



# Investor Conference

## Q2 - FY2022 Results

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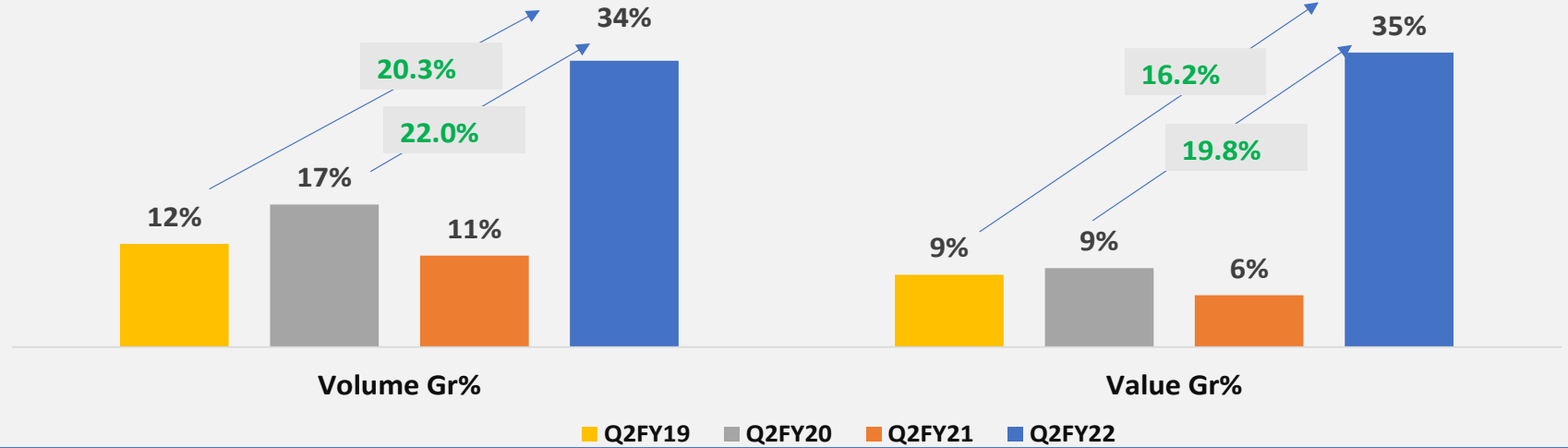


## ***Disclaimer***

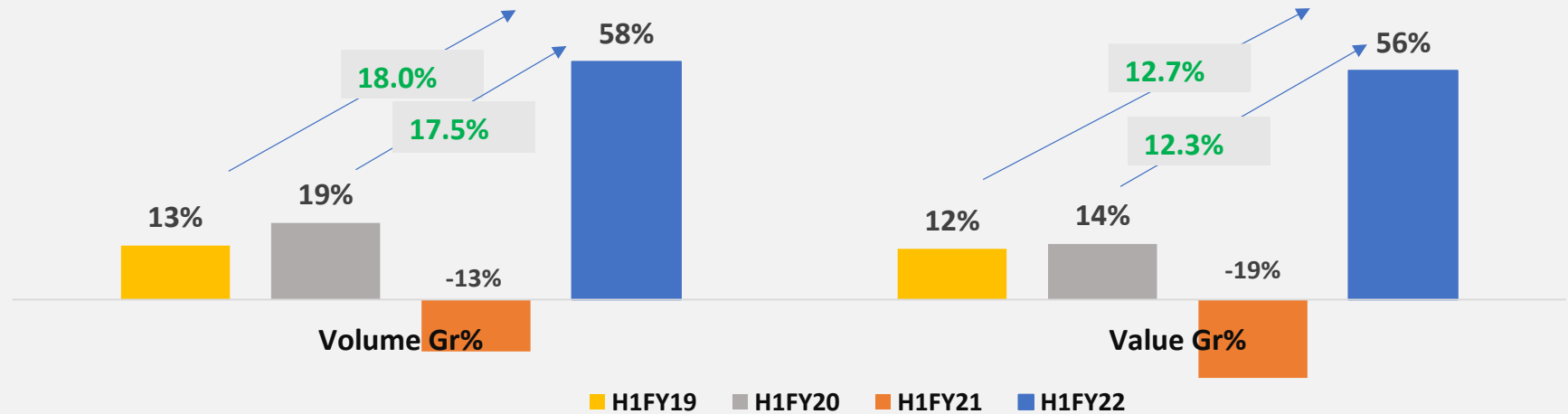
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Strong topline momentum continued in Q2 – evident from the strong 2/3 year compounded growth rates in volume as well as value

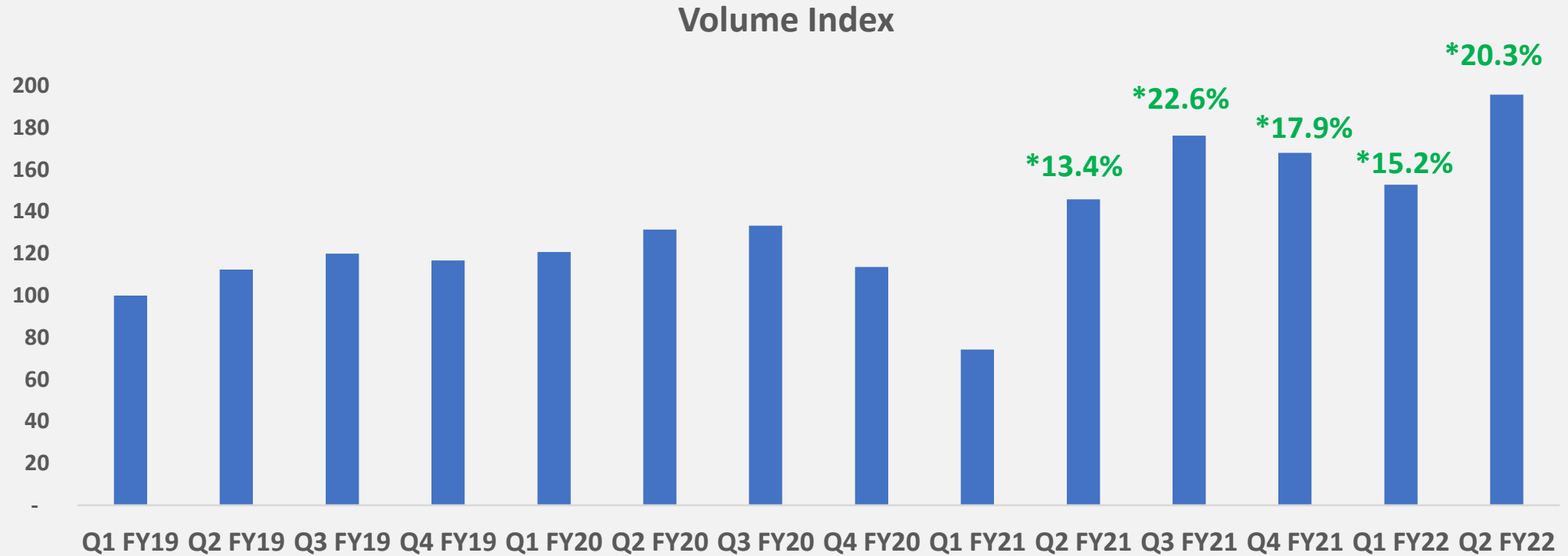
Q2 Volume & Value Trend



H1 Volume & Value Trend



## Strong Volume Growth Trend



Quarterly representation of Volumes sold on base of Q1 FY19 as 100

\*3 year compounded growth rates

## **Key Business Update**

- ❖ **Strong volume growth led by growth in T1/T2 centers across regions**
  - ❖ **Despite covid related restrictions in certain regions & prolonged monsoon**
- ❖ **Industry beating growth over the last 3 years; strong & consistent market share gain**
- ❖ **Economy as well as Luxury range continued to grow strongly**
  - ❖ **Well supported by uptick from new Launches in Luxury and Premium Space**
- ❖ **Expansion in the Projects business on a stronger footing**
  - ❖ **Deeper inroads across segments – Builders, Govt, Factories, Co-op Hsg Societies**
- ❖ **High growth trajectory on the Smartcare Waterproofing portfolio**
- ❖ **Wood Finishes category expanding with range of Premium product introductions**

## New Product Introductions



Smart Care  
Tile Grout



Smart Care HydroLOC



ALL Protek  
Fire Retardant Paint



PU MDF Filler



Royale Glitz Teflon



AP Woodtech  
Ingenio



## Key Business Update

- ❖ **Network Expansion & Upgradation Focus**
  - ❖ Expanding Rurban footprint – into new towns and suburbs, with 40,000+ new retail points added over last year and a half
  - ❖ Continued expansion of Colour Worlds to the network in the first half
  - ❖ Retailing foray continues: 16 new Colour Ideas stores opened
  - ❖ 26 Beautiful Homes Stores functional
- ❖ **Home Décor – Driving business strongly from ‘Share of Surface’ to ‘Share of Space’ in Homes**
  - ❖ Beautiful Home Stores providing strong push across categories – Luxury Paint portfolio, Kitchen, Bath, Furnishings, Furniture and Lighting
  - ❖ Establishing the Inspirational Décor quotient – Nilaya and Royale
    - ❖ Sabyasachi for Nilaya – First of its kind designer home furnishings



Designer Home Furnishings













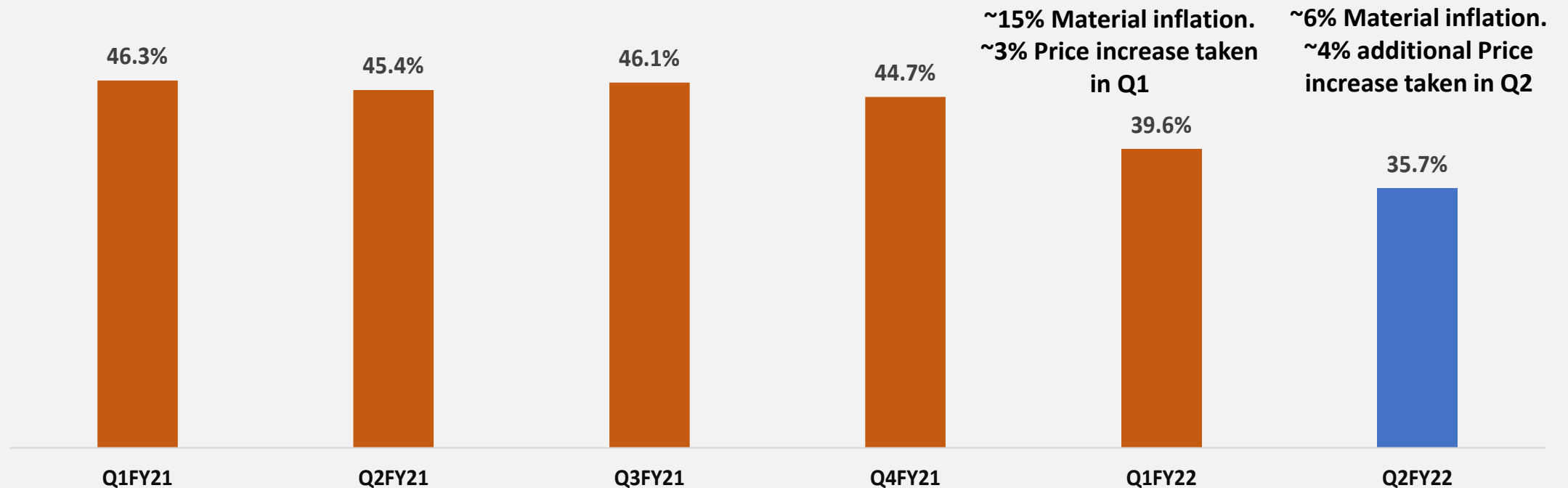
## Services – A Key Differentiator; Unique Propositions

- ❖ Beautiful Homes Service – gaining traction;
  - ❖ Delivering cutting edge, inspiring Décor
  - ❖ More than 500+ sites booked in first half
- ❖ Safe Painting service – strong momentum



Margins impacted - Steep inflationary trend persists. Further 6% inflation in material prices in 2<sup>nd</sup> Qtr over the average input prices in 1<sup>st</sup> Qtr.

### Quarterly Gross Margin Trend



## Key Business Update

❖ Delivered mid single digit revenue growth in 2<sup>nd</sup> Qtr over LY – mixed bag across regions

❖ Asia - Good growth despite challenges around Covid restrictions & Forex situation (Sri Lanka)

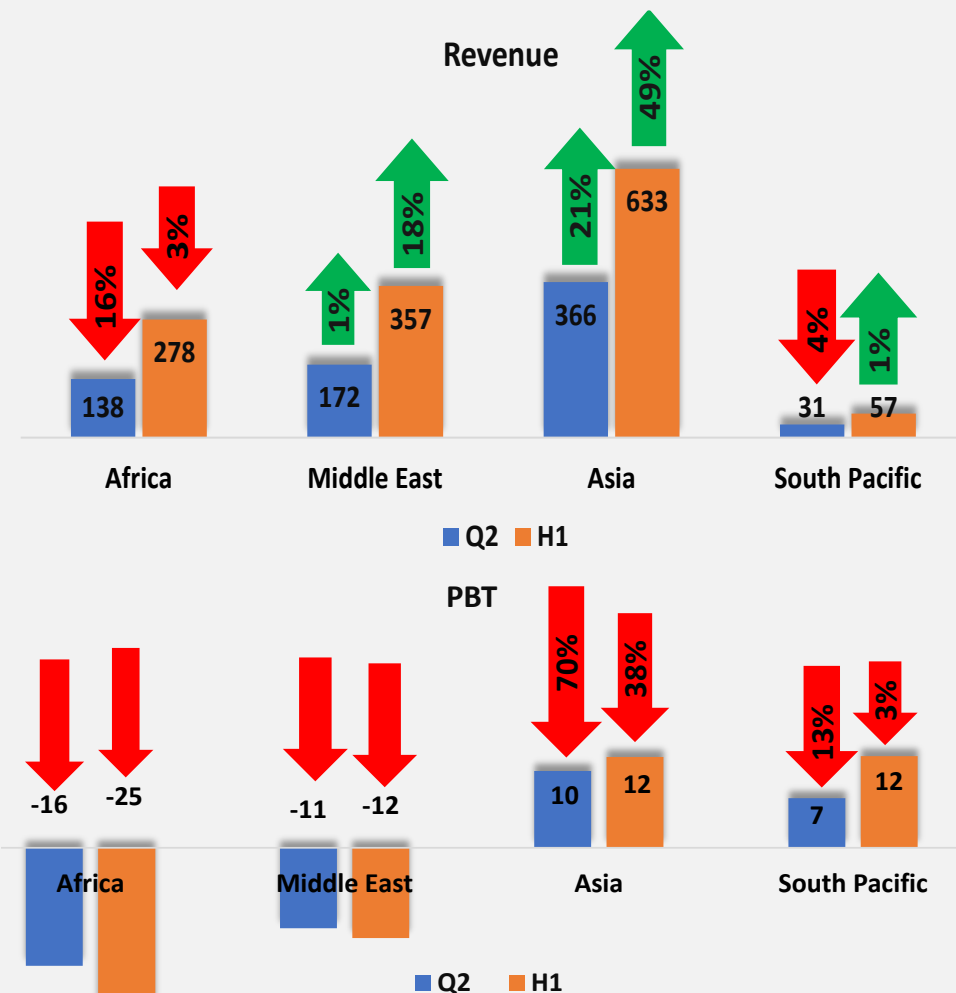
❖ Middle East - Sluggish Retail markets with several lockdowns; Projects yet to take off

❖ Africa – High inflation, regional disturbances hurting market sentiments

❖ Overall, International Business revenue: Q2 at Rs. 701 crores (+6%) & H1 at Rs. 1312 crores (+24%)

❖ Profitability significantly impacted by the steep material inflation; Leading to PBT level loss

❖ Q2 PBT loss at Rs. 17 crores & H1 PBT loss at Rs. 28 crores



(figures in columns in Rs. crs)



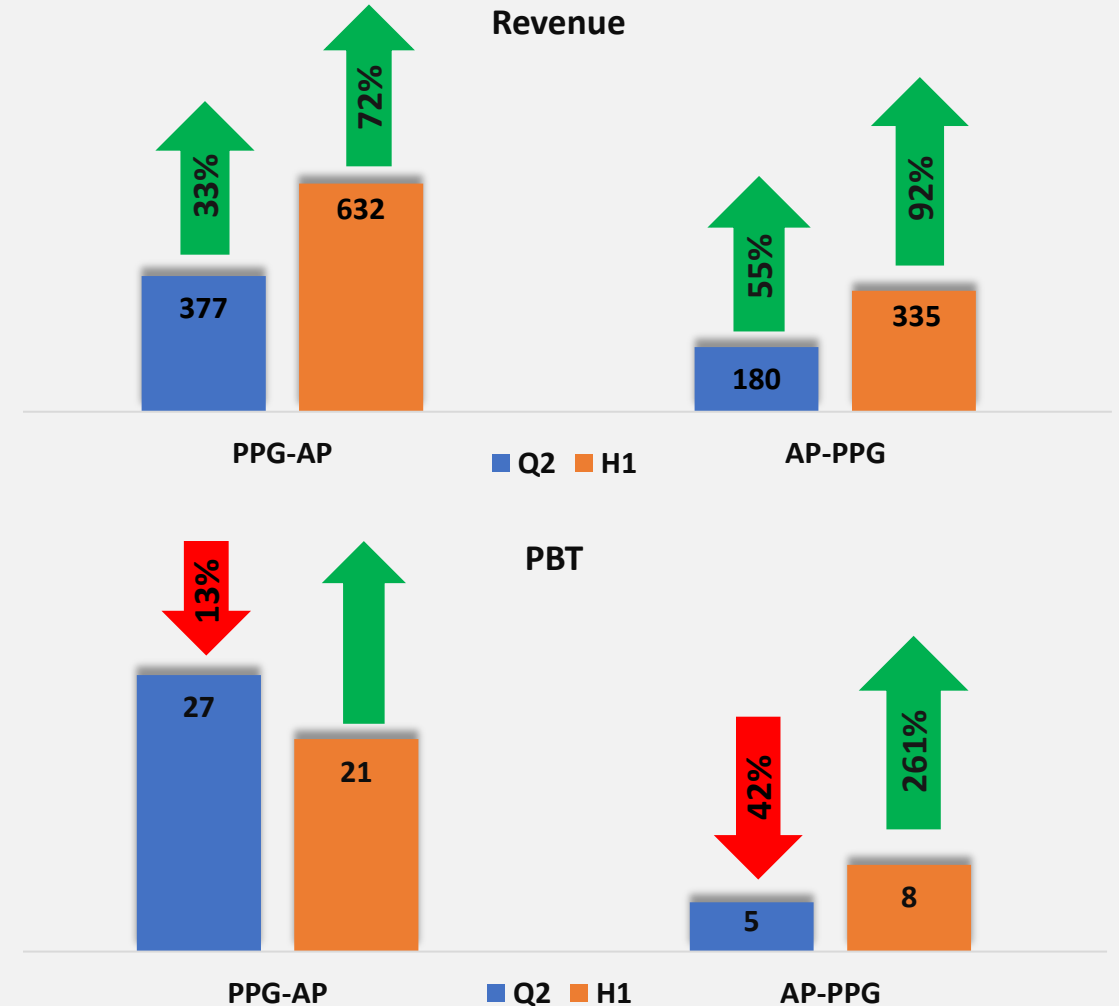
## Key Business Update

### ❖ PPG-AP

- ❖ Business continues to recover from lows
- ❖ Strong push for implementing price increases across B2B customers

### ❖ AP-PPG

- ❖ Strong performance in Protective Coatings
- ❖ Retail channel as well as Projects segment driving growth
- ❖ Powder segment seeing sequential uptick as well



(figures in columns in Rs. crs)

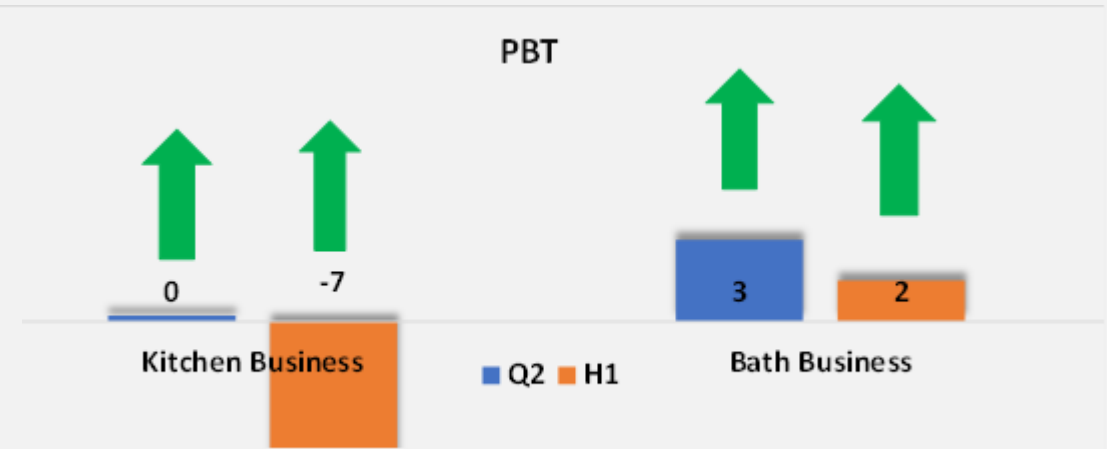
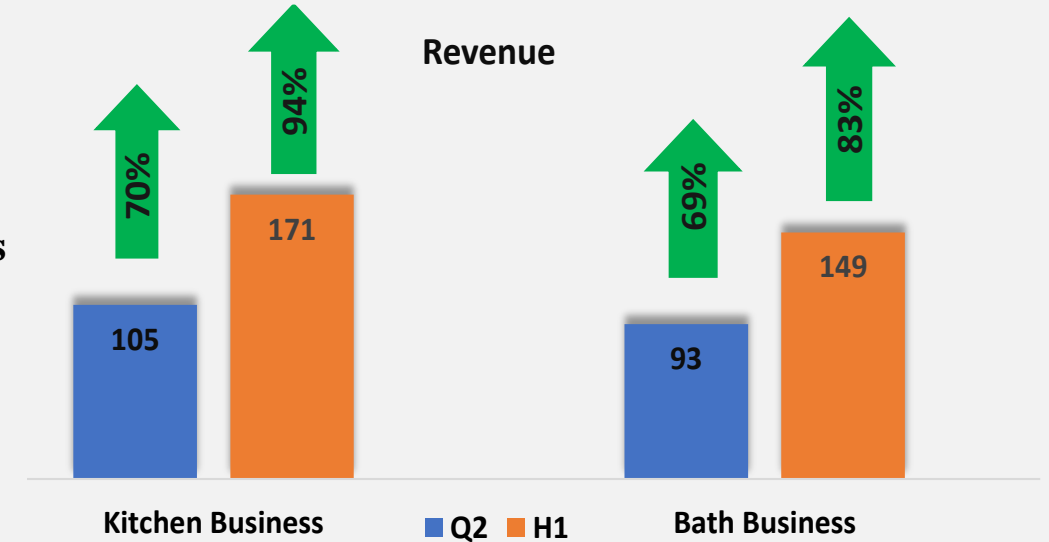
## Key Business Update

### ❖ Kitchen Business

- ❖ Rs. 100 crs + revenue mark milestone for the Qtr
  - ❖ Strong performance in Full Kitchen solutions as well as Components business
  - ❖ Demand conditions recovering in Projects
- ❖ Business PBT break-even in Q2 – a first
  - ❖ Improving scale benefit despite input inflation

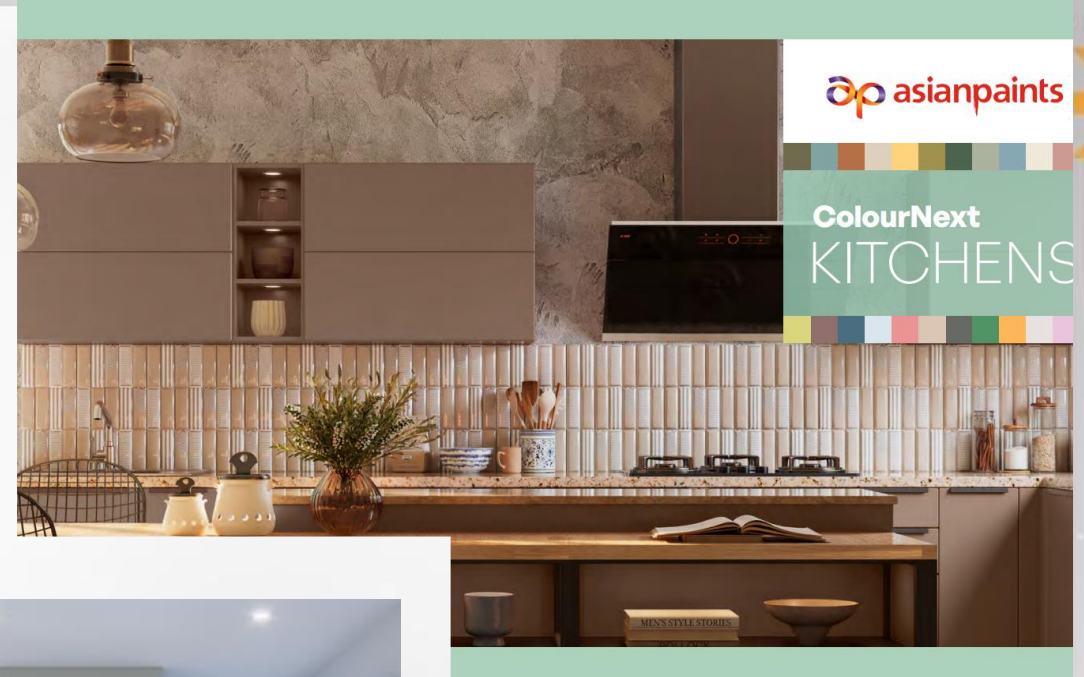
### ❖ Bath Business

- ❖ Improving revenue trajectory with Premium products moving well
  - ❖ Supported by growth in Projects with strong collaboration with Decorative Projects
- ❖ Profitable qtr & first half
  - ❖ Improving scale benefit



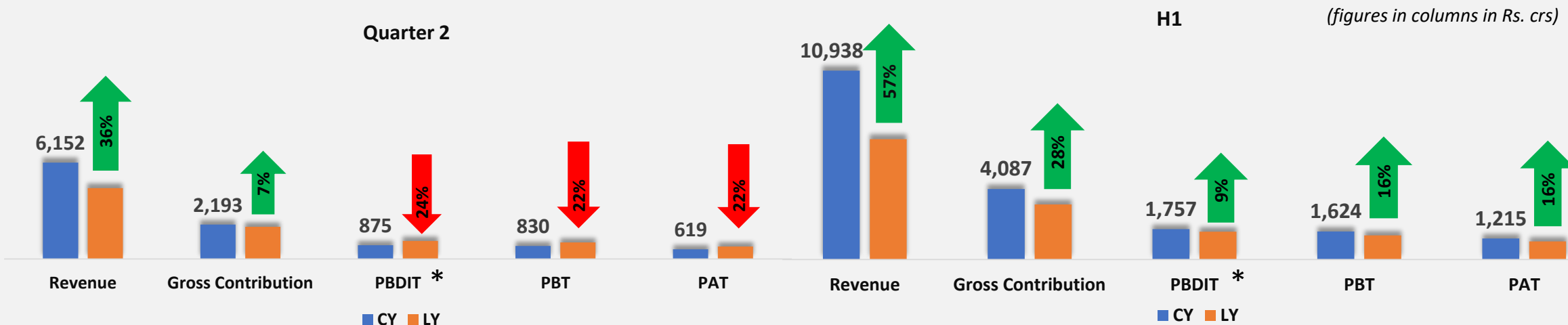
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# Home Improvement Business





## Summary – Standalone Financials



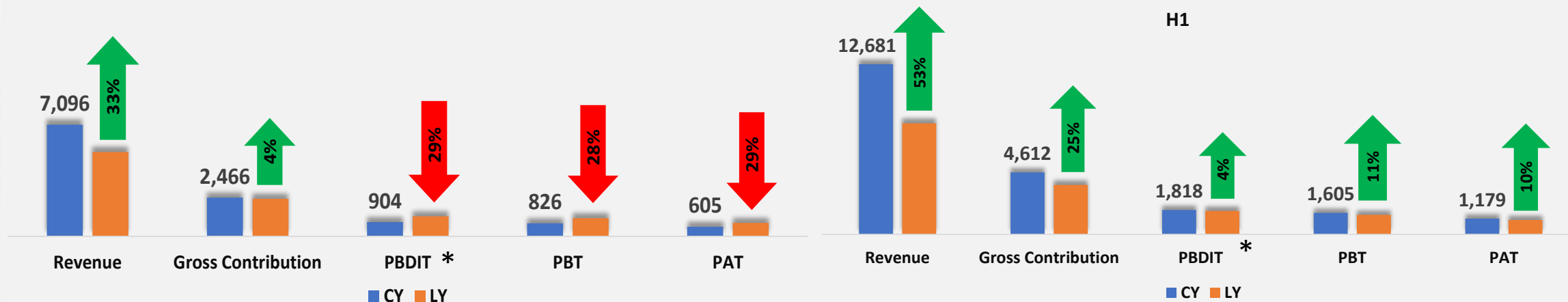
- ❖ Strong double digit revenue growth trajectory
- ❖ Steep material inflation – only partly negated by price increases taken over several rounds
  - ❖ Gross margin contracting by 975 bps for the Qtr & 837 bps for the first half compared to LY
- ❖ Improved scale over LY base and optimization on overhead spends arresting fall in first half PBDIT margin to 711 bps

\* PBDIT before Other Income

## Summary – Consolidated Financials

Quarter 2

(figures in columns in Rs. crs)

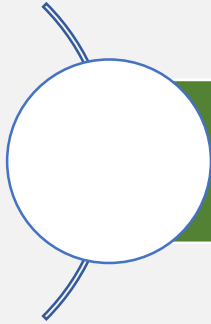


- ❖ Even at consolidated level, Gross contribution margins impacted by persistently high inflation
  - ❖ Gross margin contraction of 966 bps for the Qtr & 816 bps for the first half compared to LY
- ❖ PBDIT margins for first half lower than previous year by 680 bps
  - ❖ Supported by improved scale over LY and continued cost control measures

\* PBDIT before Share in profit of Associates & before Other Income

## Dividend Distribution

FY 2021-22



Interim Dividend 365% ( Rs 3.65 per share)

### FY 2020-21

Payout Ratio : 56.1%

Total Dividend 1785% (Rs 17.85 per share)

Final Dividend 1450% (Rs 14.50 per share)

Interim Dividend 335% (Rs 3.35 per share)



## Looking Forward

- ❖ **3<sup>rd</sup> Qtr demand outlook looks positive**
  - ❖ **Supported by Strong consumer sentiments coupled with Festive season demand**
  - ❖ **Good monsoon augurs well for rural demand**
  - ❖ **Upturn in housing construction as well as industrial demand**
- ❖ **While possibility of any 3<sup>rd</sup> wave looks remote, need to maintain caution**
  - ❖ **Covid apt protocols being followed across business locations**
  - ❖ **Strong focus on getting the entire employee base fully vaccinated**
- ❖ **Raw Material inflation looks to persist**
  - ❖ **Further price increases eminent across product categories**
  - ❖ **We look to cover a large part of the inflation in next 3 months through a series of actions**
- ❖ **In International portfolio, forex tightness in some key markets a concern**
  - ❖ **Steps being taken to address the same**

**Thank You**