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APL/SEC/57/2026-27/42

3rd November 2026

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Security Code: 500820

National Stock Exchange of India Limited
Exchange Plaza, 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 – Transcript of the Investor Conference

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Investor Conference held on Thursday, 29th October 2026, with regard to the performance of the Company for the quarter and half year ended 30th September 2026.

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

Investor Conference – Transcript

You are requested to take the above information on record.

Thanking you,

Yours truly,

For **ASIAN PAINTS LIMITED**

JEYAMURUGAN RAMALINGAM JEYAPANDIYAN
Digitally signed by JEYAMURUGAN RAMALINGAM JEYAPANDIYAN
Date: 2026.11.03 18:13:16 +05'30'

R J JEYAMURUGAN
CFO & COMPANY SECRETARY

Encl.: As above

Q2 and H1 FY2027 Earnings Conference Call Transcript

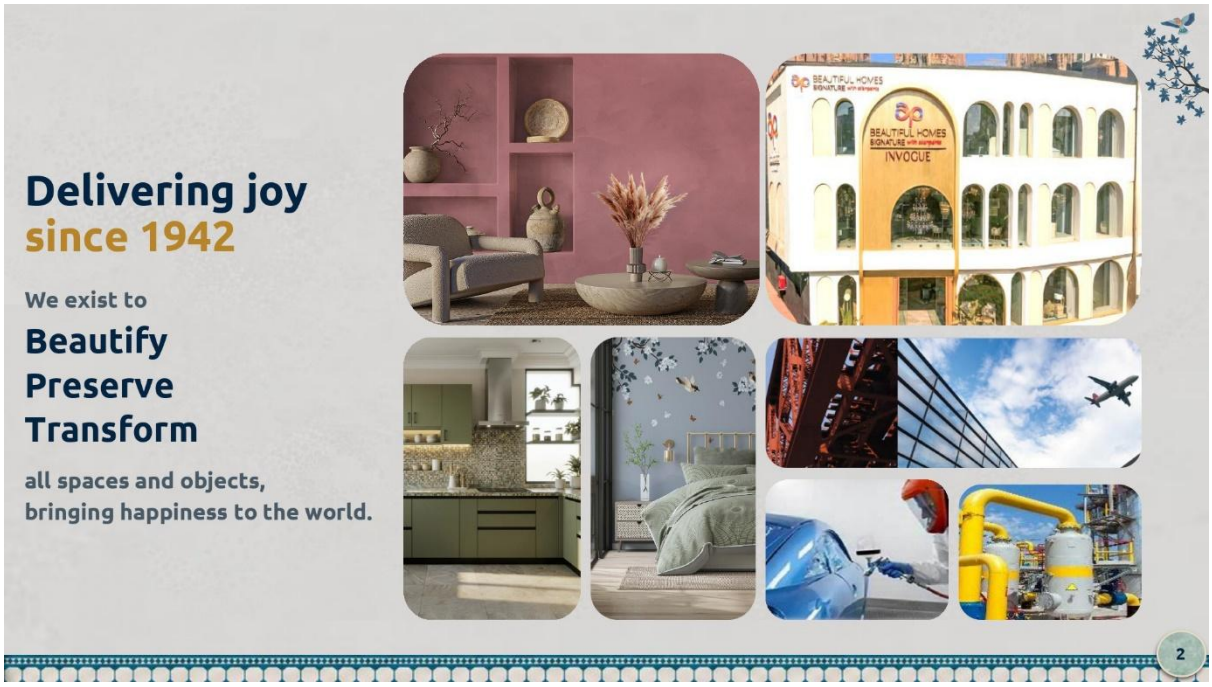
October 29, 2026 | 5:00 PM IST | Mumbai

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

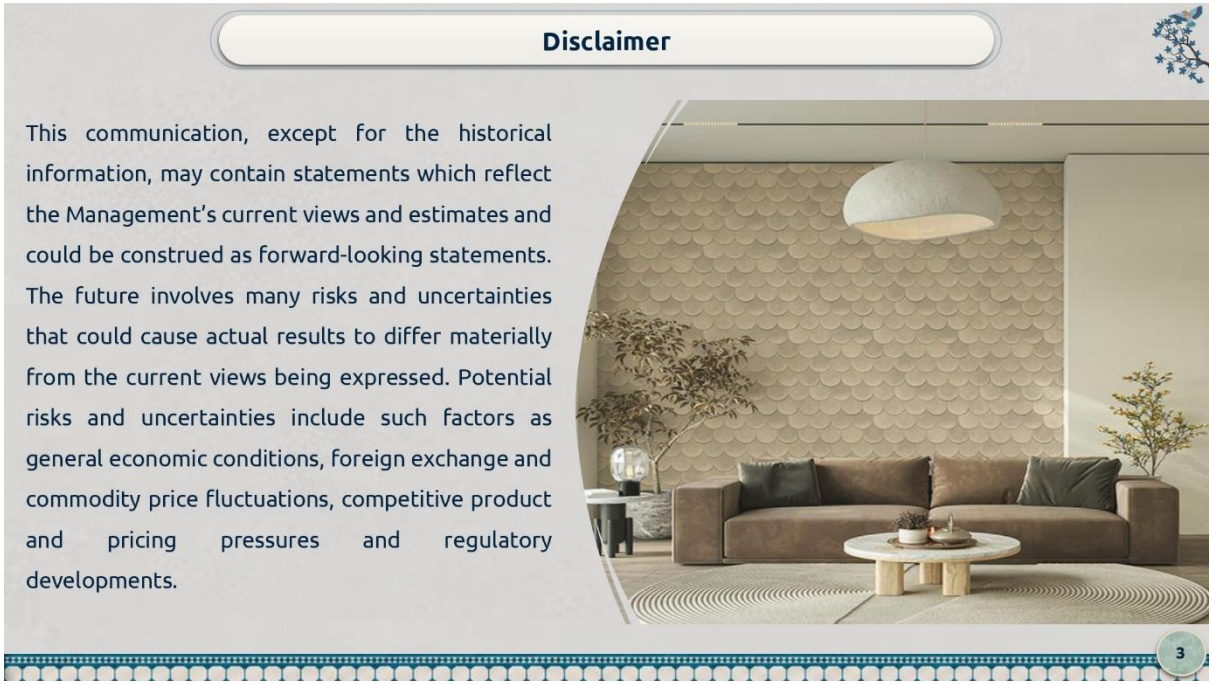
Disclaimer: This is a memorandum of the proceedings of the Investor Conference of Asian Paints Limited held on 29th October 2026 at 5:00 pm in Mumbai with regards to the financial results of the Company for the quarter and half year ended 30th September 2026. While we have made our best attempt to prepare a verbatim transcript of the proceedings of the meeting, this document has been edited for readability purposes and may not be a word-for-word reproduction.

Lakshya Sharma: Hello, and good evening, everyone. Welcome to Asian Paints' Q2 FY27 Investor Call. I am Lakshya Sharma from the Investor Relations team, and it's my pleasure to welcome you all. We're joined today by senior members of our management team, including our MD and CEO, Mr. Amit Syngle; our CFO and Company Secretary, Mr. R J Jeyamurugan; and our AVP Finance, Mr. Parag Rane. I would now like to invite our MD and CEO for his opening remarks. Over to you, sir.

Amit Syngle: Hello, and good evening. Welcome to the Q2 FY27 Investor Conference. Great to really be speaking to you once again.



So, the core value at Asian Paints has always been delivering joy since 1942, and here we exist to beautify, transform, and preserve all spaces and objects bringing happiness to the world. This is something which we have been pursuing, and that is something which we stay committed to.



This is a disclaimer in the context of what we are talking of today.



Getting into the overall areas, in terms of what we have looked at from the point of view of the overall year, and specifically from Q2. These are the six areas which we have spoken of as a strategic intent what we have been driving.

First of all, today Asian Paints as a brand, has something which has built a very strong overall perception in terms of where we are and what we stand for and that is something which is, as an area which we wanted to continue really building on, and therefore building the brand is something which we are looking at. All forms of media, whether digital, whether it is above the line, or whether it is unique integrations, from the point of view of programming. We look at all forms to take this ahead.

The other area is the whole area of innovation, and this is something which we stand committed to, so that we are able to differentiate ourselves from a point of view of technology and premiumization as a larger objective of what we can take.

Then there is another differentiated piece which comes in, which is the whole area of services which we want to build in, and that is something which we feel that as we go into future, the services piece will become extremely important as a differentiated offering and also as a source to really reach directly to the consumer.

The fourth area which we have spoken of is the whole area of regionalization, and we think that today this is a very unique place where we are looking at the identity of a region and galvanizing our strategies more from a point of view of a regional context in terms of where we see ourselves going.

The other area is about looking at whole B2B space, and we feel very strongly, given the urbanization and the industrialization which is taking place, the whole investment in terms of infrastructure which is going on, this space becomes more relevant and more meaningful for us as we go forward.

The last area also which I am going to talk about is very relevant and something which is a zone which possibly, Asian Paints has taken the first step in terms of taking it, is the area of backward integration. So that possibly we can look at what it can do for us from a point of view of innovation, at the same time how it can look at basically propping up the overall area of creating a huge margin pool for us to really keep on investing in the market as we go ahead.

These are six areas which are very important in terms of what we speak of. And as I

spoke of saying that today we are looking at this whole area of integrations very strongly. This is a new world that we are approaching very clearly.



As a part of this, we have tied up with five Bigg Boss formats which are across the five regional markets, giving impetus to the regional stories we can tell and how we can connect to the diversity of the people who come. Today, real-time shows are becoming a reality and, therefore, whether it is Bangla, Malayalam, Telugu, Kannada, or Tamil, we have looked at aligning with all these formats, so that we can reach out to people in its own diversity.

And it's not just a media tie-up, it is something where we would like to really see that how we can reach out to the people, talk about the color leadership, talk about the inspiration of homes, and really embody the local culture, customs, aesthetics, and therefore we are launching shade guides in each of the five regions which are very specific to these regions, so that we can take this nuance of color and inspiration very strongly.

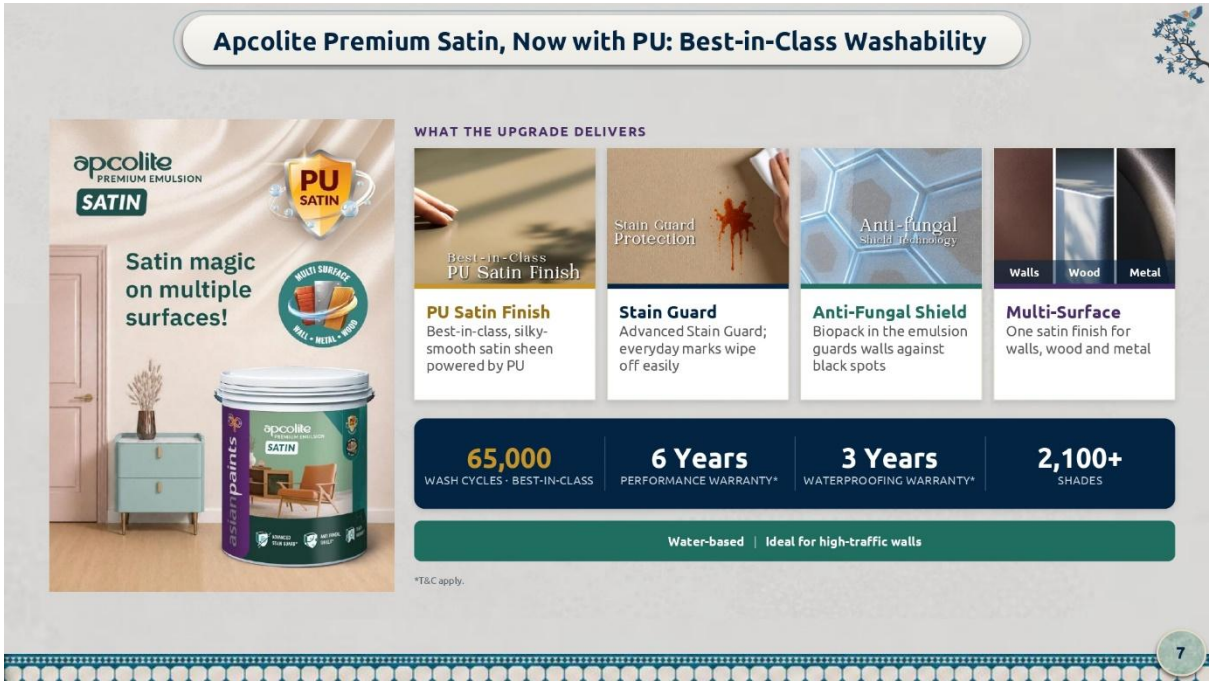
These are all inspirations, inspired from the Bigg Boss beautiful home set, what we have created in each of these integrations. Something very unique, something very different, what we think is going to give us a leeway.



At the same time, the whole regionalization bit makes sense only when you are literally touching people from a regional perspective, something which really embodies the art and culture of that region. Therefore, this entire perspective we've really converted into a very strong supply chain challenge, which basically we want to convert in a very strong association with the customers, with the influencers, and so on and so forth.

These are the regional packs which you see in terms of what we have really been doing. It is definitely something which is very unique, again, something which only Asian Paints talks about.

And more to that, we have also been basically looking at the whole wood finishes pack which also embodies the whole area of wood and craft very strongly given the higher usage of wood, which we see happening across homes and regions in the country. Another very different initiative is in terms of how it comes by.

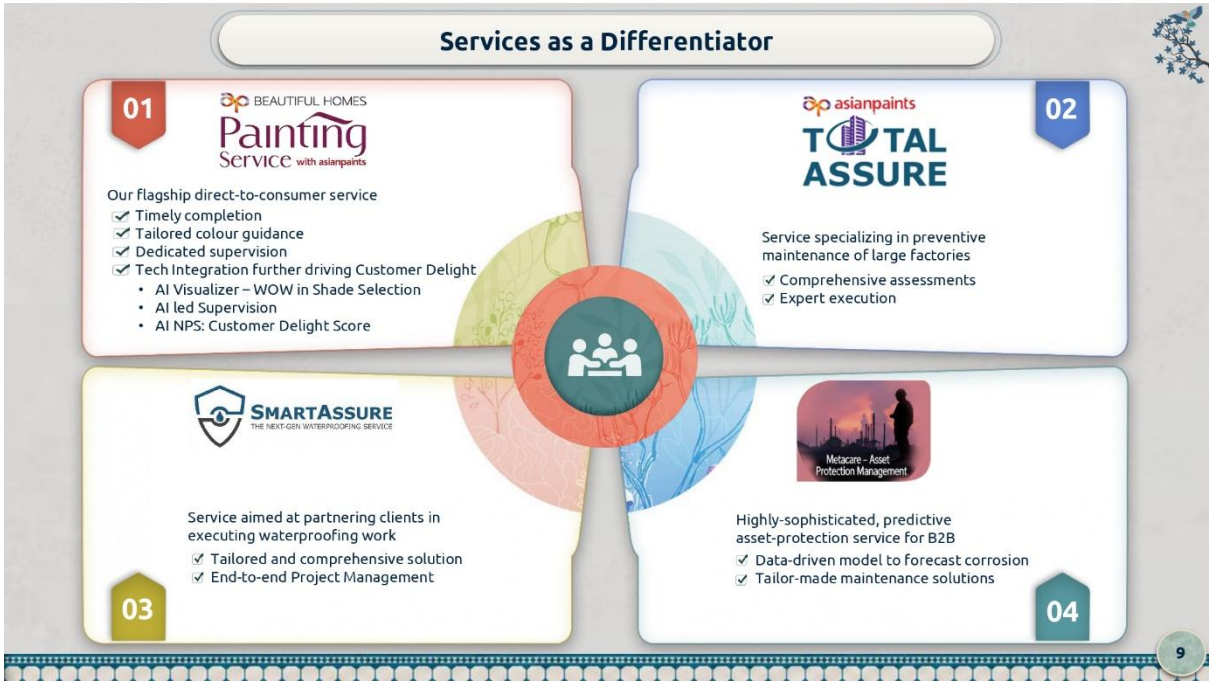


When you look at differentiation and premiumization, our endeavor is to give customers really differentiated parameters and therefore we look at possibly causing something very different, in terms of the “Apcolite” new premium emulsion in satin which we have launched, which is impregnated with some technology which uses the polyurethane so well and therefore we are offering a range of things which basically looks at the world-class washability and gives a warranty, which is something which becomes a peace of mind for people who are using it to that extent. So that's another innovation which comes across.



The whole area of corrosion is very important and given the fact that today India has the extremes of weather, it becomes very important and therefore we have come out with something which is universal for wood and metal.

At the same time, it is something which has got a very different technology, again, a polyurethane chemistry which is basically gelling with the alkyd chemistry what we bring, with a four-year warranty. Another unique offering. Just to give you an idea that these are some offerings which are looking at premiumization very strongly as we are going ahead.



The whole universe of services which I spoke of, this is something which has now become a norm at Asian Paints, in terms of endeavoring, creating differentiated services, which possibly becomes very difficult for anyone to really appropriate and take forward.

The first in this is the 'Beautiful Homes Painting Service'. We speak of almost the world's largest painting service, where basically we have looked at getting technology, we have looked at servicing, we have looked at really seeing that today we are able to give a differentiated thing, which is also giving customers huge choices with respect to color, visualization, and all other elements of mechanization, so that basically it becomes really

a hassle-free and a wow service that people can see.

The whole area of 'Total Assure' is another differentiated service, offered for large builders, large factories where we basically do an assessment of what is the right thing needed for these places, and then we also look at an expert execution of these projects. So again, something unique and something which is finding traction all across, in terms of what we are doing.

The third area is the whole area of waterproofing. While today Asian Paints innovated for the first time in the paint industry in terms of getting waterproofing products, we are now taking the level very different, saying that not only it is the product as differentiators in technology what we offer, but we also offer a service, so that people can get the best of the waterproofing service from an expert which is Asian Paints and therefore 'Smart Assure' talks about that.

And lastly, we are talking of this whole area of asset management and protection of assets which largely applies to factories and large areas, where we are able to really adopt factories across, where we would really maintain the assets and offer them best of the products, going forward. So, four unique services which possibly no one offers today and that is something which is a big differentiator not only in India but across the world.



At the same time, we also want that, in terms of these services we reach out to the customers, so the customers get to know that service is available and therefore some very strong campaigns which basically have a clear take out for the customers, what they can get and therefore an awareness that such services are available and they should step out and take these services.

So strong innovation from a point of view of creative and the way possibly you can reach out to customer in terms of what we promise and especially something which is talking of a time warranty, which comes on the completion of the job, so that's very strong.



The whole area of color is something which we have appropriated well. Last time we spoke about the color warranty, that we had introduced under the larger umbrella of warranty which we offered to everyone and as part of that, we had spoken of 5,000 plus colors of freedom. We've launched this whole area of ‘Chromacosm’ which talks of more than 5,000 shades which is the world's largest color system. A very good campaign which got a lot of traction in terms of the colors of India, really adopting the colors and marrying it to the whole freedom movement. So, it's something which is again very strong, something innovative but appropriates color in a very big way as we go ahead.



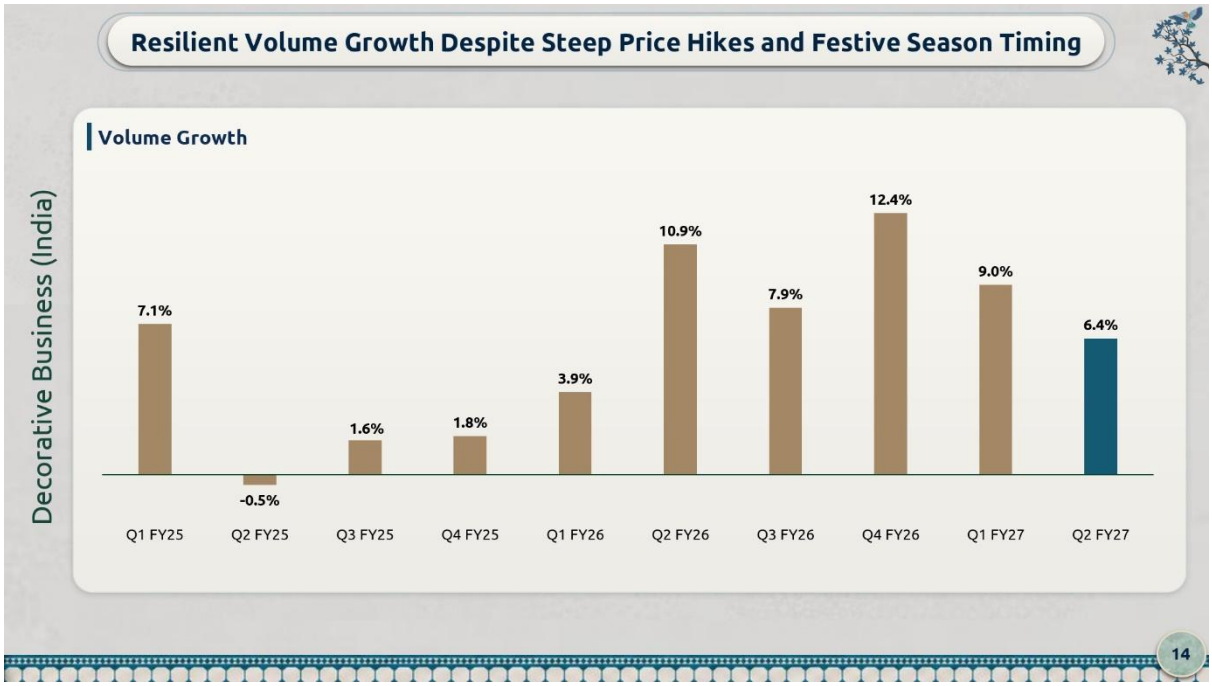
The area of B2B, as I said, again it's a growing area. It is growing at a very fast pace given the overall area of industrialization, the whole area of government spending on infrastructure which we are seeing. And there are various things which we are putting on, as One AP to offer the range of services, the range of products to the entire B2B platform which is basically B2B, B2C, and B2G, which is to the government as well. Today under our Assure and Juggernaut program, we offer very unified platforms, so that we are able to reach out to various B2B arms and we can strengthen this arm and really be a part in taking this growth to the next level.



And finally, again, one of the differentiators which we are very proud of, is the first time any Company has stepped in terms of really taking this space, which basically has dual advantages.

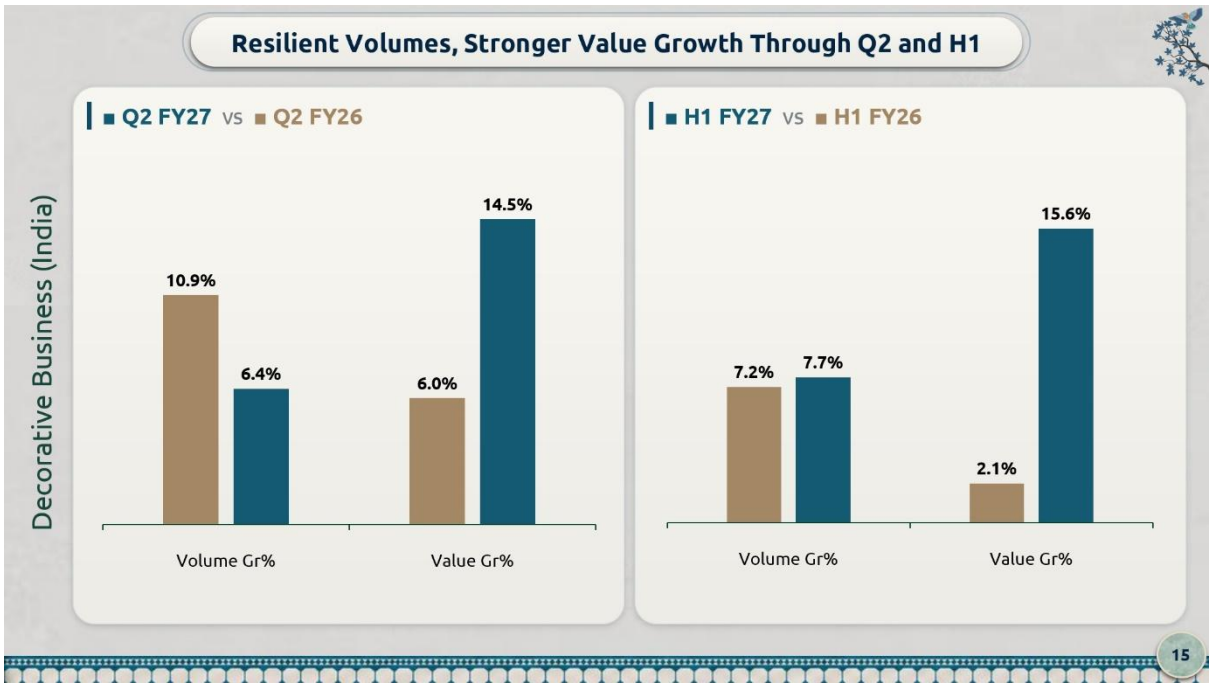
One, it brings differentiated technology in terms of products and consumer propositions which only this kind of technology can give and the second, it really separates the whole area of getting advantages with respect to your raw materials. And therefore, we have for the first time got into this 'GenNext Green Technology' which is about the VAM and VAE chemistry and I'm proud to announce that in September we started our VAE facility and this is something which has been implemented in a record time and with utmost safety. Very unique because it's green chemistry and Gen Next from a point of view of very low VOCs and so on and so forth what comes in. It is something which offers very unique parameters in the products that appeal to the customer and basically creates a universality of usage across product categories, what we can look at to that extent.

This is the first in India in terms of what we bring. Today we have got the phase 1 of it, out of the total CapEx of about Rs. 3,250 crores which is there. The capacity is quite big. What we are confident about is that, as we go forward, within a year's time we should be able to ramp up to full capacity offering this GenNext emulsion which comes in a very different way. So that's all that we are doing.



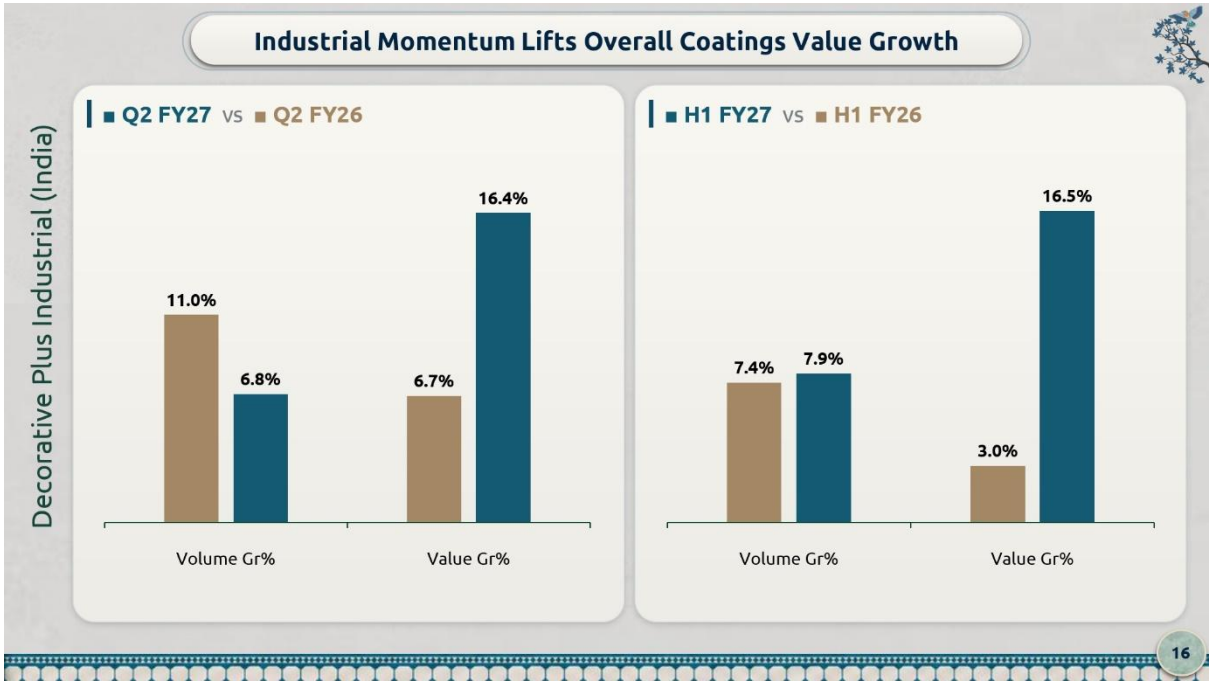
Coming to how this quarter has gone overall. It has been a fairly good quarter. The

overall volumes despite a very high inflationary environment and the steep price hikes which have been taken, both in quarter one and quarter two, we have been able to grow at a good volume of about 6.4% at the base of the last year, which was almost about an 11% growth in terms of a like-to-like quarter. This is something which is strong, riding on the good volumes for the last four quarters. A resilience of the volume growth we are talking of taking it forward.

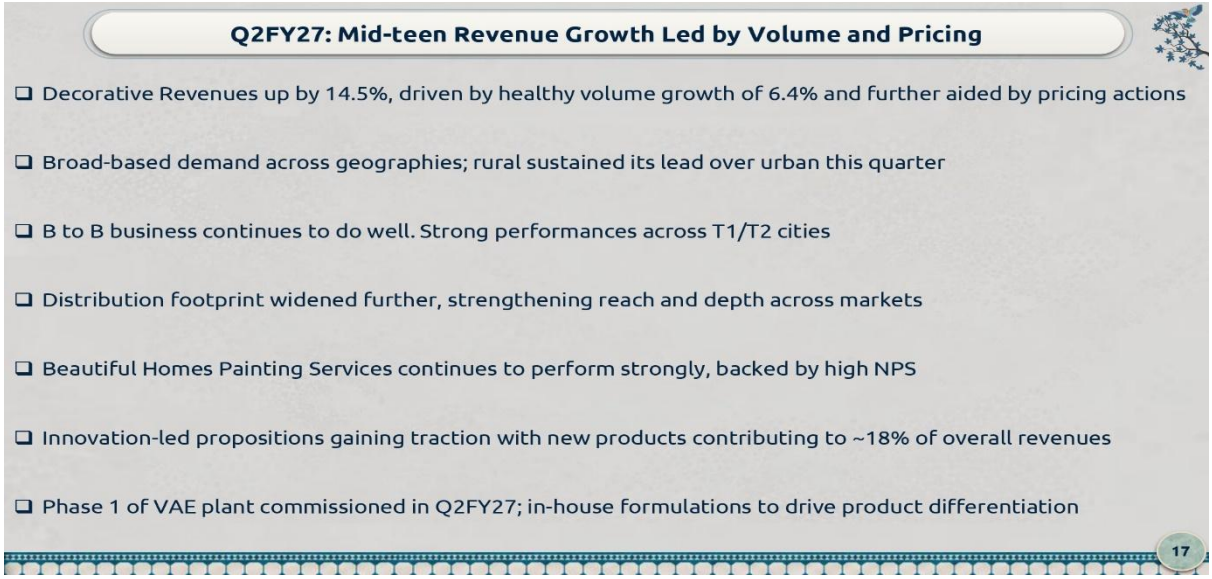


When we look at the whole area of value of the decorative business, so I spoke of a 6.4% volume growth, the value growth has also been very strong at 14.5%. Obviously, we've had price increases which have really come in. But overall, the value growth is pretty strong.

If you look at from an H1 perspective, again, the volume growth is pretty strong at about 8% and the value growth being closer to 16%. So, from an H1 perspective, still looking very strong and mind you, this has been a time where basically a lot of uncertainty around raw materials, prices and inflation was there. In a turbulent environment, this performance has been good as I see it.

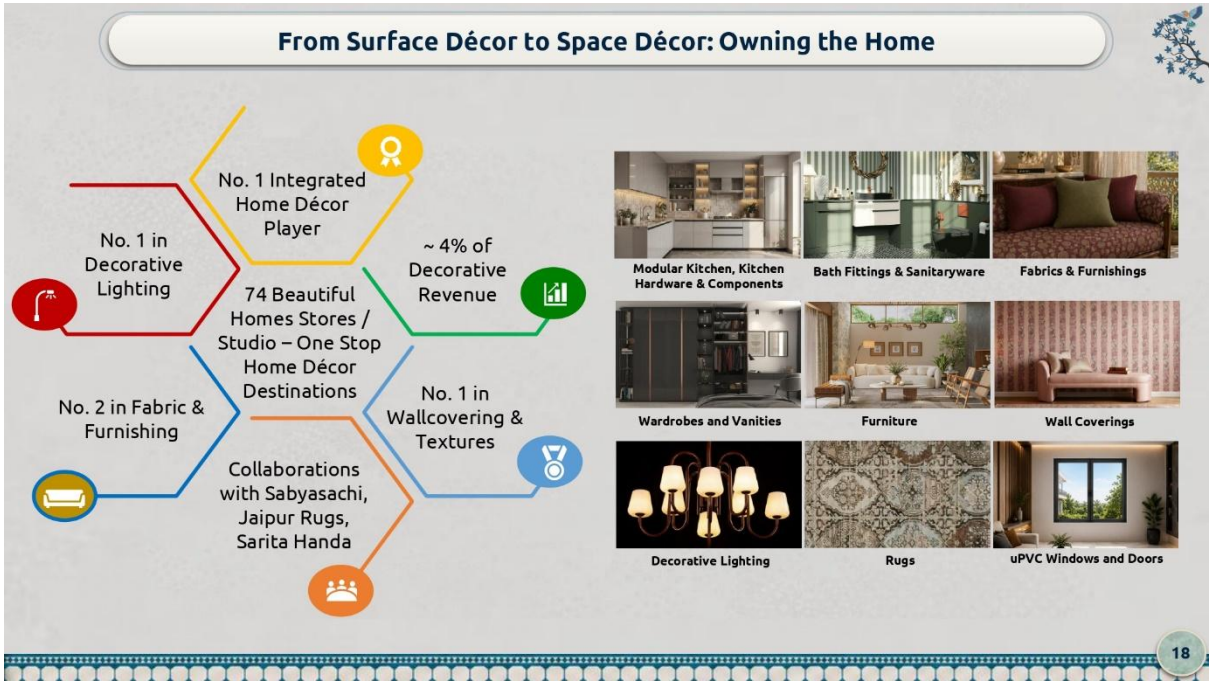


What has lifted this entire performance up is obviously industrial momentum. I have been speaking about this for the last two years and what we see is very clearly the trend of industrial continues, in terms of how we have performed. Overall, we see that the value growth for the quarter is about 16.4% because the decorative plus industrial gets lifted by the industrial growth and therefore deco plus industrial stands at about 16.4% and a volume at about 6.8%. Similarly, if we look at H1, the growths are similar, value growth at 16.5% and ~8% volume growth. So H1 got lifted because of industrial performance.

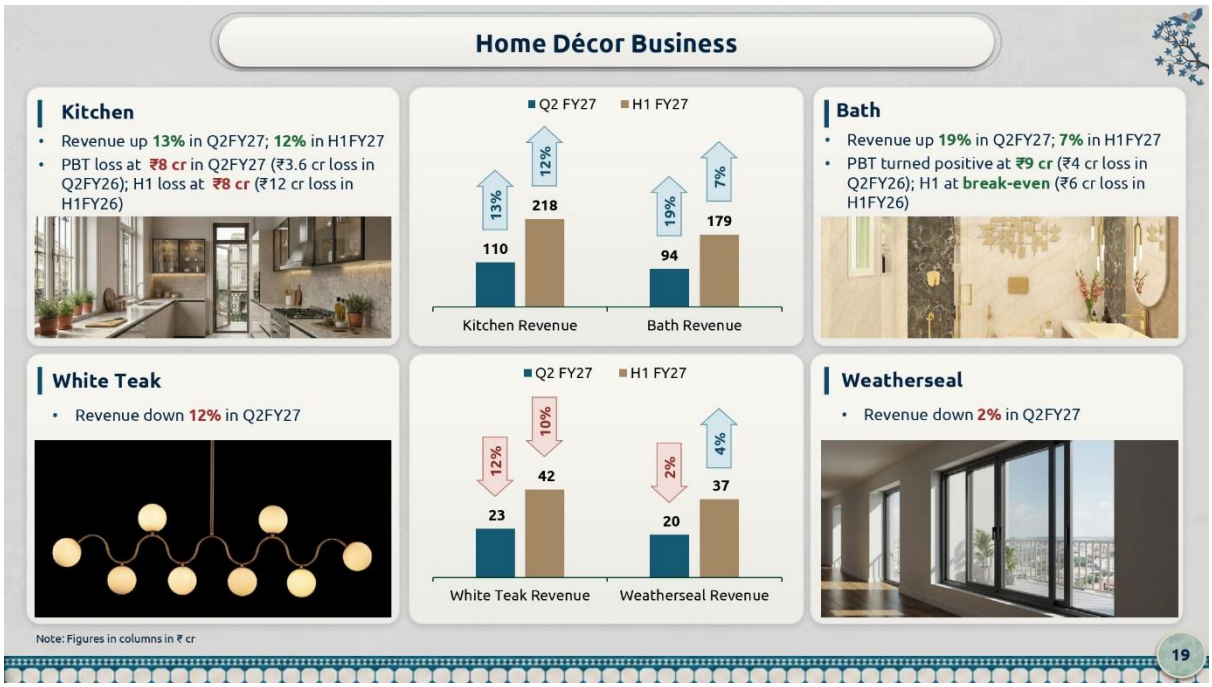


So, net-net, what are we seeing in the market? First of all, the decorative revenues are up. The volume growth is still pretty healthy, what we have been able to achieve. What trend we see very clearly is that, the rural markets are still leading over the urban markets. The only difference here is that when we look at the B2B business, we see strong performances in some of the urban markets, especially the T1, T2 cities. So that is something the way it is balancing it out. From a point of view of overall distribution footprint, that's been the foray at Asian Paints and we have been really keeping and seeing that, any new towns, any new clusters, we are there in terms of reaching and this is a constant strengthening the reach program which continues and I'm happy to say that even in this quarter we have looked at extending that reach further from where we are.

The area of services as I mentioned continues to be strong and it gives us a differentiated advantage and works very well for the network as well and it was a strong proposition for the customer backed by the high NPS. Finally, at the end of the day, the innovation has been very strong. Today, I'm happy to announce that we keep on testing this benchmark of the new product contribution to the overall revenues and today the new products contribute to about 18% of the revenues which just shows that the innovation cycle, what we speak is very strong and robust. The phase one of the VAE I spoke of, that is something which has been commissioned and the formulations have started happening and as we go forward, you will not only see product innovation, but you will also see that kind of giving us the benefit from a point of view of cost. So, these were some of the highlights.

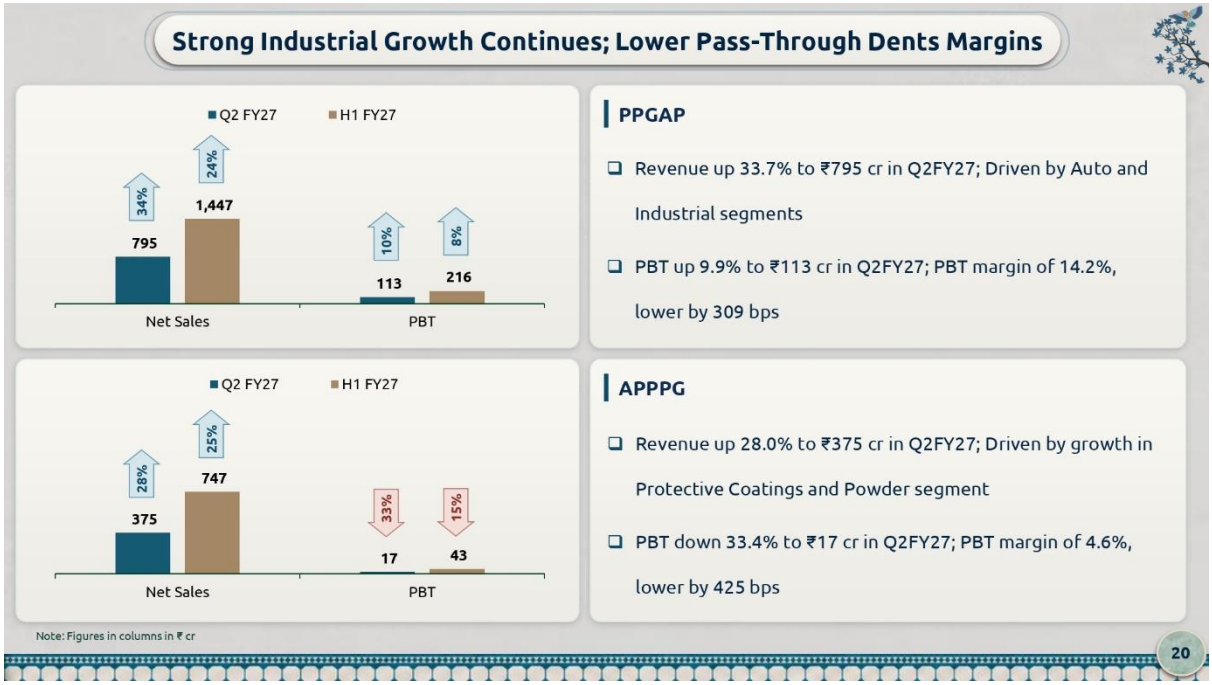


Shifting to the whole area of owning the homes from a point of view of space along with the surfaces, that is an approach we have taken for some time. And I think a lot of categories because we see that as part of the painting cycle, decor is something which is very strong and some areas of decor are fully integrated in terms of the overall decor cycle.



This quarter we have seen both Bath and Kitchen have been strong. Good growth coming in those categories. Similarly, Weatherseal we saw good growth. White Teak was the only one where the growth has been slower.

And overall, from a point of view of bottom line also, the Kitchen and Bath business is something which we are ramping up to that extent. So, we have been at it for some time and we continue backing up the businesses from a point of view of how we want to take it, because we feel that the integration from a point of view of decor and paint is very strong.



The industrial, as I said, has been a real high point, I think in the last two years this trend continues. We have two JVs which we speak of. One is the PPGAP which is the Auto OE Refinishes. Here, the growth has been astronomical, almost 34% of the growth we have garnered here. Largely driven by the Auto OE and the industrial segments. A little bit of an inflationary impact, although the business has been quite proactive from a point of view of looking at passing on the price increases. So, we have basically a PBT which is up by almost 10%, but the margin has fallen a little bit to about 14.2% by 309 bps.

When we look at JV2, again this is a JV which is largely for General Industrial which includes protective and powder coatings. Here also the revenue has been very strong, about 28% growth in Q2, what we have been able to really get in. And at the same time, on the bottom line there has been a little bit of a setback here, given the fact that the price increases came with a little bit of a delay. Something which we will see in quarter

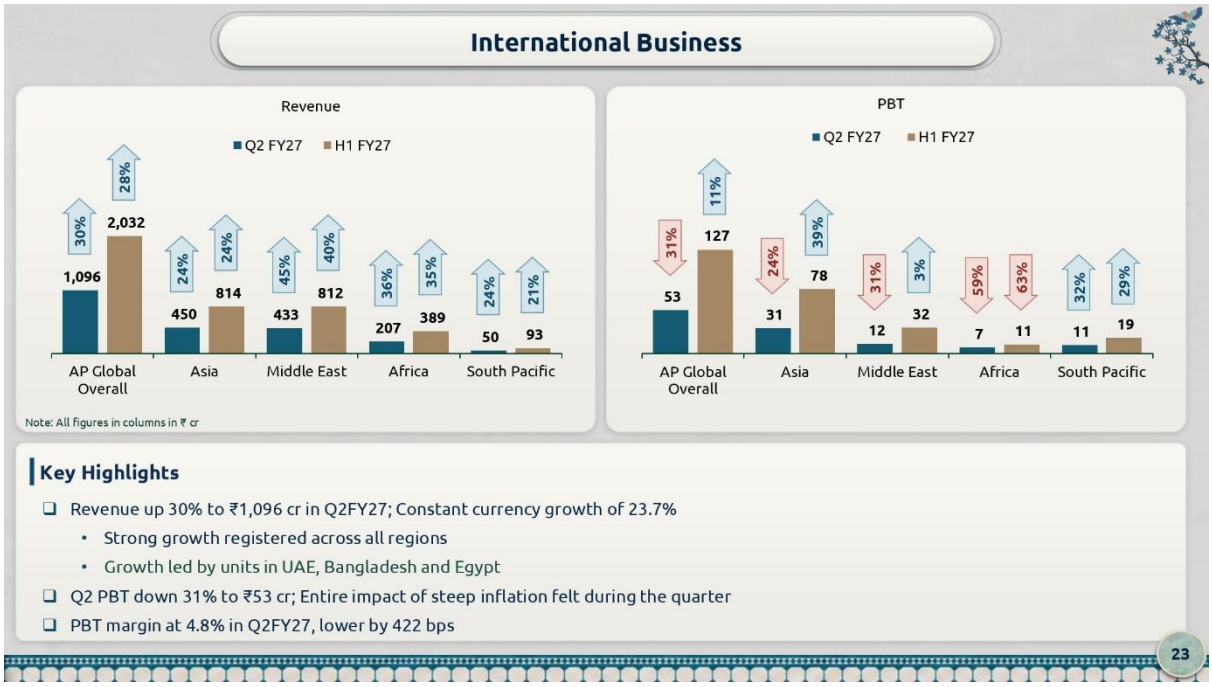
three going forward, how we are able to prop up. So similarly, if you see, the H1 revenues are still looking very strong in terms of both the businesses, which shows that this business is growing at a very healthy pace in terms of going forward. So that's industrial for you.



Coming to our global markets, this is a representation of all the markets and the brands which we hold in some of these markets.

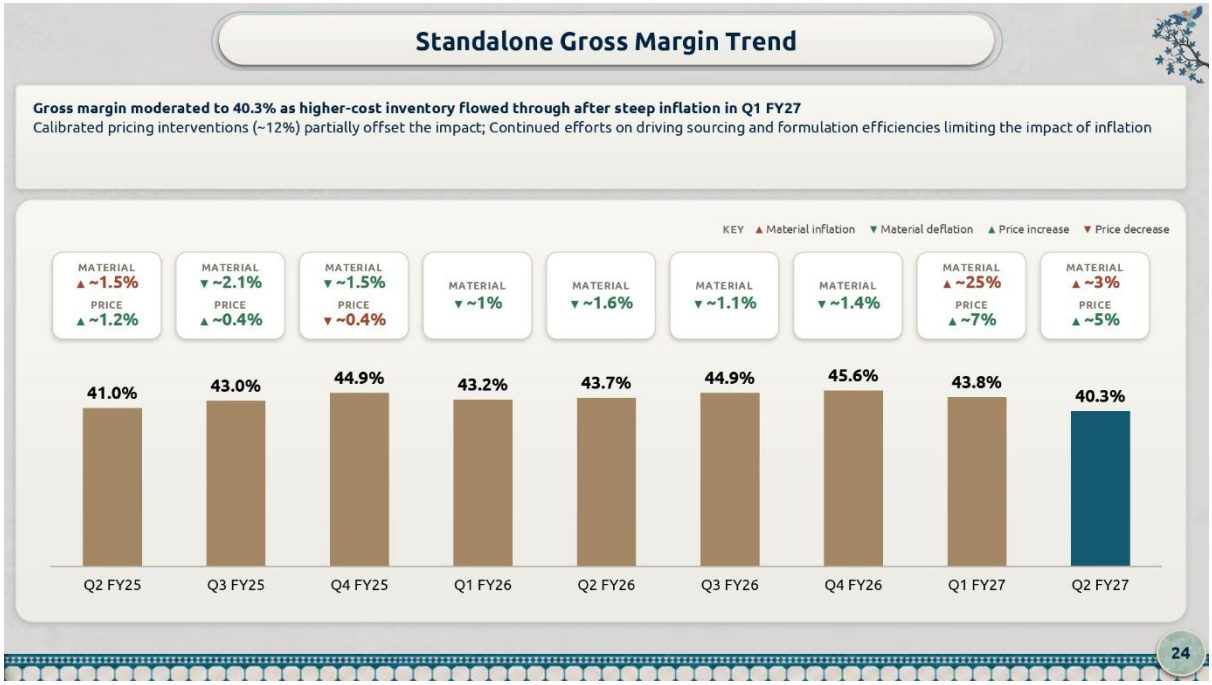


The whole innovation trail we have carried on to our international markets, where we've looked at a series of product launches across markets and mind you, some of these markets are in between the geopolitical crisis. But we have not looked at that and have looked forward in terms of what progressiveness we can bring in various markets and therefore product launches across geographies in terms of premiumization. Products which are right at the top; Royale, Ultima and Majestic, that we have introduced through a series of markets. So, quite commendable of what possibly the innovation has done in terms of contributing to the overall growth which we have been able to get.

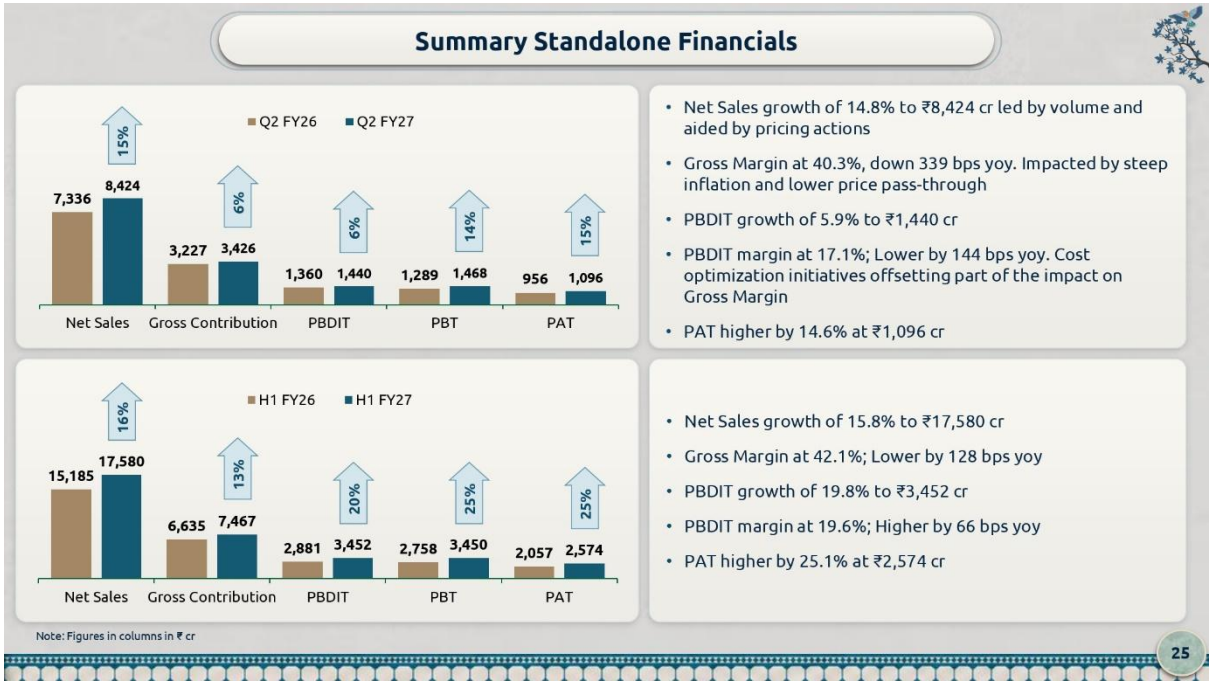


So overall, the growths have been strong. Both, quarter two is at about 30% growth and H1 at about 28% of what you are able to see. Growths are across markets. Whether it is Asia, Africa, Middle East, growths are across markets of what we've been able to get.

On a PBT front, there has been a little bit of a setback. Again, the brunt of inflation has been strong. The price increases while they have been taken, they have been staggered a little bit. But today, while PBT margin has come down to about 4.8%, as we go ahead and realize the overall price increase benefits, the PBT margin will get lifted into quarter three and quarter four.

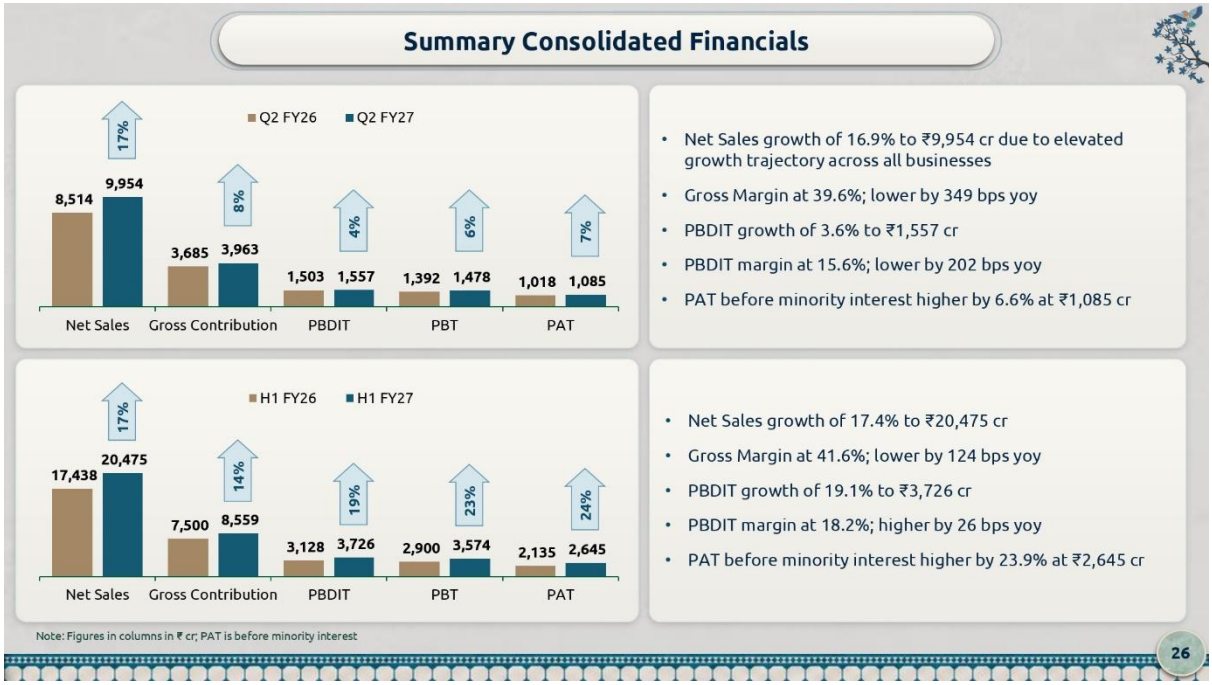


Finally, just to give you an idea in terms of how the gross margin has been moving, obviously you see that, from a higher gross margin of where we have been from 45%, 44%, this quarter we have seen a little bit of a dip and this is despite the fact that we have taken a 7% price increase in quarter one, almost about a 5% price increase in quarter two, but it doesn't match the inflation and to top it all, we've had inflation of about 3% in quarter two as well. So obviously, that had an impact on the gross margin. But we have been taking calibrated increases, so that today we balance the demand very clearly and see that our focus on customer is very clear and keep on fueling the top line which is what we are doing today in the quarter two as well.

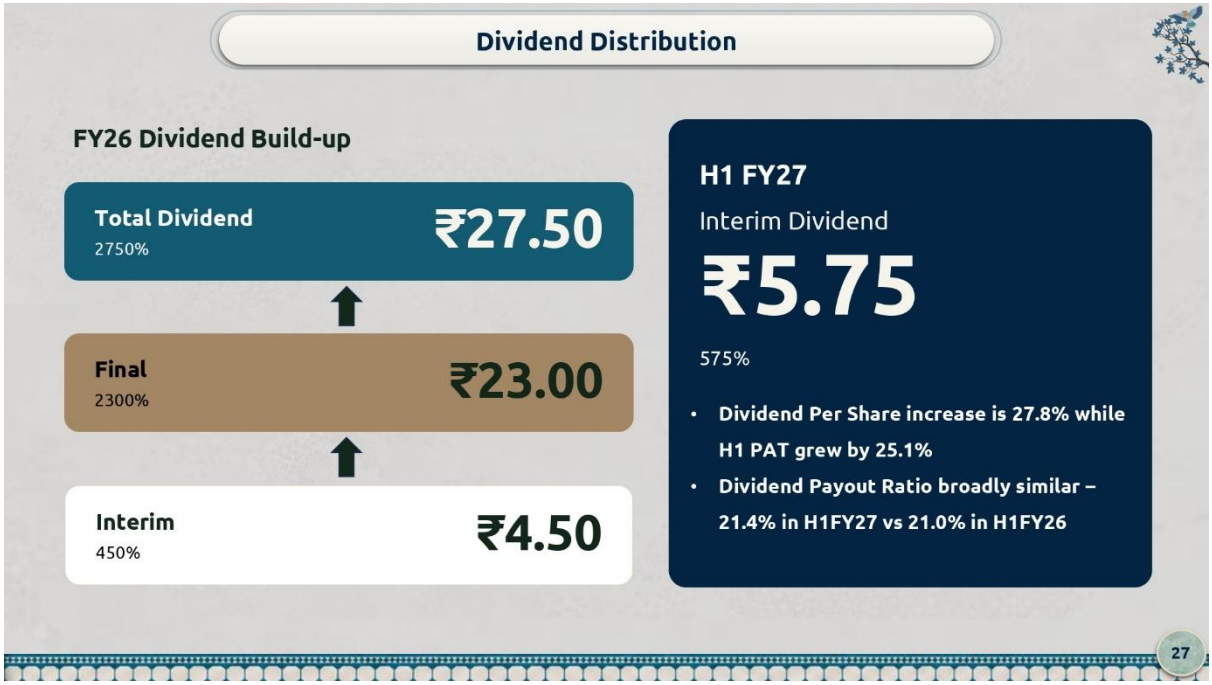


If you were to look at the overall standalone financials, the net sales growth is 14.8%. The gross margin we have spoken of is down. The PBDIT growth is about 5.9%. If you see from a like-to-like quarter perspective, PBDIT margin is about 17.1% compared to the last year, same quarter which was about 18.5%. Historically we have seen that, this has been a little bit of a soft quarter from a point of view of the bottom line, especially because today the product mix in this quarter is a little bit subdued. It is more seasonal and therefore it is a very different quarter and not to be looked from a point of view of a successive quarter. So, this quarter is definitely very different, very seasonal. The PAT is still stronger, at about 15% growth which is very healthy, obviously aided by other income, what we have been able to get.

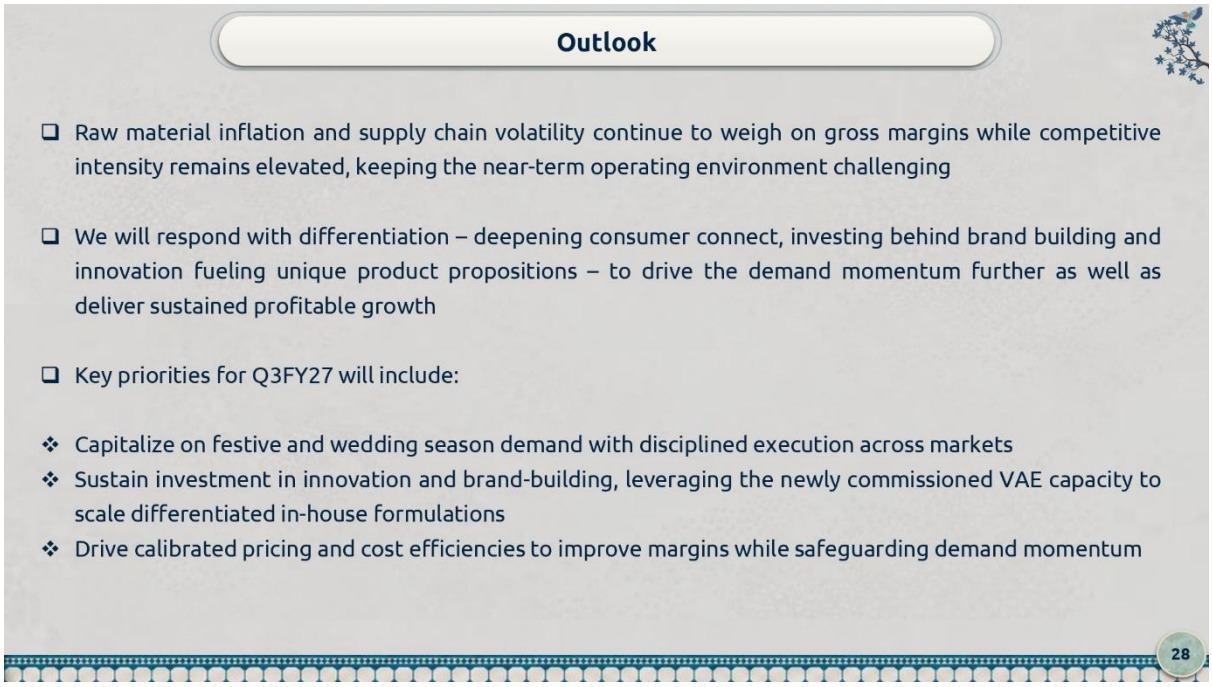
From a point of view of H1, the picture is even far brighter, given the top line is closer to about 16%, given the run in quarter one of what we had. The great thing to look at is that the PBDIT margin growth at a half-year level is very good and the PBDIT margin is in the higher range of the overall band of what we have been speaking at 19.6%. That's a more relevant detail to see because today given the inflationary environment and the volatility which is there, I think possibly the H1 picture is more representative where the margins and the overall growth stand from the perspective of overall business.



When we look at the consolidated financials, the numbers are not very different but little bit higher from a top line perspective. You have the net sales growing at about 17% in quarter two. The PBDIT margin is little bit lower at about 15.6%, lower by about 202 bps. But overall, PAT is at about 7% growth from a quarter two perspective. On a H1 side again, which is possibly the right perspective of this quarter, the growths are very strong at the top line as well as at the PBDIT margin which is at about 18.2% in the band what we have spoken of and also the PAT growth being very healthy at about 24%. So, these are strong numbers from the point of view of the first half, given the environment the way it has been to that extent.



So going by that, we have announced an interim dividend of Rs. 5.75. We've broadly looked at the same payout ratio of about 21.4% in H1 FY27 as compared to what it was last year. So, overall just giving a clear signal of where we are heading towards this year.



The overall outlook continues to be a little bit volatile. Obviously, we see raw material inflation which is really happening. Overall, the volatility continues. The competitive intensity in the market is also very strong and challenging. At the same time, the fact

that there are other challenges which also will come, which is about the Anti-Dumping Duty which we see in TiO_2. It's announced effectively from 24th October and therefore that is something which is what possibly are the areas which will keep on really, we have to look at the outlook for quarter three and quarter four going forward.

Overall, our whole area of connect with the consumer, building the brand and looking at the differentiation, how we fuel the overall product propositions to drive the top line as well as the profitable growth will continue and that is something which we are committed to. Therefore today, when we look at quarter three, we will look at a full festive season which we are really seeing. To some extent, the last quarter basically saw some deferment also because this time is the longer Diwali in November. So therefore, quarter three will really get the benefit of Diwali and therefore also a wedding season which comes in this market.

So overall, we look at in quarter three the brand building to really continue the innovation coming in, really looking at realizing some of the benefits of the VAE so that we have differentiated formulations and also from a cost point of view we are able to balance some part of the inflation. And therefore, we would continue to take a little bit of a calibrated view on pricing at the same time trying to balance the margins going forward so that basically we don't disrupt consumer demand.



Going forward, when we are looking at the overall benefits of the ESG framework which we have been following, this is what you are familiar with.

A very strong framework where we have looked at water neutrality. We have looked at being overall nature positive in terms of the hazardous waste which comes in or even from a point of view of saying that we are able to take a product stewardship in terms of the renewable and the biodegradable raw materials we use. All these areas have been strong. If you look at the achievement at H1 level, they are very strong, in line with the target achievement.

More importantly, the whole area of social has been very strong and we have looked at our 'Beautiful Homes Academy' training lakhs and lakhs of artisans today and that program has become far more inclusive in terms of the artisan community which includes carpenters, plumbers, painters, and so on and so forth. So that's a very strong area and this continues to be one of our strengths in terms of what we have been offering. So that's something which was possibly from a sustainability side of what we offer. So that's about it, as a glimpse of the various things of what we have done and overall, it's been a good quarter. Thank you.

Question-and-Answer Session

Moderator: Thank you, sir. We will now open the call for question-and-answer session. We will wait a few minutes for the queue to form. To ask a question, please raise your hand using the participant tab on the screen. The first question is from Mr. Mihir Shah from Nomura. Mr. Shah, we request you to kindly unmute and please ask your question.

Mihir Shah: Hi sir, thank you for taking my question. Good evening. So, can you talk about how demand is shaping up? I believe 2Q volumes actually would have been lower also because 1Q had seen some inventory fill up due to the price hikes. So how is a normalized volume growth looking in October? And is the inventory that got filled up earlier, has it normalized? So that is question number one.

Amit Syngle: So, when we look at quarter two, we've borne the full impact of the inventory, in this quarter. So that is why the impact. As we also see from the overall volume, the product mix has been a little bit different from what we have seen for this quarter. As I said, this is a quarter with a different product mix. We have a lot of products which are seasonal because it's also a stocking quarter from that context, we see, a 7% growth in volume is quite decent in terms of what we've been able to achieve and the

impact of the inventory has been full in terms of what we have taken for the quarter two.

Mihir Shah: Understood. Okay. Secondly, with the price increases that you have taken and also 2Q will have a mixed impact because of no exterior sales which are higher margin. But in 3Q exterior sales will come back. So, with that mix coming back, how should one think about the impact on gross margin because this time it will appear optically to be much higher. So wanted to just understand, I understand you have a 28% cost increase and you've taken 12% pricing. I wanted to understand what kind of normative gross margin that we can revert back to in the second half.

Amit Syngle: So, we have taken now further price increases. We have announced an almost 3.5% price increase for November, which has already been announced, which takes into account the impact of anti-dumping duties as well as what's coming in. So, what we are looking very clearly as we go forward, that calibration will continue. And from a gross margin point of view, obviously it will depend on inflation. This band of about 41% to 43% would really be the band we should be looking forward to.

Mihir Shah: Perfect sir. So lastly, just one quick question on the next gen emulsion that you spoke about. I know in India it is the first that is going to get produced from your side. But in the market, are these products available with anybody or will these be the differentiated ones that nobody else in the market will have? And that 18% also NPD that you mentioned are also the differentiated products that may not see any major competition. Just clarity on that one sir.

Amit Syngle: If you look at two things, first from a point of view of VAE which we are making, it's a very differentiated VAE and not the general VAE which is even available worldwide. There is a clear technological ingenuity of what has gone and this ingenuity really looks at giving us two-three things. One, it gives basically in existing products some varied qualities which are consumer focused. At the same time, it also gives birth to some of the differentiated new products which might come which also would go into the patent zone of how we would see. So that's one part which is the whole area of differentiation which is there. From our NPD perspective, that's also been a continuous program where we look at possibly not only filling the consumer gaps or basically the unstated needs of the customer of what comes in. We keep on really seeing that some

of these initiatives are really differentiated and we have reason to believe that this part of the NPD of what we pursue is reasonably differentiated and keeps on giving us a very strong differentiated offering in the market.

Mihir Shah: Got it sir. Thank you very much and wishing you all the best.

Moderator: Thank you. The next question is from Avi Mehta from 360 One Capital.

Avi Mehta: Yeah, Hi sir. Sir, I just wanted to pick up on the margin pressures. Now, you did allude towards pricing being taken, but given where the gross margin and EBITDA margin profile is trending, do you see any risk to that 18% to 20% band that we were looking to stick with at the EBITDA margin level? If you could just share your thoughts on that.

Amit Syngle: See, as I said that, given the whole area of volatility of what we are seeing, if we look at the H1 picture, okay, both at the standalone level and as at the consolidated level, we are in that band of what we have stated. And as we go forward, while it's a little bit of a calibration of price increases, we have also launched a very strong cost excellence program. And we also have the VAE now getting really incorporated in our formulations. We believe as we go forward, for the year we should be able to maintain the band of what we have spoken of 18% to 20%.

Avi Mehta: Perfect sir. And just a follow up on there, that VAE, any range of what are the potential benefits, how much can it accrue from the phase one?

Amit Syngle: So, see, right now we are in a phase where we are really normalizing the whole area of formulations, but we believe that when it really works to its full potential, it should really give us some advantage of 300 bps to 500 bps on relevant products.

Avi Mehta: So, this does not mean all phases to come in, right? The 300 bps plus.

Amit Syngle: So, partial benefit in Phase 1 and full benefit as we get into a good part of phase two.

Avi Mehta: Got it. And sir, last bit if I may, just from a volume growth perspective, now you did allude towards first half being more representative of where it is. Is that how I could see it from a volume growth and a value growth perspective of how we would be looking at the demand environment and any thoughts on the same. That's all from my side.

Amit Syngle: See, given the longer Diwali, we should get good traction from the October-November period of quarter three. We also have a wedding season which is coming, while rural will come into some question with the monsoon deficit of what is really, we are talking of, but we feel that it would be reasonable to expect to see a volume growth of about 8% to 9% going forward.

Avi Mehta: Perfect sir. Thank you very much sir and wish you and everyone else a happy Diwali. Thank you.

Moderator: Thank you, sir. Mr. Aditya Bhartiya from Investec. Sir, we kindly request you to unmute and please ask your question.

Aditya Bhartiya: So, my first question is about the profitability of industrial and international businesses. If we look at the standalone decorative business, at least we have managed to pass on price increases to the extent that we are seeing absolute EBITDA growth. However, on the industrial and international businesses, it seems that there is a bit of a lag. Just wanted to understand the outlook for the same and whether you feel confident that all the increased costs, especially given that costs are further going up, can get passed on.

Amit Syngle: So how we see it is that even in industrial, we divide it into the auto OEM and the refinish business. You must remember that most of this business in industrial is more like B2B business and typically in B2B business, basically there is definitely a lag of price realization of and that's what has really happened. JV1, which is the PPGAP, has done relatively better and they have been able to really get some of the increases, but that definitely is a lag. In JV2, which is the APPPG, there has been a greater lag of seeing some of those increases of what we are taking, but we are really mindful of saying that

there are no options in it and that is something which we have done and we will see gradually some improvement happening when we look at the further quarters which are coming. As far as AP Global is concerned, the situation is a little bit more complicated given the geopolitical situation which is there and there is a little bit more extremity which is happening in various markets. In markets of Asia, we have been a little bit more comfortable, but the markets of Middle East and Africa have been a little bit more problematic. And it also depends on possibly the strengths which we have in various markets of what we can take some of those increases. There has been a lag, but at the same time, the top lines you have been able to drive at almost 30% in quarter two. There we are also anticipating some improvements happening in the coming quarters and we will try to build up on this lag which has happened at this stage.

Aditya Bhartiya: Sure, understood sir. And sir, my second question is on the potential impact of anti-dumping duty on TiO_2. How much does that increase our cost price? And if we look at the divergence between cost increases that were required and price hikes that we have taken, there appears to be a reasonably large gap and especially given that costs have again started going up, what are the other levers that we have other than pricing? Is it that discounts in the market have gotten elevated and we are shrinking them very sharply as well, which means that effective price increase can be higher than what the headline numbers may suggest?

Amit Syngle: This is not something which we are not used to. If you remember, the ADD was clamped some time back earlier and that had basically given us heads up of the various initiatives which we have kicked in within the organization. One of the bigger initiatives which we have kicked in is of how to rationalize the overall use of TiO_2 using various chemistries and that is something which we have been doing for some time. The second area is the use of differential grades which come in and how do you really maximize it because the ADD varies from grade to grade of how it really happens and that is something which is another area of what we looked at. But having said that, it could have an impact from anywhere between 2% to 3% of the overall thing. We have tried to basically see that we marry some of the increases we are taking because we knew that this was something which was coming. And as we go forward, obviously we'll have to watch out how the China pricing basically stands because last time also what we had seen is that the prices didn't increase to the same extent.

Aditya Bhartiya: Perfect. That's very helpful sir. Thank you.

Moderator: Thank you, sir. The next question is from Mr. Manoj Menon from ICICI Securities.

Manoj Menon: Hi, team. Just a couple of follow-ups here actually. Good performance on the revenue volume side, etc. Just trying to understand the performance on the decorative side. While I understand that the absolute cost increases have been attempted to be passed on, etc. Just from a relative competitive activity intensity point of view, how do you see this currently that let's say if there is an X% inflation at an industry level in Decoratives, is the industry able to pass on all the increases or is it still some time away?

Amit Syngle: No, as I said, in the market, we have been very clear that some of the increases in what we have made are obviously not matching the inflation. That gap is very obvious. What we see is that possibly the competition has also done the same, basically following the same trajectory of what we have been following. So, there are no different riders from the competition. However, what we also see is that the competitive intensity of what you do, possibly at the network level overall in terms of promotions and so on and so forth, has remained the same. In fact, it has only gone up. So possibly, a lot of players would be in the same boat, not covering the full inflation at the same time, the expenses being high. We have basically looked at balancing it in some way from a point of view of focusing, going ahead on premiumization. As we see, quarter three should be a better product mix of what we should be able to get. Second, at the same time, of the whole area of cost excellence which I spoke of, third, we have the VAE which is coming in. And as you look at it, at an H1 level, we've been able to retain the band of what we have spoken of. So that gives us confidence that going forward, we should be able to manage some increases as we have taken.

Manoj Menon: Thanks. Thank you, Amit. Just follow up here before I ask the second question. Is it fair to say that, let's say you as a market leader and maybe the other industry players also, are probably a little worried about the price elasticity adverse effects and to that extent because you said competitive intensity, it has been high, it's still high, but I'm trying to understand is that the difficulty in, let's say, passing on all the input inflation at, let's say, an absolute unit level. Is it to do with the fact that consumer

sentiment is checking it, because at the end of the day price increase is an art and not a science. I'm just trying to understand the reasons for, let's say, the absolute profit loss or in some cases percentage as well, that is why the entire thing couldn't be recovered, directionally speaking.

Amit Syngle: So, if you look in the past also, we've had inflation and, from a price elasticity point of view, I don't think it's only an art. It is also a science to really understand how consumers would really look at because we are especially in a discretionary category. It's not a category which is everyday use and therefore one of the levers which customers really get into a bind is that at least the maintenance part of this thing can get deferred very surely when the prices go up. And the second impact could be that basically people can look at down-gradation of what they were supposed to use and come to a little bit lower end of the product. So, we are mindful of that and today you can look at calibrating that when you look at a certain estimation of a demand, customer would look at a certain inflation and if the inflation goes beyond a certain mark, obviously it would have an impact on the demand. And also, it gave basically the environment of uncertainties and over other rider which comes on it and therefore from that point of view, we have tried in the last three months also to see that we create an era of stability so that the customer also sees that it is not every now and then the prices are going up. So, I would say that this multitude of factors is something which is all in the consideration which we make so that possibly we can assuage some of the apprehensions of the customer level of what it can go and therefore I don't think it's reasonable to look at passing the entire impact currently.

Manoj Menon: Loud and clear. Sounds absolutely like a leader. So, second sir, actually a question or a clarification on the earlier understanding that the backward integration, all the projects which you have undertaken, let's say, will result in approximately 200 bps, sort of benefit for you particularly because that is supposed to, that's the plan few years back. Where are we currently of timelines and more importantly, is it something which the way you see it, is a true competitive advantage?

Amit Syngle: So, I've said it many times, I'll say it again because currently as we said that we've commissioned the plant and it's a good thing, it's a record time of how we are commissioning the overall piece. As we go, we will be looking at a part of the overall capacity of what we will utilize till March and what we plan is that next year we will be

able to utilize the full capacity of this phase one of going forward. So that is the plan of what we want to do, and this will really give us strong benefits from three points of view. One, it basically looks at giving us very good advantages of our existing products, both from the point of view of differentiated offerings, green products, and also giving us advantage from bottom line of the overall margins and cost savings. The other angle where it really works very strongly is to really see some of the newer products with the newer areas for the consumer which come in, which will also give us revenues to look at in the premium end very differently from how we see it. There are a lot of advantages of what we are seeing going forward. And as I said, with the full capacity of 150 KT we should be able to utilize in the next year.

Manoj Menon: Thank you so much and season's greetings and good luck sir.

Moderator: Thank you, sir. The next question is from Mr. Amit Purohit from Elara.

Amit Purohit: Thank you, sir, and congrats on the good set of numbers. Just on the follow-up on VAE itself again, sorry, but you indicated that 300 bps improvement, would it be fair to assume that this would be largely towards the premium part of the portfolio and hence restricted to that or it will be across the portfolio and this 300 bps at an overall level or specific segments that we should look at?

Amit Syngle: First, it is in specific segments but across the price range, okay. So that's the innovation we are bringing because the myth in the market is that it can only really bring it at a premium. We are trying to basically disrupt that part very strongly and onto that path which is there. And as we see it, at least this is the minimum we should be able to get. It could be higher going forward as well.

Amit Purohit: So just to understand this better, you are saying that the overall company level there could be a 300-bps benefit which you may choose to reach out to market in a different way, whatever, in savings or use it in marketing. That's how we should think about it, right?

Amit Syngle: 300 bps to 500 bps on relevant products. Absolutely.

Amit Purohit: Okay. And sir, lastly on the demand itself, basically when I look at the commentaries, you have been talking about good growth in the premium side. You've been working pretty well, and we see advertisements especially on the painting service side quite frequently nowadays. If I take that into consideration, is it a fair assumption that now the demand environment which you used to talk about, like economy is doing better than luxury and that tables have turned and now luxury seems to be doing better and hence second half margins would be better than the first half margins. That's a fair assumption, right?

Amit Syngle: So, as I see, India is a very large market and we give the whole area of even economy and economy emulsions very strong precedence because that's something which basically a large part of the population they consume and as an overall contribution it is also fairly high. At the same time, Asian Paints has been working towards upgradation which is also very important of showing the customer of how they can upgrade to premium and luxury and to super luxury going forward. We are into all the buckets of what we are approaching. Obviously, the attempt is of saying that we drive the premium luxury and the super luxury bracket possibly higher than the eco segment, but at the same time, the eco segment is also going to be very important of how we look at galvanizing our network, how we look at possibly reaching out to every strata of the consumer in the market.

Amit Purohit: Sure. Thanks.

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