealers who would be able to kind of do and block that kind of money in terms of going forward to that extent. So, I think what we see is that it's not that there is a very big pile up in terms of inventory which happens. Yes, there is a little bit of a blip which comes in whenever there is a price increase which is announced but it's not that something where any retailer will pile up inventory for the next 2-3 months in terms of looking forward from a retail point of you.

Aditya Soman : Yeah now that's very clear. So basically, you are saying is that there won't be a very significant inventory build-up, there will be some build-up but not very significant. And second question in terms are you also spoke in terms of shortages of input material, could you highlight any specific material where you are facing a shortage or a potential shortage in the future.

Amit Syngle : It is across categories. So when you look at certain monomers, when you look at certain additives, whether certain crude derivatives, in terms of what you kind of look. I think it is a kind of across, even you know the basic raw material which is titanium which is titanium dioxide, I think you keep on feeling the pressures in terms of the availability and the lead times have really gone up, which is there to that extent. So, I think of all these areas are adding to the overall chaos.

Aditya Soman : Fair enough Sir, is it fair to say that your significant proportion of input cost is undergoing shortages

Amit Syngle : So, I don't know what you mean by significant; but I think definitely when you look at a certain quantum of raw materials, as I said, a certain quantum of FG inventory which is kind of coming in, all this is something which is really contributing to it. You should also realize that the fact that today, when certain regions are under lockdown and certain regions are open, there is also a differential stocking in our warehouses which will happen because the free goods movement is not happening to that extent and it also causes those disruptions which are there to that extent and similar things happen sometimes that the raw material may lie at the port for some time given the fact that there would be some constraints coming because of the environment.

Aditya Soman: Understand, thanks for the clarification I will come back if I have any more questions.

OPERATOR: Thank you sir. Our next question is from Mr. Amit Sachdeva (HSBC Securities)

Amit Sachdeva: Thank you so much for the opportunity and this is Amit Sachdeva from HSBC securities. Sir, I have just one question and it is about how your thought process evolving on the general gross margin construct. Sorry I'm going back to the same little bit of debate again but pardon me for that. See, What I observed in the 10-15 years is that you know that we have periods of crude going to 130-140 as well, we have periods of unprecedented inflation in 2012-13 as well and now as well and clearly shown that the volume growth is a priority and you are executing really well and the kind of network expansion that you have seen in the last two years is also very very exceptional. I clearly see that the choices you are making are different from what you're made in the past. In the past, when the crude was touching even one 130-140, we have never touched these kind of gross margin levels. At least this is a choice you make, it's not that you are taking this margin, it's a choice you make in my view…where you want to play and where you want to win and the choices you make as a result. So, my sense is that the question here is that as a gross margin construct, not the EBITDA margin construct, EBITDA margin is a result of scale and several other things; But in the gross margin construct, are you now going towards say well I am comfortable with 40 and I don't have to do 44-45 and we will drive that industry structure, industry economics towards more 40-41 rather than 44-45 and within that, we will maximize our EBITDA margin because it is about shaping competitive conduct as well. It is about how the industry structure is evolving, new entrants. Is that thought process more nuance than just saying that okay by Q4 we will have a higher margin. I just want to understand how we should think about your own cost structure thinking in the way you maximise your volume and other things. I hope my question is clear.

Amit Syngle : Yeah, I think definitely it is… So, what I think what we are very clear in terms of looking forward. First of all, I would say that the past times which you mentioned of 12-13 and other cases when the crude went to 130, is absolutely not a comparable thing. It was a time when only certain raw materials kind of went; it is not like a scenario which is now.. okay, as I have said it is unprecedented. We have never seen inflation levels like this going from 20% 22% kind of zone because it is all across, it is not only in crude, it is not only because a solvent base, it is because of something happening across and in titanium, in monomers, in additives, in terms of lot of other raw materials which kind of go in terms of making the bulk of the coating industry to that extent. If you look at some of the international organisations which are a big like PPG and other things today, you know everywhere people are talking of 25% 30% inflation levels which has never been seen in the last four decades. I repeat, in the last four decades to that extent; and therefore it is not a comparable situation to just crude going to 130 .. okay; so I think that is something which is a very very clear point that the situation at the current point is a little bit more unprecedented to that extent in terms of this thing and at this moment, I think what we are very very clear that you have to be a very very clear balancer in terms of you know you want to kind of really look at starling through this situation. Like last year was a situation, where we were starling across demand because of the lock down which are happening across the country to that extent and it was a very different scenario where there was a demand uncertainty to a different level but the prices were pretty benign and as I said that we were able to reach even 46% levels to that extent which is there;

and suddenly we are seeing a scenario where the whole situation has turned upside down in terms of the kind of margins pressure coming because of the inflationary trend which is all round to that extent. So I think we've taken a clearly measured stance in terms of taking a certain set of increases. We have also said never kind of expected that the inflationary trends would keep on, you know the headwinds kind of continued in terms of the inflationary trends to that extent and therefore I think what we are very clear as I said is that we will have to come back to the levels of that 18- 20 with respect to PBDIT and therefore to sure up the margins, will have to kind of look at the series of action which I have already detailed earlier in terms of which is not only with respect to prices but across lot of other fronts in terms of what we are taking and I think we are pretty confident that as a leader we should be able to kind of take that.

Amit Sachdeva: That's very very helpful Amit and thank you so much for your detailed answer. Just wanted to get a last bit there, it is not a competitive conduct issue, that is not the way which is shaping your thinking.

Amit Syngle : As I said I think, you know, as an industry leader with possibly I think the kind of thinking we have, we don't really look at the competitive conduct so strongly, because you know there are so many new competition which is just mushrooming up left right center. If we start looking at competition we will not be able to kind of start concentrating in terms of our medium to long-term strategy which we have. I think we are very much convinced that we have a clear strategy forward in terms of growing the market, really kind of leading the market and bringing about far more industry-level changes in terms of going forward as far as the overall consumption levels are concerned, the repainting cycles are concerned, the whole area of premium and luxury is concerned. So, I think those are larger concerns to us in terms of what we want to shape up rather than looking at what competition is doing.

Amit Sachdeva: That's very helpful Amit thank you so much and all the best! That's all from me.

OPERATOR : Thank you, sir, due to the shortage of time, our next question will be the last question that we will be taking. The next question is from Mr. Tejash Shah (Spark Capital)

Tejash Shah : Hi, thanks for the opportunity, this is Tejash Shah from Spark Capital. I am just left with one question on the margin side. So, one indirect lever of pricing intervention is cutting rebates. Just wanted to check if there has been any change in strategy of rebates since the last one-year in the dealer network and how do you see that changing in the coming next six months

Amit Syngle : So obviously I think, see if you look at the whole area of rebating and discounts, I think it also varies from the overall market sentiment in terms of what is there. Last year, when the uncertainty was definitely much much higher, I think other than the rebating levels were different in the market and there was some bit of rebating happening differentially in different kind of quarters to that extent which is there. As we look at this year, obviously, in terms of you know the whole transition point when we were from Q1 to Q2, there were some things which we looked at in terms of how the sentiment can be improved with respect to some of the discounting strategies to that extent, but, as we see forward going forward, if there are large amount of aggressive price increases coming, then obviously I think the discounting and the rebating comes down in the market to that extent. So, that's an additional savings which really happens because the force of the price increases is pretty aggressive in terms of really you know incentivising people to kind of lift that kind of a material and really that serving as a discount for them to that extent. So, I would say that the whole area of input discounting kind of varies with one the market sentiment in terms of which is there, the second the way you would like to increase your pricing to that extent but I think overall over the years, I think we've not really looked at too much variation of a larger stance in terms of the way we want to kind of deal with inputs and discounts.

Tejash Shah : And just one follow up on the dealer network that you spoke about sir; 40,000 additions in last 18 months is a very heartening number. Sir any sense if you can give, are this new addition non-paint dealers getting added to the industry or you are actually gaining market share from expanding your network into other dealer network

Amit Syngle : So I think these are both direct and indirect retail points in terms of what we are kind of doing; It is different from retailers, where we are putting up our machines which is the direct kind of ingress which kind of takes place to that extent. These are just kind of you know areas which we are trying to reach even smaller geographies which are there, look at even the alternate kind of a network which would be people dealing in hardware, people dealing with Electricals, people dealing in wood, people dealing in cement to that extent and looking at really seeing that today, you are able to kind of create overall kind of a footprint where basically we enable the consumer to really have very very strong access to overall paints and waterproofing in a very very strong way and therefore the numbers which we shared with you are both direct and indirect in terms of what is there. That is why the numbers are so large.

OPERATOR : Thank you sir. That was the last question. now I request Mr. Amit Syngle to share the closing remarks, please.

Amit Syngle : So I think, it is great interacting with all of you and I think it is wonderful to hear some of the incisive questions in terms of what all of you have been asking and I have tried to kind of answer questions far more transparently, far more strongly in terms of the way we kind of look. We are pretty confident in terms of how we see going ahead both from a point of view of profitable growth as we look at both Q3 and Q4 going forward. As I said, the times are slightly more unprecedented, but I think as a leader we have very clear responsibility that we look in terms of growing the market and as at the same time we look at in terms of the return to the shareholders very very strongly. So thank you all for coming and I think it's been a great time interacting with all of you. Thank you so much!

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