



**“Berger Paints India Limited
Q1 FY26 Results Conference Call”
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MODERATOR: **MR. NITIN GUPTA – EMKAY GLOBAL FINANCIAL SERVICES**

Nitin Gupta: Hi, good evening, everyone. This is Nitin Gupta from Emkay Global. I would like to welcome all to Berger Paints India Limited Q1FY 26 result conference call.

Nitin Gupta: I thank Berger Paint management for allowing us to host.

Nitin Gupta: We have with us today Mr. Abhijit Roy, Managing Director, and CEO,

Mr. Kaushik Ghosh CFO, Mr. Sujyoti Mukherjee, Vice President Finance, and Accounts. Mr. Sayantan Sarkar GM. Finance and Accounts. I shall now hand over the call to management for the opening remarks post, which we will proceed with Q&A session, over to you, Sir.

Abhijit Roy: Thank you. Anything, and good afternoon to all of you.

Abhijit Roy: Let's begin the presentation with a quick look at what is going on again.

Abhijit Roy: can you move the screen? Yeah.

Abhijit Roy: right? Quick. Look at the quarter. One results. You know, we continue to gain market share

Abhijit Roy: market share above 20% within the listed company space.

Abhijit Roy: Mid single digit volume growth was registered in quarter. 1

Abhijit Roy: growth was moderated by heavier than expected monsoon. Towards the end of May and June.

Abhijit Roy: Pvdit margins improved both sequentially and year on year. In spite of heavy competitive pressures.

Abhijit Roy: automotive segment delivered stronger volume and value growth versus overall performance

Abhijit Roy: and strong revenue growth. In international operations

Abhijit Roy: we have been consistently outperforming the industry resulting in market share gain.

Abhijit Roy: These are the 5 quarter industry growth as

Abhijit Roy: per the results published. These are standalone results of various companies added together in the listed space.

Abhijit Roy: As you can see, the growth rate has been, for the industry has been minus 0 point 9, minus 3.3 minus 4. Then it went up to minus 1.2, and this time for the 1st time it is positive at 0 point 3% for the existing listed players in the industry, that 5 players which are there.

Abhijit Roy: And if you look at

Abhijit Roy: our performance. Against that, we have been at 2.4 minus 0 point 4 plus 0 point 4 plus 4.4, and then again at 2%, this time

Abhijit Roy: so consistently above the industry level.

Abhijit Roy: As a result of that, we have been gaining markets where, in spite of intensifying competition.

Abhijit Roy: 18.9 to 19.3 to 19.5, then on to 20.3 and 21.2.

Abhijit Roy: This is the market share as per the standalone results which have been declared

Abhijit Roy: by the companies over the years and in this quarter.

Abhijit Roy: however, if you add guerrilla and assume that

Abhijit Roy: they would have gained about 5 and a half to 6% share. Then to our market share stands slightly above 20%, and we remain at that level.

Abhijit Roy: In fact, you know, we have been gaining market share even with their presence continuously.

Abhijit Roy: Now, if you look at

Abhijit Roy: the top line growth which we registered this quarter standalone basis 5.6% volume growth and 2% value growth.

Abhijit Roy: The decorative segment delivered mid single digit volume growth. The volume value gap narrowed, driven by improved mix and waning impact of price, prior price corrections.

Abhijit Roy: strong traction in roof, coolant seal, home shield range of products and wood coatings.

Abhijit Roy: protective and automotive coatings maintained positive volume, momentum, gi, and powder coatings. Performance remained subdued.

Abhijit Roy: If you look at the gross margins, it's been very stable

Abhijit Roy: and across quarters, in spite of increased competition, it's been hovering in that range of 39 to 41.

Abhijit Roy: This quarter, too, it was 40.1%

Abhijit Roy: against year on year. If you compare against quarter one of last year, which was at 39.3, it's an improvement.

Abhijit Roy: There is a slight dip from 4th quarter of last year, from 41.2 to 40.1.

Abhijit Roy: This dip is explained by adverse mixed impact

Abhijit Roy: due to excessive rains. There was a little bit of a less sale of exterior emulsions, and also the luxury interior emulsion sales was down a bit compared to 4th quarter of last year.

Abhijit Roy: and therefore slight. Dip there. That you see, however, you know, against quarter one of last year there is an improvement from 39.3 to 40.1

Abhijit Roy: on the operating profit side. However, it's all positive.

Abhijit Roy: In fact, it has been steadily gaining ground

Abhijit Roy: from quarter 2 of last year. If you look at it from 15.8 it moved up to 16.2, then further to 16.6,

Abhijit Roy: and in this quarter it has gone up to 17.4%,

Abhijit Roy: which is an improvement over quarter one of last year, which was at 17.2, and also against quarter 4 of last year, which was at 16.6%.

Abhijit Roy: So you know, margin resilience is driven by stable gross margins

Abhijit Roy: and operating leverage from fixed costs

Abhijit Roy: which we have been able to control and reduce and improved utilization at the Sandeela plant last time. If you recall, you know, we had initiated the Sandeela plant, and

Abhijit Roy: we were burdened with extra load of of that plant.

Abhijit Roy: and we had mentioned that, you know we will improve on this as the things go forward, and so that has helped us

Abhijit Roy: to improve our overall profitability operating profit ratio

Abhijit Roy: in terms of results. If you look at it

Abhijit Roy: 2% is the sales growth rate, vbdit standalone

Abhijit Roy: pbdit growth rate 3.3% profit.

Abhijit Roy: Pb, it at 5.1 pbt. Before exceptional item is 5.3%.

Abhijit Roy: There is an exceptional item of 36.8 crore. This is an unfortunate fire incident which happened in our warehouse in near Kolkata, in Barrasat.

Abhijit Roy: There was one other warehouse nearby which caught fire

Abhijit Roy: from there. The fire spread to another warehouse, which is which was adjacent to us, which was a Hitachi warehouse. The Acs burst into flames, and the flame leapt into our warehouse, and

Abhijit Roy: our warehouse got gutted completely.

Abhijit Roy: Of course you know it's fully insured, and therefore, insurance process is on. So that's an exceptional item of 36 crores, which is why you see a negative there in terms of

Abhijit Roy: Pvt and pact

Abhijit Roy: but otherwise, without that exceptional item, we would have registered a growth in pat of around 5 point something percentage

Abhijit Roy: as far as the 3 year 4 year 5 year. Results are concerned.

Abhijit Roy: You can see the Cagr 3 year

Abhijit Roy: which is 14.8 and 10.2 in terms of volume value and net sales and Pvd it.

Abhijit Roy: If you take 4 year volume growth is 16.8% Cagr.

Abhijit Roy: you know, net sales value growth 15.3%.

Abhijit Roy: And in terms of Pvd growth, it is 22.6%

Abhijit Roy: and 5 year Cagr 26.3 28.2 and 34.5%

Abhijit Roy: on a consolidated basis as well.

Abhijit Roy: It is a similar trend line for 3 year, 4 year and 5 year, quite robust. 4 and 5 year figures.

Abhijit Roy: It's just that, you know. The last 3 years, especially the last 2 years, as you are aware, there have been price drops. As a result, you know, plus, there has been a slowdown and the intensification of competition which has squeezed the volume value growth a little bit, but still at a reasonable level.

Abhijit Roy: At 3 year levels. Also, we are in a standalone basis, 14.8 and 10.2

Abhijit Roy: strong performance sustained led by

Abhijit Roy: anti-dust, long life and silo prime construction, chemicals and waterproofing, delivered robust volume value growth with stable margins.

Abhijit Roy: roof, coolant seal, further picked up momentum

Abhijit Roy: wood coatings, postage reverts volume and value growths.

Abhijit Roy: store footprint expanded by over 300 during the quarter, taking the total count to 1,300 plus stores, as on date

Abhijit Roy: underscoring continued retail network growth

Abhijit Roy: printing machine installations, over 2,500 plus for the quarter. So we are well on course to add 10,000 plus more machines

Abhijit Roy: for the year.

Abhijit Roy: We introduced a product called color plus in this quarter. It's an interior premium emulsion.

Abhijit Roy: matte finish. We had easy clean, which is a clear leader in that segment, but that's a little bit of shine which is there on the wall. People wanted a matte finish as well, and this is a new product category which we have introduced called color plus doing reasonably

well. So far, you know, the momentum is picking up across. We have launched it initially in the South. And now we will be expanding it across the country

85

00:10:36.270 --> 00:10:47.030

Abhijit Roy: walls. That wow! European technology washable color guard with 6 years of warranty, premium, emulsion in the matte finish category.

86

00:10:48.336 --> 00:10:54.730

Abhijit Roy: We, of course, you know, continue to advertise the new ad has been released. Called nothing science like silk

87

00:10:54.960 --> 00:10:57.419

Abhijit Roy: for silk glamour with Karina there

88

00:10:58.092 --> 00:11:04.100

Abhijit Roy: easy clean continues to, you know. Do well in the market across markets.

89

00:11:04.230 --> 00:11:09.540

Abhijit Roy: Of course, you know, we also introduced another new product called Luxol metallics.

90

00:11:10.371 --> 00:11:15.390

Abhijit Roy: This is a solvent based metallic range, silver, gold, copper

91

00:11:16.104 --> 00:11:23.169

Abhijit Roy: which is picking up in this country. And we thought that you know this segment was missing, and we introduced it in this quarter.

92

00:11:24.514 --> 00:11:29.120

Abhijit Roy: It is a lustrous metallic scene you enriched with 4 years of warranty

93

00:11:30.100 --> 00:11:55.120

Abhijit Roy: we had introduced. If you recall, I had spoken about anti dust cool, which is, you know, earlier we had introduced this. We had introduced last quarter roof, cool and seal. Last year it did quite well the whole of last year. This year. It continues to do even better, and we introduced a new product this year called tank cool for the water tanks on the rooftop

94

00:11:55.210 --> 00:12:06.610

Abhijit Roy: all of these 3 products for the summer months. It is a very useful range of products, anti dust cool for the body, roof, cool and seal for the roof and tank, cool for the tank.

95

00:12:06.720 --> 00:12:24.670

Abhijit Roy: and we advertised across newspapers this entire cool series. As you can see, the house wearing a jacket that you need not worry about the summer heat. Even in the summer heat the temperature goes down by 8 to 10 degrees centigrade, making you feel much more comfortable

96

00:12:26.364 --> 00:12:31.750

Abhijit Roy: in terms of consolidated sales. Top line value growth at 3.6%

97

00:12:31.900 --> 00:12:56.070

Abhijit Roy: operating profit is impacted due to margin pressures in Bullix, says Uk. Operations essentially because of the project. One of the projects where the cost due to time delay, you know, went out of revenue, and therefore there was some pressure on the profit there. Joint ventures delivered, strong performance in both revenue and profitability.

98

00:12:57.236 --> 00:13:05.159

Abhijit Roy: Consolidated results as you see it, 3.6% value growth, 1.1% operating profit growth.

99

00:13:06.100 --> 00:13:20.729

Abhijit Roy: And then, of course, you know the 2 exceptions, one is the bullx cost overrun, and the second one is the exceptional item, the fire which pulls down the profit in the Pvt. And Pat Range.

100

00:13:22.200 --> 00:13:28.729

Abhijit Roy: Bj. And Nepal outperformed within the group, delivering strong revenue growth and margin expansion

101

00:13:29.200 --> 00:13:33.560

Abhijit Roy: wholly owned. Subsidiary. Bullix reported a stable quarter in revenue.

102

00:13:33.860 --> 00:13:41.309

Abhijit Roy: However, Muted margins in Uk operations, as I mentioned, impacted overall bullx group profitability.

103

00:13:41.490 --> 00:13:45.060

Abhijit Roy: Stp and Svl coating show, flattish growth.

104

00:13:45.170 --> 00:13:48.909

Abhijit Roy: weighing on overall profitability due to scale challenges.

105

00:13:49.220 --> 00:13:57.210

Abhijit Roy: Berger rock continued to post solid performance. This is our auto refinish joint venture with rock paints of Japan

106

00:13:57.400 --> 00:14:00.449

Abhijit Roy: in both revenue and profitability growth.

107

00:14:00.820 --> 00:14:17.679

Abhijit Roy: The Joint venture, Bnpa, which is Berja Nippon paint automotive coatings which is focused on the automotive, 4 Wheeler car and passenger car and Suv business delivered robust growth in revenue and profits

108

00:14:17.940 --> 00:14:26.660

Abhijit Roy: driven by higher oem sales in the automotive segment, along with some good business. In some of the new accounts, like Kia, etcetera.

109

00:14:27.160 --> 00:14:34.700

Abhijit Roy: Berger Becker Joint Venture, also witnessed a strong turnout post fire, related losses.

110

00:14:34.860 --> 00:14:39.769

Abhijit Roy: aided by improved product, mix and margin recovery.

111

00:14:41.990 --> 00:14:46.889

Abhijit Roy: How does the business outlook look like for the rest of 26?

112

00:14:47.220 --> 00:14:53.890

Abhijit Roy: Gradual improvement in demand. Indicators observed with early momentum in urban markets.

113

00:14:54.320 --> 00:15:02.460

Abhijit Roy: well progressing monsoon and easing inflation may support rural sentiment under a supportive policy. Environment.

114

00:15:02.800 --> 00:15:12.189

Abhijit Roy: market competitiveness to stay elevated, continued thrust on innovation and brand distinctiveness to navigate short term challenges

115

00:15:12.630 --> 00:15:21.550

Abhijit Roy: potential pickup in government infra spending in the latter half of the year could aid growth, momentum and broaden economic activity.

116

00:15:21.770 --> 00:15:30.349

Abhijit Roy: currency, volatility, ongoing tariff wars and evolving geopolitical tensions remain key risk factors.

117

00:15:31.150 --> 00:15:32.440

Abhijit Roy: Thank you.

118

00:15:32.670 --> 00:15:37.140

Abhijit Roy: And I'm stopping here and opening up for questions.

119

00:15:42.280 --> 00:15:53.550

Nitin Gupta: Thanks, Abhijit, so we will now start with the Q. And a session I hand over to my colleague, Bhavik Shankalisha, to moderate the Q. And a session over to you. Bhavik.

120

00:15:55.700 --> 00:16:04.819

Bhavik Shanklesha: Those of you who have the questions can raise your hands. Now we'll announce your name and unmute your line, please highlight your full name and the organization you represent.

121

00:16:15.910 --> 00:16:18.639

Bhavik Shanklesha: The 1st question is from the line of Mehersha.

122

00:16:20.170 --> 00:16:21.290

Bhavik Shanklesha: Please go ahead.

123

00:16:24.000 --> 00:16:27.850

Mihir Shah: Hi, sir, thank you for taking my question. This is Mehisha from Nomura.

124

00:16:28.446 --> 00:16:35.359

Mihir Shah: Hi, sir. Firstly, congrats on better than peers volume growth number and continued, share gains.

125

00:16:35.863 --> 00:16:51.479

Mihir Shah: So firstly, on volume growth, I wanted to check. You know, the while, you know, you've done better. But we were expecting a little bit of improvement versus the number that we have seen of 5 and a half percent we were expecting. Maybe, you know, closer to high single digit volume growth.

126

00:16:53.598 --> 00:16:59.660

Mihir Shah: so so on this front, basically, can one expect this growth that has not come

127

00:17:00.088 --> 00:17:15.539

Mihir Shah: to be deferred in the coming quarters, and should we expect a better volume growth in the coming quarters any signs or indication that you're seeing of this to continue to improve. Apart from the you know, the sales that we lost this time around.

128

00:17:16.569 --> 00:17:29.059

Abhijit Roy: So typically May, you know, sales do come back, you know, because the monsoon is unpredictable, you know, it's it's difficult to guess in India, you know, when it will come and how long it will prevail.

129

00:17:29.606 --> 00:17:41.039

Abhijit Roy: So it started a bit early this time in towards you know end of May, which was a surprise, you know, across many markets, and it was quite intense in some parts of the country.

130

00:17:41.508 --> 00:17:47.769

Abhijit Roy: So May and June. As a result of that, you know. Normally in pain it gets postponed.

131

00:17:47.949 --> 00:18:02.679

Abhijit Roy: July also was quite heavy. So, but once it abates we have always seen that you know the sales tend to come back, so we would expect that, you know sales will come back once. The monsoon, you know, abates.

132

00:18:03.850 --> 00:18:24.630

Mihir Shah: So so fair to say an indication from your side would be helpful if I had to say a high single digit can be expected in coming quarters because of this deferment, plus any further improvement that you're seeing in the market, or that is giving you confidence that you know that there's the you know. The the volume low volume phase that we have seen is kind of now kind of behind.

133

00:18:26.100 --> 00:18:33.790

Abhijit Roy: So, you know, if you ask me, my expectation is that once the rain stops, it should go up.

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00:18:33.990 --> 00:18:43.770

Abhijit Roy: But if you are asking me whether I'm seeing any indication immediately. So far, you know, we haven't seen anything which indicates that you know substantial improvement in volume

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00:18:43.970 --> 00:18:46.299

Abhijit Roy: growth, momentum will be there.

136

00:18:46.600 --> 00:18:53.300

Abhijit Roy: However, you know, once the rain stops, it is expected that you know the volume momentum should pick up.

137

00:18:54.210 --> 00:19:15.260

Mihir Shah: Got it. That's very clear. Thank you for that second question is on competitive intensity. It seems other players have highlighted that the the dealers lost to competition are now coming back, wanted to know your thoughts on. You know how this is shaping up for you and any other trend that you are seeing in the marketplace. With respect to competition, etc.

138

00:19:16.730 --> 00:19:23.930

Abhijit Roy: So, frankly speaking, you know, competition as I had already always maintained. You know there will be

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00:19:25.321 --> 00:19:34.360

Abhijit Roy: some share loss which is likely to happen, for all the players which we have seen happening in the recent past right, because any new player who comes in

140

00:19:34.500 --> 00:19:44.409

Abhijit Roy: will gain some share, and that will be at the cost of the existing players, otherwise we would have got that share. So from that perspective there has been some loss.

141

00:19:45.210 --> 00:20:05.560

Abhijit Roy: as I said also last time, that you know for the past few months we feel that it has become. You know, it's not increasing in terms of intensity. It is stabilized at those levels. So I won't say that, you know, dealers are coming back. But the initial euphoria is over completely.

142

00:20:06.051 --> 00:20:29.550

Abhijit Roy: That's gone. You know that initially, that curiosity, the enthusiasm that was there, something new, something great is happening that is completely gone. Now, now, you know, is the time when people start realizing that it is not very easy to get additional margin. So what was happening was, you know, there was a competitor which was discounting heavily.

143

00:20:29.690 --> 00:20:56.450

Abhijit Roy: and the dealers were selling at a price which was similar to ours in the marketplace initially, and therefore they were pocketing that differential in their pocket. But once with the network expansion happening heavily and and interdealer competition increasing, that margin of profit has reduced considerably, and as a result of that there is a little bit of a loss of interest from the dealers.

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00:20:57.048 --> 00:21:01.610

Abhijit Roy: And hence people might be feeling that, you know, some of these dealers might be coming back

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00:21:01.710 --> 00:21:13.049

Abhijit Roy: to the legacy companies with whom they have been dealing in the past, because once they see that there is no great margin, and the movement of the product is nothing great. So far.

146

00:21:13.440 --> 00:21:26.299

Abhijit Roy: then, they feel that you know, why should we be pushing this so aggressively? So that's that's a normal behavior, you know, expected out of. You know. Any newcomer who enters, you know, initially gets in, and then.

147

00:21:26.440 --> 00:21:30.049

Abhijit Roy: you know, stabilizes at some point. And that's what is happening now.

148

00:21:31.070 --> 00:21:43.130

Mihir Shah: Got it. Thanks for your thoughts, sir. Always very helpful. Lastly, if I can just push it one more on margins you continue to maintain the margin guidance when that we highlighted. I assume that there's no change out there right.

149

00:21:43.260 --> 00:21:58.830

Abhijit Roy: No, not at all. You have seen that. We have, in fact, always said that it will be operating in the 15 to 17% range. We have been more or less towards the more towards the 17. In fact, in the standalone we are ahead of 17, but we are around that point only.

150

00:21:59.550 --> 00:22:03.100

Mihir Shah: Got it, wishing you all the very best, sir. Thank you very much, that's all. From my side.

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00:22:03.750 --> 00:22:04.690

Abhijit Roy: Thank you.

152

00:22:08.390 --> 00:22:13.360

Bhavik Shanklesha: Thank you. Next question is from the lahin of Avi mehta. Please go ahead.

153

00:22:16.970 --> 00:22:19.069

Avi Mehta: Yeah, Hi, sir. Am I audible?

154

00:22:19.070 --> 00:22:20.829

Abhijit Roy: Yes, you are, Abhi. Go ahead.

155

00:22:21.260 --> 00:22:47.580

Avi Mehta: So Hi! This is avi mehta here. From a query, sir, I had 2 questions you've clearly indicated about the margin, you know, comfort. But I just wanted to also check would given this demand environment. Would we still want to say that we would gun for a low double digit

volume growth in the next year, or the demand environment. How do you see that if you could give us some clarity on

156

00:22:47.660 --> 00:23:04.710

Avi Mehta: that expectation that would be useful. And second, sir, I wanted to check. Yes, I do understand the stabilization of competitive trends, but would love to hear your thoughts on. How do you see this intensity behaving now that there has been another merger between Axo and Gsw.

157

00:23:05.950 --> 00:23:09.817

Abhijit Roy: Right? No. So as far as volume, no trend you have seen.

158

00:23:10.730 --> 00:23:22.030

Abhijit Roy: you know that we have been hovering around this. You know 5, 6% to 7, 8% range. The whole of last year we were at around and on average around 8%. And you know, last

159

00:23:22.463 --> 00:23:33.629

Abhijit Roy: quarter quarter 4 of last year. Also, we were around that same point of 8 to 9% in terms of volume. This quarter has been little bit lower than that at about 5 and a half percent.

160

00:23:34.198 --> 00:23:52.180

Abhijit Roy: We expect that, you know, once the rains are over, to go back to that 7, 8, 9% range initially, and maybe even better. You know, as the year progresses. So this is something which we feel that should happen

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00:23:52.450 --> 00:23:56.819

Abhijit Roy: now, as far as competitive intensity is concerned.

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00:23:57.642 --> 00:24:02.227

Abhijit Roy: You know, I have explained about the 1st player, which is, you know,

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00:24:02.900 --> 00:24:15.410

Abhijit Roy: who entered, you know, initially and the second, which you mentioned. Jsw. Plus exo. That's, you know. Still not, you know, formalized sort of they have to 1st of all.

164

00:24:16.300 --> 00:24:32.179

Abhijit Roy: merge, you know, or do something, or if it is standalone, if they operate just like they are doing today, I see no great changes happening in the competitive intensity. Yes, there is some change which is likely to happen. The change in ownership.

165

00:24:33.350 --> 00:24:41.069

Abhijit Roy: there might be, you know, some amount of advertisement which will go up some spending increase, possibly.

166

00:24:41.470 --> 00:24:50.320

Abhijit Roy: but overall, I don't see any major tangible change this. Both these players have been existing in the Indian market for a long time.

167

00:24:50.790 --> 00:25:06.009

Abhijit Roy: one which is almost equal to us in number of years, and the other, which has been there for 5, 6, 7 years now. So I don't see any significant change in competitive intensity emanating from this change that has happened.

168

00:25:07.320 --> 00:25:31.970

Avi Mehta: Very clear, sir, very clear. And, sir, if I may just follow this up from a growth perspective. What you're expecting, sir, are you? I mean, how do we see the demand trends is, you know, wanted to get your thoughts. It's been now 3 years where growth has been weak. We are still, you know, expecting that the relationship with Gdp will come back.

169

00:25:32.130 --> 00:25:40.449

Avi Mehta: But what do you think went wrong, that this, you know, situation has arisen. In the 1st place, what would be your thoughts on that.

170

00:25:40.780 --> 00:25:45.390

Abhijit Roy: No, nothing went wrong, you know. In fact, you know, it's a mistaken notion that.

171

00:25:45.900 --> 00:25:46.899

Avi Mehta: Oh, okay, sir.

172

00:25:46.900 --> 00:25:51.310

Abhijit Roy: There has been, there has been a great demand shrinkage, you know. In fact.

173

00:25:51.310 --> 00:25:51.720

Avi Mehta: Yeah.

174

00:25:51.720 --> 00:25:56.700

Abhijit Roy: 2, 23. We had a very good year, in fact.

175

00:25:57.990 --> 00:26:15.480

Abhijit Roy: 2324 was reasonably okay, you know. So you can say it's not a 3 year phenomenon. It's a sort of a 2425 has been an issue, and 2324, second half was an issue. So it's about one and a half years where the growth has been lesser.

176

00:26:15.730 --> 00:26:24.149

Abhijit Roy: And a large part of that reason is, you know, that the volume growth has been there. But the value growth has not been there because there was a price drop of almost.

177

00:26:24.260 --> 00:26:33.060

Abhijit Roy: you know, 5, 6 percentage. Right? So when you have last whole of last year you are fighting against this price drop of 5, 6%.

178

00:26:33.170 --> 00:26:51.220

Abhijit Roy: Then a new player had come in. New player had come in and it had taken 3 and a half percent. So if you have 5, 6% of price drop and 3 and a half percent going to the new player. So that's accounts for 8 and a half percent. In spite of that, we did register a growth of about 4 and a half percent last year.

179

00:26:51.220 --> 00:27:05.160

Abhijit Roy: So if you add back this 8 and a half to the 4 and a half, it would have been 13% growth. So that's why, I'm saying it is not that the growth rate had come down. It's just that the price drop impacted significantly last year.

180

00:27:05.270 --> 00:27:31.520

Abhijit Roy: and the intensification of the competition who took away about 3 and a half percent overall impacted everyone to that extent, some, maybe 5%, some, maybe 3%. But overall there was an impact for every player. Obviously, because when you know the consumers are going to another brand that brand otherwise would have you know that consumer demand would have come to us otherwise, so that much of share loss has happened for everyone, right? So

181

00:27:31.640 --> 00:27:35.709

Abhijit Roy: overall industry. If you look at, you know even this quarter.

182

00:27:35.850 --> 00:27:42.039

Abhijit Roy: it has grown the industry. The legacy players has grown by approximately around, say, 0 point 5%.

183

00:27:42.300 --> 00:27:55.689

Abhijit Roy: And Birla would be sitting at around 5 and a half or percentage to 6 percentage. Right? So overall, the industry's growth is 6, 6 and a half percent, you know, which is not very bad in terms of the value sales.

184

00:27:55.910 --> 00:28:22.699

Abhijit Roy: the overall consumer demand itself has been lesser, you know, compared for all categories. It is not only paint in any type of consumer category. There has been a bit of a slowdown there, so instead of 6 and a half, it would probably would have been under normal circumstances, 8 and a half, 9, 10, maybe. So that slowdown of 3, 4% is there in the consumer sentiment because of inflation because of other issues

185

00:28:22.720 --> 00:28:29.120

Abhijit Roy: which is progressively improving. So that is why we are hopeful that in the second half

186

00:28:29.700 --> 00:28:36.679

Abhijit Roy: there will be, you know, a good improvement overall that you see from the current levels.

187

00:28:38.090 --> 00:28:43.730

Abhijit Roy: Got it, sir. Got it very, very clear, sir, very clear. Thanks a lot. I have some other questions, but I'll come back in the queue. Thank you very much, sir.

188

00:28:43.730 --> 00:28:44.600

Abhijit Roy: Thank you.

189

00:28:46.860 --> 00:28:51.300

Bhavik Shanklesha: Thank you, Avi. Next question is from the line of Teja Shah. Please go ahead.

190

00:28:54.986 --> 00:28:56.210

Tejash Shah: Hi! Am I audible?

191

00:28:56.210 --> 00:28:56.870

Abhijit Roy: It is.

192

00:28:57.030 --> 00:28:57.650

Bhavik Shanklesha: Yes.

193

00:28:58.170 --> 00:28:59.100

Tejash Shah: Yeah, thanks.

194

00:28:59.360 --> 00:29:01.999

Tejash Shah: Hi, sir, this is Dj, from Avenda spark.

195

00:29:02.533 --> 00:29:09.069

Tejash Shah: So you broadly touched upon competitive intensity, and you have been very fairly consistent and honest. On this.

196

00:29:09.340 --> 00:29:11.229

Abhijit Roy: Be a bit louder. I can't hear you.

197

00:29:11.230 --> 00:29:12.489

Tejash Shah: Sir? Am I audible? Hello!

198

00:29:12.490 --> 00:29:13.670

Abhijit Roy: Yeah, now you are.

199

00:29:13.670 --> 00:29:32.790

Tejash Shah: Yeah, sorry. Sorry. No, I said, that you broadly touched upon competitive intensity, and you have been fairly consistent in that. Just wanted to understand. Is there any more nuanced dimension to it in terms of premium, economy or mass? Is it like? Varies a lot in terms of the segment of the market?

200

00:29:34.540 --> 00:29:57.860

Abhijit Roy: So. No, frankly speaking, not so much, you know. It. Is there more towards the economy, the primers and and you know, lesser towards the luxury or premium luxury, category. So mostly the commodity type where the 1st it expected as well that you know where lesser branding

201

00:29:58.810 --> 00:30:11.329

Abhijit Roy: strength is required. That is the place where one tends to have some sort of erosion initially. So that's where it is getting impacted first, st and

202

00:30:11.720 --> 00:30:23.320

Abhijit Roy: probably you know, most companies would be reacting in that space also and ensuring that that that is taken care of. So

203

00:30:24.060 --> 00:30:30.926

Abhijit Roy: of from the perspective of, you know. Otherwise there is no other major

204

00:30:31.760 --> 00:30:35.059

Abhijit Roy: mix change. We would have seen, you know, observed

205

00:30:36.410 --> 00:30:42.680

Abhijit Roy: any particular peculiarity in the way it has been impacted by the competitive intensity.

206

00:30:43.420 --> 00:30:56.080

Tejash Shah: Perfect, sir, and, sir, any regional nuances worth highlighting, and also are they, or are the compete? Density has become much more aggressive or equal in project business versus the rest.

207

00:30:57.360 --> 00:30:58.869

Abhijit Roy: I can't hear you properly.

208

00:30:58.870 --> 00:31:12.890

Tejash Shah: Hello, Hello! Yes, yeah, no. I was asking, is there any regional nuances worth highlighting, and also any different or or any comments to make on project business versus the rest on the same parameter.

209

00:31:13.210 --> 00:31:27.510

Abhijit Roy: No, not really, you know, project business, no, nothing, you know, which is worth mentioning. And even in the regional nuances you know nothing which is extraordinary, you know it is more or less similar in nature. Across most regions.

210

00:31:27.740 --> 00:31:30.880

Abhijit Roy: Possibly in the South there has been, you know.

211

00:31:31.700 --> 00:31:36.450

Abhijit Roy: slightly higher intensity of competition than the rest.

212

00:31:36.770 --> 00:32:00.889

Tejash Shah: Okay? And so last one, if I may given that most of the paint companies flagged weak demand in June, July, due to early onset of monsoon. How do you assess the current inventory levels in the trade channel? And why am I asking this is that? Do you foresee some pressure on margins, let's say, because there is a lot of stocking up which would have happened because of early monsoon this year.

213

00:32:02.845 --> 00:32:12.939

Abhijit Roy: So you know, they just normally in the paint business, you know, when we are selling. We have to collect also. Otherwise, you know, sales get stuck immediately, right, you know. So

214

00:32:14.288 --> 00:32:26.830

Abhijit Roy: that is why the sales figure on the growth has been less so. The mark. The Channel inventory is fine, you know. I don't see that, you know, getting impacted in any significant way

215

00:32:28.980 --> 00:32:37.329

Abhijit Roy: unless you know they pay the Channel inventory clears. Then they pay, and then we again sell the cycle doesn't move. So

216

00:32:37.970 --> 00:32:39.410

Abhijit Roy: there is no

217

00:32:40.110 --> 00:32:58.210

Abhijit Roy: great impact there, as far as the Channel inventory is concerned, and therefore it is normal business at this point of the year. Normally it rains. It's a monsoon month. It is expected to rain, and every year we go through this same situation, so I don't see any major change there.

218

00:32:58.930 --> 00:33:01.860

Tejash Shah: Perfect, sir, as always, very helpful thanks, and all the best.

219

00:33:04.230 --> 00:33:05.030

Bhavik Shanklesha: Thank you.

220

00:33:06.270 --> 00:33:11.330

Bhavik Shanklesha: Next question is from the line of Abnish Roy. Please go ahead.

221

00:33:15.660 --> 00:33:16.240

Abneesh Roy , Nuvama: Yeah.

222

00:33:16.240 --> 00:33:43.819

Abneesh Roy , Nuvama: thanks. Thanks. So firstly, congrats on continued faster growth. One is on bolex. Any timelines you see in terms of recovery. It's a mature market where multiple factors are in play in terms of low growth. Geopolitical tensions keep happening. What will be the long term strategy in a bullx kind of a business given the developed market where it is.

223

00:33:43.820 --> 00:33:46.365

Abhijit Roy: So actually, abnesh, you know this

224

00:33:47.170 --> 00:34:14.500

Abhijit Roy: bolex business, you know, as we see it, you know, it's in a it's on a good wicket as of now, largely because, you know, it is in a domain which is basically meant for energy saving. As you know, this is a insulation business, and in in Europe and Uk. The governments are promoting this, you know, in order to save energy with the geopolitical situation being, as is.

225

00:34:14.690 --> 00:34:28.599

Abhijit Roy: and with Russian oil not being there for them, which has become expensive for them gas. And you know other energy costs. They want to save on the energy cost. So it's a category which is actually growing.

226

00:34:28.659 --> 00:34:45.509

Abhijit Roy: We had a little bit of an issue in the UK operations with, you know, 2 of our projects which are there where there was a delay, you know. Actually, this delay has been going on for some time now. Because of other regulatory issues which cropped up there

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00:34:45.610 --> 00:34:53.310

Abhijit Roy: which is getting tackled, but unusual, you know, unnecessary losses because of the time delay which happened for us.

228

00:34:54.251 --> 00:35:04.200

Abhijit Roy: But it is. It was not within our control, you know, because the regulatory changes happened suddenly, and we had to, you know, change our entire strategy for these projects.

229

00:35:04.711 --> 00:35:12.990

Abhijit Roy: But this is just a temporary phenomenon, it will go away and overall. The business is very healthy, and it is looking quite promising now.

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00:35:14.430 --> 00:35:43.800

Abneesh Roy, Nuvama: Sure my second question is back on the Indian deco market. So the market leader has been highlighting one or 2 things in the last 2 quarters. One is, of course, a regionalized product strategy which Fmc. Companies, like Unilever Nestle, have been doing, winning in many India kind of a concept. So wherein for a few states, you have a specific product packaging, targeting that similarly, one more thing which they have been doing last maybe 2, 3 quarters is 4 year warranty.

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00:35:44.233 --> 00:35:53.329

Abneesh Roy, Nuvama: Have you also responded with a similar kind of strategy. And does this help in overall market dynamics?

232

00:35:53.860 --> 00:35:56.940

Abhijit Roy: So, Agnesh, you know, India, as you know.

233

00:35:57.050 --> 00:36:18.810

Abhijit Roy: has different tastes across different regions, and therefore product mixes are different in different locations. It is tailored in that direction. We don't have the type of container design, or, you know, specific to a region that you are talking about. We? I don't think that is required as well. So much.

234

00:36:18.850 --> 00:36:29.110

Abhijit Roy: Yes, you know, it aligns well with the consumers, possibly. But you know more importantly, the type of products that sell in particular regions are what

235

00:36:29.563 --> 00:36:49.889

Abhijit Roy: is of greater importance, you know, and tailoring our products and the pricing for that region becomes very critical. Therefore we always do that. It is an important way of, you know, and even the advertisements, the way you communicate. You know everything changes from different states and different regions in India.

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00:36:49.930 --> 00:37:17.619

Abhijit Roy: It's not a single country, you know, where you can advertise one thing and communicate, you know. So everything, the product, the pricing, the promotion. All the piece are, you know, except for the distribution strategy, which is quite, you know, similar across regions. Everything else tends to change, depending on where you are within the country, so that has to be done. If you really want to do well, if you are all India player, you will have to keep doing this.

237

00:37:18.700 --> 00:37:32.960

Abneesh Roy , Nuvama: Understood. One more question on the India competition. Deco to be fair, you have been the most candid, transparent, and frankly commenting on competition, on national media interview. I think it's a commendable thing.

238

00:37:32.960 --> 00:37:57.920

Abneesh Roy , Nuvama: And you said a few months back that new player last 3, 4 months. It's a stagnant sales. Now we are seeing other players. Legacy players also talk more confidently. My specific question here is you said initial euphoria among dealers is completely gone. Specific question here is, how is the initial euphoria in the painter and influencer now versus the 1st

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00:37:57.920 --> 00:38:16.729

Abneesh Roy , Nuvama: 6 months. Here also has it kind of evaporated, and 10% extra grummage by the new player we got in another call today that maybe in some areas it is reversing. Now, these are early data points. What are you picking up on the 10% extra damage.

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00:38:17.190 --> 00:38:23.530

Abhijit Roy: So you know, the 10% extra grammage there has been reduction there.

241

00:38:24.120 --> 00:38:32.389

Abhijit Roy: I am told that you know earlier it was across all pack sizes. Now it's there primarily in the 20 liter pack sizes.

242

00:38:32.490 --> 00:38:40.890

Abhijit Roy: the one and 4 liter possibly has been withdrawn in in many markets. That's the news which is coming back to us.

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00:38:40.900 --> 00:39:08.220

Abhijit Roy: So there is some rationalization obviously happening in that space. Possibly, you know. This has been, as I had always said that. You know this has been tried in the past by a few other companies. It, you know, initially give some result. But then it, you know, then becomes quite useless, you know, in terms of added advantage in the marketplace, and sometimes can be at the detriment, you know, in terms of sales growth.

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00:39:08.460 --> 00:39:14.379

Abhijit Roy: So therefore, you know, I think possibly it will get slowly phased out.

245

00:39:14.830 --> 00:39:31.279

Abhijit Roy: It's an initial entry strategy, as was indicated by them, and I think you know it will get gradually phased out. So this is my viewpoint. Things have to be seen, you know, whether this is true or whether this will sustain. One has to see that.

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00:39:32.040 --> 00:39:39.709

Abhijit Roy: as far as you know, the painter influencer area is concerned. There, you know.

247

00:39:40.070 --> 00:39:42.930

Abhijit Roy: So far I don't see any ebbing

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00:39:43.290 --> 00:39:56.950

Abhijit Roy: that neither was there any great enthusiasm, nor is there an ebb in that. It is still, you know, hard work in that segment for any new entrant, or even for existing place. We have to really work hard in this particular area.

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00:39:58.040 --> 00:40:04.290

Abneesh Roy , Nuvama: And last, follow up question, sir, and I'll end there this 5.5% market share, say, for the new player.

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00:40:04.601 --> 00:40:28.889

Abneesh Roy , Nuvama: is it largely in the lower end, because you, who have been there for decades and have done a commendable job, still, you are under indexed in the Mid and premium versus, say the market leader, and versus the brand which got sold. So in that context, obviously, entry barriers in mid and premium are far, far higher. So would you say that this 5.5% market share is heavily over indexed at the lower end.

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00:40:29.330 --> 00:40:38.510

Abhijit Roy: So most likely I don't have access to the sales data but I would guess that that is most likely to happen.

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00:40:39.650 --> 00:40:50.899

Abhijit Roy: you know, largely because, as you rightly said, in the luxury, premium, luxury, segment brand plays a far bigger role there.

253

00:40:51.491 --> 00:41:08.719

Abhijit Roy: And you know, it is difficult to change a customer in this particular area, however, you know, at the lower end or at the mid lower end, it is relatively possible, with the effort of the influencers to change

254

00:41:09.010 --> 00:41:14.459

Abhijit Roy: customer preferences, and therefore, you know more possibility of

255

00:41:14.640 --> 00:41:20.620

Abhijit Roy: you know the sales getting overly indexed at the initial stage in these category of products.

256

00:41:21.520 --> 00:41:23.979

Abneesh Roy , Nuvama: Thanks, that's all from me, and all the best. Thank you.

257

00:41:26.820 --> 00:41:27.960

Bhavik Shanklesha: Thank you. Abnish.

258

00:41:28.170 --> 00:41:31.950

Bhavik Shanklesha: Next question is from the line of Karthik Chalapa. Please go ahead.

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00:41:35.430 --> 00:41:40.240

Karthik Chellappa-Indus Capital: Yeah. Thank you very much for the opportunity. Karthik here from Indus. Capital. Am I audible.

260

00:41:40.410 --> 00:41:41.439

Abhijit Roy: Yes, you are.

261

00:41:41.820 --> 00:42:06.889

Karthik Chellappa-Indus Capital: Okay, great. Thank you very much, sir, and congrats on the quarter. So 2 questions from my side. The 1st is with your assessment of the way volume demand is set to recover after the monsoon season, and the way mix has been evolving and the annualization of the price cuts. At what point or in how many quarters in your assessment you think volume and value growth will start to converge.

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00:42:08.530 --> 00:42:10.514

Abhijit Roy: So you know, Karthik.

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00:42:11.450 --> 00:42:35.599

Abhijit Roy: possibly, you know, for the next 2, 3 quarters there will be some differential between the volume and the value growth largely because of the mix of products, you know, which is growing faster than those which are not growing as fast, you know. So from that perspective. There are 2 categories, you know. One is the texture coating, the other is the tile adhesives

264

00:42:35.750 --> 00:42:57.759

Abhijit Roy: for us. You know, those 2 categories are growing at a faster pace than, say, some of the other categories which are there in paint right? So, as a result of that. And these are, you know, high volume, but lesser value products doesn't mean that they are less profitable.

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00:42:58.140 --> 00:43:13.760

Abhijit Roy: But you know they have. The nature of the product is like that. That it is, you know, voluminous with lesser value. So such a scenario, when you look at it, and since we measure it in Kg. Stroke liter, we all combine it together.

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00:43:14.120 --> 00:43:22.919

Abhijit Roy: Then it looks like that. The volume growth is on the higher side compared to the value, and that differential is possibly going to remain at about.

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00:43:23.050 --> 00:43:37.869

Abhijit Roy: say, one and a half, 2%. It will narrow down further. It's already at around 3, 3 and a half percent. Now, with the growth rate jumping for regular paint that might narrow down to one and a half to 2%. But you know that differential will remain to some extent.

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00:43:38.660 --> 00:43:57.300

Karthik Chellappa-Indus Capital: So, conservatively speaking, the earliest we can expect assuming, if volume growth recovers to, let's say 7 to 9% for us to hit a high single digit value growth. Conservatively speaking, we can probably look at the 4th quarter exit of this year, or possibly in early Fy. 27.

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00:43:57.790 --> 00:44:16.720

Abhijit Roy: I think you know, if all things go well, we can expect that the 4th quarter should be where you know we can expect that, as you are saying, or early next 1st quarter, maybe. But we would see if all things go well if the rains, you know, stop, and the demand

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00:44:16.850 --> 00:44:35.489

Abhijit Roy: should, as I expect, you know, to come back, as it has always happened in the paint industry earlier. Then I think you know 3rd and 4th quarter, we should expect that you know, the value growth will come to a reasonably high level, you know. Possibly close to the, you know, 9, 10% range.

271

00:44:36.310 --> 00:44:49.089

Karthik Chellappa-Indus Capital: Excellent. My last question, sir, is, if I were to look at the Standalone employee expenses in the last 5 quarters, barring maybe one quarter that has continued to grow at double digit.

272

00:44:49.090 --> 00:45:08.659

Karthik Chellappa-Indus Capital: What proportion of that would be, let's say, increase in fees on street versus, let's say, normal salary inflation. And is this also one of the ways in which

the heightened competitive intensity is manifesting, whether in terms of retention of staff or higher payouts, etc.

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00:45:09.450 --> 00:45:16.489

Abhijit Roy: No, so it has been, you know. We have added genuinely, you know, feet on the street as well.

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00:45:17.006 --> 00:45:26.370

Abhijit Roy: But since the you know, as you see, 8 to 10% has been historically there. With us, it's not as if something different is happening now.

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00:45:26.850 --> 00:45:34.079

Abhijit Roy: The salary increases. In India, you know, the inflation has always been in excess of 5 to 6%. So

276

00:45:34.510 --> 00:45:38.999

Abhijit Roy: the increases has always been in the range of 8 to 9% on an average

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00:45:39.430 --> 00:45:42.910

Abhijit Roy: that you know we have given. So

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00:45:43.010 --> 00:45:50.589

Abhijit Roy: that's something which will always happen irrespective of what is the situation like, unless it's a sort of a disaster

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00:45:51.177 --> 00:45:58.659

Abhijit Roy: so as an employee cost to sales, it tends to move up a bit, you know, under the current circumstances, when the value growth is not coming.

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00:45:58.740 --> 00:46:19.020

Abhijit Roy: but there's been no tangible massive increase in as far as the employee cost is concerned. The other part is yes, you know we have increased the feet on the street, not only, you know, because just because the competition has come in, but because we feel there is an opportunity for us in certain markets like the urban markets

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00:46:19.080 --> 00:46:38.289

Abhijit Roy: where we have invested. So now that investment immediately doesn't give result, it takes a little bit of time. We are very certain that you know from 4th quarter of this year we will see, you know, quite a impact, as far as the urban performance is concerned, for us.

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00:46:38.970 --> 00:46:48.830

Karthik Chellappa-Indus Capital: Excellent, sir. One data point, if you can share for this quarter, by how much did the anp expenses grow year on year? Would you be able to give some color.

283

00:46:50.010 --> 00:47:04.780

Abhijit Roy: So there has been an increase, you know, normal increase would have been possibly around 4 to 5%, maybe on the Amp expense growth. You know, SIM, similar to our sales growth, but a little bit higher, and which is why you know.

284

00:47:05.030 --> 00:47:08.650

Abhijit Roy: the expenses would have grown at that level. Only notice.

285

00:47:08.650 --> 00:47:09.170

Karthik Chellappa-Indus Capital: That's all.

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00:47:09.170 --> 00:47:10.039

Abhijit Roy: Have you to say.

287

00:47:10.420 --> 00:47:14.730

Karthik Chellappa-Indus Capital: Okay, excellent, that's all from my side, sir. Wish you and the team all the very best for the remaining quarters.

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00:47:15.060 --> 00:47:16.080

Abhijit Roy: Thank you.

289

00:47:17.010 --> 00:47:17.830

Bhavik Shanklesha: Thank you.

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00:47:18.250 --> 00:47:22.369

Bhavik Shanklesha: Next question is from the line of Pratek Gothi. Please go ahead.

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00:47:25.970 --> 00:47:26.730

Pratik Gothi: Hello!

292

00:47:27.470 --> 00:47:28.090

Abhijit Roy: Hi.

293

00:47:28.210 --> 00:47:31.070

Pratik Gothi: Hi! This is Pratik Gauthi from Hsbc.

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00:47:31.690 --> 00:47:43.699

Pratik Gothi: I have a couple of questions. Question one. So the luxury, segment of emulsions. Have we seen slow growth in that particular segment over the last few years?

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00:47:44.336 --> 00:47:55.109

Pratik Gothi: And if yes do you think there is some down trading in that segment from, say, luxury to premium? Or is there some other trend at play there would like it? If you throw some light, please.

296

00:47:55.340 --> 00:48:04.549

Abhijit Roy: Oh, you know, as far as luxury segment is concerned, you know the luxury, interior segment has seen for us some slowdown.

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00:48:04.700 --> 00:48:09.069

Abhijit Roy: The luxury exterior continues to do reasonably well, you know, so

298

00:48:09.530 --> 00:48:14.649

Abhijit Roy: there is no fixed trend which says that luxury is moving, downshifting towards

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00:48:14.760 --> 00:48:28.690

Abhijit Roy: premium. As far as we are concerned. The luxury exterior continues to do quite well the luxury interior. You know we are not a very strong player there, but we have pockets of strength.

300

00:48:28.840 --> 00:48:38.292

Abhijit Roy: and in those pockets we were a bit impacted by the excessive rains which happened, you know. So maybe

301

00:48:38.970 --> 00:48:44.629

Abhijit Roy: some people postponed or just changed it, and I don't know what the reason is, but there was

302

00:48:44.740 --> 00:48:54.359

Abhijit Roy: a little bit of a slowdown in those locations, though interior shouldn't have been impacted. Exterior should have been impacted more in rains. But we see the other way around.

303

00:48:54.988 --> 00:48:57.290

Abhijit Roy: The interior getting impacted a bit more

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00:48:58.042 --> 00:49:05.070

Abhijit Roy: so that is what has happened. So I I don't see any secular trend of downshift, you know, happening from luxury to premium category.

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00:49:06.150 --> 00:49:07.190

Pratik Gothi: Great. Thank you.

306

00:49:07.430 --> 00:49:10.260

Pratik Gothi: And my other question is on the industrial business.

307

00:49:14.040 --> 00:49:18.790

Pratik Gothi: So performance has been mixed, so to speak. Is that the right way to put it.

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00:49:19.210 --> 00:49:20.270

Pratik Gothi: Yeah, you can.

309

00:49:20.270 --> 00:49:23.709

Abhijit Roy: Say that you know some of the categories, like the automotive, did much better

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00:49:25.120 --> 00:49:31.609

Abhijit Roy: on the back of, you know, slightly lower basis. You know they did. You know good growth.

311

00:49:31.760 --> 00:49:40.540

Abhijit Roy: both the 2 Wheeler, the commercial vehicles in which we are present, and even in the joint venture which we are there with Nippon. That did very well, in fact.

312

00:49:41.496 --> 00:49:46.739

Abhijit Roy: so overall the auto segment did better. Auto refinish grew very well.

313

00:49:48.062 --> 00:49:52.159

Abhijit Roy: The protective coatings volume growth was quite good.

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00:49:52.550 --> 00:50:07.599

Abhijit Roy: but we know we had to cut prices a little bit because in the profitability was reasonably good and the competitive intensity was high. So, therefore, we, you know the value growth was, you know, not as high as the volume growth.

315

00:50:08.634 --> 00:50:16.639

Abhijit Roy: The powder and the general industries categories. Those 2, you know, had some issue with the demand itself.

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00:50:17.308 --> 00:50:21.589

Abhijit Roy: Primarily the fan industry suffered a bit, and and hence

317

00:50:22.528 --> 00:50:26.469

Abhijit Roy: the gi and the powder! Both of these had very muted growth.

318

00:50:28.220 --> 00:50:29.609

Pratik Gothi: Okay, that's thank you.

319

00:50:32.370 --> 00:50:36.960

Nitin Gupta: Thank you. Next question is from the line of sukrit. Patil. Please go ahead.

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00:50:42.670 --> 00:50:44.769

sucrit patil: Yes. Good evening. Am I audible?

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00:50:45.390 --> 00:50:47.700

Abhijit Roy: Yeah, if you can be a bit louder, it will help.

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00:50:48.686 --> 00:50:50.830

sucrit patil: Yes. Am I? Am I audible now?

323

00:50:50.830 --> 00:50:51.680

Abhijit Roy: Yes.

324

00:50:52.120 --> 00:51:10.879

sucrit patil: Yes, okay. So I'm a shareholder of your company. And my question is, given the exceptional loss of, say, 36,000 crores 3,600 crores from the warehouse fire and the impact of the early monsoon on volume growth. How is Berger paints strengthening? Is operational

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00:51:11.734 --> 00:51:20.270

sucrit patil: this thing. And is there a new risk of mitigation, pre frame frameworks or supply chain.

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00:51:20.590 --> 00:51:27.759

sucrit patil: the redundant redundancies billing built to safeguard future profitability.

327

00:51:29.230 --> 00:51:35.079

Abhijit Roy: 1st of all, it is 36 crores, not 3,600 crores.

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00:51:35.080 --> 00:51:35.780

sucrit patil: Sorry. Sorry. Sorry.

329

00:51:35.900 --> 00:51:36.560

Abhijit Roy: Sorry, but.

330

00:51:36.560 --> 00:51:37.120

sucrit patil: Got it.

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00:51:37.120 --> 00:51:41.270

Abhijit Roy: Stock inventory which we had in the warehouse.

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00:51:42.140 --> 00:51:51.939

Abhijit Roy: It was an unfortunate incident which was beyond our control, because the fire didn't catch within our warehouse. It it actually happened, you know.

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00:51:52.627 --> 00:51:57.790

Abhijit Roy: quite some distance away, but that fire, you know, engulfed some other fire.

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00:51:57.850 --> 00:52:22.750

Abhijit Roy: and then we were about, you know 3 warehouses away from it, but our then all the 4 warehouses got burnt down, so nothing that you could have done from your side. We were, we take extreme precaution across our warehouses. We are very well, you know, equipped to handle fire. If it had happened in within our unit, possibly we would have, and unfortunately it wasn't Saturday evening

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00:52:23.143 --> 00:52:32.860

Abhijit Roy: when all the employees had gone home. There was no one to, you know. Do the firefighting in case there were some people there we would have possibly tackled it even better.

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00:52:32.980 --> 00:52:35.259

Abhijit Roy: but it would have been risky that way.

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00:52:35.820 --> 00:52:59.650

Abhijit Roy: The fire engines, you know, came in. Even they were finding it difficult to to control the fire. And therefore, you know, beyond control. Actually so nothing that we could have done. We we do take extreme care, as far as our you know, because we are a, you know category where this is of extreme importance. So rest assured that we have no problem there.

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00:53:00.650 --> 00:53:02.440

sucrit patil: Okay. Great. Thank you. Thank you very much.

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00:53:02.440 --> 00:53:03.090

Abhijit Roy: Right.

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00:53:04.580 --> 00:53:08.900

Nitin Gupta: Thank you. Next question is from the line of Jake Omar. Doshi. Please go ahead.

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00:53:12.180 --> 00:53:12.910

Jaykumar Doshi (Kotak): Yeah.

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00:53:13.568 --> 00:53:16.120

Jaykumar Doshi (Kotak): Hi! Hi, Abhijit, sir, thanks for the opportunity.

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00:53:17.050 --> 00:53:23.670

Jaykumar Doshi (Kotak): I've got 3 questions. The 1st one is in the competitive intensity which you know, you've largely answered.

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00:53:24.010 --> 00:53:26.940

Jaykumar Doshi (Kotak): but very specifically, I would like to know

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00:53:27.629 --> 00:53:40.539

Jaykumar Doshi (Kotak): that. Whether is there any change in trade schemes working capital credit period that you know the new entrant is offering to its dealer network versus what it used to be 6 months back.

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00:53:42.150 --> 00:53:42.650

Abhijit Roy: Hi.

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00:53:42.991 --> 00:53:50.839

Abhijit Roy: no, they they have been more or less, you know. They came in with a dealer price list, which was 5% lesser

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00:53:50.990 --> 00:54:01.179

Abhijit Roy: in terms of pricing, you know, and schemes which was likely higher loaded than the industry in general.

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00:54:01.780 --> 00:54:12.380

Abhijit Roy: But you know I see no major changes, the schemes have become more complicated. It was initially inbuilt scheme which was being given

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00:54:13.335 --> 00:54:23.120

Abhijit Roy: most of it used to be 80 90% loaded onto all dealers in a in a similar way. But now it's like any other player, it's become very, you know.

351

00:54:23.460 --> 00:54:28.286

Abhijit Roy: challenging or complicated, I would say, so

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00:54:29.535 --> 00:54:35.920

Abhijit Roy: that's the only change which has happened. I I see no other change which has, you know, happened from what it was there in the.

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00:54:35.920 --> 00:54:39.219

Jaykumar Doshi (Kotak): No additional working capital credit period support in case of.

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00:54:39.220 --> 00:54:45.129

Abhijit Roy: Not that I am aware of, which which makes you know nothing, has come back which is of significance. I would say.

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00:54:45.440 --> 00:55:00.149

Jaykumar Doshi (Kotak): Now, is there any increase in competitive response from incumbents this year especially, you know any rebates or sort of schemes on party or at economy and or in the projects business. So

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00:55:00.801 --> 00:55:05.150

Jaykumar Doshi (Kotak): just want to know if you know, if the new entrance sort of stabilizes at 5 6%

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00:55:05.540 --> 00:55:13.469

Jaykumar Doshi (Kotak): market share. Would you guys, would you guys actually, now, sort of seize, take an opportunity to, you know, regain some of the lost share.

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00:55:14.140 --> 00:55:22.899

Abhijit Roy: So you know, Jay, actually, if you ask me, you know, it is better to remain at a stable price level instead of trying to

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00:55:23.110 --> 00:55:29.470

Abhijit Roy: do something, you know, because these things have their own way of stabilizing, you know. So

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00:55:29.570 --> 00:55:36.190

Abhijit Roy: we have seen this happening earlier with another player, you know, who had entered in the South. If you recall in in Tamil.

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00:55:36.190 --> 00:55:37.350

Jaykumar Doshi (Kotak): My bad.

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00:55:37.350 --> 00:55:46.929

Abhijit Roy: And and then they did this exactly the same thing, and when you start withdrawing the benefits to the dealers and the painters, then the sales start, you know.

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00:55:47.080 --> 00:55:55.370

Abhijit Roy: coming down, you know, and then you just have to remain steady and keep growing, you know. So there is no point

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00:55:56.055 --> 00:56:02.700

Abhijit Roy: trying to, because it destabilizes the rates, and then, you know, the dealers get walked up.

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00:56:03.340 --> 00:56:06.250

Abhijit Roy: and then there are a lot of disturbances in the network.

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00:56:06.410 --> 00:56:16.819

Abhijit Roy: and that is something which is avoidable, you know. So it, we follow our own policies and carry on, irrespective of what you know others are doing or not doing.

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00:56:17.330 --> 00:56:24.009

Abhijit Roy: I don't see that, you know that we would be actually trying to do something, you know. In fact, the

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00:56:24.696 --> 00:56:33.299

Abhijit Roy: the game should come back. You know, the dealers will realize that, you know, if the momentum is not there in terms of, you know, movement of the product.

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00:56:33.510 --> 00:56:50.340

Abhijit Roy: and if he is not making additional margin from the newcomer. Then why should he try to push that product? And why should he therefore continue in a bigger way with the new incumbent, so he tends to swing back slowly towards the existing players. So that's what

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00:56:50.490 --> 00:56:54.760

Abhijit Roy: has happened in the past, and is more likely to happen in the future as well.

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00:56:55.650 --> 00:57:21.859

Jaykumar Doshi (Kotak): Perfect, very helpful. Second question is on. We're not hearing a lot about waterproofing construction. Chemicals on, you know, generally paints earnings, calls these days. So is it that you know the low hanging fruit or the initial market share gains from traditional waterproofing players have come through. And now you know, you're seeing broadly similar growth in those categories as you're seeing in decorative paints, or is it only because of competitive?

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00:57:22.422 --> 00:57:26.620

Jaykumar Doshi (Kotak): You know, focus on decorative paints, you know, it is not discussed anymore.

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00:57:27.780 --> 00:57:36.110

Abhijit Roy: I don't know. Frankly speaking, you know, as far as we are concerned, we see a much faster growth in the construction, chemical waterproofing still continuing for us.

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00:57:36.780 --> 00:57:51.109

Abhijit Roy: and is likely to continue in the next 3, 4 years, it is likely to continue at a faster clip so as far as we are concerned. You know this category is growing at a faster pace.

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00:57:51.990 --> 00:58:06.390

Jaykumar Doshi (Kotak): Last bookkeeping question on the market share slide where you've shown you've just crossed 21% in one Qfy, 26 in. Numerator is your entire India business decorative plus industrial, both combined.

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00:58:06.780 --> 00:58:08.049

Abhijit Roy: That is right.

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00:58:08.050 --> 00:58:15.059

Jaykumar Doshi (Kotak): And denominator would comprise of. You know how many players you you've mentioned listed players.

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00:58:15.060 --> 00:58:25.769

Abhijit Roy: So so it is. Asian, kansai exo, noble indigo and berger. These are the 5 place which are there

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00:58:26.560 --> 00:58:37.160

Abhijit Roy: and the denominator. This is the total standalone value of all of these players, and in the in and our value includes

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00:58:37.310 --> 00:58:58.669

Abhijit Roy: 2 companies, you know, in addition to the standalone figures, which is Stp. Which operates out of India and sbl coatings, which is sabu coatings, which also operates within India only. So these are the 2 companies which adds, adds up. And if you add up these standalone figure with these 2 companies, that's where our market share is.

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00:58:59.360 --> 00:59:05.150

Jaykumar Doshi (Kotak): Would the trend be broadly similar for decorative paints? Also, if you were to do the same exercise for decorative paint, same set of.

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00:59:05.150 --> 00:59:14.019

Abhijit Roy: Yes, more or less, you know, it will vary, maybe point 5.6% here and there, but trend will be very similar.

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00:59:15.229 --> 00:59:17.980

Jaykumar Doshi (Kotak): That's it from my side. Thank you very much, and good luck.

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00:59:19.740 --> 00:59:24.459

Nitin Gupta: Thank you. Next question is from the line of amit purohit. Please go ahead.

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00:59:28.290 --> 00:59:32.349

Amit Purohit: Hi, sir! Good evening. Thank you for the opportunity. Am I audible.

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00:59:32.350 --> 00:59:34.230

Abhijit Roy: Yes, you are amit. Go ahead.

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00:59:34.230 --> 00:59:45.310

Amit Purohit: This is just on on the growth trends one wanted to understand you clearly. Highlighted that you are doing, not anything much. We are waiting for

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00:59:45.330 --> 01:00:14.359

Amit Purohit: the things to happen, which is a natural progress, that as the dealers realize that margins are less and velocity is low, they will come back. But I just want to understand within the incubments when I look at growth trends this quarter has been slightly. We've seen the leader doing a relatively better versus its own performance and our gap kind of narrowing. Would it be more because of the regional, or it would be more because of the

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01:00:15.128 --> 01:00:23.999

Amit Purohit: products mix that would have led to this slightly gap in reducing. I know it's a quarter thing, but just wanted to have your thoughts.

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01:00:24.520 --> 01:00:26.611

Abhijit Roy: No, it's, you know, see?

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01:00:27.190 --> 01:00:29.740

Abhijit Roy: difficult to say for me, you know.

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01:00:30.400 --> 01:00:34.739

Abhijit Roy: on this type of a situation we have continued to do what we can do

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01:00:35.446 --> 01:00:43.599

Abhijit Roy: what the leader does, or what the gaps are. Sometimes, you know, they do. Well, sometimes they do little worse than us, you know. So

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01:00:44.410 --> 01:00:54.020

Abhijit Roy: it's it's always, you know, difficult for us to justify the gap, increasing or decreasing. Right? You know. Sometimes, you know, there are

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01:00:55.400 --> 01:01:09.170

Abhijit Roy: extraordinary events happening for them as well, you know, so which can create, you know, gaps which are higher. Sometimes it is not so, and you know it is normalized business, and then the gaps get narrower. So

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01:01:10.260 --> 01:01:13.640

Abhijit Roy: nothing that I can comment on it is not something which is

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01:01:14.050 --> 01:01:20.370

Abhijit Roy: within our control as well. We keep doing what we can do best, and hope that you know we are ahead of the pack

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01:01:20.500 --> 01:01:28.290

Abhijit Roy: as far as the industry growth is concerned. Wherever it is, we should be ahead of that by at least 2, 2 and a half percent. And that's what we maintain.

399

01:01:29.180 --> 01:01:51.679

Amit Purohit: And, sir, second question on the industry growth itself. So you clearly highlighted that as the rain I mean season gets lower if we expect the growth to come back.

But I'm I'm just trying to think about it on a yoi basis. The I mean rains remain right in July, and since there is still there is a demand is muted

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01:01:52.464 --> 01:02:03.390

Amit Purohit: would would that be a point of a concern as we go ahead, or you think the base effects will help probably help us, and hence the growth will improve. Because I I understand Q.

401

01:02:03.700 --> 01:02:08.990

Amit Purohit: Onwards the base for our industry growth started to become much more muted.

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01:02:10.080 --> 01:02:16.409

Abhijit Roy: Yeah. So you know, the base effect will help definitely in the 3rd and the 4th quarter, you know.

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01:02:17.040 --> 01:02:22.549

Abhijit Roy: Overall that should be a positive, for you know most of the players.

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01:02:24.250 --> 01:02:29.169

Abhijit Roy: but you know, as far as the rains are concerned, it has been relatively heavier.

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01:02:29.290 --> 01:02:49.369

Abhijit Roy: and we expect that you know normally, when it rains much more heavier than normal. The damage is also to the wall is much higher, so the demand tends to pick up, you know, after the rains a bit, so we expect that you know that there will be good movement, you know, towards the second half of the year.

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01:02:49.530 --> 01:02:56.719

Abhijit Roy: coupled with, you know, relatively lower basis the growth rates should pick up in the second half.

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01:02:57.760 --> 01:03:00.930

Amit Purohit: Well, thank you for the clarification. Thanks a lot. All the best.

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01:03:03.660 --> 01:03:09.670

Nitin Gupta: Thank you. We consider that as the last question for the day, I hand over the call to management for closing remarks.

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01:03:10.690 --> 01:03:17.120

Abhijit Roy: So thank you all for coming and taking time out and attending to this meet, you know. Wish you all the best. Thank you very much.

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01:03:18.960 --> 01:03:26.959

Nitin Gupta: Thank you on behalf of Mk. Global financial services that concludes this conference. Thank you for joining us.