6th August, 2026

STOCK. EXG/ AG/ 2026-27

The Corporate Relationship Department
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Scrip Code : 509480

Scrip Code: BERGEPAINT

Scrip Code : 12529

Sub: ***Transcript of the earnings conference call for the quarter ended 30th June, 2026***

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call for the quarter ended 30th June, 2026 conducted after the meeting of Board of Directors held on 5th August, 2026 for your information and records.

This has been uploaded on the Company website also and can be accessed through the link:

https://www.bergerpaints.com/investors/download .

Yours faithfully,
For BERGER PAINTS INDIA LIMITED

Arunito Ganguly
Digitally signed by Arunito Ganguly
Date: 2026.08.06 12:22:25 +05'30'

ARUNITO GANGULY
VICE PRESIDENT &
COMPANY SECRETARY

"Berger Paints India Limited Q1 FY27 Results Conference Call"

August 05, 2026

MANAGEMENT: **MR. ABHIJIT ROY – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – BERGER PAINTS INDIA LIMITED**

MR. KAUSHIK GHOSH – CHIEF FINANCIAL OFFICER – BERGER PAINTS INDIA LIMITED

MR SAYANTAN SARKAR- GENERAL MANAGER- FINANCE & ACCOUNTS– BERGER PAINTS INDIA LIMITED

MODERATOR: **MR RAJESH KUMAR – EMKAY GLOBAL FINANCIAL SERVICES**

00:07:58.060 --> 00:08:17.750

Mohit Dodeja: Hi, good evening, everyone. This is Mohit Dodeja from Emkay Global. I would like to welcome all to the Berger Paints India Limited 1Q FY27 Result Conference Call. I thank Berger Paints management for allowing us to host. We have with us today Mr. Abhijit Roy, Managing Director and CEO, Mr. Kaushik Ghosh, CFO,

36

00:08:18.200 --> 00:08:28.660

Mohit Dodeja: Mr. SAYANTAN SARKAR, GM, Finance and Accounts, I shall now hand over the call to the management for the opening remarks, post which we will proceed with the Q&A session. Over to you, sir.

37

00:08:29.460 --> 00:08:31.900

Abhijit Roy: Thank you, Mehta, and good evening, all of you.

38

00:08:32.100 --> 00:08:39.340

Abhijit Roy: Let me start with the presentation first. This is the first quarter result.

39

00:08:40.510 --> 00:08:42.820

Abhijit Roy: Why is this not moving forward now?

40

00:08:44.310 --> 00:08:46.800

Abhijit Roy: Okay, the volume growth...

41

00:08:46.920 --> 00:08:51.889

Abhijit Roy: That was there, in the standalone results. It was in high single digits.

42

00:08:52.290 --> 00:08:57.080

Abhijit Roy: Value growth, as you have seen already, is at 12.7%.

43

00:08:57.470 --> 00:09:05.390

Abhijit Roy: decorative business... Outperformed, with nearly 13.5% value growth.

44

00:09:05.850 --> 00:09:10.389

Abhijit Roy: And nearly 20% in terms of operating profit growth.

45

00:09:10.920 --> 00:09:16.979

Abhijit Roy: The protective GI and powder coatings divisions recorded relatively lower growth.

46

00:09:17.160 --> 00:09:23.999

Abhijit Roy: Largely due to the fact that, you know, the price increases were taken more towards the end of the quarter.

47

00:09:24.280 --> 00:09:33.149

Abhijit Roy: after protracted, you know, battle in the field, and then it will come through more in the second quarter. The decorative performance

48

00:09:33.330 --> 00:09:38.109

Abhijit Roy: Was supported by calibrated price increases implemented through the quarter.

49

00:09:38.790 --> 00:09:47.149

Abhijit Roy: Gross margin moderated marginally, primarily due to delayed and partial pass-through of input cost increases in industrial business.

50

00:09:47.360 --> 00:09:52.740

Abhijit Roy: In decorative, the full price increases were effective only for part of the quarter.

51

00:09:53.280 --> 00:09:58.439

Abhijit Roy: Decorative business delivered nearly 20% growth in operating profit.

52

00:09:58.640 --> 00:10:04.599

Abhijit Roy: And the consolidated PBDIT margin expanded by 40 basis points year on year.

53

00:10:04.950 --> 00:10:11.069

Abhijit Roy: Standalone and consolidated PAT increased by 26% and 29%, respectively.

54

00:10:12.960 --> 00:10:24.579

Abhijit Roy: If we look at the figures, volume, about 8.4, as I said, income from operations, 12.7, PBDIT IT growth, 12.6, and PAT growth, 25.5.

55

00:10:25.090 --> 00:10:28.500

Abhijit Roy: HomeShield and wood coatings delivered strong growth.

56

00:10:28.780 --> 00:10:36.489

Abhijit Roy: Exterior emulsants did well, while the newly launched Color Plus interior emulsion gained strong traction in the premium segment.

57

00:10:36.880 --> 00:10:41.270

Abhijit Roy: Automotive Coatings reported healthy double-digit value growth.

58

00:10:41.630 --> 00:10:49.350

Abhijit Roy: And protective GI and powder, as I mentioned, the growth rates were relatively lower due to delayed price increases in these categories.

59

00:10:50.900 --> 00:10:56.410

Abhijit Roy: Gross margin comparison, more or less in that band of 39 to 42.

60

00:10:56.650 --> 00:10:59.510

Abhijit Roy: And this time, it was at 39.3.

61

00:10:59.740 --> 00:11:10.210

Abhijit Roy: It could have been higher, but largely due to the industrial business lines, as we said, you know, the increases were more towards the end of the quarter, and...

62

00:11:10.360 --> 00:11:17.380

Abhijit Roy: Not full increases have been received there. Some of it is happening in July, some will happen furthermore in August.

63

00:11:17.720 --> 00:11:26.579

Abhijit Roy: So, it is always a little bit delayed in the industrial segment, which is why the gross margin is at that level.

64

00:11:27.110 --> 00:11:33.920

Abhijit Roy: Operating profit margin, however, was a strong 17.4%.

65

00:11:34.130 --> 00:11:46.150

Abhijit Roy: In that range, which we have always indicated of 15 to 17, typically in a quarter one, it goes higher because of the higher value sales.

66

00:11:46.200 --> 00:11:57.959

Abhijit Roy: So, the operating margin tends to be, you know, slightly higher in the first quarter. That is true in every year. If you look at quarter one, financial year 25 or 26,

67

00:11:58.200 --> 00:12:02.789

Abhijit Roy: At 27 also at similar levels. So that's how it is.

68

00:12:03.030 --> 00:12:09.730

Abhijit Roy: And it sustained at those levels, even though there was a little slippage, as we saw, in the gross margin.

69

00:12:10.340 --> 00:12:21.540

Abhijit Roy: Standalone, we grew at 12.7, PBDIT IT at 12.6, and Pat at 25.5%.

70

00:12:22.480 --> 00:12:35.049

Abhijit Roy: The decorative business line, highest growth in the last 12 quarters, with Deco delivering 13.5% value growth, nearly 20% operating profit growth, with margin expansion.

71

00:12:35.350 --> 00:12:42.629

Abhijit Roy: Exterior emulsions outperformed, while Color Plus continued to gain strong traction in the premium interior emulsion segment.

72

00:12:43.260 --> 00:12:48.029

Abhijit Roy: Construction chemicals and waterproofing delivered robust volume and value growth.

73

00:12:48.230 --> 00:12:51.429

Abhijit Roy: Roof pool and seal continue to gain momentum.

74

00:12:51.580 --> 00:12:55.239

Abhijit Roy: Wood coatings reported strong double-digit volume growth.

75

00:12:55.570 --> 00:13:02.369

Abhijit Roy: Store footprint expanded, taking the total count to 1,900 plus stores as on date.

76

00:13:02.590 --> 00:13:07.540

Abhijit Roy: With, urban stores alone, around 900 plus, and growing.

77

00:13:08.040 --> 00:13:13.760

Abhijit Roy: Tinting machine installations crossed 2,100 plus for the quarter.

78

00:13:14.210 --> 00:13:25.950

Abhijit Roy: Because of the price increase, there was a lot more attention there in terms of sales. Otherwise, we could have done even better, but this is a good number in the first quarter.

79

00:13:26.720 --> 00:13:33.439

Abhijit Roy: In Luxol Metallics, this was another range which we had introduced recently and is doing very well.

80

00:13:34.930 --> 00:13:39.820

Abhijit Roy: These are the stores which we have set up across many markets.

81

00:13:40.830 --> 00:13:47.989

Abhijit Roy: The consolidated revenue grew 12%, with slight moderation versus standalone performance.

82

00:13:48.200 --> 00:13:53.990

Abhijit Roy: Primarily due to the muted revenue growth in wholly owned subsidiaries, Bullix and STP,

83

00:13:54.140 --> 00:14:04.330

Abhijit Roy: Bolex, because primarily it is a week, seasonal quarter, always Jan, Feb, March, which gets consolidated, in this period.

84

00:14:04.440 --> 00:14:08.280

Abhijit Roy: Is a weaker quarter there, because of snow, etc.

85

00:14:08.580 --> 00:14:11.769

Abhijit Roy: An STP, because of the Jam Siddhpur plant, which...

86

00:14:11.900 --> 00:14:16.829

Abhijit Roy: Has now come back to normalcy, but in the first quarter, remained a little bit disturbed.

87

00:14:17.070 --> 00:14:29.510

Abhijit Roy: So overall, these two had flattest growth, and therefore the growth got pulled down a bit, but they are back in action. In this quarter... in quarter two, this will be fine.

88

00:14:29.820 --> 00:14:31.940

Abhijit Roy: Operating profit increased.

89

00:14:32.430 --> 00:14:40.200

Abhijit Roy: by 15% on the console level, with consolidated PBDIT margin expanding by 40 basis points.

90

00:14:40.550 --> 00:14:46.979

Abhijit Roy: PVT and PAT grew by 18.1% and 28.6%, respectively.

91

00:14:47.370 --> 00:14:54.849

Abhijit Roy: The joint ventures continue to deliver, actually, very strong growth in both revenue and profitability.

92

00:14:56.430 --> 00:14:59.700

Abhijit Roy: This is the consolidated result.

93

00:14:59.860 --> 00:15:09.040

Abhijit Roy: 12%, 15%, 16.1... And then if you go all the way down to PAT, at 28.6%.

94

00:15:10.840 --> 00:15:15.600

Abhijit Roy: Bijih and Nepal... Registered double-digit value growth.

95

00:15:16.240 --> 00:15:28.270

Abhijit Roy: Bolex reported flattest revenue, as I mentioned, during the quarter due to seasonal factors. However, profitability improved, driven by gross margin expansion. UK operations remained subdued.

96

00:15:28.740 --> 00:15:37.449

Abhijit Roy: STP delivered improved profitability, supported by favorable product mix, calibrated price increases, and gross margin expansion.

97

00:15:37.960 --> 00:15:42.510

Abhijit Roy: BNPA Joint Venture posted robust growth in revenue and profits.

98

00:15:42.660 --> 00:15:49.459

Abhijit Roy: Margins moderated slightly as the full benefit of price increases is yet to offset higher input costs.

99

00:15:49.780 --> 00:15:54.539

Abhijit Roy: But there was very strong performance as far as this JV was concerned.

100

00:15:54.640 --> 00:16:01.400

Abhijit Roy: Of course, the revenue doesn't get added to, you know, our sales, because this is a...

101

00:16:01.960 --> 00:16:15.270

Abhijit Roy: 49% JV for us, and therefore, you know, both Becker and B&P sales doesn't get, you know, added to our... or, you know, it's not included in our consolidated sales.

102

00:16:17.240 --> 00:16:28.050

Abhijit Roy: Berger Becker JV maintained its strong performance. Again, a very robust growth was registered, registering healthy revenue growth, along with higher operating profits.

103

00:16:29.640 --> 00:16:39.620

Abhijit Roy: Growing cash surplus from 992 to $11.98 to now to 1424 crores as of end June financial year 27.

104

00:16:39.920 --> 00:16:44.539

Abhijit Roy: Large part of it will, of course, be used for the two factories, which will...

105

00:16:44.660 --> 00:16:50.469

Abhijit Roy: be coming up, one in Panagar and the other in... Orisa near Johanshwar.

106

00:16:51.350 --> 00:16:58.900

Abhijit Roy: We had a very interesting campaign, which we have just introduced, you know, a corporate one, which is on Berger.

107

00:16:59.840 --> 00:17:03.180

Abhijit Roy: Jaise Hodin, Rangan.

108

00:17:03.280 --> 00:17:10.969

Abhijit Roy: is the campaign which we have launched. It has received very positive feedback from the market.

109

00:17:11.220 --> 00:17:28.899

Abhijit Roy: And this will be a major focus area and help us in building the brand Berger more strongly in the near future. So this is something which we are very upbeat about, and it's a nice, interesting campaign for those of you who haven't seen it.

110

00:17:29.230 --> 00:17:38.619

Abhijit Roy: You can go to YouTube and see it for yourself, but it's a campaign which has received, so far, good feedback from the marketplace.

111

00:17:40.210 --> 00:17:50.589

Abhijit Roy: Business outlook for financial year 27, double-digit revenue growth expected to sustain, supported by the full quarter impact of price increases in quarter two.

112

00:17:51.140 --> 00:17:58.919

Abhijit Roy: So we had delayed, as I said, in industrial business line, you know, the price increases were lagging.

113

00:17:59.200 --> 00:18:02.670

Abhijit Roy: That full impact will come in in this quarter.

114

00:18:02.950 --> 00:18:07.099

Abhijit Roy: Plus, festive demand and distribution expansion should help.

115

00:18:07.190 --> 00:18:24.499

Abhijit Roy: in expanding sales, and as well as operating margin from what it was last year, definitely. Operating margins are expected to remain within the guided range, which we have always said, that is between 15% and 17%.

116

00:18:24.640 --> 00:18:29.630

Abhijit Roy: This quarter, of course, was beyond 17 in the standalone.

117

00:18:29.880 --> 00:18:34.910

Abhijit Roy: And within... just short of 17 in the consolidated.

118

00:18:35.070 --> 00:18:39.260

Abhijit Roy: Our expectation is that in quarter two.

119

00:18:39.440 --> 00:18:46.369

Abhijit Roy: The results will be good in, you know, possibly slightly better than quarter one.

120

00:18:46.690 --> 00:18:56.370

Abhijit Roy: Well-progressing monsoon may support rural sentiment. Market competitiveness, however, is expected to stay elevated.

121

00:18:56.530 --> 00:19:03.580

Abhijit Roy: Sustained investments in brands, innovation, and retail activation to strengthen consumer base.

122

00:19:04.010 --> 00:19:12.689

Abhijit Roy: Macroenvironment remains dynamic, with crude oil, currency, and geopolitical developments being closely monitored.

123

00:19:14.130 --> 00:19:18.760

Abhijit Roy: And we end with, on every wall, in every heart, Rangan.

124

00:19:19.110 --> 00:19:20.170

Abhijit Roy: Thank you.

125

00:19:20.800 --> 00:19:22.770

Abhijit Roy: We can go to the questions.

126

00:19:22.770 --> 00:19:33.429

Mohit Dodeja: We will start with the Q&A session now. Those of you who have questions can raise your hand now. We will announce your name and unmute your line.

127

00:19:37.820 --> 00:19:41.490

Mohit Dodeja: The first question from the line of Abneesh Roh, please go ahead.

128

00:19:42.580 --> 00:19:59.969

Abneesh Roy , Nuvama: Sure, thank you, and congrats on decent numbers. First question is on the outlook slide. You have said that the monsoon is progressing well, and you expect a benefit out of that. I wanted to understand that, because this is the El Nino year, and currently we are having around 13% deficit.

129

00:20:00.070 --> 00:20:19.740

Abneesh Roy , Nuvama: So are you saying that, because of, more, dry days, as in, the, less rains will lead to more painting opportunity, are you saying to that, respect, or because this time the Diwali is, delayed, so we'll get enough, time, before the rain ends? I could not understand, because this time.

130

00:20:19.740 --> 00:20:32.080

Abhijit Roy: No, so that's a fair question. You know, I think the first part is where I would like, you know, because last year it had rained very heavily, from mid-May to right up to October.

131

00:20:32.150 --> 00:20:49.369

Abhijit Roy: And hence, you know, the painting season also was very short because the Riwali was prepawned. So both of these factors are relevant here. In this case, you know, since it has not rained as heavily, and it has been seeing more dry days.

132

00:20:49.700 --> 00:21:06.080

Abhijit Roy: So the offtake, therefore, has been much better than last year, in terms of exterior paint, you know, which is one of the major segments, along with, you know, some of the other paint categories, because typically, if it rains very heavily, it becomes a problem. So that's what we mean.

133

00:21:07.020 --> 00:21:14.599

Abneesh Roy , Nuvama: Understood. Second is the 2100, tinting machines, so what will be the annual number? And,

134

00:21:14.620 --> 00:21:29.950

Abneesh Roy , Nuvama: Are you essentially entering, areas where you had an under-indexation? So, say, South India or Western India, are bulk of these machines going there? And second, related question is, the new player who entered, around one and a half years back.

135

00:21:29.950 --> 00:21:38.829

Abneesh Roy , Nuvama: They claim that their tinting machine is small, talks to the headquarter live, and is more modern-looking, etc.

136

00:21:38.830 --> 00:21:44.009

Abneesh Roy , Nuvama: How is now your latest tinting machine when I compare with our new player?

137

00:21:44.680 --> 00:21:50.679

Abhijit Roy: Right, you know, to answer the first question, you know, our aspiration is to try and touch 10,000 machines.

138

00:21:50.760 --> 00:22:05.700

Abhijit Roy: For the year. Last year, we were very close to that figure. This year, we expect that we should be able to again touch 10,000 numbers. That's a number which will be equal or more than the new entrant event.

139

00:22:05.700 --> 00:22:23.949

Abhijit Roy: So, and most of these machines are getting installed in our under-indexed markets. We have, you know, a list of such indexed, under-indexed, pin code-wise, where we would like the machines to be installed, so the vast majority of that is getting installed in those places.

140

00:22:24.040 --> 00:22:42.130

Abhijit Roy: So that's how it is. As far as the second answer to your question, you know, of the size of the machine and talking and all that, this has been there for most companies, almost all companies, you know. I don't think those really matter too much.

141

00:22:42.690 --> 00:23:01.350

Abhijit Roy: The size, of course, you know, makes some difference, you know, especially in congested city areas. Up country, though, it makes no difference, almost. But our size is pretty good, you know, maybe a few inches here and there, it won't make too much of a difference anyway.

142

00:23:01.480 --> 00:23:09.089

Abhijit Roy: And connectivity is established, you know, from... we get... do get all the information.

143

00:23:09.480 --> 00:23:21.150

Abhijit Roy: from the machine into our, you know, office as well, you know, so that we know which are the products, what are the shades which are getting tinted. So, nothing new there as far as

144

00:23:21.490 --> 00:23:23.420

Abhijit Roy: Technology is concerned.

145

00:23:24.930 --> 00:23:30.309

Abneesh Roy , Nuvama: And total universe of the paint shops is around 1,10,000. How much is the total universe now?

146

00:23:30.310 --> 00:23:39.040

Abhijit Roy: Abneesh, that depends, you know, how you look at paint shops, you know, because if, you know, it depends on the size of the paint shop, you know, it will be much more, actually.

147

00:23:39.690 --> 00:23:45.209

Abhijit Roy: But, those are very small ones, which crop up, you know, seasonal ones.

148

00:23:45.600 --> 00:23:56.679

Abhijit Roy: if you call them paint shops also, they are paint shops, you know, but they sell also hardware. As is the case in many of the upcountry markets, they sell a lot of other products along with paint.

149

00:23:56.720 --> 00:24:06.390

Abhijit Roy: So, the total universe will be higher, but if you look at, you know, those which are meaningful paint shops, maybe 1,20, 1,30 will be the meaningful ones.

150

00:24:07.550 --> 00:24:13.459

Abneesh Roy , Nuvama: Yeah, so this, 10,000 printing machine is going into that, 1,20, right? Thousand universe?

151

00:24:13.690 --> 00:24:16.829

Abhijit Roy: Yes, mostly the objective is that, yes.

152

00:24:17.640 --> 00:24:28.459

Abneesh Roy , Nuvama: Last quick question, if you could talk about some of the non-paints. Other paint companies are aggressively going into waterproofing, tile adhesives, construction chemicals. Any update on that?

153

00:24:29.230 --> 00:24:43.699

Abhijit Roy: So, we are there, you know, Abneesh, as you know, you know, we have a pretty strong presence in the waterproofing construction chemical, and the growth has been quite robust there. And that will continue, you know, I think we have a fairly good presence.

154

00:24:44.480 --> 00:24:58.249

Abhijit Roy: the products are well established now, the quality is good. We are, you know... I think the growth rate that we see is much higher than paint in these categories, and it will continue in that way.

155

00:24:58.800 --> 00:25:00.160

Abneesh Roy , Nuvama: Event tile edits?

156

00:25:00.520 --> 00:25:09.169

Abhijit Roy: Toilet receives also, yeah, we sell, you know, a decent quantity. Not as much, but, you know, we would like to, you know, probably do more.

157

00:25:10.400 --> 00:25:12.410

Abneesh Roy , Nuvama: Sure, thank you. That's all from my side. Thank you.

158

00:25:12.410 --> 00:25:13.170

Abhijit Roy: Right.

159

00:25:14.430 --> 00:25:19.169

Mohit Dodeja: Thank you. The next question is from the line of Miha. Please go ahead.

160

00:25:22.320 --> 00:25:37.410

Mihir P Shah: Hi, sir, good evening, thank you for taking my question, and congrats on a good set of numbers. So firstly, on demand front, wanted to just check the dealers, ideally, would have stocked up before the price increases that happened over the last couple of months.

161

00:25:37.660 --> 00:25:41.280

Mihir P Shah: Which eventually should have some impact in July.

162

00:25:41.380 --> 00:25:52.059

Mihir P Shah: Can you share how much would be the volume growth for July, or how is it shaping up, and where do you think we will land in terms of the second quarter? So that's my first question.

163

00:25:52.610 --> 00:26:01.860

Abhijit Roy: Right, you know, so you're right, you know, there has been some amount of stocking up, obviously, you know, but the secondaries also have been much better than last year. As I said, the rains have been...

164

00:26:02.240 --> 00:26:08.220

Abhijit Roy: Less intense compared to last year, and therefore the secondary sales has moved quite well.

165

00:26:08.330 --> 00:26:11.079

Abhijit Roy: July growth was reasonable.

166

00:26:11.140 --> 00:26:21.259

Abhijit Roy: You know, so we would expect that, you know, the second quarter revenue growth might be slightly ahead of first quarter revenue growth.

167

00:26:21.300 --> 00:26:40.080

Abhijit Roy: The volume growth will be somewhere around similar levels as, quarter one, slightly below, maybe, you know, so we were at 8.5%, maybe it will be 7.5% to 8%, approximately, and a price increase which is there of, you know, varying from 7.5% to 8.59%.

168

00:26:41.570 --> 00:26:45.100

Mihir P Shah: Okay, so this quarter, the price increase was 7.5,

169

00:26:45.100 --> 00:26:47.560

Abhijit Roy: No, this quarter was about 5%.

170

00:26:47.560 --> 00:26:47.930

Mihir P Shah: Okay.

171

00:26:47.930 --> 00:26:54.240

Abhijit Roy: And it is going to increase to about, you know, 8... 7.5% to 8% possible.

172

00:26:55.090 --> 00:26:56.970

Mihir P Shah: Okay, and,

173

00:26:57.290 --> 00:27:03.790

Mihir P Shah: I thought the price increases were to the tune of closer to 12-13%. Was that,

174

00:27:04.160 --> 00:27:12.519

Abhijit Roy: That is the DPL increase which was taken in stages, you know, so you got only part of the price increase in the first quarter.

175

00:27:12.520 --> 00:27:13.050

Mihir P Shah: Yeah.

176

00:27:13.050 --> 00:27:31.189

Abhijit Roy: You know, so the impact, net impact for us was that it also depends on the mix that we have, you know? So, on a typical mix, if you look at it, you know, various companies will have different percentage increases, right? You know, if you sell certain kinds of products.

177

00:27:31.300 --> 00:27:38.010

Abhijit Roy: Which have lesser price increase, then you will have, obviously, an impact which is slightly lesser than

178

00:27:38.180 --> 00:27:46.200

Abhijit Roy: Some of the other products where the raw material prices would have gone up, and therefore the price increase has also happened proportionately much higher.

179

00:27:47.330 --> 00:27:58.460

Mihir P Shah: Understood. And, would you say the, the pricing growth of, 7.5, 8.5 that you indicated can increase in 3Q, 4Q as the mix changes?

180

00:27:58.650 --> 00:28:00.910

Mihir P Shah: Because Tokyo will have, lower mix.

181

00:28:00.910 --> 00:28:11.379

Abhijit Roy: It can, or it can go down, it depends on the totally on the mix, as I said. You know, for example, just to give you an example, suppose, you know, in essence, the raw material prices had gone up slightly lower.

182

00:28:11.530 --> 00:28:22.540

Abhijit Roy: Whereas in thinners and solvents, you know, it had gone up much more. So the price increases in some of these products might be higher. In some of the other products, it might be lower.

183

00:28:22.590 --> 00:28:34.620

Abhijit Roy: Right? And therefore, if your mix changes more towards luxury emulsion, the overall impact in terms of, you know, revenue growth due to price increase might be lower.

184

00:28:34.860 --> 00:28:44.489

Abhijit Roy: Whereas, you know, if you have a much higher concentration in those type of products where the price increases have been much higher, you might see a more impact of the price increase.

185

00:28:45.180 --> 00:28:57.950

Mihir P Shah: Understood, understood. That is clear, Sidh. So, secondly, I wanted to... you did indicate on the margins that it will be better, but when... when it looks at the margins in 2Q of last year, it had some impact.

186

00:28:57.950 --> 00:29:05.490

Mihir P Shah: So, on a normative level, what is the level of margin that one should think about, for the second quarter, for this year?

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00:29:06.340 --> 00:29:22.420

Abhijit Roy: Yeah, so, you know, as I said, there will be some improvement. Of course, the bases are in favor, slightly, because of the, as you said, that, you know, there were impacts there in the second quarter. But in spite of that, there will be some impact there.

188

00:29:22.420 --> 00:29:32.080

Abhijit Roy: In terms of, both two advantages. One is the operating leverage, which will be there, because the value sales is expected to be at a decent level.

189

00:29:32.140 --> 00:29:45.190

Abhijit Roy: And at the same time, you know, the mix will probably improve, because the rains, have not been as intense, and so we will have possibly more sale of exterior emulsions this quarter than what we had last year.

190

00:29:47.140 --> 00:29:48.800

Mihir P Shah: Understood, understood.

191

00:29:49.070 --> 00:30:02.090

Mihir P Shah: Sir, lastly, other expenses seems to be lower. Would you say that this is lower because of lower ad spends? And some comment on Sabu Coatings, if you can just share.

192

00:30:03.610 --> 00:30:23.589

Abhijit Roy: Anyway, first question is, you know, as far as other expenses are concerned, there has been no cut in the ad spends as such. It hasn't gone up substantially, but there has been no cut. But we have saved, certain, savings have been there in some areas which we are working hard on.

193

00:30:23.730 --> 00:30:35.250

Abhijit Roy: And that's something which will continue, possibly, going forward as well. You know, so... some areas of savings in the operational expenses that we have.

194

00:30:36.840 --> 00:30:40.910

Mihir P Shah: Understood, understood. Got it, sir. Okay, thank you, and wishing you all the very best.

195

00:30:40.910 --> 00:30:41.780

Abhijit Roy: Thank you.

196

00:30:42.700 --> 00:30:48.779

Mohit Dodeja: The next question is from the line of Percy Panthaki. Please go ahead.

197

00:30:54.310 --> 00:30:55.690

Percy: Hi, am I audible.

198

00:30:56.080 --> 00:30:56.970

Abhijit Roy: Yes.

199

00:30:57.710 --> 00:31:15.020

Percy: Yeah, sir, I just wanted to understand the mix effect, this quarter. Like, Akshen Paints said that, the mix for them is positive 3%, which was, like, after, many, many quarters, they've seen a positive mix effect.

200

00:31:15.020 --> 00:31:19.660

Percy: so how much is our mix effect, this quarter?

201

00:31:20.200 --> 00:31:23.839

Abhijit Roy: Yeah, because, you know, fortunately.

202

00:31:24.190 --> 00:31:38.819

Abhijit Roy: One part of it is, of course, you know, of the price increases, you know, which has been taken, which has resulted in some amount of stocking up of, you know, good products, which are more profitable, I would say.

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00:31:39.060 --> 00:31:42.189

Abhijit Roy: The second is that, you know...

204

00:31:42.560 --> 00:31:53.140

Abhijit Roy: Overall, if you look at it, the mix has improved, you know, for the first quarter, and is likely to improve even in the second quarter as well.

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00:31:55.080 --> 00:31:59.730

Percy: Okay. So, would it be in similar region of 2-3% positive?

206

00:31:59.730 --> 00:32:06.700

Abhijit Roy: similar, you know, I haven't measured exactly what percentage it is, but it is... it should be close to that.

207

00:32:07.170 --> 00:32:07.790

Abhijit Roy: Slight back!

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00:32:07.790 --> 00:32:19.510

Percy: Fair enough. So, if I, if I split up your overall 13.5% deco growth, you said, 8.5% is volume, right?

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00:32:19.510 --> 00:32:20.260

Abhijit Roy: I think...

210

00:32:20.570 --> 00:32:25.739

Percy: Then let's say another, 2.5% would be price, so that would bring it to 11%.

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00:32:25.740 --> 00:32:28.050

Abhijit Roy: No, no, the price is almost...

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00:32:28.050 --> 00:32:35.459

Percy: Sorry, mix. Mix would be 2.5%, so that would bring it to 11, so that means that the pure pricing impact is only 2.5%.

213

00:32:35.460 --> 00:32:39.560

Abhijit Roy: No, no, no, no, no. It is 8.4% is the volume growth.

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00:32:39.810 --> 00:32:43.840

Abhijit Roy: Until 5% is the price increase impact.

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00:32:43.940 --> 00:32:44.429

Abhijit Roy: The meme.

216

00:32:44.430 --> 00:32:44.780

Percy: Yeah?

217

00:32:44.780 --> 00:32:59.689

Abhijit Roy: ENGs included in that, you know, overall volume growth. If you look at it, you know, possibly normal circumstances, if you had gone seen last year, it would have been much higher in terms of volume growth. Value growth was coming out lower, right?

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00:33:00.030 --> 00:33:06.929

Percy: So that 8.5% includes mix effect, is it? Because that 8.5%, I thought, is just the pure tonnage growth that we are.

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00:33:06.930 --> 00:33:17.769

Abhijit Roy: Without tonnage growth, that's right. And in the price increase, that includes the mixed change also of about 5%, which has happened so far.

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00:33:18.720 --> 00:33:26.850

Percy: Correct. So, therefore, if that 5% is, let's say, 2-3% mix, then the pure pricing change is only 2-3%, right?

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00:33:26.850 --> 00:33:32.530

Abhijit Roy: Which doesn't improve by 2% to 3%. You know, I don't know what ASM Paints has told you.

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00:33:32.790 --> 00:33:37.129

Abhijit Roy: Our... normally, the mixed changes is about 0.4 to 0.5%.

223

00:33:37.130 --> 00:33:37.520

Percy: Okay.

224

00:33:37.520 --> 00:33:39.080

Abhijit Roy: Improvement in mix.

225

00:33:39.370 --> 00:33:47.180

Percy: Okay, got it. Now, this 5% which has happened this, quarter is because it is time-weighted, right?

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00:33:47.180 --> 00:33:47.630

Abhijit Roy: Mostly.

227

00:33:47.630 --> 00:33:48.899

Percy: If I look at Q2...

228

00:33:48.900 --> 00:33:57.569

Abhijit Roy: More of it is because of the industrial business lines, where it is a time-weighted, you know, more in... because we got it more towards the end of the quarter.

229

00:33:58.480 --> 00:34:12.669

Percy: Okay, okay. But, what do we, expect this number to be, the pricing effect to be in, Q2? Because it will be there for 100% of the quarter, so will it be, like, a double-digit number?

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00:34:12.670 --> 00:34:21.710

Abhijit Roy: No, it will... that's what I was saying, around 7.5% to 8.5%, probably 7.5% to 8.5, depending on the mix that we have.

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00:34:23.130 --> 00:34:32.569

Percy: Okay. So, sir, why is this so different? Because when we talk to dealers in 3 tranches, the actual price increase has been to the extent of 12-13%.

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00:34:32.739 --> 00:34:43.209

Abhijit Roy: That's... that if you take a straight, you know, product by product without any weightages to any product, that may be true, right? You know, but...

233

00:34:43.209 --> 00:34:52.759

Abhijit Roy: For different companies, different products have got different price increases. For example, in a luxury product category, we have had an increase of, say, 6%.

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00:34:52.759 --> 00:35:08.669

Abhijit Roy: In the case of enamel, it might be 12%. In the case of some other product, it might be only 3%. In some other product, it might be 14%. So, it depends on the mix that you are selling. So, it's very difficult to tell exactly, pinpoint.

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00:35:08.689 --> 00:35:21.759

Abhijit Roy: That this is the mix, per se, and therefore, this will be the percentage, because every quarter, depending on the seasonality, product mix changes, and therefore, the impact of this revenue increase will be different.

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00:35:22.510 --> 00:35:39.659

Percy: Understood, very, very clear, sir. Just one last question. So, just wanted to understand, I mean, if any insight as to why our decorative growth this quarter is a little lower than what the industry leader has posted.

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00:35:40.130 --> 00:35:42.899

Percy: Despite the tinting machine additions, etc.

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00:35:43.010 --> 00:35:52.289

Abhijit Roy: That's true, you know, so the explanation is simple, because the base effect kicks in, you know, the industry leader had degrown, you know, in last year. We had grown.

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00:35:52.370 --> 00:36:00.870

Abhijit Roy: And therefore, there was a 300... 3.6% differential in terms of the, you know, value growth.

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00:36:00.890 --> 00:36:15.269

Abhijit Roy: In the base itself, and at the same time in the profit, there was an 8.6% differential between the industrial lever and us, because they had degrown last year, and, you know, therefore the base impact was there. So, that's the reason, primarily.

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00:36:16.080 --> 00:36:23.280

Percy: Very clear, very clear. And lastly, sir, on margins, you mentioned Q2 margins can be better than Q1.

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00:36:23.280 --> 00:36:36.090

Percy: Assuming that crude sort of fluctuates in the mid-80s, would you say that Q3 and Q4 margins would also be similar to what we see in Q2?

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00:36:37.670 --> 00:36:50.899

Abhijit Roy: So, you know, it all depends. It's very difficult to say what margins will be. It depends on Mr. Trump than anyone else, because the raw material prices, you know, keeps shifting up and down. So, but as far as we can say.

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00:36:50.900 --> 00:36:59.730

Abhijit Roy: I can say with, you know, a degree of certainty as far as Q2 is concerned, that the Q2 operating profit will be decent, the growth will be good.

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00:36:59.760 --> 00:37:06.270

Abhijit Roy: And, you know, we can expect a good top line and, you know, operating profit growth in Q3.

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00:37:07.330 --> 00:37:10.150

Percy: Okay, sir, okay, that's all from me. Thanks, and all the best.

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00:37:10.330 --> 00:37:17.170

Mohit Dodeja: Thank you. The next question is from the line of Avi Mehta. Please go ahead.

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00:37:17.730 --> 00:37:30.829

Avi Mehta: Yeah, hi sir, this is Avi here from Aquarie. Sir, I just wanted to, you know, conceptually understand. See, for fourth quarter also, on a secondary basis, we saw high single-digit volume.

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00:37:30.830 --> 00:37:50.250

Avi Mehta: Now we've also seen high single-digit volume, and what you're suggesting, and if... correct me if I'm wrong, you said 7.5 to 8 is what you could possibly do, even in 2Q. What I'm trying to appreciate is, for the year as we see, and as we go into the second half, would it be fair that despite this high single-digit pricing that is kind of flowing through.

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00:37:50.380 --> 00:38:00.120

Avi Mehta: We are able to maintain for the year also a high single-digit volume growth, or can it... just... and... or is... because pricing has... or... or will pricing have some...

251

00:38:00.250 --> 00:38:06.640

Avi Mehta: do you see a risk on that volume growth? So, just wanted to get your thoughts on how should we look at volume impact because of pricing.

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00:38:07.170 --> 00:38:13.559

Abhijit Roy: Understood, you know, so I think we should be able to maintain that. We have, as we said, you know, we are taking many initiatives

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00:38:13.630 --> 00:38:28.450

Abhijit Roy: From our side as well, to grow the volumes. One is, of course, the expansion in network itself. The second is the branding campaign, which, you know, we hope that it will have also some energetic effect on the ground as well, you know.

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00:38:28.510 --> 00:38:36.769

Abhijit Roy: for the team, as well as the consumers, as well. So, overall, you know, some new product introductions.

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00:38:36.880 --> 00:38:39.790

Abhijit Roy: A combination of all of these factors

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00:38:39.850 --> 00:38:57.219

Abhijit Roy: should help us to maintain the volumes, you know, that we are talking about, and that's the objective, you know. Along with there, you know, there is this price increase, which should get absorbed, therefore, and we don't see a downside risk there in terms of volume growth.

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00:38:58.230 --> 00:39:11.470

Avi Mehta: Got it, sir, very clear. And sir, secondly, on this, margin front, now, my understanding is that we saw flattish margin YOY in 1Q. We are arguing for it should kind of expand.

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00:39:11.560 --> 00:39:30.260

Avi Mehta: you know, we obviously don't know where crude is volatile, but assuming this current scenario continues, would it be fair to argue that operating margin profile expansion is what we should be able to drive for the full year? Is that what it implies? And is that reading accurate?

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00:39:30.260 --> 00:39:34.990

Abhijit Roy: Yes, if it holds true at these prices, the raw material, and if...

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00:39:35.280 --> 00:39:47.169

Abhijit Roy: the prices don't get dropped, you know, subsequently. Then, you know, in terms of selling price drops, then, of course, yes, you know, the operating margin possibly will expand.

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00:39:47.360 --> 00:39:56.269

Abhijit Roy: That is why I'm saying there are too many ifs and buts, but in the second quarter, I expect that the operating margin will grow at a decent pace.

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00:39:57.370 --> 00:40:09.679

Avi Mehta: So, okay, so what you're saying is, contrary to what has been pricing, inflationary scenarios actually helped, because the impact on volumes has been limited. Is that a correct reading, sir?

263

00:40:09.680 --> 00:40:16.390

Abhijit Roy: So far, it looks like that it has been observed that the volume growth has been more or less intact.

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00:40:16.680 --> 00:40:28.399

Abhijit Roy: And yet, you know, the entire pricing... price increase has been absorbed, and, you know, therefore the value growth is coming at a decent level in double digits.

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00:40:29.100 --> 00:40:38.770

Avi Mehta: Got it, sir. And last, sir, just a bit of understanding on bollocks, which is a reasonable kind of share from an international business. Sir, just wanted to understand...

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00:40:38.770 --> 00:40:53.159

Avi Mehta: you know, what... there has been, you know, for the last some quarters, growth has been a little volatile because of factors. What is the, you know, concern, or is there a concern there? Is it just macro, or something has to be changed?

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00:40:53.620 --> 00:40:54.859

Avi Mehta: Any thoughts about this?

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00:40:54.860 --> 00:41:13.869

Abhijit Roy: You know, there's no concern as such, you know, as you know, those parts of the world are not growing really, fantastically well or something, you know, there are very moderate, very muted growth rates there overall in the economy itself. But we are doing reasonably well, you know, we have...

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00:41:13.980 --> 00:41:17.110

Abhijit Roy: Product line, which is slightly different,

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00:41:17.650 --> 00:41:34.629

Abhijit Roy: which we... which we see as a possible profit enhancer for us, you know, certain lines, certain kinds of products. Specifically the Bolex panels, there are certain panels, which... one of them which we are going to introduce in India as well.

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00:41:34.680 --> 00:41:51.769

Abhijit Roy: Those are, you know, doing well and is quite profitable. So, what you see currently is, one is the economy itself, which is why, you know, slightly on the slower side, and the UK operations, you know, which have been there.

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00:41:52.080 --> 00:42:04.069

Abhijit Roy: Where we are taking some corrective measures, which we took, you know, where less profitable businesses, we have reduced, so the top line is not growing, but the bottom line is fairly growing.

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00:42:05.540 --> 00:42:18.969

Avi Mehta: Got it, sir. But geography expansion now is no longer the principle, at least from a Europe perspective, because at some point of time, you were considering that as well. The focus now is essentially getting profitability on track. Is that a right.

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00:42:18.970 --> 00:42:19.400

Abhijit Roy: Got it.

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00:42:19.400 --> 00:42:20.160

Avi Mehta: I agree.

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00:42:20.160 --> 00:42:21.180

Abhijit Roy: That's right.

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00:42:21.520 --> 00:42:23.909

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

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00:42:26.040 --> 00:42:39.519

Mohit Dodeja: Just a reminder, for management to be able to answer most questions, I request participants to limit the number of questions to two. The next question... the next question is from the line of Pratik Gothi. Please go ahead.

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00:42:41.390 --> 00:42:42.210

Pratik Gothi: Hello?

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00:42:43.600 --> 00:42:44.120

Abhijit Roy: Goodbye.

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00:42:44.120 --> 00:42:48.240

Pratik Gothi: Hi, thank you for taking my questions. This is Pratik Gothi from HSBC.

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00:42:48.480 --> 00:42:51.049

Pratik Gothi: I have one question, please.

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00:42:52.010 --> 00:42:53.190

Pratik Gothi: Excuse me.

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00:42:53.460 --> 00:42:54.320

Abhijit Roy: Yeah, good.

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00:42:54.320 --> 00:43:00.649

Pratik Gothi: So on, on dealer inventories, you mentioned that there could be some dealer destocking in Q2.

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00:43:00.810 --> 00:43:15.639

Pratik Gothi: And Q2 is typically a seasonally weak quarter. I understand year-on-year, the backdrop is better because of longer monsoons, but, can you please elaborate on why Q on Q, as well, you will see better, mix and better margins?

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00:43:16.660 --> 00:43:36.360

Abhijit Roy: So, you're right that, you know, there was some amount of stock up which has happened, and typically that should have put a little bit pressure in July, August, September. But as I said, you know, much of it is also that the sellouts will be far better this year, which we saw in July also, the sellout was much better than last year.

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00:43:36.460 --> 00:43:47.240

Abhijit Roy: And we expect that August also should be on similar lines. Keeping these factors in mind that, you know, last year was a, you know, quite a...

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00:43:47.660 --> 00:44:00.309

Abhijit Roy: prolonged rainfall had depressed the sales. This time, that will be more than made up. Whatever little upstocking has happened will be overcome by the extra sellout which happens in the marketplace.

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00:44:01.320 --> 00:44:04.630

Abhijit Roy: It's far healthier this year compared to last year.

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00:44:06.200 --> 00:44:07.249

Pratik Gothi: Understood, thank you.

292

00:44:08.660 --> 00:44:10.819

Mohit Dodeja: I'm guessing.

293

00:44:11.560 --> 00:44:15.289

Mohit Dodeja: The next question is from the line of Aniruddha Joshi. Please go ahead.

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00:44:17.680 --> 00:44:24.970

Aniruddha Joshi: Yeah, thanks for the opportunity. So, two questions, generally you speak about market shares.

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00:44:25.140 --> 00:44:29.410

Aniruddha Joshi: So, if you can indicate how the market share would have

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00:44:29.500 --> 00:44:33.920

Aniruddha Joshi: been in Q1, especially in, eastern part of India.

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00:44:33.960 --> 00:44:50.640

Aniruddha Joshi: That is question one, and if you can elaborate a bit more on the, market shares at top end of the market, as well as bottom end of the market, waterproofing, what are details you can share? Because I guess the mix is changing for most of the companies.

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00:44:50.740 --> 00:44:54.500

Aniruddha Joshi: So, that will be better. Yeah, yeah, sorry, sir, please.

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00:44:54.500 --> 00:44:56.760

Abhijit Roy: Aniruddho, you know,

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00:44:57.470 --> 00:45:06.330

Abhijit Roy: detailing in, whether in East or up, I don't know, in the premium or luxury, what we have done, the figures are not available, so it's difficult to...

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00:45:06.400 --> 00:45:17.880

Abhijit Roy: tell about the market share, and whatever I say will be conjecture, but based on figures which are available today, you know, and which is what we... when we talk about market share, we talk with figures.

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00:45:18.010 --> 00:45:31.839

Abhijit Roy: You know, there we would have gained market share in quarter one, once again. It will sound strange that, you know, the leader has actually grown faster, and we haven't, you know, grown as much.

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00:45:31.860 --> 00:45:46.760

Abhijit Roy: But our... we will gain market share, actually, a little bit, because our proportion of base of the first quarter is always much higher. So if you do mathematics, you will find that in quarter one, you would have gained a little bit of market share.

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00:45:46.760 --> 00:46:01.320

Abhijit Roy: And there will be other players who will declare. Ago is coming in next, and no, Kansai has already declared. So there is a little bit of a gain in market share for us in the first quarter.

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00:46:03.900 --> 00:46:13.400

Aniruddha Joshi: Okay, sure, so that's great to hear. And second question, we keep hearing that there is a possibility of price cuts post-Diwali, and

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00:46:13.400 --> 00:46:25.830

Aniruddha Joshi: a lot of dealers, etc, seem prepared for that. So, is that a possibility, considering the, revival or increase in crude prices again?

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00:46:25.840 --> 00:46:35.329

Aniruddha Joshi: And, do we see a big, in a way, a reduction in trade inventory at, if the price cuts happen at that time?

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00:46:35.530 --> 00:46:49.959

Abhijit Roy: So it all depends on the raw material prices, as you rightly said just now. The prices climbed back again a little bit, you know, so every time it goes down, there is some statement from Mr. Trump saying that, you know, he won't bomb

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00:46:49.960 --> 00:46:56.379

Abhijit Roy: And the price is correct, right? And then the raw material prices also move downwards a little bit.

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00:46:56.380 --> 00:47:10.939

Abhijit Roy: But again, he starts bombing, and again, the whole thing gets confused, and then the prices go up again. So, you know, it's very volatile, and very difficult to comment at this stage. Depending on what the... where the raw material prices, if they do go down.

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00:47:11.400 --> 00:47:13.890

Abhijit Roy: Substantially, and there is peace.

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00:47:14.350 --> 00:47:26.500

Abhijit Roy: And finally there. Then, of course, you know, one can look at that price cut, you know, going into the second half, because then the margins would have gone up substantially, and it won't make sense to...

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00:47:26.500 --> 00:47:35.579

Abhijit Roy: Then there will be, again, discounting and price wars, which is not desirable. So, therefore, there might be some sort of a drop in prices at that point of time.

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00:47:35.690 --> 00:47:45.389

Abhijit Roy: But as of now, very, very difficult to say, and I don't think anyone should comment at this stage what will happen in the second half is too far off.

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00:47:47.470 --> 00:48:03.280

Aniruddha Joshi: Okay, sure, sir. Last question from my side, now, backward integration, most of the players seem to be doing, Akshen has already announced, even Kansai is doing some backcore integration as far as regions are concerned. So, will that be the next,

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00:48:03.350 --> 00:48:18.599

Aniruddha Joshi: In a way, important factor to look at profitability, as most of the players get into backward integration, and what will be Berger's strategy, towards... and investments towards, backward integration. Yeah, that's it for my side. Many thanks.

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00:48:18.890 --> 00:48:26.230

Abhijit Roy: Thanks, Anirud. And yes, you know, backward integration wherever possible and feasible, and which makes economical sense for us.

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00:48:26.390 --> 00:48:43.840

Abhijit Roy: We definitely look at those, you know, like, for example, in emulsants, the entire emulsants are made, you know, by us in our factories. Similarly, most of the raisins are made by us. There were some which were imported. Those are also now being made mostly by us.

319

00:48:43.930 --> 00:49:01.850

Abhijit Roy: Like that, there are other products, like thickeners, etc, which we have started producing in our own factory. Recently, we had a tie-up with Dow, for one of the Monsens, which we were buying from them, and now we are going to manufacture the same in our unit in Sandhilla, in Lucknow.

320

00:49:01.850 --> 00:49:06.830

Abhijit Roy: So, like that, you know, there is always a lookout for

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00:49:06.830 --> 00:49:17.450

Abhijit Roy: Improving the profitability and efficiency and reducing the cost wherever it is feasible and possible. And that's what we keep doing every time.

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00:49:20.860 --> 00:49:23.150

Aniruddha Joshi: Yeah, sure, sir. Many thanks.

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00:49:23.150 --> 00:49:23.630

Mohit Dodeja: Upstairs.

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00:49:23.630 --> 00:49:24.200

Abhijit Roy: Thank you.

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00:49:24.200 --> 00:49:30.840

Mohit Dodeja: The next question is from the line of Anurag Dayad. Please go ahead.

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00:49:32.170 --> 00:49:43.260

Anurag Dayal: Yeah, hi, sir, thank you for the opportunity. One quick clarification first, that EBITDA margin, we are talking about, you know, likely to be better in second quarter. So it is sequential, we're expecting this to improve.

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00:49:43.610 --> 00:49:45.110

Anurag Dayal: Or a UI basis, sir?

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00:49:45.270 --> 00:49:54.420

Abhijit Roy: No, no, not sequentially, obviously, you know, because second quarter, the value sales will be on the lesser side, so the operating margins are typically on the lower side.

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00:49:54.420 --> 00:49:54.910

Anurag Dayal: Yes.

330

00:49:54.910 --> 00:49:55.480

Abhijit Roy: cognitively.

331

00:49:55.480 --> 00:49:56.370

Anurag Dayal: button.

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00:49:56.370 --> 00:49:58.590

Abhijit Roy: It is year-on-year that I am talking about.

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00:49:58.590 --> 00:50:10.170

Anurag Dayal: Yeah, sure, sure, that makes sense. Second, on the, you know, I just wanted to understand the regional demand trends, if you could share something, because rainfall has also been uneven, you know, at different places.

334

00:50:10.170 --> 00:50:20.550

Anurag Dayal: Is there any geographical variance we have observed in demand? Particularly, related to East India, where, you know, there's a competition, plus now there's an opportunity with the new government in

335

00:50:20.550 --> 00:50:39.720

Anurag Dayal: Have you started seeing, you know, some growth there? Another link to this regional demand trend is the markets where we are in the indexed, especially in the south market, where we are, you know, growing aggressively. How substantial this business has become for us, and is it mostly the project business, or we are getting, you know, retail demand as well? So that's three parts of the regional demand.

336

00:50:39.720 --> 00:50:57.429

Abhijit Roy: Right, so to answer the third question first, it's mostly retail, and project is similar. Project is slightly higher, not substantially higher, 1-2% higher than the retail growth rate. So, it's essentially much more of retail, and also some project growth, which is coming through.

337

00:50:57.510 --> 00:51:11.589

Abhijit Roy: Second question, answer is, you know, that, overall, you know, the growth rate has been higher, possibly in the south and the north, to some extent west. East has actually been a little bit muted.

338

00:51:11.610 --> 00:51:18.279

Abhijit Roy: Northeast, there's been, as you know, floods and, you know, a lot of issues there in Assam is in very bad shape.

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00:51:18.310 --> 00:51:26.989

Abhijit Roy: So it has been impacted to a large extent there. We are a very strong player in Northeast, we are a clear leader in that market in Northeast.

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00:51:27.160 --> 00:51:31.289

Abhijit Roy: And therefore, you know, it has impacted, to some extent, sales there.

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00:51:31.370 --> 00:51:46.269

Abhijit Roy: As far as West Bengal is concerned, there is a change in government. Things should become positive, but as of now, in transition period, it is always a little bit of confusion. The decision-making has to happen

342

00:51:46.270 --> 00:52:04.560

Abhijit Roy: the government contracts has to start, restart, you know, sort of, you know, so it takes some time, 3-4 months of settling in time, typically, before things start looking up. So, as of now, nothing, you know, substantial has happened, but we expect the market to grow faster there.

343

00:52:05.370 --> 00:52:18.790

Anurag Dayal: Okay, very clear, sir. And just one quick thing. See, earlier we used to share that volume growth breakup between, you know, pure decorative prints in terms of emulsions, enamels, etc, versus the construction chemicals and the waterproofing segment.

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00:52:18.790 --> 00:52:25.420

Anurag Dayal: You know, so is there any, you know, breakup at this 8.4% or 8.5% growth which has come?

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00:52:25.420 --> 00:52:35.239

Anurag Dayal: The more contribution is still coming from the pure decorative, or it's more from the construction chemicals. And how large it has become as a share of, you know, decoratives.

346

00:52:35.780 --> 00:52:48.260

Abhijit Roy: Yeah, so, you know, as far as paint is concerned, for almost every company now, you know, the construction chemical, because on a lower base, it will possibly register higher growth rate.

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00:52:48.350 --> 00:52:58.410

Abhijit Roy: Right? You know, as far as the, you know, percentage is concerned, it is in now, about 10-12% level.

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00:52:58.410 --> 00:53:08.429

Abhijit Roy: varies from month to month, quarter to quarter, but somewhere around that level of 12 watt percentage, and growing at a slightly higher pace, or

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00:53:08.450 --> 00:53:15.490

Abhijit Roy: I would say, significantly higher, you know, rate than the paint growth rate. That's how it is.

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00:53:16.440 --> 00:53:18.220

Anurag Dayal: Very clear. Thank you so much.

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00:53:18.870 --> 00:53:26.790

Mohit Dodeja: Just a reminder, for the management to be able to answer most questions, request participants to limit the number of questions to two.

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00:53:27.280 --> 00:53:33.000

Mohit Dodeja: The next question is, the next question from the line of Akshen Thakkad. Please go ahead.

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00:53:36.970 --> 00:53:52.490

Thakkar, Akshen: Yeah, sorry, most of my questions have been answered. Just wanted to get your perspective on the competitive intensity. How has Challenger brands reacted to, how the volatility in raw material is? Have you seen

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00:53:52.600 --> 00:53:56.250

Thakkar, Akshen: Discounts or dealer margins go down, and...

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00:53:56.560 --> 00:54:04.629

Thakkar, Akshen: when there are periods where crude comes off, have you seen some of that go up? Just wanted to get your perspective over there. Thanks.

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00:54:05.500 --> 00:54:18.990

Abhijit Roy: No, so the competition remains intense, you know, as far as the Challenger brand is concerned, though they have raised their prices in... dealer price list has been now equated to the industry at large.

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00:54:19.100 --> 00:54:23.969

Abhijit Roy: But the rebating, To some of the bigger dealers have gone up.

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00:54:24.070 --> 00:54:32.969

Abhijit Roy: And at the same time, you know, the 10% free material continues in most of the packs, other than the economic category.

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00:54:33.040 --> 00:54:45.550

Abhijit Roy: lower end of the spectrum. So, it remains intense, and it remains challenging, in terms of the, intensity of competition.

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00:54:45.630 --> 00:54:58.599

Abhijit Roy: Except for that fact that, as I said, you know, they have now... that there was a 5% gap between the dealer price list itself, between them and us, and that has been neutralized, so that prices have gone up to that extent.

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00:54:58.780 --> 00:55:17.739

Abhijit Roy: Even in the case of painters also, the extraordinary spend levels which was there has now been normalized to a level where, you know, it is quite comfortable for everyone. So, overall, therefore, the intensity is reduced, but it still remains at an elevated level.

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00:55:20.240 --> 00:55:22.960

Thakkar, Akshen: Okay, thanks. One, one last question.

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00:55:24.010 --> 00:55:29.099

Thakkar, Akshen: You know, if we think about industry growth in the last 2 years, We've had...

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00:55:29.500 --> 00:55:32.389

Thakkar, Akshen: You know, volume growths, which were middling, and then...

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00:55:32.580 --> 00:55:35.760

Thakkar, Akshen: Obviously, last two to three quarters, you've seen a sharp pickup.

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00:55:36.170 --> 00:55:41.450

Thakkar, Akshen: You know, even if you discount for the fact that some of it could be... Dealer inventory buildup.

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00:55:41.710 --> 00:55:49.130

Thakkar, Akshen: outside of that, also, underlying demand seems to have done well. What's your level of confidence on... on this demand?

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00:55:49.270 --> 00:55:53.349

Thakkar, Akshen: Recovery and continuing, because, you know, prices have gone up.

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00:55:53.550 --> 00:55:57.579

Thakkar, Akshen: And just more generally, one would assume that discretionary spends

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00:55:57.740 --> 00:56:01.279

Thakkar, Akshen: would come under pressure, so I'm just trying to understand where this...

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00:56:01.420 --> 00:56:05.629

Thakkar, Akshen: sort of recovery in demand in Painters coming through from. Thanks.

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00:56:06.490 --> 00:56:20.129

Abhijit Roy: Yeah, so, you know, overall, actually, earlier also, the volume growth was there, but, you know, in those days, there was a price decrease which had happened, and therefore the value growth used to be much lower.

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00:56:20.170 --> 00:56:32.009

Abhijit Roy: Now, the situation has reversed. So, you see a volume growth, and there is a much more stronger value increase happening because of the price increase happening. So.

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00:56:32.010 --> 00:56:44.770

Abhijit Roy: I don't see a major change has happened. Of course, there has been some improvement over last year in the volume growth as well, and that volume growth improvement is on the back of two factors.

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00:56:44.990 --> 00:56:53.440

Abhijit Roy: this quarter and last quarter, you know, June, possibly, last year was an absolute disaster because of

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00:56:53.510 --> 00:56:59.320

Abhijit Roy: excessive rains, you know? So now, that situation is not there. That impacts

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00:56:59.340 --> 00:57:12.809

Abhijit Roy: painting, definitely, and hence, you know, large part of the painting cycle was impacted. Last year, the other problem was that the Diwali was much earlier. Typically, people tend to paint

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00:57:12.810 --> 00:57:27.139

Abhijit Roy: before Diwali, and they got no opportunity because it kept raining right through, almost up to Diwali, so it was a very, very short Diwali. So we expect this year that the sellouts will be much better, and hence.

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00:57:27.160 --> 00:57:39.569

Abhijit Roy: In all possibility, even though the prices have gone up, and it should have impacted the volume growth, that impact will be more or less neutralized by these favorable weather conditions.

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00:57:42.110 --> 00:57:43.560

Thakkar, Akshen: Okay, thank you, sir.

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00:57:46.010 --> 00:57:50.500

Mohit Dodeja: Thank you. The next question is from the line of Aditha Bhartia. Please go ahead.

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00:57:57.640 --> 00:57:58.380

Aditya Bhartia: Hi, so...

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00:57:58.640 --> 00:58:12.080

Aditya Bhartia: So Asian Paints had indicated that, in Q1, they also partly got the advantage of, low-cost inventory, and, some of that advantage will not be, coming in in second quarter.

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00:58:12.210 --> 00:58:24.719

Aditya Bhartia: But your commentary around margins appears to be a lot more optimistic, wherein we are speaking about, a year-on-year expansion in second quarter as well. So just wanted to understand where is the difference

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00:58:24.720 --> 00:58:40.160

Aditya Bhartia: And isn't it the case that higher cost inventory will also start, will also start contributing? And in that context, the price entries that we have taken will largely be offset by that higher cost inventory.

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00:58:40.760 --> 00:58:55.549

Abhijit Roy: Also, the essential difference is that we have a higher percentage of industrial business than them. It's almost 20% for us, and in their case, it might be much lower. It's primarily a decorative play for them.

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00:58:55.590 --> 00:59:02.589

Abhijit Roy: So, what happens, therefore, is that, you know, there was a significant delay in the price increases that we got.

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00:59:02.710 --> 00:59:13.939

Abhijit Roy: on the industrial business lines. And that will come into effect in the second quarter. So that's an advantage which we should have in quarter two.

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00:59:14.180 --> 00:59:17.930

Abhijit Roy: Compared to what the leader has told you in the commentary.

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00:59:19.020 --> 00:59:21.360

Aditya Bhartia: That's very clear, so thank you so much.

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00:59:22.640 --> 00:59:28.740

Mohit Dodeja: Thank you. The next question is from the line of Amit Purohit. Please go ahead.

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00:59:31.730 --> 00:59:36.399

Amit Purohit: Yeah, hi sir, thank you for the opportunity, and congrats for a good second.

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00:59:36.400 --> 00:59:37.760

Abhijit Roy: Can't hear you, Amit.

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00:59:39.900 --> 00:59:41.749

Mohit Dodeja: come close to the headset and speak.

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00:59:42.600 --> 00:59:44.400

Amit Purohit: Yeah, am I audible now, sir?

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00:59:44.400 --> 00:59:45.250

Abhijit Roy: Yes, yes.

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00:59:45.250 --> 01:00:00.080

Amit Purohit: Yeah, yeah. Sir, thanks for the opportunity, and congrats. Most of the questions are answered just on the subsidiary part. You, while the growth has been muted, but the margin expansion has been, decent, across most of the businesses.

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01:00:00.270 --> 01:00:06.759

Amit Purohit: Do you expect over medium term and even this year, the margin improvement story should continue?

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01:00:06.910 --> 01:00:07.450

Amit Purohit: Inspire.

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01:00:07.450 --> 01:00:08.560

Aditya Bhartia: Bijo India?

401

01:00:09.560 --> 01:00:10.120

Amit Purohit: Hello?

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01:00:10.120 --> 01:00:11.870

Abhijit Roy: Yeah, we can hear you, carry on.

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01:00:11.870 --> 01:00:23.170

Amit Purohit: Yeah, so, despite the volatility or the increase in RM cost, you don't think so that the subsidiary business margins could come under pressure?

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01:00:23.920 --> 01:00:27.240

Amit Purohit: For this year, or the... or next one or two years.

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01:00:27.530 --> 01:00:37.430

Abhijit Roy: No, I think the margins will be pretty okay, you know, as far as the subsidiaries are concerned. They had, you know...

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01:00:37.710 --> 01:00:46.640

Abhijit Roy: I think, you know, the businesses are now looking good. In fact, you know, we have taken some corrective measures, as I mentioned, to correct.

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01:00:46.670 --> 01:00:47.270

Amit Purohit: the problem.

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01:00:47.270 --> 01:00:57.559

Abhijit Roy: profitability angle of both Bullocks and STP, and I think, you know, it should yield very good results, you know, in this quarter and going forward in Q1.

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01:00:57.560 --> 01:00:58.190

Amit Purohit: 3...

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01:00:58.470 --> 01:01:05.750

Abhijit Roy: I can see only up to that. After that, you know, it'll all depend on how the raw material prices behave and what... what happens.

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01:01:06.950 --> 01:01:08.720

Amit Purohit: Sure, thank you. Thanks.

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01:01:13.110 --> 01:01:17.879

Mohit Dodeja: Thank you. The next question is from the line of Kyu. Please go ahead.

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01:01:26.060 --> 01:01:28.500

Mohit Dodeja: Can you please unmute your mic and go ahead.

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01:01:32.910 --> 01:01:35.910

Mohit Dodeja: Since the current participant is not responding,

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01:01:36.160 --> 01:01:40.439

Mohit Dodeja: We can go ahead with Mihisha. Please, unmute your mic, and I'll take off.

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01:01:41.510 --> 01:01:57.080

Mihir P Shah: Hi, sir, thank you for my follow-up. So, just one question on the mix that is changing, this year, versus if you see the historical years, the difference between the volume and value gap used to be, you know, minus 5...

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01:01:57.210 --> 01:02:06.029

Mihir P Shah: average, which is now reducing this, you know, in this quarter. We also saw that for the market leader as well.

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01:02:06.150 --> 01:02:10.919

Mihir P Shah: Should one thing that this year, given the raw metal prices are high.

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01:02:11.320 --> 01:02:19.430

Mihir P Shah: the mix probably will remain at a much lower level. The impact of mix will remain at a lower level, like a minus 2,

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01:02:19.530 --> 01:02:27.270

Mihir P Shah: Zone, like, minus 1, 2 zone, or you think it can go back to minus 5-6 zone, in the coming quarters?

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01:02:28.000 --> 01:02:39.859

Abhijit Roy: No, I didn't get it, you know, because, you know, if you look at the earlier figures, you know, the volume growth used to be 8-9%, and the growth used to be 3-4%, right? Correct. That's what you are indicating.

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01:02:39.860 --> 01:02:42.399

Mihir P Shah: So the difference was, minus 3, 4, 5.

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01:02:42.400 --> 01:02:58.119

Abhijit Roy: Primarily not because of the mix, but because of the price decreases that had happened. Now, if you look at it, it is reversed, you know, because we are getting an 8-9% volume growth, but a 13-16%, 14%, 15% value growth, largely because of the

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01:02:58.120 --> 01:03:10.579

Abhijit Roy: price increase which is there, right? So, the essential difference is in terms of the price increase or price decrease, more and less so to do with the mixed percentage change which has happened.

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01:03:12.140 --> 01:03:16.039

Mihir P Shah: Understood, understood. Okay, no, because if I'm referring to.

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01:03:16.040 --> 01:03:27.839

Abhijit Roy: So there is a degree of mix which is changing, Mihir. You are right, that, you know, there's some amount of construction chemical products we sell, and the growth of those categories are much higher than,

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01:03:27.880 --> 01:03:39.489

Abhijit Roy: say, you know, normal products, say, admixture, or, you know, tile adhesive, these are low-value products, but high-volume products. So, they are growing at a faster pace.

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01:03:39.490 --> 01:03:56.299

Abhijit Roy: And hence, sometimes the volume growth is running ahead of the value growth. So, to that extent, there might be a differential of 2-3%, but the balance is, you know, in terms of almost like 3-4%, 5% of price drop, which was happening regularly earlier.

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01:03:56.310 --> 01:04:11.710

Abhijit Roy: Now that situation has reversed, with the price increase going up by, you know, 7-10%, a 10% price increase is eaten away by... the differential should have been, therefore, 10% in terms of, or 8%, say, in terms of.

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01:04:11.720 --> 01:04:30.659

Abhijit Roy: the price increase, which should have reflected, but it doesn't reflect fully, because, you know, it depends on, you know, two factors. One is this, that, you know, the mix is changing, and these are the type of products we sell, in which case, instead of 8, it will show only 5 or 6 percentage.

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01:04:30.660 --> 01:04:43.650

Abhijit Roy: So, that's the reason why you don't see the full extent of the volume-value gap, which otherwise should have reflected, you know, with the type of price increase that has happened.

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01:04:45.340 --> 01:04:52.130

Mihir P Shah: Understood, got it, got it. And last question on the, other income side, just wanted to check,

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01:04:52.430 --> 01:04:56.329

Mihir P Shah: What has led to the, sharp bump-up in other income?

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01:04:56.700 --> 01:04:59.319

Mihir P Shah: Both on console and standalone, actually.

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01:05:00.640 --> 01:05:04.339

Abhijit Roy: Yeah, you can mention, you know. I Mihir Koshikhil.

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01:05:04.340 --> 01:05:05.340

Mihir P Shah: Hi, Josh Cutch.

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01:05:05.340 --> 01:05:08.750

Abhijit Roy: Yeah, so this is largely on account of, if you see our

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01:05:08.950 --> 01:05:10.600

Abhijit Roy: Cash balances have gone up.

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01:05:11.770 --> 01:05:12.900

Abhijit Roy: Right.

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01:05:12.900 --> 01:05:14.569

Mihir P Shah: that, right? I mean, and

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01:05:14.750 --> 01:05:18.919

Abhijit Roy: So, it's out of our Treasury incomes.

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01:05:19.340 --> 01:05:23.089

Mihir P Shah: Okay, and Capex for the year, how should we think about that?

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01:05:23.090 --> 01:05:32.870

Abhijit Roy: I mean, the KPIX, roughly, is at... I mean, as we had predicted earlier, it's faced somewhere around... because our Panagar project will start at the end of this fiscal.

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01:05:35.350 --> 01:05:39.460

Abhijit Roy: So, roughly it will be 600 to 800 rupees for the year.

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01:05:39.460 --> 01:05:41.300

Mihir P Shah: For the year. Understood.

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01:05:41.450 --> 01:05:42.999

Mihir P Shah: Gotta, sir. Okay, thank you very much.

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01:05:43.000 --> 01:05:43.840

Abhijit Roy: dimension.

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01:05:43.840 --> 01:05:44.890

Mihir P Shah: Thank you, wishing you all the best.

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01:05:45.860 --> 01:05:50.830

Mohit Dodeja: Thank you. The next question is from the line of Jay Doshi. Please go ahead.

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01:05:54.940 --> 01:06:11.140

Jay Doshi (Kotak): Hi, Abhijit. So my... I don't have any question, I just have a request. Would it be possible for you to move to UVG instead of volumes? You know, Pedilight, all other FMCG companies, they, you know, disclose UVG, which is value-weighted. And, you know, if you...

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01:06:11.140 --> 01:06:14.200

Abhijit Roy: You know, if you can just explain the concept?

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01:06:14.200 --> 01:06:27.339

Jay Doshi (Kotak): underlying volume growth, it's value-weighted, so right now, you know, the issue of mix that you explained earlier, that will be eliminated. So UVG is basically price, you know, volume plus mix.

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01:06:27.690 --> 01:06:29.760

Jay Doshi (Kotak): I'll probably take it offline, but.

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01:06:29.760 --> 01:06:38.579

Abhijit Roy: Yeah, okay. Just explain to me, you know, we can do it, you know, that's not a problem. But, you know, then everyone has to do the same thing, then only you can compare one with the other.

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01:06:38.580 --> 01:06:43.110

Jay Doshi (Kotak): So, I'm hopeful that if you start, others may also sort of, you know...

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01:06:43.110 --> 01:06:43.649

Abhijit Roy: No, no, no.

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01:06:43.650 --> 01:06:44.010

Jay Doshi (Kotak): Follow.

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01:06:44.010 --> 01:06:50.719

Abhijit Roy: problems, you know, in explaining in that way, but let me know what this is all about, the concept, and we can do it. That's not a problem.

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01:06:51.110 --> 01:06:54.170

Jay Doshi (Kotak): Sure, sir, I'll, write to you separately. Thank you so much.

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01:06:54.860 --> 01:07:04.079

Mohit Dodeja: Thank you. In the interest of time, we consider that as the last question for the day. I hand over the call to the management for the closing remarks.

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01:07:05.190 --> 01:07:08.840

Abhijit Roy: So thank you, you know, for coming and attending this session, you know.

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01:07:09.860 --> 01:07:18.680

Abhijit Roy: Hopefully, you know, we can have a slightly better quarter two, you know, from the current levels as well, and all the best. Thank you. Thanks, Joe.

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01:07:20.010 --> 01:07:26.949

Mohit Dodeja: Thank you. On behalf of Emkay Global Financial Services, that concludes this conference call. Thank you all for joining us.