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APL/SEC/32/2022-23/03

4th April, 2022

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

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

Sir/Madam,

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

Further to our letter no. APL/SEC/32/2022-23/02 dated 2nd April, 2022, please find enclosed the transcript of the investor conference held on 1st April, 2022, on the recent acquisitions made by the Company. The transcript has also been uploaded on the Company's website. Following is the link:

[Investor Conference Call - Transcript](#)

This is for your information and record.

Thanking you,

Yours truly,

For **ASIAN PAINTS LIMITED**

R J JEYAMURUGAN
CFO & COMPANY SECRETARY

Encl.: As above



**“Asian Paints Investor Conference call”
ACQUISITIONS UPDATE**

April 1, 2022



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

Investor Call - Transcript

R J Jeyamurugan - Good Evening ladies and gentlemen. This is Jeyamurugan, CFO and CS from Asian Paints. At the outset, we apologise for the delay in beginning the conference. We are thanking you all for coming to this meeting at a very very short notice. We announced two major acquisitions today, we thought it is appropriate to connect and discuss with you to give some details so that it makes the thing clear. Hence, we arranged this call. Disclaimer, before we get into the discussion, on this call we will not be discussing anything about quarterly numbers or company performance as we are in the silent period for the announcement of Q4 and 12 monthly results. So please restrict your questions only for the two acquisitions we announced today.

Along with me, we have today Mr Amit Syngle, our MD & CEO. I also have Mr. Parag Rane – GM Finance and Arun Nair from Corporate Communications.

Just to begin by giving a short profile, while we have given all the details in the today's stock exchange communication and also we have given the press release, just to give you a brief; we announced two acquisitions, one is 49% stake in White Teak - Decorative lighting products and fans company. Basically, we are taking 49% stake from this year for a consideration of approximately Rs. 180 crores also along with certain amount to be payable based on the achievement of certain financial milestones by the end of the financial year. Also, we are going to acquire another 51% also within a period of next 3 Years subject to achievement of certain financial milestones which I think we have given much more in detail in the press release and stock exchange announcement. I don't want to repeat because of the shortage of time. Basically, about this company, it is private limited company, it was established in 2016 by Silicon Valley technical technology entrepreneurs, Mr Pawan Mehta and Mr Gagan Mehta. They have been running this business and they have actually put up a strong platform offering customers an extensive range of decorative lighting products and fans and there are stores also across the network, across the country, in key Urban cities. So we thought, all of you are aware we have vision of becoming the most inspirational home decor brand. This helps us in partnering with the powerful kind of a brand extending over the current platform in a much more stronger way. I will ask Parag to explain something about the other acquisition which is Weatherseal.

Parag Rane – Yeah Hi, Good evening everyone. Just a small brief in terms of the second acquisition that we have announced today which is about acquiring 51% stake in the first stage by subscribing to fresh equity insurance by a company called Weatherseal Fenestration private limited. This is a newly established entity established by promoters in March 2022. The promoters are Mr. Harish Munireddy and Miss Pratibha and they have been in this line of business, which is in the business of uPVC windows and door systems for the past 7 years through a LLP. They would be undertaking this

business in the uPVC windows and doors space through this newly established entity which is Weatherseal Fenestration private limited. Asian Paints would subscribe to 51% of the share capital, depending on the conditions precedent which needs to be closed over the next few days and it has also agreed that over the period of next three years it would acquire additional 23.9% stake from the existing set of promoters; the valuation for which would depend on achievement of certain milestones. As a entity or as a business, it is primarily in uPVC windows and doors systems where Weatherseal promoters what they have done over last seven years is, they have built a very strong tech enabled platform that has enabled them to deliver a very seamless customer experience across B2B as well as retail customers and they have primarily establish the Weatherseal brand as a strong brand in the space in South India. So that is a small brief about Weatherseal. Thanks.

R J Jeyamurugan - Requesting participants, maybe we can take questions and answers

Amit Syngle – Sorry Jeya, just to kind of add to what Mr Jey and Parag has just said. One of the big things which I wanted to announce is that all of you are aware that we have been talking about our home decor foray in the last 2-3 years very very strongly. Especially in the last two years, we have announced this whole area of the movement from ‘share of surface’ to the ‘share of space’ within the home. We have felt that you know today, we are dealing with the same customer and Asian Paints as we kind of go ahead, we want to kind of really influence the customer during the entire life cycle of the home purchase. As part of that, we have been kind of getting into stronger categories and as you have seen whether it is kitchen, whether it is bath, whether it is in terms of other categories like fabrics and furnishing, we have been making forays very strongly so that we own up to these categories in a very strong way. The current initiatives which you see one is in the form of White Teak which you are seeing which is the whole decorative lighting space and the other area on Weatherseal which Parag just spoke of, which is in the uPVC doors and windows space, I think there is very strong forays which we have introduced so that in our purpose in terms of taking the whole journey of the ‘share of space’, that is something which is very very strong. I would also like to tell you that we feel that the whole home décor business is literally adding to the core business in a very strong way because we are looking at catering to the same consumer, who is kind of looking at doing the home but connecting with the same consumer during various cycles of home renovation and home purchase. So therefore what we see is that this entire foray in terms of home decor is contiguous to our overall strategy in terms of not only adding to the core business but also kind of really making our mark in the whole area of ‘share of space’ so that we can be with the customer in the whole area of customer life-cycle of home renovation and home purchase. So I thought I just add that point of view, so that you get a better understanding as to what is the purpose in terms of getting in terms of these acquisitions for the moment. So we would like to open the floor for people to ask questions now.

Moderator - Thank you sir. Requesting all participants who joined to please use the raise hand feature to ask question to the panellist. Kindly unmute when given chance to ask question. Please say your name and company name before you ask the questions. Kindly restrict the questions to only two due to the time constraints. Participants on zoom call can also post the questions on chat box feature on the bottom panel.

Our first participant is Mr Abneesh Roy from Edelweiss. Sir, request you to please unmute your mic and ask the question.

Abneesh Roy (Edelweiss) - Yeah thanks and congrats on both the acquisition. If I see Ess Ess and Sleek and those were acquired around 6-7 years back and currently you are doing a top line of around Rs. 200 crores put together around 2.5 percent of your sales. So my question for these two new acquisition is will the aggression be similar to what you have done in sleek and Ess Ess and second in terms of positioning is it a slightly niche, slightly more premium because fans and lights if you see it is extremely commoditise, and it is extremely competitive and similarly if you could explain the total market size in Weatherseal because that product seems to be very different and very new for paint company; so if you could address these 2-3 questions.

Amit Syngle - So thanks Abneesh. So see if you look at the entire area of kitchen and bath today, I think last two years have been very very strong and today if you look at the combined businesses they are more than Rs. 500 crores in terms of what we see in terms of going and what we see is going forward, these businesses will be close to more than Rs. 2500 crores in the next about 3-4 years, given the trajectory in terms of what we are taking in terms of going ahead. So what we see today is that it is not only that we want to further the kitchen and bath business, but also in terms of other categories which are essential in the home space. So yes, lighting is a regular category which you see which is the decorative lighting in terms of the Weatherseal which we have seen. Over a period of time, we see that the doors and windows which is the you know the whole area of balconies and overall doors which are coming in terms of all flats and bungalows, I think is becoming a very very strong category. It is a category which is almost about Rs. 11,000 crores and a category which is very strong with respect to both the retail and B2B space in a very strong manner. We feel that Asian Paints with its of kind of foray has very strong distribution points where we are able to kind of add to the retail business as well as we have our institutional business where we are able to reach out to the builders in a very very strong manner, where we would able to kind of propagate the whole areas of doors and windows in terms of the new homes in a very very strong way to that extent. In addition, we have a 'ColourPro' business which is reaching out to the architects and Interior designers and in the home renovation business what we are seeing is that the modern technology of the uPVC doors and windows which are coming for the balconies and for the French windows in bungalow so on an so

forth is the latest technology and we think it's a very very growing area and therefore that is where the justification of the Weatherseal comes in because you are talking of uPVC profiling and not only that we are talking of coatings which will go over uPVC which would be in the zone very close to the coatings area in terms of powder coating and specialised coating which will go for uPVC where we can offer customer a range of choices both from the point of view of textures as well as the various kind of finishes which can come in which can kind of really accentuate the overall décor of the home or the bungalows in a very very strong way. So we think that today these are categories which are very integral to the overall area of home renovation and new homes in a very very strong way and there is where we are justifying taking the Weatherseal, which is at a nascent stage and we think this entire industry which is quite big is dominated by the unorganised sector, where Asian Paints would like to kind of come in and make a strong statement in terms of what we can bring to the consumer in terms of both innovation as well as in terms of the area of really expanding the reach and the footprint of taking doors and windows into home spaces in a very big way.

Moderator - Thank you, our next caller is Mr Avi Mehta. Sir, request you to please switch on the mic and ask the question.

Avi Mehta (Macquarie) - Sir, thanks for the opportunity. Sir we have paid almost 20 times FY21 sales for the White Teak acquisition. Could you please help us appreciate the growth opportunities and synergies you see in this venture which makes you confident on deriving value from this acquisition. I mean especially given the relatively smaller size of the category and premium pricing of the product.

Amit Syngle - So if you look at the overall opportunity in terms of decorative lighting, the segment is really fairly big we say think about Rs. 1200 crores as what we estimate and a segment which is growing at almost about 15-20% in the market to that extent. What we see very clearly is that the CAGRs to the current sale which we put as definitely in the area of about 20-25% going forward and we think today, the current business is what comes in with the rich profitability in terms of what we can really make out of it to that extent at the current levels. So therefore I think the valuations which we think are in order with respect to today when you look at equivalent categories, which are happening in the area of home space, which are there in the market to that extent and given the growth potential, given the fact that there is a very strong trajectory of about 15-20 CAGR, which we see over the next 3 to 5 years period. We think this is something which is justified because this is the space where one could kind of easily look at taking leadership and adding value from the point of view of the overall home perspective in a very very strong way. What we feel also today is that, equivalent industries, which were able to see are talking of really very very strong valuations in terms of looking at almost 4 to 5 times of the top line and looking at about close to about 10-15% of the bottom line

multiples in terms of what we see in industry and given the health of the current operation in terms of the two companies what we see, where there are stronger profitable companies to that extent, we feel that going forward given the CAGRs and the potential which we see this is clearly dependent in terms of their performance over the next 3-5 years; and therefore the whole payout as you see is dependent on the financial performance and therefore we feel that the overall performance which we are seeing is linked to their financial performance and therefore fairly realistic and in line with what we are seeing in the environment as the kind of go forward.

Avi Mehta (Macquarie) - Sir you didn't touch the synergy aspect if you could do that before I go to the second question.

Amit Syngle - Okay

Avi Mehta (Macquarie) – The Opportunity I understood sir, synergy you didn't...is it distribution that you are kind of arguing because the product is very much premium that's why I didn't understand the synergy part.

Amit Syngle – Okay, so we have been speaking about our home decor kind of foray for the last 2-3 years and in a very strong way today if you look at we have almost about 29 stores which we have set up which are the 'Beautiful Home' stores which are there which are spread across about 25 towns across the country. By the end of the year we are going to have about 70-75 stores across the country where we are talking of home décor under one roof and there is where we are talking to the consumer where the consumer is able to get all the categories within the Home under one roof. We are already dealing with lighting where we are currently sourcing the lighting from 3-4 players in the last two years and we see a very strong response in terms of what we see in the decorative lighting space which we are able to get from the customers. Today the market is dominated by a lot of imports which happen from China which are there to that extent and we today look at a very strong synergy with respect to our stores which are coming up and also we have about 500 premium stores spread across about 200 towns across the country, where we are looking at some of the stores kind of putting up spaces for both lighting as well as for doors and windows where we are able to kind of look at contributing to the consumer in a very strong way in the whole cycle of the home renovation and the new home space in a very very strong way. So the synergy is very clear, that we are talking of really kind of capturing the customer life-cycle from the point of view of home renovation, new homes, home makeovers which come in and therefore it kind of really adds to the core category of home painting in a very strong way because you are catching the customer in all forays of life to that extent and you have a specialised network. One you're talking about your premium stores across about 200 towns, then you are talking about the 75 stores which are coming up in this year which would be spread across various parts of the country where will be able to offer them as part of our distribution.

In addition, we have a 'Beautiful Home' service which we have launched in the last two years where we are looking at reaching out to large access of medium to premium homes across the country where we will be able to pitch these services through our *beautifulhomes.com* model which is a strong engine in terms of getting as leads across to the home areas across the country. So, we see a strong synergy with our current business and we see that it kind of really adds back to the core coatings business and at the same time is the leverage in terms of getting into the home decor business so that we are able to really look at capturing the customer life cycle with respect to home renovation and new homes in a very strong way.

Avi Mehta (Macquarie) - Got it sir and sir my second and last question. Could you help us with the relative pricing of a uPVC window versus the traditional aluminium window and also in other relative pricing of a White Teak versus other brands in the decorative lighting segment, so that we get a perspective about these brands stack up.

Amit Syngle – so as we said that, see White Teak medium, if you look at from the point of view of the overall decorative space, they are already doing a very very strong business and we see very clearly that the business is going to be doubling every year as you kind of go forward. The decorating space is kind of today dominated by some small players in India, but largely by a lot of Imports from China which are happening. Where we are bringing White Teak is one from the point of view as saying that there is a very strong design capabilities which will bring which is integral to what is the Indian consumers and the Asian consumers want in a very very strong way and is not based on some Chinese designs which are coming in in terms of looking at dominating the market to that extent. So therefore, one is the area of strong design in terms of what we are bringing into the face secondly from the point of view of especially the price, what we see is that White Teak today which has a very strong online platform which is the e-commerce platform along with some of the company owned stores, they bring very strongly a capability of having a pricing which is one comparable to the imports which are happening from China; in fact very very competitive pricing to that extent but more importantly the entire range, the designing is very integral to what the Indian consumers want in a very very strong way. So in crux what we have is a product on decorative lighting which is very strong and comparable with respect to the pricing, with respect to the Chinese imports which are happening and some of the Indian players which are there in the market. At the same time it brings in a lot of innovation.. please remember, this is a product like fashion, okay, it changes every six months and we need to like keep on like innovating the design, which is where this entire capability of White Teak comes in, with their international set of design capabilities which are coming plus the whole area of the Indian culture getting integrated with respect to what the Indian consumers want. The second area is the uPVC segment, when you said that how does it compare with pricing in terms of pricing. When you look at the Weatherseal, largely the operations are dominated in South India today it's a

very very strong area which is there where the prices are very very competitive with respect to the current players in the market; again and large section of unorganised players to that extent, and we feel that here the crux lies in terms of the skill of the kind of product which you can do in terms of profiling and the type of finishes and secondly, the element of service which comes in terms of delivery to the customer, which is currently a little bit of a pain area which Asian Paints wants to kind of capitalise going forward. So net-net what we see, we will have a product which is comparable to the prices in the market but with a more value addition with respect to design, with respect of finishes and with respect to capabilities of service.

Avi Mehta (Macquarie) - Okay Sir, just request given your enhanced focus on décor, please you could start sharing the breakup with in the decorative how much is decor and so that we can appreciate the growth that we are going forward. That's the only last request. Thank you very much sir.

Amit Syngle - Sure

Moderator - Thank you. Our next caller is Mr Jay Doshi from Kotak, Sir Request you to please switch on the mic and ask the question.

Jay Doshi (Kotak) - Hi good evening and thank you, by the way White Teak is a pretty good brand. I mean I like the collection and their work. So congratulations on acquiring it. So my first question is, you know, we seeing acquisition from Asian Paints after several years. I think you refrained- from acquisitions after Ess Ess and Sleek. So is this a fundamental change in philosophy. Should we expect more bolt-on acquisitions and are you open to large ticket size acquisitions in home decor space. So that's my first question and I have one more.

Amit Syngle – Okay. so first of all after the Ess Ess and Sleek acquisitions, we have done acquisitions in some of the international market where we have looked at one of the acquisitions in Ethiopia where we got Kadisco Paints and we got another paint company in Sri Lanka by the name of Causeway paints. So these were two acquisitions we did after the Ess Ess and Sleek acquisitions. So I think today, Asian Paints is fairly opportunistic in terms of a good target and a good kind of alignment which we see with the strategy in terms of looking forward and that is what we are kind of going forward in terms of looking at it. As far as the home space is concerned, we feel that the current two acquisitions are in line with the strategy of the company. Today for I think all of it of you it is very the important to know that in the coming 3-5 years, we are looking at the home decor space contributing to almost 10% of our overall decorative business in India and therefore it would be a sizeable component in terms of going forward in terms of what we speak of the home decor business because it is having a very strong alignment with the core business of the coatings because as I said

that we are trying to capture the customer life-cycle in a very very strong manner. A customer who is trying of doing some painting in home which is about the 'share of surface' is also looking at renovating the entire home and therefore this entire foray of home decor really adds on to the core business in a very very strong manner and going forward as I said, we would like to really see that this business reaches a certain contribution of the overall India decorative business going forward. Secondly what we also see is that in coming times, we will keep our eyes and ears open for any newer areas of acquisition which comes in. Just for your information, last year, we basically did an alignment with GM Syntex, which is a company which is into fabric and furnishings and today we have been working very strongly in terms of expanding the footprint on the fabric and furnishing which is now spanning across more than 600 kind of retail points across industry and we are clearly close to the number two player in the fabric and the furnishing industry. So similarly, today what we see is that these two acquisitions go very strongly in giving us a very very strong kind of a footprint because now you already have bath, you have kitchens, you have furnishings and now you have decorative lighting and doors and windows which is coming in and making a portfolio very very rich from now on we need to kind of offer to the consumer. At the same time you are bringing innovation, you are bringing something which is a very strong pricing which is there in the game at the same time influencing the entire customer in the journey terms of going ahead. So, as we move forward you will see possibly more innovations which will happen from the Asian Paints bandwagon both from the point of view of organic and inorganic kind of forays which in this space would be very very useful for taking our business forward.

Jay Doshi (Kotak) – Thanks for this. So, my second question is can you explain us the organisation structure and how it will be, because you have a few brands of your own, you have partnerships, you have now acquired companies that will be run by promoters. You have retail footprint through beautiful homes and painting services and home services as well so how. how will the organisation structure be? Will it be a different team versus decorative paints?

Amit Syngle - So today, if you look at, we run basically the kitchen business as a separate subsidiary as well as the bath system which is the part of the overall standalone business of the Asian Paints to that extent. When we look at these two, we are planning to run these as subsidiaries which are there strongly in terms of what comes on their own entities. At the same time, we have a very very strong kind of a structure which is drawn in where everything kind of comes under one management kind of circle, where all of them look at this entire business as the home decor business in terms of both direct reporting as well as metrics reporting which comes in. So I think it's a very very strong structure which is based on a technology where there are subsidiaries, which are running separately focusing on various areas. At the same time there is a structure which is aligning them very strongly with the core business of Asian Paints in terms of increasing the footprint and aligning with the key retailers of

Asian Paints who are progressing well in the core paints strategy to that extent. We feel that this strategy has been very strong and in the last two years we have been able to turn around the kitchen and bath business which are both profitable now to that extent and have exponentially grown in the last two years in a very very big way. So this structure, which is a combination of direct reporting and matrix structures, as well as the subsidiaries coming in together under that same structure, we feel that in this structure, we have consumer as the nucleus and that is where what is guiding us in terms of looking at offering the consumer everything which goes into the home force in a very very strong manner and therefore we have one structure which is responsible for getting all these categories to the home consumer which is also looking at the beautiful home stores, the beautiful home service and therefore integrating the entire piece very strongly together.

Jay Doshi (Kotak) - Thank you so much and good luck

Moderator - thank you sir, our next caller is Mr Shirish Pardeshi from Centrum. Sir please unmute your mic and ask the question.

Shirish Pardeshi (Centrum) - Hey hi Amit & Team, thank you for the opportunity and hearty congratulations. Infact sometime back I happened to see the Palladium store for White Teak and I was pretty excited in the product lines. My simple question is that when I look at the portfolio, you already have about seven stores in top seven metros and you did allude saying that we will try and expand; but the question is that how quickly we will be able to get this, because the product profile is good but the question is that if the home buyers are running left right and centre, so say maybe three years' time what is the revenue expectations. I did expect that you have given the category growth rate factor but obviously, we are hungry and you are also hungry to see that. So that's the first part and related part is that if you can speak about margin profile because we did know the margins in Sleek and bath business, so if you can help us to understand what kind of margins we have in White Teak?

Amit Syngle - Okay great, so when we look at White Teak, first and foremost I must say that it is a capability which is giving Asian Paints a very strong capability in terms of a phygital kind of a space. One is the whole area of the physical stores which are coming in in terms of the White Teak stores which are there, then it is the 'Beautiful Homes' stores which I spoke off, and then is the premium stores of Asian Paints which gives us a physical footprint all across the country in a very very strong manner, which we are able to spread and take on in a big way as we kind of go forward to that extent. The second opportunity which comes in is that today the larger part of the White Teak business comes in from the online e-commerce space in a very strong manner and that is a segment which is reaching out to the modern consumer, to the younger consumer, the younger home owners in a very very strong way and growing at almost exponential rate which is basically you cannot cap that rate to that extent

in terms of going forward. What we see is that this dual capability which White Teak brings in that, one you are able to expand the physical space to tomorrow to more than 200-300 towns across India. That is one very very strong capability which Asian Paints brings it to the piece. The second area is the online e-commerce capability which today really reaches out to almost practically the entire country in a very very strong manner and today what we can say is that 70-80% of the sales at White Teak are dominated from the online space which comes in very very strongly. So there are two things which comes in here very strongly, that when we look at this entire White Teak, it gives us an opportunity in terms of really nurturing online e-commerce platform for home decor in a very very strong way apart from even the lighting business to that extent and it also gives us an opportunity to earn higher margins in terms of looking at the whole area of e-commerce from where it comes in because it stands out from the point of view of design and technology in terms of what we are able to bring into space. So as we look at it, currently the overall EBITDA margins are fairly healthy and they are comparable to the paint EBITDA margins in terms of the decorative lighting space which are there and we think, given the fact that the margins are fairly healthy, the industry is growing at 15-20% pace and the fact that we have the physical and the online interface which is coming in very strongly, it makes together in terms of a very very strong foray in terms of the home space which you can make with White Teak.

Shirish Pardeshi (Centrum) – Okay, my second and last question on the same business. I did look at the portfolio and there are two other businesses which are there more than home lighting, which is the decorative fan which are also very expensive, then I'm not saying super luxury but this is the luxury segment and you also have the sculptures and the other artefacts business. My only presumption is that these all are high ticket item and when you generally look at in to say about your Null Bazaar or the wholesale market in Mumbai, these all are Chinese imports which are selling but these are all cash. So do you think we have a bandwidth to handle such a cash system in the, when we are saying artefact business for example and even the decorative fans. So may be, if you can spell out what is the category size, what is the opportunity these two segments and how are you going to deal because of I think when you said that 500 stores, they are practically the touch points for the engagement of the consumer, while home decor stores might be selling actually and visiting to the customer house and all... so how these two things are going to gel together ?

Amit Syngle – Okay, so that is an interesting proposition which you just put up in terms of going forward. See while today, there is fans; fans is a very small part of the overall business and so is the whole area of accessories in terms of the adjacencies with respect to the artefacts and other places which are there. Now all these businesses largely get the traction from an online kind of a purchase which happens and therefore there is no larger kind of really fear in terms of getting into a cash business which is regarding the smaller kind of cash purchases happening in the system. What in fact

which we see is the opportunity which I alluded to earlier is that this platform kind of gives us a very strong space of really integrating home furnishings, fabric, furniture and a lot of other areas on the online platform in a very very strong managed manner and looks at competing and really enlarging the whole market of the online e-commerce in a very very strong way which could kind of really spread to fabric, furniture, lighting and so many other areas of which we would kind of really give a customer and an access to. Today also we feel that the whole area of the adjacency on the accessories is a piece which is more by the impulse purchase which really happens when the customer gets onto the kind of website to that extent and therefore, we feel that rather than looking at stores carrying the adjacencies, the online space becomes a very very strong space for the accessories and the artefacts which go; and therefore I don't think so there is any concern about, you know cash being involved in So on so for to that extent and we think it kind of goes into a very strong space where a lot of younger home owners are looking at buying in terms of adjacencies along with the main categories coming in a very very strong manner

Shirish Pardeshi (Centrum) - Okay thank you Amit all the best to you and the team

Amit Syngle - Thank you.

Moderator – Thank you sir, our next caller is Mr Amit Sachdeva from HSBC. Sir request you to please unmute your mic and ask your question.

Amit Sachdeva (HSBC) – Hi good evening everyone thank you so much for taking my questions and congratulations for White Teak basically, you know this plan familiar to people who have look for such things and I think it is position in the luxury premium super premium segment and I think product range and definitely is impressive. So my question is basically the first principle one wherein you know when you look at this acquisition, in clear term, what exactly have you bought here. Is it the luxury digital brand which is selling a lighting and then you can add other categories to it or the design capabilities they have that there is a catalogue which you thought will take long time to build or something else that comes with it which were not able to read because I see it is a profitable business; there is customer base but what I'm trying to understand is that what of the part of the business you couldn't do yourself that that you're buying this business for as it is still a small business and company such as Asian Paints has resources to build his capabilities in house. Similar is a question for Weatherseal as well; it's very small pie why Asian Paints couldn't do it themselves in production capability of technology or anything; why this technology needs to be bought and built ? so these are the basic two questions but want to ask question on White Teak could be helpful that what exactly should we think that furniture could be the next big thing; is a marketplace model that you're going to; how are you gonna build his own capabilities that would be useful. Thank you so much sir.

Amit Syngle - Okay great so what we look at is that when we buy into White Teak, the competencies which are coming very strongly into the picture is that, there is superb element of the design capabilities which they bring on to the table because we must remember that today the market is dominated by a lot of Chinese players which are coming up and they today really not kind of look at the various consumer segments, who are very very desirous of looking at a very great design, which comes in, which appeals to them which is based with respect to Indian ethos, which kind of appeals to the Indian sensibilities in a very very strong manner and today White Teak over the last few years has been able to set up a very very strong and sturdy design system, which has been in place, which is able to kind of really sense the customer choices, look at possible what really appeals to the customer in a very strong manner and bring it to the table in a very strong manner. The second area is that today, the basic area of lighting, manufactured inhouse, sourcing from multitude of players. So whether you are making a chandelier or you are making in terms of some of the lighting which are there with respect to the lampshades, the material and so and so forth; it in for it involves a multitude of supply chain capabilities and not of expert sourcing which has to be done from multitude of vendors to that extent. What we feel is that, Asian Paints setting up this entire zone by itself would have taken us very clearly 2-3 years in terms of looking at a set-up in a very strong manner and looking at dedicating people in terms of building this capabilities over a period of time and we felt that given the fact that it is a growing market. Today, it might be a very strong platform in terms of really aligning with the player which already has got one expertise in terms of the design capabilities which they bring strongly onto the table; secondly the multitude of manufacturing capabilities with supply chain alignment, in terms of the huge number of vendors which are involved who are able to supply and assimilate the product in terms of bringing to the customer a finalised product to that extent; and third today in this space there is no other player and I repeat no other player which is able to match the online and the e-commerce capabilities which White Teak brings on to the table which is very very strong, and today in Asian Paints want to build over a period of time it would have taken it a very very long time in terms of building that kind of a capability in terms of going forward. So in a nutshell if you look at, the design capabilities, the whole area of supply chain capabilities, the whole area of manufacturing and third the whole chemistry of the online e-commerce space, I think makes the whole area of White Teak a very very strong zone for Asian Paints to kind of really take in and we feel that here is an opportunity of really making a foray where the whole unorganised business of lighting can be converted into a far more stronger organised business and it would kind of give Asian Paints to be the first kind of company which kind of makes a foray and becomes the number one leader in terms of decorative lighting in a very strong manner.

Amit Sachdeva (HSBC)- Got it, that's very very helpful Amit. So can I say is the long-term vision for business businesses like becoming a premium IKEA or something of that sort where there is furniture and lighting and everything or is it like lighting plus something; that's a very philosophical

question but probably the direction where you going for these is a larger one and not just lighting and it might entail going to lot other categories as well; probably much larger categories than probably lighting is; and it just open doors and given the name is White Teak, it signals a lot more than lighting perhaps.

Amit Syngle – So you are right. As I have been saying that today home decor is a very strong space it should be ventured into and what we see very clearly is that, this is a space which is contiguous with our core business which is the painting business and home business in terms of what we are into. So White Teak is one of the tools in terms of what we are using in terms of really kind of filling in a gap on a category where we are already there in kitchen , bath, fabric and in furnishings in a very strong manner, where we get the lighting space as we take a lead in terms of looking at really getting an expertise and looking at a design portion which comes in, and this is not only with respect to a premium and luxury space given the fact that Asian Paints really caters to our customers on a large platform, you would even look at possibly a little bit of a medium plus customer also coming into this Paradigm of the lighting in a very very strong way. In addition as you rightly said, this platform is really a magical platform which is an online e-commerce platform, where we can leverage the White Teak capabilities, the customer base married with the capabilities of an Asian Paints, you know, customer base which is already there and look at in terms of really seeing that we are leverage and able to have access to millions of customers across the country in a very strong manner, where we are able to pitch to the customer not only in terms of kitchen, bath, furnishing, furniture, lighting, flooring and a whole range of products which can be taken on an online platform, which can really give a capability to the company, that it dominates the customer life-cycle from the point of view of the home business, the home renovation business and the home makeover business in a very strong manner.

Amit Sachdeva (HSBC) - Thank you so much Amit and can you just give us the brief or similar answer for Weatherseal, why you couldn't make it yourself why you had to buy? what is the small business and is there some unique patented technology which is coming with it I don't think so so, what is the logic of doing that?

Amit Syngle – It's a valid question and what we see is that similarly when you look at the whole areas of doors, windows in terms of taking it forward, today there are players in the organised market. So today we look at about 40% of the business of the total Rs. 11,000 crores pie coming from the organised market, but there are still very very parts of the unorganised market in there. Now the supply chain here is a very very complex supply chain, there is the extruding partner which looks at really looking at either extrusion or doing the profiling in terms of looking at supplying you this aluminium or the uPVC kind of profiles to that extent which is there; then there is this whole second

area in terms of taking it to the measurements of various homes and bungalows from the point of view of French windows, doors and so on and so forth for which would be coming. The third area is the whole area of the coating on the uPVC and the aluminium which can get into a lot of decorative painting which should kind of come; normally there is gold, bronze and there are lot of hydro phobic coating and a lot of innovative coatings which are coming in this space. So there is a whole supply chain around it to that extent and the third supply chain round is it in terms of fixing it with glass, sourcing glass looking at giving technologies in glass which is very very different in terms of what we bring on to the table. So if you look at the entire supply chain, it's not a very easy supply chain that I can set it overnight in terms of just kind of fixing a glass to a uPVC profile. It involves a very very kind of complex supply chain, right from extruding from the point of view profiling, from the point of designing, from the point of view of over coating, from the point of view of glass sourcing and therefore it is a fairly complex business and it doesn't seem, it is something which can be kind of really done very easily on your own, especially when you see that there are some established organised players in the market which are already there. So if you want to be one up on the race, okay rather getting into it yourself which would take you years in terms of aligning with all kinds of supply chain which are involved, this is a very strong way of aligning with a very strong company which kind of brings, one engineering technology second from the point of view of a coatings technology and a third of a certain kind of a structure which is already there in terms of reaching the retail consumer at the same time reaching out to the B2B consumer in a very very strong manner. So we think, it is not absolutely impossible to set it up but why spend about 3 to 4 years to kind of to set up the system and there is a very strong and able player which can give you leverage into this market and you can start growing the business in terms of a more than a 20-30% CAGR over a period of time and that would kind of give you a capability to become amongst the top players in the market in this zone.

Amit Sachdeva (HSBC) - Got it thank you so much Amit very useful thanks a lot. That's it from me.

Moderator - Thank you so much everyone. This was the end of the Q&A session I would now request Mr. Amit Syngle to please give us the closing remarks.

Amit Syngle - I think I would really thank all of you that you came for this meet at a very very short notice and I think it is very very useful for us to kind of really get into your mindset in terms of what you are thinking when we look at this acquisitions going forward. As you can you go forward if you look at the way we are making a disclosure, we are being very transparent in terms of how we want to kind of really grow the business in the next five years and therefore, you would see that the disclosure is not limited to what we are taking immediately, but what we are talking in terms of the future next few years in terms of what we want to kind of do and therefore I think the intent of the organisation is very clear that this business of home décor is very very dear to us; it is very very contiguous with our

existing business. We see that this business being 10% of our total turnover in terms of going forward and therefore we would like basically that on from time to time, we are able to brief you in terms of how these two businesses will grow along with the kitchen and the bath business which is the also growing in a very strong manner and along with the furnishing business which is there and therefore please keep a lookout in terms of new excitements coming your way. These are very strong forays which are happening and it kind of gives capability to Asian Paints to be a single largest home decor player and a very strong leverage on the whole coatings space which we already have in terms of really leveraging our experience of understanding the home consumer in very big way. Thank you so much in terms of coming and really giving us this audience.

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