COMPANY PROFILE

CRAFTING HOME DÉCOR FOR DECADES

For over 75 years, we have put our hearts to embellishing and enriching millions of homes across Asia, the Middle East, Africa and the South Pacific. Our forte in all these years has been unwavering consumer focus and a relentless zest for innovation. Since 1942, Asian Paints has remained a reliable partner in making dream homes a vibrant reality.

We not only manufacture a wide range of paints for decorative and industrial use, but also offer end-to-end painting and designing services, colour and decor consultancy, waterproofing solutions and much more.

Highest standards of ethics, professionalism, stakeholder transparency and a deep desire to excel in whatever we do have fuelled our fast-track growth and helped us build an industry-leading brand recall.

In the Industrial coatings space, Asian Paints operates through two strategic 50:50 joint ventures with PPG Inc., USA, a global leader in coatings. The first JV - 'PPG Asian Paints Pvt Ltd', services the increasing requirements of the Indian automotive coatings market. This JV also manufactures packaging and marine coatings. The second JV - 'Asian Paints PPG Pvt Ltd' services the protective, industrial powder and light industrial coatings markets in India.







We are also present in the Home improvement and décor space in India in the area of kitchen, bath fittings and sanitaryware. Sleek is a major player in the organised contemporary kitchen space and is engaged in the business of manufacturing, selling and distribution of modular kitchens as well as kitchen components, including wire baskets, cabinets, appliances, accessories, and so on. Ess Ess is a prominent player in the bath segment in India and has high-quality products in this segment, including bath fittings and a wide range of sanitaryware.

We have crossed many milestones, but the next horizon always beckons us, creating a more sustainable business model, which takes into account the insights and interests of all stakeholders. Integral to our sustainability journey is our continuous endeavour to conserve water and energy and optimise their use.

Our people across continents are passionate, innovative and work with integrity. We together help make the world beautiful by creating adorable home décor.



Strategic Review

Statutory Reports



OFFERINGS

Products

Paints | Chemicals | Wall coverings | Textures Painting aid | Waterproofing solutions | Wall stickers | Mechanised tools | Kitchen fittings | Bath fittings and sanitaryware | Sanitizers and surface disinfectants | Adhesives | Kitchens & Wardrobes

Services

Home Painting Services | Interior Design Services | Experience Retail Stores | Colour Consultancy | Projects | Sanitization services





CHAIRMAN'S LETTER

Dear Shareholders,

Yet another exciting and challenging year came to a close at Asian Paints. It has truly been a year of many learnings. As always, we worked relentlessly to offer solutions that deliver enhanced value to a wide cross section of consumers, communities and citizens. Despite a difficult economic environment, we registered healthy growth in each of the first three quarters. The lockdown in March this year affected performance in the last quarter and to an extent cast its impact on the results for year. Viewed in the context of the challenges, we were able to deliver a good performance and make considerable progress across businesses.



Transitions

After a journey spanning four decades and many roles, Mr. KBS Anand retired as Managing Director and CEO of the Company. Under his able leadership, the Company moved from being a product-centric to a consumer and service-oriented brand, forayed into Home Improvement, made international acquisitions and established world-class manufacturing plants. His contribution to our growth and development have been truly commendable.

Despite a difficult economic environment, we registered healthy

growth in each of the first three

quarters

Mr. Amit Syngle, who has succeeded Mr. KBS Anand is a veteran with thirty years of experience in the Company. Credited with game-changing innovations in marketing colour, introducing new age retailing and envisioning product innovations in the industry, Amit brings strong and determined leadership which, I am sure, will take the Company to new heights. Another leadership change was the appointment of Mr. R J Jeyamurugan as Company Secretary and CFO, in place of Mr. Jayesh Merchant who retired after an illustrious 17 years in the organisation.

I am confident that the Company will benefit immensely under the guidance of the new leadership.

Key Areas of Focus

The unexpected events towards the close of the year notwithstanding, Asian Paints achieved many milestones in FY 2019-20. The Decorative business focused on product innovations and growing the overall market in various areas



like value for money emulsions, innovative solutions in the waterproofing and construction chemicals segment and more inspiring options in Home décor. In the Home Improvement business, some of the developments in the year included new choices in the Full Kitchen business and a strengthened offering in sanitaryware business. On the International front, attention was on re-energising our business in markets like Egypt, Bangladesh and Sri Lanka which were performing below their potential. The industrial business saw emphasis being put on certain key areas in protective coatings and improved product offerings.

People and the Community

Being one with the community of which we are a part and playing an active role in its development and progress has been an integral aspect of our philosophy. Our Colour Academies continued to hone talents within the painter and contractor teams, orienting them towards taking responsibility for the overall project. In Himachal Pradesh, upskilling programmes were conducted for plumbers, opening the door to more opportunities. Our associations like that with St+Art Foundation resulted in many new initiatives in Chennai and Goa. We made In line with our brand saliency, we attempted to connect significant strides in promoting inclusive education and health more strongly with our customers through multiple campaigns and hygiene awareness in our adjoining communities. During and events. Our campaigns promoted our connect with the year, 43,000 persons benefited through our employee homes, showcasing common day-to-day life moments to volunteering programmes which carried out successful bring joy and happiness in customers' lives while at the same healthcare camps in rural communities. I am also pleased to time giving a social message of staying safe and at home report our participation in restoration of safe water structures during the lockdown. in parts of Gujarat.

Responding to the Pandemic

As the world hesitatingly limps back to normalcy, much would The ongoing pandemic and consequent lockdowns are having change. Business in a post-pandemic world will be full of new a devastating effect on lives, occupations and wellbeing challenges and new opportunities. The customer who emerges of people at large. We have taken several steps to help after months of lockdown would come with new expectations. the community navigate through these troubled times. Skills learnt and talents discovered while in prolonged Contributions to Central and State Emergency Relief Funds, isolation will not be forsaken easily. As people at large seek to support to NGOs supplying essential items to the needy, make changes in the way they live, work, travel or unwind or protocols to ensure employee safety, addition of hand look for new ways to pursue leisure, sports and entertainment, sanitizers and surface disinfectants to our product portfolio, it will inevitably impact our business. Winners will be the launch of safe painting campaigns, mitigating hardships faced organisations that guide customers through the transition by retailers and contractors and helping shops restart their with innovative ideas and solutions and bring joy to their business safely are amongst the many initiatives implemented lives. I am sure our inherent resilience and the unparalleled by the Company. dedication of our employees will help us navigate through the Being a responsible & caring Brand, the Company has forayed exciting times ahead and continue to create unmatched into the hand sanitizers and surface disinfectants to support value for all.

Being a responsible & caring Brand, the Company has forayed into the hand sanitizers and surface disinfectants to support the Government and its stakeholders. To deepen the connect with the consumers and all the stakeholders, the Company has launched a Safe Painting Campaign which continues to receive a very good response. The campaign has attempted to assure the consumers about the Safe Painting Services by helping them overcome their reservations following the pandemic and strengthen the bond which the Company enjoys with the consumers. Being a responsible & caring Brand, the Company has forayed into the hand sanitizers and surface disinfectants to support the consumers about the Safe Painting Services by helping them overcome their reservations following the pandemic and strengthen the bond which the Company enjoys with the consumers. Being a responsible & caring Brand, the Company has forayed into the hand sanitizers and surface disinfectants to support to deepen the connect is take this opportunity to thank you all for your unwavering support and commitment that continues to provide us strength to forge ahead in our endeavour. Yours sincerely, **ASHWIN DANI Chairman**



Navigating the New









FROM THE MD & CEO'S DESK



Dear Shareholders,

It is great to be communicating with you . We are in the midst of some exceptional and unprecedented times. Covid-19 has posed challenges across the Globe and disrupted our lives like never before. I want to assure you that even in these uncertain times your Company has been taking all the measures to not just successfully mitigate risks and navigate business but also take care of its employees, our assets and our stakeholders and customers in a strong sustainable manner.

We see huge changes as we look at the 'new normal' and we are working to see how do we look at anticipating the needs of the ever evolving customer, so that we are able to sustain our core values and ensure that we take the Company to a different trajectory.

The year that was. Decoratives, India

Over the last few years, Asian Paints has strived to evolve itself into a décor company for its customers, empowering them to create their dream homes. These efforts saw a new high in FY 2019-20 and have resulted in a large focus being placed on providing inspirational décor ideas through our website beautifulhomes.com, exciting customers in a unique way. The social media following of customers of this site has been unprecedented and we are confident that we continue to influence a lot of customers in this area of Home Décor. We accelerated our entry into complete Home Décor providing décor fulfilment through 10 fully operational AP Homes Stores, ensuring that we are able to offer a complete Home Décor offering under one roof.

We have also given a new edge to the paradigm of 'partnering the customer' by providing complete delivery of home décor to customers through the newly started 'Beautiful Homes' service. In addition, we have taken our 'Paint Total' service, offering the full Painting Solutions through our Retailers forward with a footprint in more than 200 cities. At the same time we looked at lacs and lacs of customer interactions through 'Colour Consultancies' across our ever increasing 'Colour Ideas' and 'Ezy Colour' Stores.

Product Innovation has been the hallmark of our strategy and we have been expanding the paint market as a leader over the years . In the last financial year, we looked at expanding the whole 'value for money' emulsion segment by looking at upgradation from the 'bottom of the pyramid' by educating consumers and also innovating to introduce unique price points with the Ace and Tractor Emulsion 'Sparc' range. We also expanded the market by introducing a unique patented product 'GloMax' by targeting the unorganised 'Polish' market offering customers a unique quality product.

The Health and Hygiene segment has been looked at strongly and we have offered anti-bacterial all surface coatings under our Luxury Royale Health Shield which comes with approval from Indian Medical Association and also external accreditation. Our top end, Ultra premium products in Wood Finishes in conjunction with our collaborator Renner Italia, has really expanded at the top end. Our endeavour to offer the best solutions to the customers have motivated us to offer unique patented products at the top end in the Waterproofing category with a pioneering 'polyurea' chemistry. We are now

We see huge changes as we look at the 'new normal' and we are working to see how do we look at anticipating the needs of the ever evolving customer, so that we are able to sustain our core values and ensure that we take the Company to a different trajectory clearly an expert in the Smartcare Waterproofing area and a strong preferred brand.

All these efforts have enabled the Company to register a strong double digit volume growth performance despite an overall tough operating environment through the year in the domestic market, not to mention the complete closure of business for most part of the last fortnight of the year due to the lockdown. The growth registered in the Projects segment of the Decorative business has been especially significant, taking into account the ailing real estate and infrastructure development space in the country. And all this has happened with a consistent approach of providing a strong value proposition to all consumers – be it retail or projects.

Home Improvement

Even the Home Improvement business in the Kitchen and Bath space performed well. Notwithstanding the difficult on-ground environment, both the businesses have diligently worked to expand their network spread as well as their product offerings laying a strong foundation for future growth. The year also saw a strong foray in the Sanitaryware business and also investment into building brands and a strong service for Full Kitchen delivery.

Industrial Business

The Industrial business in the domestic market has definitely been impacted with the large scale downturn in key industrial sectors, especially the key automotive segment. But despite this, the business has delivered higher profitability with strong work on enhancing product propositions to retain large customers.

International Business

The International business portfolio too performed well and much better in comparison to the previous year. We have been able to do good work on improving the product propositions in some key units like Egypt, Bangladesh, Nepal and Sri Lanka.



The Company also took strong steps to tackle the foreign exchange crisis in Ethiopia by working on enhancing the localized content of raw materials and this has helped the business.

Overall

Overall, I am very pleased with the strong performance delivered by the Group in a very difficult environment. As we look at the Indian market, we have grown faster and have expanded the overall paint potential by opening new avenues. This performance is driven by a strong and persistent focus on keeping the customer needs at the centre of everything that we do. Our singular zeal to anticipate the changing customer needs and preferences, to continuously adapt our product and service propositions and delivering 'best in class value' to the customers has stood us in good stead all through our journey.

The Way ahead

As we step into the 'new normal' we would continue to take steps to understand the evolving needs of the customer and bringing joy and happiness in their lives. As a Responsible and Caring brand, we are strengthening our foray into the 'Health and Hygiene' category by getting into new innovations. Our recent foray into Hand, Surface and Spaced Sanitizers is a strong step in that direction . We continue to partner the customer in making large investments in the 'Services' area. We recently launched a Sanitization service 'San Assure' and 'San Assure Pro' for offering a complete peace of mind for the customers for their shops, offices, homes and a professional variant for Housing Societies, Hospitals, hotels and institutions. We have also introduced a 'Safe Painting Service' so that we can provide an assurance to the customers of a safe and secure painting environment in these uncertain times. We are also looking at innovations in our Waterproofing, Wood finishes and emulsions in our endeavour to provide the best solutions to the customers and enlarging the overall paint potential. Our foray into Home décor will continue in a strong manner so that we offer the customer her dream home which is inspiring and exciting.

With many of the markets now open for business, we have put the highest priority on the safety of our employees by ensuring regular sanitization, safe distance working practices and use of protective gears by employees. We continue to monitor the evolving situation closely with a cautious approach in committing any large spends.

The speed, the adaptability, the customer focus which the entire team at Asian Paints has consistently demonstrated over these many years of its leadership and more specifically over the last few months, gives me the highest confidence in our organisation's ability to not only successfully navigate through the immediate uncertainties posed by the pandemic but also keep on delivering sustainable value to all its stakeholders.

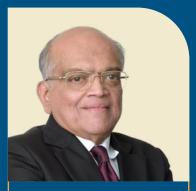
Warm regards,

AMIT SYNGLE Managing Director & CEO

BOARD OF DIRECTORS

DIVERSE EXPERIENCED BOARD





ASHWIN DANI Non-Executive Chairman



MANISH CHOKSI Non-Executive Vice-Chairman



ABHAY VAKIL Non-Executive Director



JIGISH CHOKSI Non-Executive Director



DEEPAK SATWALEKAR Independent Director



M K SHARMA Independent Director



VIBHA PAUL RISHI Independent Director



AMIT SYNGLE Managing Director & CEO



MALAV DANI Non-Executive Director



AMRITA VAKIL Non-Executive Director



PALLAVI SHROFF Independent Director



Independent Director

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Dr. S SIVARAM Independent Director

SURESH NARAYANAN

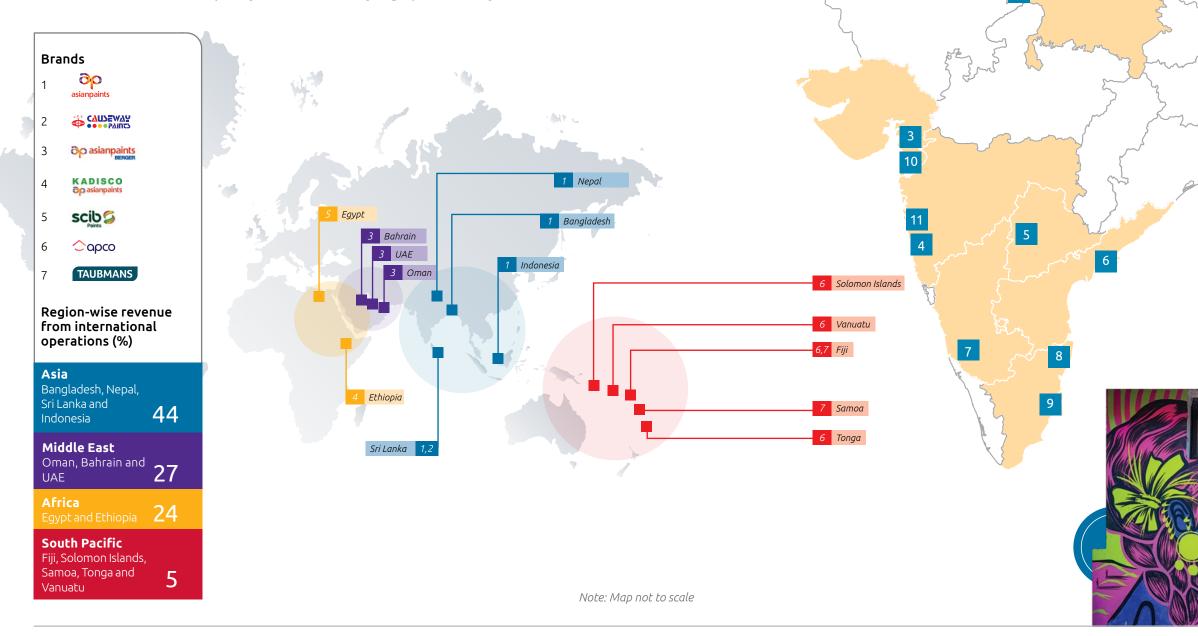


R SESHASAYEE Independent Director

GEOGRAPHICAL PRESENCE

CLOSER TO CUSTOMERS AROUND THE WORLD

Our manufacturing operations encompass 15 countries of the world including India, with considerable presence in South Asia and the Middle East. We have steadily enhanced our global capacities and our facilities are equipped with technologies that ensure resolute focus on quality and consistently high productivity.



Paint Manufacturing Locations

(INSTALLED CAPACITY/ANNUM)

Decorative Paint

- 1 Rohtak, Haryana 4,00,000 KL
- 2 Kasna, Uttar Pradesh 80,000 KL
- 3 Ankleshwar, Gujarat 1,30,000 KL
- 4 Khandala, Maharashtra 3,00,000 KL
- 5 Patancheru, Telangana 80,000 KL
- 6 Visakhapatnam, Andhra Pradesh **3,00,000 KL**
- 7 Mysuru, Karnataka 3,00,000 KL
- 8 Sriperumbudur, Tamil Nadu **1,40,000 KL**

Chemical 9 Cuddalore, Tamil Nadu 6,720 MT

Industrial Paint

- 10 Sarigam, Gujarat 7,200 MT
- 11 Taloja, Maharashtra 14,000 KL

RESILIENT EXISTENCE

CREATING AND SHARING VALUE





EXPERIENCE AND INSIGHT

In over seven decades, we have shaped and reinforced our leadership through consistent innovation in products and services in line with evolving customer aspirations.



GLOBAL PRESENCE

We have manufacturing operations in India and 14 other strategic markets. We are consistently deepening our global presence across existing and new geographies and are servicing consumers in over 60 countries.



AP HOMES

These are multi-category integrated décor stores offering products and solutions across categories of paints wallpapers, modular kitchens, bath fittings, sanitaryware, furnishings and light fittings, among others.



MANUFACTURING SCALE

Our production facilities across the globe are equipped with robust operating practices. We are ensuring optimum utilisation of all manufacturing assets, driving better economies of scale.





SETTING TRENDS

Our Research & Technology (R&T) facility in India with over 200 scientists supports our strategy around new technology adoption and product development, focusing also on creating sustainable products, as well as value re-engineering for productivity improvement and cost optimisation.



TALENT POOL

We provide a work environment where everyone can perform to their full potential every day. Our culture is inclusive with the right people in pertinent roles, who are engaged, empowered and appropriately rewarded.





DISTRIBUTION STRENGTH

Our wide distribution network, nurtured for decades, provides an exceptional customer experience at every touchpoint.

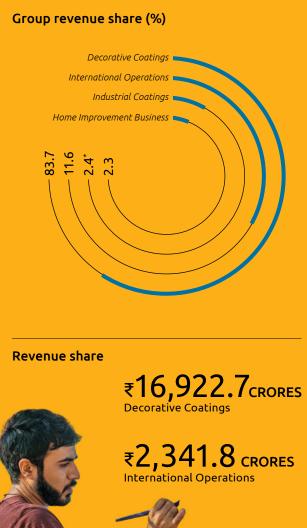


COLOUR IDEAS STORES

These stores offer a relaxed environment for end consumers to browse through various painted panels of special effects, new finishes and trend colours. It also offers in-store colour consultancy by trained colour consultants.

BUSINESS DIVISIONS

UNLOCKING VALUE ACROSS OFFERINGS





₹457.7 CRORES Home Improvement Business





DECORATIVE COATINGS

We have eight decorative paint manufacturing plants across the country, supporting an extensive distribution platform. Our products cater to varied price points and requirements, consisting primarily of four segments – interior walls, exterior walls, wood finishes and metal finishes. We also introduced new categories such as water proofing, wall coverings, painting tools and implements, alongside adhesives and sanitizers.

Aligned to ever-changing consumer requirements, we are consistently strengthening our brand value proposition by emerging as a comprehensive décor solutions provider.

dp asianpaints

20 +New products launched every year



INTERNATIONAL OPERATIONS

We operate in four regions across Asia, the Middle East, South Pacific and Africa through the seven corporate brands viz. Asian Paints, Apco Coatings, Asian Paints Berger, Causeway Paints, SCIB Paints, Taubmans and Kadisco Asian Paints. Our presence in the Middle East and South Asia is significant, and we are expanding with key focus on Africa and Indonesia.



We are amongst the top 3 players in decorative paints in 12 of the 14 countries outside India

INDUSTRIAL COATINGS

We cater to the Indian industrial coatings market through two strategic joint ventures with PPG Inc. of USA, a global leader in coatings, offering the entire spectrum of industrial coatings products such as automotive coatings, refinishes, protective coatings, floor coatings and powder coatings, among others. We are the market leader in the auto refinish segment and the second largest player in the automobile OEM segment. Our industrial coatings manufacturing capacity is being steadily enhanced to address the growing OEM demand.





HOME IMPROVEMENT BUSINESS

Kitchens and Wardrobes

We offer kitchen and wardrobes solutions that can be customised to our customers' needs. We help our customers create the kitchen space of their choice in their dream homes.





Bath Fittings and Sanitaryware

Under this category, we offer bath fittings and accessories, curated washroom areas and smooth surface work with flawless finish. The elements in use are infused with glaze surfaces that come with germicide to fight bacterial growth. We are leveraging our distribution strength and customer understanding around décor to scale this business.







BRAND PORTFOLIO

INSPIRING SHADES OF INNOVATION

As markets evolve and aspirations shift, the innovation pipeline moves in sync. We continue to bring new ideas to life for our consumers.

INTERIOR PAINTS







Royale Aspira, Royale Health Shield, Royale Shyne, Royale Luxury Emulsion, Royale Play Metallics, Royale Play Safari, Apcolite Advanced Shyne, Apcolite Advanced Emulsion, Tractor Emulsion Shyne, Tractor Emulsion, Tractor Sparc, Tractor Acrylic Distemper

METAL FINISHES (ENAMELS)





Apcolite Rust Shield, Apcolite Satin Enamel, Apcolite Premium Gloss Enamel, Tractor Enamel

EXTERIOR PAINTS



Apex Ultima Allura Venezio, Apex Ultima Allura Torino, Apex Ultima Protek Duralife (Basecoat & TopCoat), Apex Ultima Protek Lamino, Apex Ultima Protek (Basecoat & TopCoat), Apex Ultima, Apex Createx Roller Finish, Apex Shyne, Apex, Ace Shyne, Ace, Ace Sparc

WOOD FINISHES RANGE





Woodtech Polyester Gold, Emporio PU, Woodtech Insignia, Woodtech PU Palette, Woodtech Aquadur PU, Woodtech PU, Woodtech Melamyne, Woodtech Touchwood, Woodtech GloMax



RANGE OF TOOLS





BATH FITTINGS & SANITARYWARE





NILAYA RANGE OF WALL COVERINGS

DISINFECTANTS







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ADHESIVES

SMARTCARE RANGE OF WATERPROOFING PRODUCTS



KITCHENS AND WARDROBES





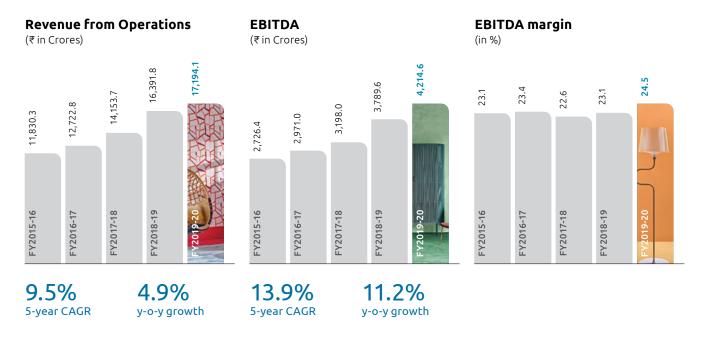
SERVICES

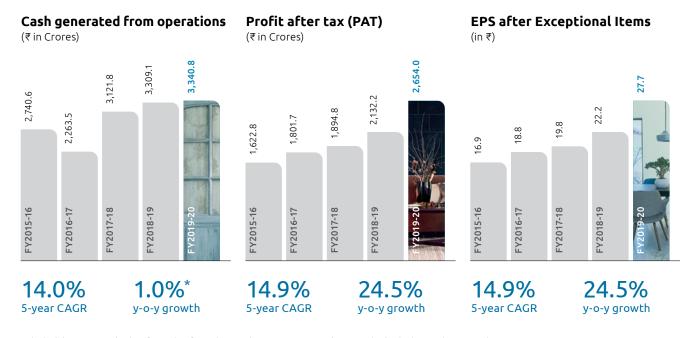
Home Painting Services Interior Design Services Experience Retail Stores Colour Consultancy Projects Sanitization services

KEY PERFORMANCE INDICATORS (STANDALONE)

PROGRESSING WITH OPTIMISM

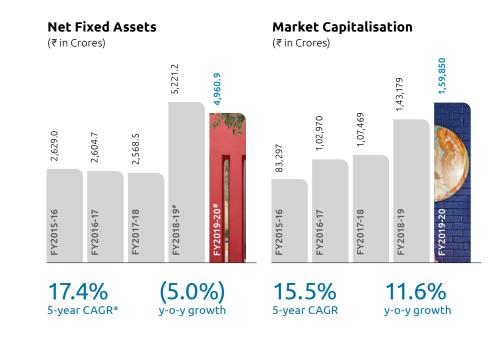
Profit and Loss metrics

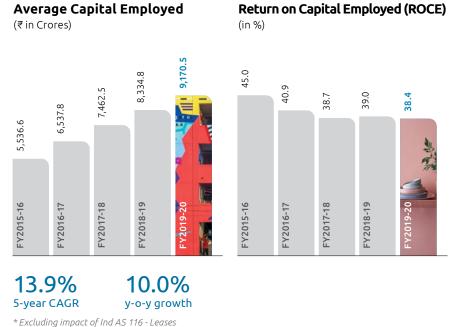




*The lockdown imposed in last fortnight of March 2020 due to COVID19 pandemic resulted in higher working capital requirement.

Balance Sheet metrics





Includes impact of Ind AS 116 - Leases, addition of new plants in Mysuru and Visakhapatnam.



END-TO-END SOLUTIONS ONE-STOP DÉCOR DESTINATION

We walk alongside our customers to help them realise their dreams of a perfect living space. Deep industry insight, continuous innovation and focus on customer preferences have enabled us to emerge as a global brand with a compelling recall.





PAINTING SOLUTIONS

Our palette of products and services is enriched by rich industry experience and expertise in helping our customers own best-in-class living spaces.



INTERIOR DESIGN SOLUTIONS

Our experts analyse the requirements of customers, understand their budgets, and offer them suggestions to spruce up their living spaces.



Modular Kitchen

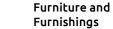


Lighting



Flooring





LARGE PAINTING PROJECTS

We offer a host of services that cater to the requirements of large-scale painting assignments. We are present in over 90 locations including metros across the country. Some of the projects we undertake include co-operative housing societies, new buildings, institutes, and government organisations.

- Painting solutions
- Waterproofing solutions



In-person experience

AP HOMES

AP Homes is a one-stop shop for all your home décor needs. We offer multi-category integrated décor stores, offering products and solutions across categories of paints, wallpapers, modular kitchens, bath fittings, sanitaryware, furnishings and light fittings, among others. Currently, we have 10 décor stores across Coimbatore (Tamil Nadu), New Delhi, Kochi (Kerala), Raipur (Chhattisgarh), Karur (Tamil Nadu), Tumkur (Karnataka), Jajpur (Odisha), Bengaluru (Karnataka), Nashik (Maharashtra) and Amritsar (Punjab).

COLOUR BY ASIANPAINTS

Customers here can experience colour in ways they had never imagined. One can browse through our exclusive range of finishes and create their dream home with our state-of-the-art technology. Located in Mumbai, the flagship signature store gives customers the option of expert assistance through a free one-on-one session with our colour consultants

COLOUR IDEAS STORES

Our Colour Ideas stores provide bespoke customer experience with end-to-end wall décor solutions, from colour personalisation to safe painting and furnishings. We have 430+ Colour Ideas stores across hundreds of towns.

COLOUR WORLD

We have a network of 50,500+ Colour World stores across the length and breadth of India. These stores are equipped with proprietary colour tinting system, enabling them to offer widest range of colour options.







USP's OF OUR SERVICE

Expert advice, Trained professionals, Dust free mechanised painting, Superior finish, Full home cleaning after painting, Asian Paints warranty



Digital connect

ONLINE COLOUR CONSULTANCY

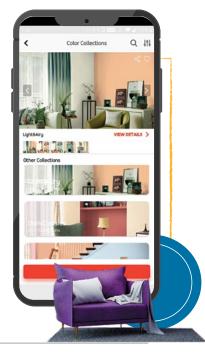
Ezy colour consultancy offers assistance from colour experts who answer queries regarding colour combinations with the help of visualisation technology and digital preview in just a few clicks. Additionally, a colour prescription and tips on suitable décor elements also facilitate decision-making.

BEAUTIFULHOMES.COM

'Beautiful Homes' is our online décor platform that offers innovative design ideas suited for myriad personal styles. It is a comprehensive guidebook for décor requirements and advice to guide customers every step of the way in their quest for the perfect living space.

MOBILE APPLICATION: COLOUR WITH ASIAN PAINTS

Colour with Asian Paints is our colour visualizer and wall painting application that lets customers try our wide range of wall colours. textures and wallpaper designs at the click of a button. It is possible to take a photograph of the wall one needs painted following which customers can pick from a range of colour combinations. They can also pick layouts from the gallery to sample wall colours and textures onto it.



END-TO-END SOLUTIONS



Applying innovation at speed and scale

We are innovating in the design and décor segment to offer differentiated value to our customers. Our aim is to reimagine living spaces through lateral ideas that challenge conventions, set trends and go beyond them.



This is our latest addition to the mechanised painting tools range, which will usher the interior spray-painting revolution in the country. The sprayer atomizes the paint and ensures uniform deposition to deliver best-in-class and seamless finish. It also provides excellent coverage, besides significantly bringing down painting time.

NILAYA NATURALS

We launched Nilaya Naturals, a completely pure and organic paint. It is formulated using 95% natural ingredients sourced from soya bean extracts, casein, castor oil, among others. It keeps the air around you fresh and comes with a 10-year performance warranty. This new offering delivers vintage, matte finish with a special painting mechanism that combines base coat with topcoat.

The colour palette includes 35 handpicked shades of custom blend that creates deeply soothing outcomes, which pose zero harm to the environment and only becomes more vivid with years.

TRACTOR EMULSION SPARC

The Tractor emulsion Sparc is one of our economical interior paint solutions that provides utmost value for money vis-à-vis distemper. With this washable paint solution, we are offering over 850 colour selection options that provide smooth finish to the walls.

ACE SPARC

Ace Sparc is a water and acrylic based exterior emulsion, designed for moderately humid climatic conditions. It's weather guard properties resist chalking, cracking and weathering as compared to cement paints.

WALL STICKERS

Our offerings include an assorted collection of wall stickers, which are continuously augmented to accommodate diverse consumer requirements across various age groups and preferences. These stickers are fade-resistance and come with UV technology. In FY 2019-20, we added several exciting wall stickers to our collection that are crafted for children.



WATERPROOFING SOLUTIONS

Within our new smartcare waterproofing solutions range we have the following offerings:

1.SmartCare Ultron

- This is our singular high-end polyurea chemistry waterproofing solution that is brush applied and comes with an open time of 90 minutes. It has superior properties and can be easily applied.
- 2.SmartCare Hypertron
- This polyurea product has helped us reinforce our presence in the polyurea market. The product is sought after for its attractive price point and exceptional properties and has been launched in two variants of hybrid and pure composition to suit diverse customer requirements across India.

WOOD FINISHES

Our wood finish range has new categories:

- **Polyester Gold** is the gold standard in wood lamination category and offers clear finish and scratch resistance.
- Affordable Polyester: We were the first organised paints player to foray into this segment with an attractive value proposition.
- GloMax Ultra Polish has helped the Company become the first in India to launch a French polish equivalent.
 It provides world-class attributes, which help create unmatched outcomes.



• Woodtech NC Sanding Sealer marked our foray into the untapped large undercoat market. This was followed by the introduction of Woodtech A1 Thinner and Woodtech A1 Gold Thinner. They come with quality variants and were launched in some states in India. 05 Digital by design

We are putting greater emphasis on our digital assets to offer enhanced experience to consumers.

COLOUR WITH AP

This is our one-tap mobile application for visualisation, which was upgraded with more catalogues and tools to help consumers with their décor decisions. The interface has been designed to ease the user journey on the application from inspiration to visualisation and execution.

The catalogues that can be accessed through the application provides ideas on contemporary trends, designs and colour schemes. They include many wallpapers and stencils.

IN-SYSTEM EFFICIENCY

We provide customers easy-to-read, concise and relevant information across all digital touchpoints. Our digital capabilities are geared towards making the customer journey seamless with priority to consumer data security and privacy.

WEB PRESENCE

Our website now has state-of-the-art design and engaging content. It has been expanded with extensive and easy-to-use colour, texture and wallpaper catalogues with an extensive gallery of space and décor shots as recommendations for consumers to help facilitate decision-making and streamline the consumer design journey.

Our site is now more informative with relevant information for consumer queries, alongside offering useful tools, such as paint budget calculator, texture catalogue and paint selector.



IMAGINING AFRESH WITH THE CUSTOMER

In FY 2019-20, we embarked on a journey to analyse the broad mindset of Indians in the context of their homes and their interior décor.

92 Rented/owned home visits





3 Interim workshops

1,20,000 Photographs chosen of the 2,50,000 taken

250 HOURS

200 HOURS Of jamming and synthesising

Over a period of six months, we understood that people emotionally connect in different ways with their homes and interior décor. This helped us understand customer psychographics better, evolve our offerings and help them choose what is right fit for them.



INFLUENCER ENGAGEMENTS PASSION IS EMPOWERING

Our media and public initiatives are conducted with the singular objective of bringing the community of designers, architects and creators together. We are committed to connecting, influencing and empowering individuals and firms that are doing substantial work in this field and are helping transform dreams around living spaces into reality.



End-to-end canvas

Our journey towards creating significant influence and impact on the design and décor community prompted a remarkable stride called The Masters 2019-20, a blend of myriad experiences. The programme included the following:

PERSONALISED SERVICE

We are partnering with architects and interior designers at every step of their projects. This includes providing product solutions that meet their expectations from the work at hand, supporting them through visualisation and sampling tools as well as execution.

EXCLUSIVE FINISHES

Our team is connecting budding architects and designers with finishes, which are exclusively owned by professionals. For instance, we provided them with the new Royale Play Calcecruda, which affords them a singular way of expressing creativity. Additionally, products like Nilaya Naturals was a strong focus this year among these creators.

RECOGNITION FOR OUTSTANDING WORK

To acknowledge some of the most evocative and creative sites rendered by various firms we created the Masters Gallery. It is a showcase of the esteemed sites where firms have used our products. We received 370 entries this year, as opposed to 200 in FY 2018-19.

ENGAGEMENT ACTIVITIES

This was an initiative to celebrate our success together where we saw 50 firms travel for the prestigious India Design Week with us. We also recorded our presence in several prestigious exhibitions and events across the country, such as Association of Architects Builders Interior Designers (ABID) in Kolkata, AD-Design Show in Mumbai, Festival of Architecture and Interior Designing (FOAID) across several locations in India.

COLLABORATION

The event includes a programme that objectively tracks our relationship with each firm. They partner with us for large projects as well as retail sites. There is collaboration with colourpro applicators and bath fittings.







One of our most esteemed media programmes has been the year-on-year association with the India Design Week in the form of being the title sponsor for the event. This year it was hosted at NSIC Grounds in New Delhi. The event brought together new launches across segments and exclusive showcases, signature collections and magnificent installations alongside personalised walkthroughs around the location.

This is a unique opportunity to interact with the most esteemed of the exhibitors from India and overseas.



Our campaign offers consumers an opportunity to showcase the projects they are proud of, at our digital properties. Our initiative includes a photoshoot of the 10 best projects, explaining the design philosophy, the architectural elements and the overall inspiration behind the site.



Colour Scheme Pro is a digital colour selection app that is designed to inspire the customer to build colour palettes, explore combinations and bring ideas to life.

The Colourpro team partners with architects and designers to instill in-depth understanding of the process, thus enabling superior outcomes.

With this initiative we are making 19,000 swatches and finishes of International Designer Collection (IDC) available to architects and designers, including 800+ swatches of Allura, 2,900 swatches for wood finishes, among others.

Some of the services offered by the team comprise:



Our influencer initiatives have specific focus on a few products like Nilaya, Luxury Woodfinishes, Allura where architects and interior designers play a crucial role.



50 CITIES Of the project's operations

RESPONSE TO COVID-19

HELPING MAKE THE BATTLE EASIER

The outbreak of the COVID-19 pandemic around the world has had a destabilising impact on businesses. As a responsible and resilient Company, we have worked to mitigate the effects of the crisis with agile responses. We committed ₹35 Crores to the PM Cares Fund and other state-run emergency relief programmes. We are working with multiple non-profit organisations to ensure the dissemination of essentials among communities.

HEALTH AND SANITIZATION PRODUCTS

We strengthened our nascent efforts within the hygiene space amid growing concerns around health and sanitization around the world. We introduced Viroprotek, our new range of hand and surface sanitizers, with an objective to partner government initiatives to arrest the spread of the pandemic. The product is being manufactured at our Ankleshwar plant in Gujarat, following statutory compliances and the Company is taking steps to set up additional capacity for these products at the plant at Rohtak, Haryana. The products in the range are made in line with highest safety standards and are available in various pack sizes. Earlier we introduced Royale Health Shield, a product that provides bacterial protection; thereby providing a more hygienic environment at home.

SAFE PAINTING

As much as painting your dream home can be exciting, it is imperative to ensure complete safety of one's family during the project. It is necessary to go beyond choosing products and painters consciously. We work to make lives easier on both sides with Asian Paints Safe Painting service that takes care of the following:

- Site evaluation and product consultation
- Complete adherence to safety protocol by team
- Complete masking and covering of furniture and valuables
- Dust-free mechanised painting
- Trained applicators
- Regular site supervision
- Free home sanitization following project completion



LOOKING OUT FOR OUR ASSOCIATES

We have joined forces with several NGO's to provide food, masks and sanitizers to our applicators, contractors and painters, such that their safety is ensured. At this hour of need, we stand by our team comprising contractors, painters, among others, who mostly work as daily wagers. By April this year we established the Direct Bank Transfer (DBT) drive through which we were able to transfer money to their bank accounts. Additionally, we are offering free sanitization services at our dealer outlets and extending insurance for the outlet employees.





We conceptualised campaigns to re-establish our connect with Indian homes in the contemporary context. Our newest ad film promotes a key message -#StayHomeStaySafe and captures Indians in their own space, engaged in myriad tasks or spending time with their near and dear ones during the nationwide lockdown. The TVC explores the negotiations each of us has had, adjusting to a new way of living.

Our other campaign #LiveFromHome shows a way to utilise the internet to stay engaged and communicate. The campaign featured popular artists performing live from their homes, in association with Kinnect. The first act was performed by Shaan, before which audiences were asked to submit their song requests to him on our social media platforms.





BUILDING THE LARGEST INDIAN SOLIDARITY PLATFORM

As part of the support we pledged to the PM CARES Fund, Asian Paints was among the key sponsors of the anthem dedicated to frontline warriors, battling the virus. The initiative, One Nation One Voice launched on May 17, 2020 with a song titled 'Jayatu Jayatu Bharatam, Vasudev Kutumbakkam' saw the coming together of members from Indian Singers Rights Association (ISRA). The song has multiple regional renditions and was released across TV, radio, social media, apps, OTT, VOD, ISP, DTH and CRBT, with over 100 broadcast, social, amplification and tech campaigns promoting the launch.

Each artist recorded their part from home during the lockdown with absence of professional recording equipment posing several challenges. Some of the legendary personalities who came onboard were Asha Bhosle, Shankar Mahadevan, Sonu Nigam, Anup Jalota, Alka Yagnik, Hariharan, Kailash Kher, Kavita Krishnamurthy and so on. For us, it is more than an anthem. It is a movement that reflects the collective and personal emotions of people in these trying times. We hope it will inspire and unite our country to emerge mightier from this crisis.

200 +Eminent Indian Singers



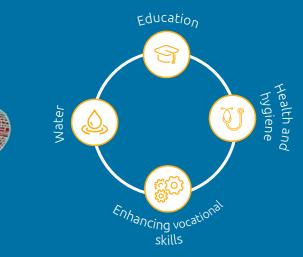
14 Regional renditions of the anthem

CORPORATE SOCIAL RESPONSIBILITY

COMPASSION FUELS COMMUNITY INITIATIVES

We are committed to playing a larger role towards making a tangible difference in the lives of beneficiaries we work with.

Our corporate citizenship lays down structured interventions focused on pressing social concerns in the following areas:



The year was all about streamlining systems and processes and ensuring better management through efficient fund allocation across programmes. We have put in place standard impact metrics to record progress across intervention areas. Our activities are put through regular evaluations and internal audits by Central CSR members across project sites. We have formulated a CSR 2025 Vision with a year-on-year implementation roadmap. The programme is poised to achieve breakthroughs and is embedded in the tenets of trust, care and fairness.

LIVES TOUCHED*

~1,62,100 Health and hygiene

~64,530 _{Water} ~28,500 Education



7,600+ Employee hours contributed to employee engagement activities

*Please note, these numbers are as compiled from reports shared by the NGO partners and not verified by any 3rd party

CORPORATE SOCIAL RESPONSIBILITY



Our academic programmes are designed to improve learning outcomes through various activities focused on digital literacy, learning management system and virtual classes.

It includes supporting the basic infrastructure ecosystem to enable quality education. We provide scholarships for students who require financial support in completing their education and we also renovate school buildings. Our programmes include coaching for competitive examinations and sponsoring school buses. We conduct awareness sessions on sexual health, hygiene and water literacy and are helping drop-outs from schools to return back via the incentive of experiential learning and academic camps.

Gyan Shakti programme for school adoption

Through the three-year programme we offer a holistic approach to education for students between third and eighth grade focusing on the following:

- Remedial education in Mathematics, other Science subjects and English
- Technology-oriented learning experiences
- 21st century skills focusing on communication, creativity, collaboration, critical thinking and digital literacy



10% Improvement in midline

results vis-a-vis baseline results in learning levels of students

7% Year-on-year increase in enrolment of students

6 SCHOOLS In Patancheru (Telangana) and Rohtak (Haryana) where the programme is running

28,500+ Beneficiaries

144 Schools and centres impacted

14 Centres for school dropouts enabling employment

have been introduced

2 SCHOOLS

Where virtual classrooms

ENHANCING EMPLOYABILITY

Nava Savera

Academic failure and unavailability of resources are some of the principal reasons for students dropping out of schools in India. The six-month-long programme is aimed at transforming the lives of school dropouts by educating them and creating job ready candidates. There is also an assurance of job placements. The students are provided with context-based learning, life skills training, career guidance, counselling and hands-on training. The programme is conducted in locations such as Kasna (Uttar Pradesh), Rohtak (Haryana), Visakhapatnam (Andhra Pradesh), Patancheru (Telangana), Ankleshwar (Gujarat), Cuddalore (Tamil Nadu), Khandala (Maharashtra), Mysuru (Karnataka), Mumbai, Delhi, Kolkata, among others.

₹8,409

15 LOCATIONS Of the programme's operations





Average monthly income

From a delinguent orphan to a business owner Jayesh Shah, a school drop-out, grew up on the streets of Mumbai, successfully completed his six month training via the Naya Savera initiative. This gave him a chance to build a career around photography. He now works with a studio as an assistant and owns a mobile service shop. He now wants to scale up his business to support his children in their journey through life.





Project Udaan

This project is focused on providing career and skill courses for school dropouts between tenth and twelfth grades. The curriculum includes digital and financial literacy programmes and other courses, such as basic Information Technology (IT), advanced MS Word and MS Excel familiarisation alongside spoken English and personality development. The project is now being implemented in Kasna (Uttar Pradesh)

~600 Students registered for the programme

~138 Beneficiaries are placed in jobs against set target of 120

TABLAB

A tablet-based, plug-and-play, digital learning laboratory for government schools, the TABLAB is a platform that guides students to explore subjects in their regional language and English. This helps them bridge their learning gaps in a conducive environment. Student attendance has seen a rise following the implementation of this programme.

~1,10,000 HOURS Digital learning facilitated

~6,500 Beneficiaries

Digital literacy through learning management systems

The project introduces computer-aided learning management system to young children and is currently active in Mumbai and Khandala (Maharashtra). Each student is given individual attention by the facilitator to enable:







Digital literacy to navigate the learning content on machines and online

Numerical literacy for basic calculations

English literacy to read, write, speak and communicate in English

~200 STUDENTS Benefited

~2 CENTRES Adopted in 2 locations >50% STUDENTS Improved their learning outcomes in English. Maths and digital literacy in less than 6 months





Health and hygiene

With our integrated healthcare initiatives, we are making primary healthcare accessible for all. We also focus on raising awareness on government schemes and drive referrals for advance treatment at hospitals. We have also launched women's health sensitization initiatives in some locations.

Static Clinic

During the year, we established four static clinics near our manufacturing locations (Mysuru, Patancheru, Kasna, Khandala), in association with Piramal Swasthya. The static clinics address RMNCH+A (reproductive, maternal, newborn and child health + adolescent), non-communicable and communicable diseases, eye care and general OPD through screening and identification, ante-natal services, post-natal check-ups, hygiene etc. The clinic also provides free laboratory examinations for random blood sugar, urine, haemoglobin, malaria, pregnancy etc. Additionally, eye test for visual acuity, lipid profile, among other concerns are also addressed. During FY 2019-20 around 20,900 beneficiaries received treatment from these clinics.

Mobile Medical Units (MMUs)

Our MMUs help us reach out to communities across Kasna, Rohtak, Patancheru, Sriperumbudur, Visakhapatnam, Khandala, Mysuru. In association with HelpAge, we have been running 6 MMUs and this year we launched one MMU in Visakhapatnam with Piramal Swasthya. Our MMUs provide consultations, free medicines, basic diagnostics, referral to government hospitals, among others specially to those who are aged or too sick to make it across to clinics or health centres. These units also conduct awareness and quiz sessions on health within the community. Specialty camps are conducted every quarter wherein Asian Paints employees volunteer their time and effort. During FY 2019-20, over 1,54,000 treatments were provided to the beneficiaries. The Company's MMUs were deployed in Mumbai and Khandala for disaster management as well.



Rukkamma (76), Patancheru

"It was my fifth year of availing the MMU service when I fractured my leg. The team responded quickly and with empathy. They regularly paid visits to my home for counselling. Their efforts and support helped me start walking again. I believe that the Company and its initiative was a godsend for me and our entire village."





Safar

Safar, one of our healthcare initiatives, is directed towards improving health awareness and correcting lifestyle habits of the truckers. We also provide medical care facilities for this profile of beneficiaries that include both consultative and curative in nature. The project uses unique mass communication techniques like nukkad natak (street plays), games, interpersonal communication sessions and films to spread awareness on various health issues like ergonomic illnesses, skin diseases and gastritis, among others targeting truck drivers. The initiative is running across seven manufacturing locations in Kasna, Rohtak, Visakhapatnam, Mysuru, Patancheru, Khandala and Sriperumbudur. During the year, we covered the treatment of over 32,000 truckers, while reaching out to around 78,800 beneficiaries through behaviour change communication.

Project Drishyam

At Ankleshwar, Project Drishyam is catering to diseases related to eyesight and distribution of spectacles. They are currently working in eight villages near the plant locations and have treated over 1,000 patients in the year.

Khushbu Sukhdevibhi Rohit, Ankleshwar

"I was diagnosed with Subluxated Cataract in both eves through the Project Drishvam eve camp held in September in our village, Kosamdi. I was running the risk of permanently losing vision in one eye with the disease quickly spreading to the second eye, if not immediately treated. Following the diagnosis, I was immediately admitted in Kaka Ba Hospital and my surgery was conducted in Vadodara. The surgery was completely successful and I recovered quickly."





Employee Volunteering

We put much thought into strategising which employee is At Asian Paints, we have been at the forefront of providing suited for our myriad ongoing CSR Initiatives. Our volunteering relief to those affected by disasters and natural calamities. initiatives are made keeping in mind parameters of empathy, Some initiatives undertaken have been discussed: expertise, time and effort. Additionally, activities are also • Response to Cyclone Fani that hit the Puri district mapped out in terms of the intensity of engagement. For in Odisha in May 2019 where we conducted a relief instance, one-time contributions are required for programmes, programme between May and June 2019 to distribute such as donation drives, Plogging, among others, whereas hygiene and shelter kits to 1,500 families in the villages interventions, such as Naya Savera, Me Superhero, Pro-bono of Jharapada, Panichhatra, Ranapada, Shorishapada, volunteering, audio book recordings require more regular and Benipur and Sapuasahi. rigorous participation.

Some of the programmes where our employees volunteered are as follows:

- Audiobook recording for visually impaired children
- Participating in a free, online quiz game with multiple choice questions where the more you play, the more guantities of free rice is donated to families in need.
- A clean-up marathon called Plogging where you must pick up trash from the streets while you jog
- Relief for the 57.7 lakh people affected by the Assam floods scattered across 29 districts where we extended • Expressions, an exciting opportunity to work with school humanitarian support and provided rehabilitation in children, plan their learning activities and develop Baksa and Morigaon districts of Assam in the form of distribution of hygiene kits to 1,770 families, installation scientific academic models of water purification units and decontamination of water • Donation drives sources such as ponds, wells and hand pumps.
- Engagement with existing CSR projects through guest lectures, health camps, etc.



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Relief for the Distressed

- Relief measures were provided to flood affected families in Bihar where close to 88 lakh people were uprooted from their places of residence and a further 130 casualties were incurred. We attended to the families in Sitamarhi district of Bihar to distribute hygiene kits, mosquito nets and shelter material. We were able to reach out to 1,200 families across seven villages of Runnisaidpur block.

• Support for the families distressed by the Khandala and Mysuru floods was extended by our employees

CORPORATE SOCIAL RESPONSIBILITY



Enhancing vocational skills

We are invested in the concept of inclusive growth and believe that everyone should be given a fair chance at a dignified life. We are becoming the medium for more people to be given the opportunity to rise above their immediate realities and chase bigger dreams.

Colour Academy

Our aim with this singular endeavour is to hone talents in India, so that the nation may become a hub for outstanding skills in the paint application trade. We are committed to this mission and are contributing towards upskilling those with an inherent predilection for the work. Our training programmes cover a multitude of subjects, such as designer finishes, emulsions, metal care, mechanisation, water proofing, wood finishes and wallpaper installation. This helps painters connect with lucrative professional opportunities in the industry. Our academies are equipped with contemporary facilities to provide hands-on experience to the participants.

The skill development programmes undertaken at the Colour Academy impart knowledge and expertise in the following ways:



Productivity and livelihood

Value creation through impactful people solutions



50+ Colour Academies in India

~1,47,400 Participants skilled

₹26.1 CRORES Total spend



Upskilling plumbers and carpenters

During the year we initiated upskilling programmes for plumbers in Himachal Pradesh and carpenters in Chennai with an objective to increase their earnings and disseminate knowledge and awareness to apprise them of latest techniques. The first training session for plumbers commenced in January 2020, for carpentry it was initiated in March 2020 with over 250 candidates completing the training during the year.



Making experts out of elementary painters

Parmeshwar Fakkad Koli was born to a painter father and the constant financial troubles in his family meant that he never received a chance at proper education. He joined his father in the painting profession but realised soon enough that his outcomes were restricted as a result of only basic technical know-how on the application of enamels, paints, polishes and distempers.

He was advised by a dealer to register with the Colour Academy, where he began with the Royale Play texture training. Upon completing the module, he was better equipped to offer superior décor solutions to his customers.

This helped augment his income and acclaim. With time, he signed up for other courses - waterproofing, IDF, mechanisation, wallpaper installation, wood finishing, and so on. He rose to be known as an adept contractor among his peers and is now a subject matter expert.



Water

We are helping communities around our manufacturing locations conserve water by developing integrated water-shed management programmes. The effort has increased the water potential and aided in conserving water in agricultural practices and allied activities.

Our future approach will be to make our locations completely water secure. We drafted this water vision for the Company with a pilot for the Khandala model under way. Expert implementation partners like NAF and Ambuja were taken on board at locations for long term collaboration.

Some of the interventions undertaken are as follows:

- Installing rooftop rainwater harvesting units and recharge systems in villages and schools
- Influencing irrigation practices and awareness on conservation of water in the farmer community.
- Recycling and reusing wastewater
- Identifying water bodies near our locations that need rejuvenating
- Construction activities to increase capacity for surface water storage
- Desilting of surrounding lakes and ponds

Some focused water conservation projects have been discussed at length.





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Pond Restoration

We enhanced surface water and groundwater resources in the villages of Badanavalu and Sindhuvelli. Three ponds have been rejuvenated by increasing total storage capacity by 45,200 KL. The inlets of the ponds were restored, helping in increasing the inflow. Additionally, the embankments of ponds were strengthened by providing stone pitching. With this, groundwater recharging in the aquifers increased considerably. This will arrest further decline of groundwater levels and improve water quality in nearby villages. Over 70 farmers benefitted from this project and are using the water from this pond for irrigation of over 550 acres of agricultural land and cattle rearing.

Phytoremediation

We conducted a water body rejuvenation project at Ladpura using phytoremediation. This technique predominantly through organic means, treats domestic effluent run-off leading to potential creation of 9,000 KL water annually. Apart from the recharge benefit, the project also enhanced hygiene and sanitation in the area.

Check dam restoration

We fortified and restored the check dam at Rojghat village in Gujarat, constructed in 1996. Our aim was to enable water to pass easily during flood situations. Over time the timber gates of the check dam got damaged, the body of the dam developed cracks and upstream got silted. We addressed the problem by repairing the cracks and removing the silt, thus increasing the depth of the water catchment area of the dam, which created additional water potential of 11,320 KL.

GLOBAL ECONOMIC LANDSCAPE

FY 2019-20 was a year of synchronised slowdown in both the advanced as well as developing economies across the world. The escalation of the tariff war between the US and China for major part of the year led to significant pressure on global trade. The US economy grew at a relatively strong rate of 2.3%. The Chinese growth engine too slowed down with exports under pressure. However, due to its Government supported infrastructure investment drive, the economy recorded a moderate growth rate and stood at 6.1%. At the same time, the Eurozone continued to witness staggered growth with pressures from the Brexit uncertainty as well as political uncertainty in some of its member states.

The trade truce or partial deal between the US and China in the second half of the year brought along expectations of a revival in global trade and overall economic growth. However, the rapid spread of the COVID-19 pandemic across the world and the ensuing lockdown in several countries brought unprecedented testing times for the entire global economy as the financial year ended.

INDIAN ECONOMIC LANDSCAPE

The Indian economy continued with its slow growth trend, with quarterly growth rates trending downwards through the year. The decline was led by a slowdown in the key construction sector, a restricted real estate space and persistent downturn in the automotive sector. The fourth quarter witnessed a growth rate of 3% - the lowest in almost a decade. It aptly highlighted the concern of deceleration in the domestic economy even before the impact of COVID-19 shock.

The reasons for this consistent downward growth trajectory are multi-fold. The large-scale defaults and governance issues in few large non-banking financial

Paint being a discretionary spend item, there is a likelihood of customers putting their paint requirements on hold for some time, impacting renovation demand. institutions resulted in liquidity squeeze in the corporate debt markets. This not only hurt some of the larger corporates, but also severely impacted the mid and small-size companies as the lending channels practically froze. At the same time, the vagaries of the monsoon – extended monsoon in some regions and deficit rainfall in others – also adversely impacted the rural sector. The easy monetary policy regime implemented by the Reserve Bank of India as well as measures taken by the Central Government like sharp reduction in corporate tax rates have not helped the economy get back to its growth trajectory.

On a relative basis, the Indian currency was stable for most part of the year. It faced significant downward pressure in the last quarter on bouts of increased volatility across global financial markets with the rising uncertainty around COVID-19. Similarly, crude oil prices also exhibited stability for most part of the year before seeing a sharp fall to historic lows in the last couple of months of FY 2019-20.

OUTLOOK

FY 2020-21 has started off on an unprecedented note with complete lockdown implemented in India as well as lockdowns / business restrictions of varying extent across the larger part of the world, due to the COVID-19 pandemic. Hence, the overall outlook for the year looks grim. Governments across the world as well as all Central Banks have moved in a synchronised manner to provide large economic relief packages and flood the financial markets with abundant liquidity as a measure to support the economy. However, the progress that we would exhibit in controlling the spread of the pandemic would largely determine the rate of recovery for the economy. This would have a direct impact on the demand conditions for all sectors of the economy. Inflation is expected to stay low with demand conditions being unsupportive; this is expected to provide a much-needed comfort to consumers and manufacturers alike. Paint being a discretionary spend item, there is a likelihood of customers putting their paint requirements on hold for some time, impacting renovation demand. The paint industry would also be looking for increased focus from the government in pushing infrastructure investments as the real estate market is not expected to recover soon.



Industry synopsis

PAINT INDUSTRY

The domestic paint industry consisting of the decorative and industrial paint segment is estimated at ₹50,000 Crores. The decorative paint segment comprising categories such as exterior wall paints, interior wall paints, wood finishes, enamels, undercoats such as primers, putties, etc. constitutes more than 75% of the paint market. On the other hand, the industrial paint segment comprising automotive coatings, marine coatings, packaging coatings, powder coatings, protective coatings, floor coatings and other general industrial coatings makes up for the balance 25% of the paint market. Small unorganised paint manufacturers primarily catering to the lower end of the price points still maintain a sizeable 30- 35% share in the overall paint industry.

Industry trends

The overall demand conditions for the paint industry remained challenging during the course of FY 2019-20 due to the tough operating environment experienced by a large part of the domestic economy. The shorter festival season, compared to that in the previous financial year, as well as the extended monsoon season across many parts of the country further impacted the paint demand in the economy. In addition, the liquidity crunch affecting the non-banking financial sector and the resulting tight borrowing conditions for the real estate and infrastructure developers meant further pressure on the domestic decorative and industrial paint demand. The consistent downward demand conditions in the key automobile sector also exerted pressure on the automotive coating players in the industry through the year. Moreover, the government implemented an abrupt shutdown on the entire supply chain in the last fortnight of the financial year to contain the spread of the pandemic. The year, thus, ended at a significantly lower growth rate for the paint industry as compared to the previous year. In such a difficult business environment, the soft raw material prices played a saving grace, helping the paint industry to not only maintain its operating margins, but also support the weak demand with some price reductions for customers in the market.

Outlook

The demand outlook would depend to a large extent on the way normalcy is restored in the economy. In general, paint demand mirrors the overall GDP growth in the economy. Hence, as soon as the overall demand in the economy improves, the demand conditions for the paint industry would also witness improvement. For larger sections of the economy to return to pre-COVID normalcy and for consumers to venture out once again for their home painting needs, we need a cure for the virus. The paint industry would also have to wait for the return of the migrant workforce to support the demand-generating sectors such as real estate and infrastructure development. The government's push on infrastructure development will be critical to spur the demand from these segments. At the same time, given the overall uncertainty in business conditions, raw material prices as well as exchange rates are expected to exhibit increased volatility. They would need to be critically monitored to cushion the impact on profitability.





The industry has been witnessing a shift towards branded modular kitchen solutions from local carpenters and interior designers.

KITCHEN SOLUTIONS

Industry overview

The modular kitchen solutions market comprises hardware, cabinets, accessories and appliance products. The overall market in India is estimated to be worth more than ₹15,000 Crores and is a fragmented market with many unorganised players. The hardware and appliances categories have many local as well as multinational players. Within the industry, the market for full modular solutions, which combines both product and installation as a service, is gradually growing strong. A large part of the market for full modular kitchen solutions is served by local Interior designers/carpenters who work independently or along with architect designers to provide a range of designs.

Industry trends

The year started well for the industry. However, by the second quarter, the industry started witnessing a degrowth due to the overall slowdown in the economy. The real estate segment faced further stress due to the crisis in the non-banking financial sector. The industry was expected to do well in the fourth quarter of the financial year with the overall liquidity improving in the markets. However, the sudden outbreak of the COVID-19 pandemic resulted in a washout for a large part of March 2020.

The industry has been witnessing a shift towards branded modular kitchen solutions from local carpenters and interior designers. Top-end designs, warranty support and finished quality of branded modular kitchens are appealing to customers. Thus, though the metros have already seen the move towards modular kitchens, there is increasing competition with aggressive expansions by online players. Over the last two years, the trend for branded modular kitchens has caught up rapidly in Tier II and Tier III cities as well.

Consumers are becoming increasingly design centric and hence, newer and premium designs are becoming the trend. Along with the movement to premium designs, consumers' preference for premium/branded hardware/ appliances is also increasing. A shift is also seen in the industry with a large number of real estate companies in metros and Tier I cities offering modular kitchens as standard amenities in recent times.

Outlook

The industry is highly fragmented within the overall segment as well as within the various product categories. However, only a handful of players have meaningful presence in the full modular solutions segment. Currently, online players are also predominantly catering to the larger cities. This leaves space for an industry player to establish a brand at the national level with differentiated offerings and superior service over a longer period, with consistent focus. Over the short term, the industry outlook would be strongly correlated with the overall economic conditions and specifically with the emerging business conditions for the real estate space.



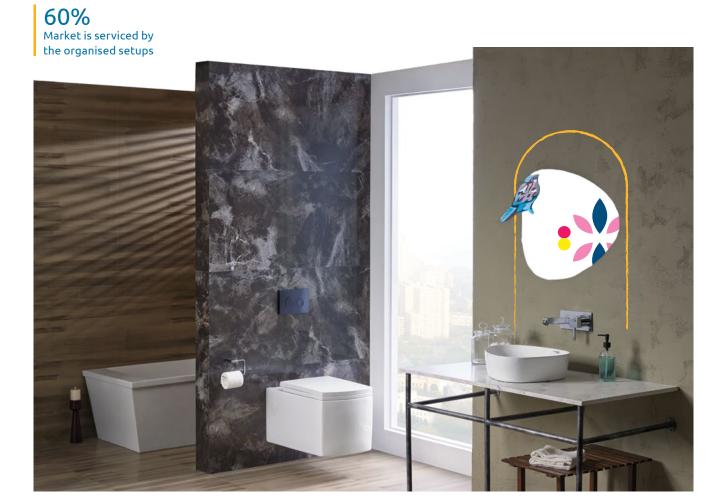
BATH FITTINGS & SANITARYWARE

Industry overview

The bathroom segment consists mainly of sanitaryware, Chrome-plated (CP) fittings, pipes and tiles. The Company operates in the CP fittings and sanitaryware market. The CP Fittings and Sanitaryware business too has a large number of unorganised players. About 60% of the market is serviced by the organised setups.

Industry trends

CP fittings have evolved with design, aesthetics and higher order functionalities, taking prominence over the basic utility of the faucets. Increasing disposable incomes and pride in home ownership have helped this shift. The market is dependent largely on growth in the real estate industry and construction for new housing. In the sanitaryware market too, there is a shift from the unorganised players towards the more organised players. The share of luxury and premium segments is increasing due to the increase in disposable incomes and elegant finishes and options.



The share of luxury and premium segments is increasing due to the increase in disposable incomes and elegant finishes and options.

Outlook

While there are immediate concerns in the real estate industry, the overall long-term outlook remains strong. The government has shared a vision of creating a US\$ 5 Trillion economy and construction will be an important part of this vision, including the Awas Yojnas. Continued focus on improving cleanliness through the Swachh Bharat initiative is also expected to drive growth in the segment in the coming years. The overall focus on wellness, health and hygiene with consumers across is expected to help the industry.

PERFORMANCE REVIEW

During FY 2019-20, revenue from operations on standalone basis increased to ₹17,194.1 Crores as against ₹16,391.8 Crores in the previous year – a growth of 4.9%. The Profit After Tax (PAT) for the year was ₹2,654.0 Crores against ₹2,132.2 Crores in the previous year – a growth of 24.5%. Despite the economic slowdown, the Decorative business has done extremely well among the organised players. While the Company has been able to maintain its operating profitability by efficiently reducing formulation costs and continued focus on cost control measures, it was also supported by the softening raw material prices. The top line growth was at 9.5% in value terms and there was a strong double digit growth in volume terms till the end of third quarter. The growth was impacted in particular by the abrupt seizure in business during the last fortnight of the year. This has resulted in revenue growth declining from the high growth trend witnessed for the first nine months of the financial year to the 4.9% growth registered for the full year. However, in volume terms, the Company was still able to close the financial year with a healthy double digit growth.

The Bath business had a tough year and we saw all the major companies in the sector decline. However, the sanitary market did reasonably well and our foray in the same yielded good results. Overall, the Company still grew by double digits for the year, excluding the last fortnight during which business was shut.

Sleek International Private Limited (Sleek), the Company's subsidiary, had a moderately good year until the business got impacted in the last fortnight of the year. Though it was still able to end the year with low double-digit sales growth, the loss was significantly higher than the previous year. The Company has carried out an assessment of the fair value of investment made in Sleek, taking into account the recent business performance, prevailing business conditions and the revised expectations of the future



Strategic Review



₹17,194.1 CRORES Revenue from operations (Standalone)

₹20,211.3 CRORES Revenue from operations (Consolidated) ₹2,654.0 CRORES Profit After Tax (PAT) (Standalone)

₹2,705.2 CRORES* Profit After Tax (PAT) (Consolidated)

* attributable to shareholders of the parent company

financial performance. Based on these factors and as a matter of prudence, the Company has made a provision for diminution in the value of investment made in Sleek to the tune of ₹29.7 Crores in the year ended 31st March 2020. The same is disclosed under 'Exceptional Items' in the Statement of Profit and Loss.

The international operations performed well during the year notwithstanding some loss in business in the last fortnight of March 2020. The Joint Venture (JV) entity in the automotive industrial coatings segment was impacted through the year due to the downturn in the automotive sector, while the second JV entity in the non-automotive industrial coatings segment performed reasonably well amidst a tough environment.

On a consolidated basis, the Company, its subsidiaries and JV companies achieved revenue of ₹20,211.3 Crores against ₹19,248.4 Crores in the previous year – a growth of 5.0%. Net profit after non-controlling interest for the group for the year was ₹2,705.2 Crores as compared to ₹2,155.9 Crores in the previous year – a growth of 25.5%.

Business segment review

DECORATIVE PAINTS BUSINESS IN INDIA

In an overall tough operating environment, the Company would be one of the fastest growing companies in the sector and delivered good growth across product segments and geographies. The growth in volumes would be much higher than the value growth, given the Company's increased focus on the upgradation emulsions, waterproofing and putty segment where the gains were significant. The growth has been driven not only by the mainstream product categories but also in the newer product categories of waterproofing, adhesives and tools.

The Retail business saw good volume growth across all regions, especially led by strong growth in the North and East markets. The Company continued to focus on expanding its dealer network by especially focusing on the lower tier of its network. Focused push of the quality Paint Total service also ensured strong and continued engagement with Ezycolour and Colour Ideas dealers in the overall network.

Despite the adverse market conditions ailing the real estate and infrastructure development space, the Company registered strong growth in its Projects business, across geographies and segments. The Waterproofing and Construction Chemical business did really well and the Company has been able to get a good toehold in some infrastructure and new large construction projects. All through the year there was an attempt to leverage opportunities in the government infrastructure projects segment and the repainting segment for large housing societies, focusing on the waterproofing space as a key driver. Strong integration with key influencers such as the civil construction companies and structural consultants and a unique Smart Assure service model helped the Company bag large infrastructure projects.

The growth has been driven not only by the mainstream product categories but also in the newer product categories of waterproofing, adhesives and tools.

Product segments

The Company continued to work on providing a holistic product range to its consumers, servicing their requirements with best-in-class products at varied price points. This has helped the Company sustain good growth in the mainline interior and exterior emulsion products, even with an overall challenging business environment. The growth was led at the economy range of interior and exterior emulsion products with the launch of Tractor Sparc and Ace Sparc. They offered good value proposition even at a lower price point, helping the Company to not only gain share from local brands but also enhance the upgradation of consumers from distempers. At the top-end inspirational offering, the designer collections by Sabyasachi and Good Earth under the Nilava wallpaper range continue to gain momentum, especially through the Colour Ideas and AP Home stores.



T SMARTCARE

The Company has been able to register unprecedented growth in the luxury wood finishes segment by pushing its Polyurethane (PU) and Polyester products, in collaboration with Renner, Italy, and expanding its network for tinted wood finishes. The Company continued its strong foray in the waterproofing segment, establishing its Smartcare range of products as a strong No. 2 brand in a short span of time. It continued to expand the waterproofing products market with its Damp Sheath Interior and Damp Sheath exterior products, upgrading the market from the conventional primer to preventive waterproofing undercoats.

Leveraging its retail distribution strength and brand equity This year, the Mysuru and Visakhapatnam plants, which were commissioned in FY 2018-19, went into scale-up mode. Both plants have achieved rapid scale-up and design rates have been achieved in record time. The Company continues to leverage innovative technology in various areas of operations. By creating a digital twin model of the factories, data from shop floor systems are being powerfully analysed using Industrial Internet of Things (IIoT) and predictive analytics to improve overall equipment effectiveness and manufacturing efficiencies. The Company has also implemented state-of-the-art automatic truck-loading systems in the two new plants at Mysuru and Visakhapatnam. Advanced machine learning algorithms are being used to constantly improve the overall demand forecast and achieve better customer service levels at optimum cost.

with the applicators and consumers alike, the Company has strongly forayed in the painting accessories segment with its Trucare range of application tools in both mechanised and non-mechanised categories including sanding papers. Even the adhesive product category range has been further expanded with a stationary range of products with very innovative packaging. Consumer services Asian Paints continued to pursue its vision of building itself into the most inspirational home décor brand by partnering with its consumers in making their dream homes through a multitude of services and platforms. The Paint Total service, through its unique service proposition, has gained wide acceptance in the market,

finding favour within the network as well as among consumers. It has also enabled the Company to promote new and niche products and correct painting practices. The Company's digital property – beautifulhomes.com – continues to provide cutting-edge inspiration to millions of consumers focusing on generating original content and ideas for home décor. Further, to cater to consumers' home décor needs, the Company has expanded its fulfilment propositions – AP Homes Stores and the Beautiful Homes Service.

The footprint of AP Homes, the multi-category décor stores, has now expanded to 10 stores. All stores are using advanced digital technology to provide consultation to consumers and have rapidly enhanced their fulfilment capability through the Paint Total service and the décor execution service offered at these stores. The Company has also expanded its Beautiful Homes Service proposition to eight cities in India, offering complete delivery of home décor to consumers – right through consultation, design to execution – in a completely professional and seamless manner.



Supply chain capability

INTERNATIONAL OPERATIONS

Outside India, Asian Paints has operations in 14 countries across four regions of the world – South Asia and Indonesia. the Middle East, South Pacific and Africa. The Company's products and services are sold under seven corporate brands, namely Asian Paints, SCIB Paints, Apco Coatings, Asian Paints Berger, Taubmans, Causeway Paints and Kadisco Asian Paints. The Group continues to focus on increasing its presence in high-growth emerging markets, especially Africa and Asia.

Operating scenario

The international operations of the Group are used to thriving in a highly volatile environment. In that sense. FY 2019-20 has been no different – whether it be an attempted coup in Ethiopia or an acute lack of US Dollars, Easter bomb blasts in Sri Lanka followed by ethnic tension, unseasonal rains and some confusion over the new VAT law in Bangladesh, major economic slowdown in Oman, Bahrain and Fiji or a de-growing paint market in Indonesia compounded by heavy rains and frequent flooding in Q4 in Jakarta – it was business as usual for our international operations. The sales value grew by 5% and profit from continuing operations also grew well, aided in part by a benign inflationary environment as well as the Company's strong focus on formulation and sourcing improvement efforts. The year, however, ended on a sombre note with the latter half of March 2020 affected by the COVID-19 spread and resulting lockdowns. Most of the subsidiaries did much lower sales than planned in this period, which in normal times is a very high sales period. This put a slight dampener on the overall performance of the international operations of the Group for the year.

Business performance

The international operations performed much better in comparison to the previous year and this has been with large focus on the core strengths of product propositions and market activations. The focus has been on moving away from the herd to being seen as a clear leader in innovation across markets. In Egypt, with an aim to rejuvenate our key product portfolio, we developed and launched the new 'Hero' range of putty and economy emulsions. The impact of this on growth in the latter half of the year has been encouraging. In other markets, several new products were launched in both the premium and value segments, which filled key gaps in the market. In Bangladesh for instance, the 'Utshob' emulsion launched late last year as an upgrade to distemper, has been well received. In Nepal, a campaign focusing on applying 'Damproof', a waterproofing application on the exposed or 'dead wall' of houses, was very successful. All these launches were accompanied across markets by several on-ground demand-generation activities that helped increase product awareness. In the Middle East especially, demand-generation activities were a key focus area to offset the general slowdown and add to the top line. The Company also entered into the specification business in the Middle East, thus procuring large project sales contracts. In Ethiopia, the Company decided to take the 'foreign exchange crisis' bull by the horns – focusing on making two products that have more than 95% of their raw materials sourced locally, thus reducing dependence on US dollars. In Sri Lanka, a complete change in products and selling based on a core USP approach has started, while a detailed consumer study was also completed to help sharpen focus on consumer proposition, combining the strengths of both the units in Sri Lanka.

At the same time, collaboration between units was a central theme that was heavily promoted. The cross-pollination of ideas and quick dissemination of best practices helped us achieve good rewards, starting in FY 2019-20, and will only accelerate going into the next financial year.

Take a look at our business performance in various countries:

Africa: In Egypt, after several years of high inflation, this year saw a moderate inflation and currency appreciation versus US dollar, as the economy stabilised. Our unit did good work on cost and working capital controls. Sales growth, however, continued to be low. To kick-start growth, we launched a revamped 'Hero' range of products in the latter half of the year and the early impact of this has been positive. We expect these products to be a sound base for



'Royale' launch in Oman

growth in the near future, as we continue to revamp our key product range. In Ethiopia, the economy continues to be hindered by the lack of US dollars. We were, however, able to arrange a steady supply, more than the previous year, leading to increased production and hence significant top-line and bottom-line growth.

Middle East: The performance in Middle East was a mixed bag. While Oman and Bahrain economies slowed down significantly, United Arab Emirates (UAE) did well. Our units in Oman and Bahrain saw a performance dip, with sales and profit lower than in the previous year, while the UAE unit's growth was very good across all major segments of retail, projects, industrial and exports with increased profit. During the year, we also strengthened and improved our operations in Qatar, which had been affected after the Gulf Cooperation Council (GCC) embargo on the country. The Company expects better performance in the coming years, especially with the heightened economic activity leading up to the FIFA World Cup in Qatar in 2022.

The Company expects better performance in the coming years, especially with the heightened economic activity leading up to the FIFA World Cup in Qatar in 2022 Asia (South Asia and Indonesia): Although there are and almost all our units have migrated to the new system. signs of slowdown in the Nepal economy, our Nepal unit We now have a strong and robust IT backbone across IBU, did very well with double-digit sales and profit growth. with high visibility and analytical capabilities, that can The Bangladesh economy continues to grow well, help us leverage the strengths of Asian Paints' existing IT though introduction of VAT during the year led to some developments as well as build a robust MIS specific to us to uncertainty. Our subsidiary grew in single digit faced with enhance our data-driven decision-making capabilities. This stiff competition and tough credit conditions. It continues is expected to help the units greatly in the years ahead as to focus on innovative product introductions to assist in they scale up to the next level of size and complexity. scaling up its presence in the local market. In Sri Lanka, the The Company continued to focus on building capacity economy saw several disruptions due to the Easter bomb across units to support our growth ambitions. The blasts and their aftermath, as well as presidential elections. expansion project of the existing plant in Indonesia In these tough conditions, our units saw single-digit sales progressed on schedule. Work also commenced on our growth and minor profit growth. The Company is working second plant in Bangladesh. Capacity expansion was towards better collaboration and integration between our completed in Sri Lanka, Nepal and the UAE. The Company two units to help us improve performance in the coming has also completed a blueprint for our future expansion years. In Indonesia, the overall economy grew by around in Nepal. 5%, but the paint market de-grew during the year. Our unit grew well, gaining market share from other players. During FY 2019-20, we divested our subsidiary in Singapore However, the unit is still sub-scale and some years away for a value of ₹20.6 Crores, in line with our long-term plans from breaking even. Despite the current losses, we remain to focus on growth markets. This led to a one-time loss on disposal of ₹2.2 Crores. positive on the potential of this unit.

South Pacific: Economic conditions in Fiji and other South Pacific islands were poor, with negligible GDP growth. The businesses in the region saw sales and profit de-growth in these conditions. In one of the islands, Tonga, we have decided to shift to servicing the demand from Fiji, rather than continue local operations, and are in the process of giving effect to this change, which will lead to optimisation of operations.

Other key initiatives of FY 2019-20

As informed last year, the Company had launched a project to implement SAP ERP in all the international units and bring the units on a unified technology infrastructure as done in India. This was a large and complex project involving one unit going live on the new system each month. The project went off smoothly and on schedule,

Outlook

The outlook in the near term looks bleak due to the spread of COVID-19 affecting our operations across units. However, as we focus on the medium to long term, we are optimistic that our units now have the intrinsic strength and scale to withstand the storm and emerge stronger to launch into a new trajectory in the coming years.

In one of the islands, Tonga, we have decided to shift to servicing the demand from Fiji, rather than continue local operations, and are in the process of giving effect to this change, which will lead to optimisation of operations.



HOME IMPROVEMENT BUSINESS IN INDIA

The Company operates in the Kitchen and Bath business through the home improvement division and helps its customers create kitchen and bathroom spaces of their choice for their dream homes. The Home Improvement division of the Company complements its vision of being a complete décor solutions provider.

Kitchen business

The Company forayed into the Kitchen business by acquiring 51% stake in Sleek in FY 2013-14. During FY 2017-18, the Company acquired the remaining 49% stake in Sleek from the previous promoters to make it a wholly owned subsidiary.

'Sleek by Asian Paints' is present in both the 'Kitchen Components' as well as the 'Full Modular Solutions' segments. Within the Kitchen Components business, the Company has its own range of hardware, accessories and appliances sold through a B2B channel. The Company also undertakes the Full Modular Solutions business through a strong network of franchisee-owned stores across the country. The Company has a strong presence in South, West and North of India with aggressive growth plans for the East market.

Business performance

During FY 2019-20, the Full Kitchen Solutions business grew well as the Company expanded its network of stores, which helped this segment register strong doubledigit growth. Sleek has more than 185 stores across the country offering modular kitchen design and installation services. The network that we have built in this business line is unparalleled in the country today. Over the last two years, we have also started pushing wardrobes as another

Ours is one of the most comprehensive collection of premium kitchens by any company in India

product category through this network. This year, the Company also launched a luxury collection of kitchens with premium finishes. Ours is one of the most comprehensive collection of premium kitchens by any company in India.

Sleek also operates in the Full Modular Solutions business through a dedicated project vertical. Over the last year, the Company expanded its presence in this channel to the southern India market apart from having a strong presence in Mumbai, Delhi and Pune. While the response in newer markets has been encouraging, the overall real estate sector witnessed a slowdown from the second quarter of the financial year specifically due to liquidity issues in the market. The slowdown was more evident in the metro cities of Mumbai and Delhi, which are also the largest real estate markets.

The Kitchen Components segment witnessed mixed performance during the year. The segment depends on a lot of imports and there was a custom duty increase in this segment in July. The hardware category witnessed competition from MNCs as well as local players. Towards the end of the year, the lockdown imposed by the government due to the COVID-19 outbreak and its impact on business for the year was especially higher for this segment.

Sleek expanded its brand presence significantly this year by participating as a lead sponsor in MasterChef India and also came out with a TVC during the start of the year. The TVC was received well and generated a lot of excitement in the network. While the TVC was focused on modular kitchen solutions, it had its own rub-on effect on Sleek-branded components.

During the year, the Company undertook a database migration project for its ERP. This will help the Company manage the increase of load in transactions. Newer designs and catalogues were added and launched in the market. The Company also significantly scaled up its production capacity at its cabinet manufacturing plant near Pune. The Company continues to focus on enhancing customer delight and launched a pilot around 'Booking to Cooking' for 15 days this year. Through this pilot, the Company has managed to considerably reduce the operational timeline of a kitchen delivery and installation. The initiative will be scaled up in the next year to cover all the markets gradually.

Since the time of acquisition of the Kitchen business. the Company has made good progress in scaling up the operations and enhancing its value proposition to consumers not only through expansion of its network reach, but also by widening its product portfolio. However, the progress has been slower than expected and the current business environment with increased uncertainty around consumer confidence, given the lacklustre the recent performance of the business, prevailing business overall economic growth and the downturn in the real conditions and the revised expectations of the future estate construction sector, coupled with the restrictions performance given the expected business outlook. imposed due to the pandemic, would make a strong recovery difficult. The Company has hence, as a matter of Bath business prudence, made a provision for diminution in the value of Asian Paints forayed into the Bath business by acquiring the its investment in Sleek to the tune of ₹29.7 Crores. This front-end business of Ess Ess in FY 2014-15. Over the years, provision has been made on the Company's assessment of



185 Sleek stores in the country





the Company has expanded its network footprint as well as the range of products it offers. It has also expanded its presence in the sanitaryware range over the last two years. The Company is focusing on creating a new world of bath products and services, where the consumer can actively seek solutions and customised offerings.

Business performance

The business grew well in spite of the headwinds faced during the year. The real estate sector was affected from the second quarter, leading to a slowdown in the market. The sudden outbreak of the COVID-19 pandemic also affected the fourth quarter. Despite the challenges, the Company successfully added new channel partners in the year and made significant progress in the Sanitaryware business. Within the CP fittings market, new dealers performed well placing strong belief in future growth. The Company continuously emphasises focus on Research and Development (R&D) of products as per evolving consumer preferences. New product launches in CP fittings have seen a significant offtake and have established themselves in quick time. The Projects vertical was expanded and a significant number of institutional partnerships were established during the year.

In areas of operations, productivity improvement at the manufacturing plant in Baddi was a hallmark for



PPG-AP Dahej plant

the year. The improvements were enabled on the back of automation in various stages of the production and assembly process. These have enabled consistent quality output and also reduced dependency on imports.

INDUSTRIAL BUSINESS IN INDIA

Asian Paints operates in the industrial coatings segment through two 50:50 JVs with PPG Industries Inc. USA – PPG Asian Paints Pvt Ltd. (PPG-AP) and Asian Paints PPG Pvt Ltd. (AP-PPG). Of the total industrial paint demand, about two-thirds come from the automotive sector.

Automotive, industrial, refinish, packaging and marine coatings

PPG-AP is the first 50:50 JV of the Company with PPG Industries Inc., USA. It manufactures automotive Original Equipment Manufacturer (OEM), refinish, marine, packaging and certain industrial coatings and is the second largest supplier in India.

Operating environment

General slowdown in the economy, lower spending, BS-VI compliance and COVID-19 have impacted the builds. Business de-growth in the financial year is primarily driven by the auto and two-wheeler markets, which de-grew by 15% and 14%, respectively. The subdued demand environment in the entire automotive industry for almost

the past year and a half has exerted increased pressure on all companies in the automotive coatings segment.

Business performance

PPG-AP has registered de- growth in sales given the headwinds in the automotive sector. However, the profitability improved due to material deflation, price increases (though with a time lag effect) and new business wins. The Company has witnessed growth in the Packaging business. The Automotive and Industrial businesses de-grew as they were impacted by lower demand.



Launch at MG Motors



PPG-AP has commissioned a resin manufacturing facility Business performance at Dahej, Gujarat. PPG-AP continues to focus on its R&D Overall, the Industrial business witnessed slow growth and facilities to innovate, leverage technological support from we did well in a tough market. Against this backdrop, AP-PPG both its partners, PPG Industries Inc., USA and Asian Paints, continued to focus on geographical network expansion and provide value proposition to the Company's customers. and enhanced product propositions for its customers. PPG-AP continues to build on its core values, which include This helped the Company register decent growth in a tough market. Favourable raw material prices and continued focus on customer connect, people development and Environment, Health and Safety (EHS). control on cost optimisation further supported in delivering a significant improvement in profitability as compared to the Non-auto industrial coatings previous financial year. During the year, the Company has also taken steps in upgrading the manufacturing facilities to AP-PPG serves the non-auto industrial coatings market enhance its capabilities to service its customers with better product quality and delivery.

of India and is the Company's second 50:50 JV with PPG Industries Inc., USA. The JV caters to protective coatings, floor coatings, road marking paints and powder coatings segments, servicing customers in the infrastructure, oil and gas, power plants and white goods sectors, among others.

Operating environment

The industrial coatings market faced a challenging business environment with the overall investments in the manufacturing sector in the economy witnessing continued slowdown for the year, not helped by the tight liquidity conditions for the small to mid-size companies. Strong competitive pressure amidst this challenging environment was a key feature for the industry all through the year.



Coatina system used for Kartarpur Corridor Passenaer Terminal Proiec (EPC - Shapoorji Pallonji and Company Pvt Ltd)

BUSINESS CONTINUITY DURING THE COVID-19 LOCKDOWN

Operations in India

All the operations were disrupted since mid-March 2020 and the Company saw partial resumption since early May 2020. The Company has now been able to open all manufacturing plants after taking requisite government permissions. The permissions are for running the plants across all the businesses (Decorative / Home Improvement / Industrial Operations) to a limited capacity or even to full capacity in some geographies. The Company has also opened most of its warehouses across the country so that most of the markets can be catered to. Business is picking up in most smaller towns and cities slowly and some of the earlier incomplete painting jobs are showing some movement. However, in the metros and Tier 1 cities, the business is slow and, in some cases, yet to pick up due to the higher number of red zones, restrictions on movement, lack of availability of labour and strict norms followed by housing societies. However, it is expected that the demand will pick up once the lockdown restrictions are relaxed.

Facilities that have opened across the Company have been sanitised so that our people are safe and secure. All safety protocols of temperature sensing, wearing of safety gears (masks, goggles and face shields), social distancing, sanitizing and washing hands are being adhered to stringently. The Company has taken all the necessary steps to adhere to the guidelines for social distancing provided by the Ministry of Home Affairs, along with the various directives issued by relevant state governments and local authorities. The Company has put in place safety measures keeping in mind the safety, health and well-being of the employees and other stakeholders at all the locations where it operates.

International operations

Business operations in the various international markets where the Company operates have been impacted to varying extent based on the spread of the pandemic and the restrictions on business activities placed by the respective government authorities in these countries. At this point in time, the duration for which these restrictions will remain in place is uncertain and resumption of fullfledged operations will depend on directives issued by the respective government authorities.

Employee safety

Amidst the crisis, the safety of our employees has been our top-most priority and the Company has taken several measures to ensure their well-being. Most of the employees



Heroes of Mumbai project in association with St+Art India at Mahim Railway Station, Mumbai

in our offices have been working from home in accordance with the guidelines issued by the central, state and municipal authorities. An exclusive helpline for employees is operational and the Company has been providing help to employees as and when needed for various purposes. The safety of employees who are now required to step out for work is being ensured and they have been mandated to use protective gear and take all the necessary safety precautions. All the employees have been kept engaged through a set of training programmes through remote mechanisms and managers have been in touch with all the employees. At the top management level, there has been regular communication to all the employees so that everyone stays engaged and connected. All employees have been instructed to download the Aarogya Setu app launched by the Government of India. We have a limited number of employees working at our plants and the warehouses at a point of time. In all the sales locations, where shops selling non-essential goods are opening, a limited number of sales teams is continuing to work for some hours on alternate days. Majority of employees continue to work from home.

Support to the government and society in tackling the COVID-19 pandemic

The Company has been working with and supporting the government in its efforts to combat the COVID-19 pandemic. In its efforts to aid the community at large, the Company committed ₹35 Crores towards COVID-19 pandemic relief in March 2020. The contributions are largely towards central as well as other emergency relief state funds set up to combat the pandemic. The Company is also working with several NGOs to provide food, masks and sanitizers.

Support to various stakeholders

The Company has been working with its retailers and has helped them restart their businesses by sanitizing their shops and offering medical insurance schemes for their workers.

The Company has also launched a 'Safe Painting' campaign for ensuring the safety of painters and offering assurance to customers for a safe painting experience at home. The campaign assures customers that the painters are safe to enter their homes and provide a great painting experience. This whole area of 'Safe Painting' gets further strengthened with the introduction of the hand sanitizers and surface disinfectants, and instills confidence among customers.

Given the impending monsoon season, the Company has launched a new campaign to look at 'Terrace Waterproofing' in a big way. Since this is an exterior painting job, customers are not paranoid and align to the campaign well. This has not only created great brand saliency, but also given lots of leads for our Waterproofing business.

Financial resources, profitability and liquidity position

The Company is in a comfortable liquidity position to meet its commitments. It has also implemented stringent cost control measures across the organisation to conserve cash to address any evolving situation resulting from the pandemic. The Company does not foresee any challenge in realising/recovering its assets. It is also in constant touch with its key vendors and is working with them to mutually partner each other to propel the business forward.





Foray into hand sanitizers and surface disinfectants

As a responsible and caring brand, Asian Paints has been proactive in supporting various government initiatives and helping communities around us. The Company has been working in the health and hygiene space for some time now and had earlier introduced Royale Health Shield, a revolutionary product that helps consumers maintain good standards of hygiene and bacterial protection for their homes. The Company has now launched Viroprotek range of hand sanitizers and surface disinfectants to support the government in its efforts to tackle the spread of the pandemic and address the huge need of hand and surface sanitization products in these testing times. The product is being manufactured at the Company's existing plant at Ankleshwar, Gujarat, after obtaining all the necessary statutory approvals and permissions. The Company is taking steps to set up additional capacity for these products at the plant at Rohtak, Haryana, which is expected to be operational by end of June. Viroprotek range of hand and surface sanitizers meet the highest quality standards and are available in various pack sizes, addressing the growing concerns surrounding health and hygiene.

HUMAN RESOURCES

Internal policies

The organisation continued its endeavour of attracting best-in-class talent through multiple talent engagement initiatives for both campus as well as lateral talent pool. The culture of competency-based structured interviewing was further strengthened this year and has helped in building a talent pipeline that can be fostered along its values.

Development of talent through learning journeys anchored around the competency frameworks and organisational values continues. The leadership competency framework for the organisation has been fully integrated with various HR processes such as recruitment and people review process. Functional competency frameworks for different functions in the Company have been developed and are now being used to create learning curriculum/academies and drive excellence in each function.

Programmes and conversations around safety, health, etc. were conducted for Swara, the internal network of women within the organisation. A detailed study on the challenges of women in sales was taken up, which is now being worked on to create a more inclusive workplace.

An organisation-wide employee engagement survey was also conducted in FY 2019-20 through partnership with a renowned people consulting firm. The survey was anchored around several drivers such as leadership, enabling infrastructure, diversity and inclusion, collaboration, rewards and recognition, etc., which will provide a holistic view into employee perceptions in different pockets of the organisation and feed as an input to strengthening internal policies.

External initiatives

The Company's campus branding was further scaled up with the purpose of deepening the engagement with the brightest minds through CANVAS, which is among the most prestigious case competitions in the premier B-Schools. This year also saw launch of the Supply Chain case series, which gained significant traction in the target campuses. The Company's career pages on social media platforms also saw several campaigns being run to engage and communicate with the external talent pool.

Leadership blueprint

To enable people to take up higher responsibilities, the transition programmes have been made more relevant and robust. Learning needs have been addressed during FY 2019-20 through new programmes in the areas of innovation, strategy, Artificial Intelligence (AI), workplace partnerships, leadership development, execution excellence, etc.

Several learning journeys and innovative formats conducted in partnership with institutes and external agencies supported the employees in enhancing their business acumen, perspective and holistic leadership. In addition to internal learning formats of e-modules, stories and coaching, our partnerships with external content providers for world-class content also continued to strengthen the learning catalogue in the organisation.

The Connect Programme focused on building people management capability among managers in manufacturing plants. The programme skilled them on key attributes to foster workplace relationships. The employee relationship health of every plant is being measured through a scorecard, which was designed and deployed this year.

The Company acknowledges the need for employees to stay physically and mentally healthy and stays committed to creating fulfilling lives for them. Towards building a culture of personal care and responsibility, various health challenges, financial awareness sessions and safety campaigns were taken up.

One Link philosophy of team management

'One Link', a team comprising most of the General Managers and Vice Presidents of the Company led by the Chief Operating Officer, was created as a forum for developing the next leadership at the Company level. There have been active engagements across the teams and almost 18-20 days of productive time was spent focusing on expanding the potential and giving strong exposure to the leadership team. The forum combines a methodology of working through futuristic but relevant projects to involve, galvanise and develop the top management teams. We chose four transformation projects related to unexplored areas. The overall programme has been appreciated by people and has been a great success.

Technological innovations

Keeping in mind the changing learner preferences, a new learning platform was launched in the organisation. This platform, designed around the concepts of personalised, blended and peer learning, has expanded the reach of learning content through mobile accessibility as well.

This year, we also looked at enhancing candidate environment, health and safety, and community. experience and optimising recruitment processes through The Company's two new factories in Mysuru and the launch of an applicant tracking system. The Company's Visakhapatnam began operations and have achieved endeavour behind launching this system has been to deliver the designated environment and sustainability targets. signature experience to candidates and new employees. With this, all our eight decorative paint factories have Taking forward the legacy of bringing innovative continued their journey towards achieving environment engagements at B-Schools, we embarked on the journey sustainability by: of using Virtual Reality (VR) technology for providing an immersive experience to the students in our interactions.

Taking forward the legacy of bringing innovative engagements at B-Schools, we embarked on the journey of using Virtual Reality (VR) technology for providing an immersive experience to the students in our interactions.



ENVIRONMENT, HEALTH AND SAFETY

Environment

Sustainability is a key parameter that is woven into the design philosophy of all our manufacturing units. It also continues to be a key focus area in terms of our day-to-day operations as a strong commitment towards minimising our environmental impact and also towards nurturing biodiversity.

We have been releasing our Annual Sustainability Report for the past five years, and continuing the practice, the sixth edition will be released in FY 2020-21. The report will focus on our efforts in the areas of product stewardship, environment, health and safety, and community.

- Undertaking water replenishment projects in the community surrounding our factories
- Reducing non-process water consumption by focusing on reduction in freshwater usage as well as collection of rainwater to use in the manufacturing process after purification
- Reducing energy consumption in operations, while improving efficiency and quality in production
- Increasing the contribution of renewable sources thus demonstrating the commitment of sourcing clean energy
- Minimising solid and liquid waste in our processes

The Mysuru plant received the Platinum rating under the Indian Green Building Council (IGBC) Green Factory Buildings Rating System, which is recognised as a global standard in the green building parlance.



Take a look at our work in the various areas of sustainability:

Integrated watershed development: Integrated watershed development was undertaken in villages surrounding our eight decorative paint factories. Due to our continuous interventions over the years, over 9 Lakh KL of rainwater was replenished in FY 2019-20, which will eventually fulfil the water requirement of the community throughout the year.

Reduction in electricity consumption: Electricity consumption has been a constant area of focus over the years. A 33 % reduction in specific power consumption has been achieved in FY 2019-20 over the baseline of FY 2013-14. Our continued efforts were also rewarded at the third CII National Energy Efficiency Circle Competition where the factories at Rohtak and Khandala were recognised for their achievements.

Renewable energy: Renewable energy generation is one of the identified focus areas and several investments have been made in this space over the years. Renewable energy now accounts for 56% of the total energy consumption in manufacturing locations, far exceeding the 36% goal set for the year 2020. Our Mysuru plant is operating with 89.5% renewable energy from its first year of commissioning. **Biodiversity:** Over the past few years, the Company has worked towards improving different aspects of biodiversity starting with the Sriperumbudur factory, which was acknowledged by the CII-CESD in FY 2018-19. Similar interventions were undertaken in our Mysuru and Visakhapatnam plants with a focus on nurturing a green belt, afforestation of existing land and encouraging biodiversity. Over 80,000 native trees have been planted in all three manufacturing locations combined. These green landscapes are now well developed and thriving, thus supporting numerous species of flora and fauna.

Plastic waste management: The Company has effectively responded to the changing regulations around plastic waste management. Our initiatives towards fulfilling our Extended Producer's Responsibility has resulted in the collection and recycle of more than 1,800 tonnes of post-consumer flexible plastic across 12 states of India.

80,000 native trees have been planted in all three manufacturing locations combined

Health and safety

The Company is committed to the safety of its people and assets and towards the protection of the environment through a variety of initiatives in areas of sustainability. Towards this, Asian Paints follows industry-accredited best practices in health, safety and environment related aspects to constantly set higher benchmarks and strives to exceed the same.

During the year, six decorative manufacturing plants in India and the Research and Technology facility at Turbhe, Mumbai were certified for ISO 45001 standard, an international standard for occupational health and safety. The Company's decorative manufacturing plants in India follow the Asian Paints Safety System, which is based on British Safety Council specifications. During FY 2019-20, our Sriperumbudur plant has not only successfully completed audit by British Safety Council but also achieved the highest 5-star rating. The Rohtak plant, which had successfully accomplished the 5-star audit in FY 2018-19, has received the prestigious Sword of Honor award in FY 2019-20. During the year, the Kasna plant received the 18th 'Green Tech Safety' Award – 2019 in the Chemical sector and the Rohtak plant received 'Excellence in Safety' Award by Manufacturing Today.

The Company is implementing a robust safety culture improvement programme in the manufacturing plants with the aim of reaching the highest regenerative maturity stage. Towards this, the Company has tied up with reputed agencies for regular assessment and has launched programmes in all plants towards taking the employees and contractors on a journey of cultural change in areas of behaviour-based safety. The Company has also revamped the safety standards at its sales depots in India to improve the overall safety performance.

During the year, there was a fire accident in the monomer tank farm at Visakhapatnam plant during the commissioning phase. The Company has thoroughly investigated the incident and set up corrective and preventive actions.

Kasna plant received the 18th 'Green Tech Safety' award – 2019 in the Chemical sector and the Rohtak plant received 'Excellence in Safety' award by Manufacturing Today

INFORMATION TECHNOLOGY (IT)

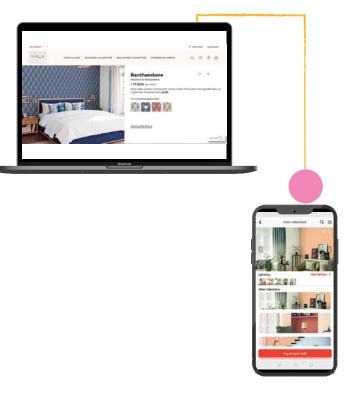
Asian Paints has always been on the forefront in terms of leveraging technology for the business. This year too, the Company has continued to invest in digital technologies such as AI, ML, Robotic Process Automation (RPA), security systems and advanced analytics. They have been used to create immersive customer experiences, improve the operational productivity and aid in better decision making.

Reimagining customer experiences using the power of digital

With the organisation making rapid strides in the Home Décor business and in the midst of scaling the Home Improvement business (bath, wardrobe and kitchens), technology investments to create strategic differentiators, especially in the area of customer experiences, have been initiated.

One of the key areas of focus has been home visualisation in the digital space. While the Company has done pioneering work in the space of 2D visualisation, this year, significant advancements have been made in the 3D visualisation space, which allows customers to visualise their dream homes.

The digital experiences delivered through the mobile apps, websites and portals for customers, dealers, suppliers and contractors have been kept contemporary and delightful.



Strengthening and securing the IT digital core

The Company has carried out the migration of the decentralised Microsoft ERP to a single global instance of SAP S/4HANA for its international units in Sri Lanka, Bangladesh, Indonesia, Egypt, Ethiopia, the UAE and Oman. Except for the units in Fiji and SP Islands, the Company runs its global business operations on a single digital core.

Information security and data privacy continue to remain the Company's focus. The Company continues to make the necessary investments to secure its systems and information assets.

Driving efficiencies through RPA

The Company has successfully implemented RPA to automate its existing business processes and new processes/opportunities to further drive efficiencies, increase throughput and scale operations during high volumes of transactions. RPA will remain a focus area for the Company for FY 2020-21.

Using the power of data analytics

The Company has been on the path of becoming an Insight Driven organisation through Data Intelligence and has undertaken efforts to skill the workforce in this area. This year many POCs undertaken in the previous year using AI/ ML have been put into productive use. Some of the areas wherein benefits of advanced analytics has been seen is in the area of Forecasting, Manufacturing IoT and Sales. The investments in AI/ML would continue in the space of customer experience and operations.



Research & Technology Centre at Turbhe, Navi Mumbai

RESEARCH AND DEVELOPMENT

Asian Paints' Research & Technology is a purpose-driven team bringing about consistent breakthroughs in product innovation besides strongly partnering with all other internal stakeholders to create value for the overall organisation. As creators, their resolve is to constantly empower Asian Paints through the power of science. It continues to maintain a strong focus on Intellectual Property (IP) and has filed a total of 54 patents, 14 of which have been in the current financial year. A total of 12 publications from the Company's researchers have featured in national/international journals of repute.

The entire programme of 'Breakthrough Innovation' has created a huge ripple and transformation not only at the Research & Technology function but also across the organisation. In its fifth avataar, the breakthrough innovation project 'Misaal' last year created some pathbreaking products and chemistries. These included two products – Hypertron and Ultron – with a unique costeffective polyurea chemistry, a first time in the French polish category for wood; entry into admixtures with very different chemistries and disruption in the adhesive white glue category with a combination of unique product and packaging innovation.

We continue to make investments in modern instrumentation pertaining to analysis and characterisation of raw materials and finished products, enabling innovation of unique solutions for consumers and development of cutting-edge technologies. In true recognition of the innovative work in our Research & Technology Centre, the National Research Development Corporation, Government of India, New Delhi has bestowed the prestigious National Innovation Award 2019 for the patented technology titled 'Hydroxy functional acrylic co-polymer from derivatised castor oil for coating applications' for designing highperformance sustainable coatings.

Asian Paints has always been at the forefront when it comes to providing learning and development opportunities for its employees. At the Research & Technology Centre, a dedicated training academy has been established by the name 'Sikshalaya' with a focus on upgrading the technical skills of employees and expanding the in-house expertise to many more individuals. This year, a new state-of-the-art infrastructure has been created that provides the latest learning technology tools and aims to enhance participants' learning experience. This year, the academy has hosted 13 workshops in different areas of

54

patents filed for the year along with a total of 12 publications from the Company's researchers have featured in national/international journals of repute



science and technology for employees to upgrade their Apcolite Spray Paint is a glossy enamel paint offered in an technical skills. Three of these workshops were specifically aerosol spray pack for the first time by Asian Paints. The designed and delivered for Asian Paints by renowned product offers high gloss, excellent adhesion and durability. academic experts from India and abroad. The workshops The unique fragrance of this product helps in masking hosted by Sikshalaya were of 1-3 days' duration and covered the strong solvent odour, which is typically present in this diverse technical domains such as interfacial science, latest category of products. Aerosols are portable and handy, and trends and technologies in coatings, formulation science offer an affordable option for anybody to undertake spray and data analytics. application whenever and wherever required, be it fresh painting, touch-up or artistic applications.

A state-of-the-art Waterproofing, Hygiene & Application Experiential Zone has been set up at the Research & Tractor Sparc economy emulsion provides value for money, Technology facility in Navi Mumbai. The experiential zone especially when compared to distemper along with a has different interactive displays of various waterproofing smooth finish on walls. Ace Sparc is a water- and acrylicsystem solutions as well as adhesive products range based exterior emulsion, which is designed for moderately offered by the Company and also exhibits miniature humid climatic conditions. Ace Sparc's weather guard models of laboratory test equipment available at the properties resist chalking, cracking and weathering as Research & Technology facility. A section for mechanised compared to cement paints. tools highlights our emphasis on offering faster and The Company forayed into the admixture category for smoother finishes to customers. This zone is created cement concrete with the launch of its innovative product and dedicated especially to the architects, applicators, line. Asian Paints MaximoPlast PX range of admixtures are waterproofing contractors and engineers to give them a compliant to BIS IS 9103 and ASTM C 494 standards and guided walkthrough of the products and solutions offered also differentiate themselves from market offering with by Asian Paints. Moreover, the testing equipment displays respect to reduction in drying shrinkage cracks and water help them understand and appreciate the rigorous testing permeability in concrete, thereby enhancing the durability regime followed by Asian Paints while developing products of the building structure. and solutions.

New products

Enhancing its footprint in the waterproofing segment, Asian Paints launched a first-of-its-kind SmartCare Ultron, which by itself sets a platinum standard benchmark in waterproofing liquid applied membrane category. The innovative product developed in house provides performance properties of high-end polyurea technology with ease of application as well as lasting durability and waterproofing performance warranty for 20 years.

Woodtech GloMax Ultra Polish offers best-in-class gloss and grain filling in the polish category at a price point 40% cheaper than its biggest competitor. Provisional specifications patent have been filed for the composition of resin and the final product.





ENTERPRISE RISK MANAGEMENT

The Company truly believes that business has and will always involve risks. These risks are constantly evolving and changing, in terms of their impact, the probability of occurrence and more importantly the velocity with which they can occur. The Company constantly scans the external environment to identify the emerging risks and also assesses them for their impact on the Company's objectives. There are internal risks linked to operations, ethics, safety and the likes, which the Company continuously monitors.

The Company is committed to treat these risks and bring them to tolerable levels. In this process, the Company is ably guided by the Risk Management Committee of the Board, which reviews the enterprise-wide risk management efforts of the management. The Company evaluates risks that can impact its strategic, operational, compliance and reporting objectives.

Some of the key strategic and business risks the Company is actively managing are explained below:

Safety risk: The manufacturing operations of the Company require employees to interact with plant, machinery and material handling equipment, all of which carry an inherent risk of injury. The Company also handles certain hazardous chemicals while manufacturing paint at its factories. To address this risk, the Company has an overall safety policy that it adheres to in letter and spirit. Apart from various trainings and mock drills, the Company also carries out risk assessment by third parties to identify any potential threats and takes steps to mitigate the same. The opinion of experts in the field are taken before proceeding with the design of the plants. Over the past few years, the Company has reduced man-machine interface at the plants to ensure greater safety. Behaviour-based safety approach is implemented at the plants. All safety incidents, including unsafe acts, are reported and reviewed by the management.

Sustainability risk: The Company believes in reducing the environmental impact of its operations. Water conservation and replenishment, reduction in power consumption and hazardous waste generation, and using renewal energy have been the focus areas for the Company. Investments in wind and solar energy have been made to supplement the power requirement at its manufacturing locations. Rainwater harvesting and recharge, reduction in freshwater consumption, and use of water from sewage treatment plants after suitable treatment are some of the notable steps taken by the Company. The Company invests in the well-being and socio-economic development of the communities around the plants. At Asian Paints, we believe that in the long run, products that are green and safe are the only ones that will give sustainable growth. The Company thus invests in such products for use by its customers.

Statutory compliance risk: In the past few years, the country has seen wide-ranging changes to various laws and regulations that the Company needs to adhere to. Many of these laws are new and have not been subjected to judicial scrutiny and interpretations. The Company takes steps to adhere to all laws in its true spirit. Teams within the Company monitor changes to laws and regulations and proactively take steps to change underlying processes to stay in compliance. Changes are updated in a software that is used to track and monitor compliances across the Company.

Information security risk: Threats of cyber-attacks and hacking are all well-known and are a very high risk to business operations of any company that uses IT. In addition to external threats, there are risks of information being leaked or changed by individuals within the Company. In addition to investments in tools to protect individual devices, and scan and protect itself from external threats, the Company also actively monitors security logs to detect any attempts to hack and take the necessary steps. Data, while in creation, storage, transit and retrieval, is adequately protected.

Customer-facing risks: The customer is always changing and so are their expectations and aspirations. The customer of today is well connected and aware of trends across the globe. Expectations today go far beyond the usual functional aspects of the product. The experience of dealing with the Company right through the process of beautifying homes is of paramount importance. Delivering joy at every stage is critical. Digital as a channel to interact with the customer has become more and more prevalent. This channel is open to all and there are entities in the overall décor space attempting to leverage this. The Company takes active steps to first understand and address all customer complaints. This ensures that there is a connect with the customers and the Company constantly puts the customer at the centre of its activities.

Human capital risk: Risk of maintaining employee relations, attracting and retaining talent, and creating an engaged set of employees have become important in an environment where talent is becoming scarce. The Company takes active steps in constantly engaging with the employees to understand their aspirations, needs and any issues they may have. Policies, practices, compensation and developmental conversations are modified based on constant feedback from employees. The Company has an open-door policy where employees are free to reach out to any person in the Company for addressing any of their concerns.



Ethical behaviour: Fraud risks are inherent while dealing with people. The Company invests in good controls to minimise the risk of unethical behaviour by its employees or business partners. The Company's code of conduct acts as a guiding principle for employees while they go about doing their work. Employees and business partners are encouraged to share any suspected frauds to the Company through its whistle-blower mechanism. Programmes are periodically held to increase awareness of the code of conduct.

Currency risk: A significant part of the raw materials and capital equipment are imported by the Company. In addition, the Company has operations in multiple countries. Any adverse movement in the local currency vis-à-vis the US Dollar can have an impact on the Company's financials. The Company takes steps to monitor the exchange rate and hedges some of the open risks.

Pandemic risk: The latter part of the year saw the risk of the pandemic affecting operations across the globe. The Company was not immune to the same. The Company had taken steps to find alternate sources of materials when there were supply chain disruptions in China to ensure that its operations could continue. Employee safety was ensured by following social distancing and usage of necessary sanitizers. The Company quickly enabled work from home for most of its employees. A help desk was set up to provide guidance, support and counselling to its employees. The Company supported the government's initiative in ensuring the lockdown of its operations. However, necessary safety precautions were taken to ensure a safe shutdown of its manufacturing plants.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. Appropriate internal control policies and procedures have been set up to provide reasonable assurance on the following objectives:

- Effectiveness and efficiency of its operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Prevention and detection of frauds and errors
- Safeguarding its assets

Compliance to these policies and procedures is an integral part of the management review process. Adequacy and effectiveness of these internal controls are routinely tested by internal auditors based on their risk-based audit plan. The audit plan covers the key process across the functions, including plants, depots and other establishments. Suggestions to further strengthen the processes or make them more effective are shared with the process owners and changes are made suitably.

The Company uses robust ERP and allied IT tools as an integral part of internal control system. It also uses data analytics tools to identify data exception and trends to minimising errors and lapses, and to track crucial compliances. Wherever possible, emphasis is placed on incorporation of automated controls within the process to minimise deviations and exceptions.

The risk-based internal audit plan is approved by the Audit Committee. Significant audit observations and follow-up actions thereon are reported to the Audit Committee. The Audit Committee periodically reviews the adequacy and effectiveness of the Company's internal financial controls and the implementation of audit recommendations. The Company believes in conducting business in a fair, ethical and compliant manner. Towards this, periodic sessions and e-learning courses are rolled out to make the employees aware of the code of conduct and related policies of the Company, including the whistle-blowing policy and mechanism. The Company stays committed to maintain the highest standards of governance.

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RESULTS FOR THE FINANCIAL YEAR	2019-20**	2018-19**	2017-18**	2016-17**	2015-16**	2014-15	2013-14	2012-13	2011-12	2010-11
INCOME STATEMENT										
Net Revenue from Operations	17,194.1	16,391.8	14,153.7	12,722.8	11,830.3	11,648.8	10,418.8	8,960.1	7,964.2	6,336.1
Growth Rates (%)	4.9	15.8	11.2	7.5	1.6	11.8	16.3	12.5	25.7	23.4
Materials Cost	9,506.2	9,410.6	7,982.7	6,944.1	6,584.9	6,439.8	5,940.0	5,163.4	4,746.3	3,646.9
% to Net Revenue from Operations	55.3	57.4	56.4	54.6	55.7	55.3	57.0	57.6	59.6	57.6
Overheads	3,830.9	3,476.4	3,250.5	3,107.9	2,768.5	3,198.5	2,701.6	2,249.4	1,866.1	1,532.0
% to Net Revenue from Operations	22.3	21.2	23.0	24.4	23.4	27.5	25.9	25.1	23.4	24.2
Operating Profit (EBITDA)	4,214.6	3,789.6	3,198.0	2,971.0	2,726.4	2,197.3	1,950.9	1,673.4	1,493.2	1,232.2
Finance Costs	78.4	78.6	21.1	18.9	23.4	27.1	26.1	30.6	30.8	15.4
Depreciation and Amortisation Expense	690.0	540.8	311.1	295.4	234.5	223.1	212.3	127.0	99.5	94.5
Profit Before Tax and Exceptional items	3,446.2	3,170.3	2,865.8	2,656.7	2,468.5	1,947.1	1,712.5	1,515.9	1,362.9	1,122.3
% to Net Revenue from Operations	20.0	19.3	20.2	20.9	20.9	16.7	16.4	16.9	17.1	17.7
Growth Rates (%)	8.7	10.6	7.9	7.6	26.8	13.7	13.0	11.2	21.4	4.0
Exceptional items	(33.2)	ı	1	1	(65.4)	(13.5)	(6.9)		1	1
Profit Before Tax and after Exceptional items	3,413.0	3,170.3	2,865.8	2,656.7	2,403.1	1,933.6	1,702.6	1,515.9	1,362.9	1,122.3
% to Net Revenue from Operations	19.9	19.3	20.2	20.9	20.3	16.6	16.3	16.9	17.1	17.7
Profit After Tax	2,654.0	2,132.2	1,894.8	1,801.7	1,622.8	1,327.4	1,169.1	1,050.0	958.4	775.2
Return on average capital employed (ROCE) (%)	38.4	39.0	38.7	40.9	45.0	49.9	51.7	54.0	59.3	62.1
Return on average net worth (RONW) (%)	29.0	25.6	25.4	27.7	29.5	33.9	35.3	38.1	42.9	43.9
BALANCE SHEET										
Equity Share Capital	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9
Other Equity	9,357.4	8,747.0	7,702.2	6,998.8	5,829.8	4,134.3	3,505.0	2,926.3	2,391.9	1,879.4
Deferred Tax Liability (Net)	282.7	392.4	270.3	261.2	217.2	167.8	177.1	143.3	80.8	75.5
Borrowings	31.3	13.47	14.94	17.08	38.0	39.6	47.7	54.1	168.2	65.7
Tangible Fixed Assets and Intangible Assets	5,069.0	5,400.5	3,960.4	2,824.4	2,721.8	2,105.0	2,050.2	2,154.4	1,611.9	1,096.9
Investments	2,657.9	2,964.0	2,577.3	2,913.6	2,796.6	1,893.8	1,671.2	872.5	913.8	1,034.8
Debt-Equity Ratio	0.003:1	0.002:1	0.002:1	0.002:1	0.01:1	0.01:1	0.01:1	0.02:1	0.07:1	0.03:1
Market Capitalisation	1,59,850	1,43,180	1,07,469	1,02,970	83,297	77,820	52,559	47,139	31,056	24,238
PER SHARE DATA										
Earnings Per Share (EPS)(₹) #*	27.7	22.2	19.8	18.8	16.9	13.8	12.2	10.9	10.0	8.1
Dividend (%)	1,200	1,050	870	1,030	750.0	610	530.0	460.0	400.0	320.0
Book Value (₹)	98.6	92.2	81.3	74.0	61.8	44.1	37.5	31.5	25.9	20.6
OTHER INFORMATION										
Number of Employees	6,751	6,456	6,238	6,156	6,067	5,897	5,555	5,236	4,937	4,640
Number of Shareholders	3,15,626	2,20,538	1,91,561	2,02,988	1,65,986	1,47,143	87,997	54,813	60,537	59,280
* EPS calculated on Net Profit after Exceptional items.										
# With effect from 1st August, 2013, face value of the Company's equity share has been subdivided from ₹ 10 per equity share to ₹ 1 per equity share and accordingly the EPS and book value for all	Company's equi	∵y share has bee	en subdivided fr	'om ₹ 10 per eq	uity share to ₹ ;	per equity sha	rre and accordin	gly the EPS and	book value for	all
comparative periods have been restated.										

on have be GST im t0 for these rds (IND AS) and hence not rability of Revenue from op ting s able (Figures for these years are as per new accoun uitably for Excise duty on sale of goods, to en

.5 The figures for FY 2018-19 have been restated on account of retrospective application of Ind AS 116 - L ϵ opening retained earnings as at 1st April, 2018 (reducing the same by ₹42.0 Crores).

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INCOME STATEMENT Net Revenue from Operations 20,	2019-20**	2018-19**	2017-18**	2016-17**	2015-16**	2014-15	2013-14	2012-13	2011-12	2010-11
	I									
	20,211.3	19,248.5	16,843.8	15,168.2	14,263.2	14,182.8	12,714.8	10,938.6	9,632.2	7,722.3
Growth Rates (%)	5.0	14.3	11.0	6.3	0.6	11.5	16.2	13.6	24.7	15.6
Materials Cost 11,	11,383.5	11,272.9	9,710.4	8,435.1	8,041.3	7,971.5	7,340.7	6,413.0	5,795.3	4,474.6
% to Revenue from Operations	56.3	58.6	57.6	55.6	56.4	56.2	57.7	58.6	60.2	57.9
Overheads 4,	4,666.0	4,210.0	3,935.8	3,746.7	3,452.7	3,975.9	3,376.2	2,793.6	2,328.2	1,919.6
% to Revenue from Operations	23.1	21.9	23.4	24.7	24.2	28.0	26.6	25.5	24.2	24.9
Operating Profit (EBITDA) 4,	4,466.1	3,998.6	3,418.2	3,248.9	2,982.5	2,405.1	2,132.1	1,846.5	1,616.2	1,396.1
Finance Costs	102.3	105.3	35.1	30.0	40.7	34.8	42.2	36.7	41.0	23.2
Depreciation and Amortisation Expense	780.5	622.1	360.5	334.8	275.6	265.9	245.7	154.6	121.1	113.1
Profit Before Tax and Exceptional items 3 , (including share of profit of associate)	3,634.0	3,311.9	3,068.5	2,933.7	2,699.7	2,104.4	1,844.2	1,655.2	1,454.1	1,259.7
% to Revenue from Operations	18.0	17.2	18.2	19.3	18.9	14.8	14.5	15.1	15.1	16.3
Growth Rates (%)	9.7	7.9	4.6	8.7	28.3	14.1	11.4	13.8	15.4	0.3
Exceptional items	•	•	1		(52.5)	(27.6)	(6.6)		•	
Profit Before Tax and after Exceptional items 3,	3,634.0	3,311.9	3,068.5	2,933.7	2,647.3	2,076.9	1,834.3	1,655.2	1,454.1	1,259.7
% to Revenue from Operations	18.0	17.2	18.2	19.3	18.6	14.6	14.4	15.1	15.1	16.3
Profit for the year (after Tax and Minority 2, interest)^^^	2,705.2	2,155.9	2,038.9	1,939.4	1,745.2	1,395.2	1,218.8	1,113.9	988.7	843.2
Return on average capital employed (ROCE) (%)	35.0	34.6	34.8	37.6	40.5	45.3	47.6	50.3	54.3	58.9
Return on average net worth (RONW) (%)	27.6	24.1	25.5	27.5	28.9	31.8	32.8	36.3	40.1	43.3
BALANCE SHEET										
Share Capital	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9	95.9
	10,034.2	9,374.6	8,314.3	7,508.0	6,428.9	4,646.4	3,943.3	3,288.4	2,652.6	2,091.5
Deferred Tax Liability (Net)	443.8	543.3	417.1	359.2	296.8	179.9	187.8	154.4	92.8	85.2
Borrowings	361.6	629.2	533.4	560.3	323.3	418.2	249.2	251.0	341.1	233.4
Tangible Fixed Assets and Intangible Assets 6,	6,412.6	6,706.2	4,857.4	3,415.1	3,371.2	2,610.2	2,491.8	2,456.0	1,876.1	1,316.0
Investments 2,	2,018.9	2,568.6	2,140.7	2,652.0	2,712.1	1,587.8	1,423.6	778.8	750.7	922.0
Debt-Equity Ratio 0.	0.04:1	0.07:1	0.06:1	0.07:1	0.05:1	0.09 : 1	0.06:1	0.07:1	0.12:1	0.11:1
PER SHARE DATA										
Earnings Per Share (EPS) (₹) # *	28.2	22.5	21.3	20.2	18.2	14.5	12.7	11.6	10.3	8.8
Book Value (₹)	105.6	98.7	87.7	79.3	68.0	49.4	42.1	35.3	28.7	22.8
* EPS calculated on Net. Profit (including share of profit of associate) after exceptional items	sociate) aft	er exceptional	items							
" With effect from 1st August, 2013, face value of the Company's equity share has been subdivided from ₹ 10 per equity share to ₹ 1 per equity share and accordingly the EPS and book value for all comparative periods have been restated.	ny's equity	share has bee	n subdivided fr	om ₹ 10 per equ	uity share to ₹1	1 per equity sha	rre and accordin	ıgly the EPS and	book value for	all
** Figures for these years are as per new accounting standards (IND AS) and hence not comparable to previous years. Revenue from operations in periods prior to GST implementation have been adjusted	ds (IND AS)	and hence no	S) and hence not comparable to previous	o previous years	. Revenue from	operations in µ	periods prior to	GST implement	ition have been	adjusted

TEN YEAR REVIEW (STANDALONE)

ipective applicatic by ₹ 46.9 Crores) 2018 (1 The figures for FY 2018-19 have bee opening retained earnings as at 1st

Strategic Review

AWARDS AND ACCOLADES

MOMENTS THAT SCULPT A LEGACY



- Ranked 9th among the world's leading paint companies by Coatings World - Top Companies Report (July 2020 issue)
- Included in the Forbes List of World's 'Best Regarded Companies' (September 2019). It was the second consecutive appearance for Asian Paints in the coveted list
- Included in Forbes Asia's list of 'Best over a Billion' companies in Asia Pacific September 2019
- Stood among 'Most Trusted Brands' in the Household Care category (Brand Equity – Most Trusted Brands) – March 2020
- Ranked 21st in Business Today 'India's Most Valuable Companies' list
- Stood among 'Top 10 Valuable Indian Brands' Brandz Most Valuable Indian Brands
- Ranked 3rd among Top 25 Paint Manufacturers in Asia Pacific (Asia Pacific Coatings Journal) – June 2019
- Ranked 24th In Brand Finance India 100 (Brand Value Report 2019)

- Wins 'Smart Manufacturing' Award for Artificial Intelligence (Express Computers)
- Wins 'SIES SOP STAR' Award for 'Excellence in Packaging' from SIES School of Packaging
- Rohtak Plant recognised by British Safety Council with the 'Sword of Honour 2019'
- Rohtak plant wins 'Excellence in Safety' Award Manufacturing Today
- Taloja Plant wins Manufacturing Today Award in the 'People's Initiative' Category
- Penta Division receives Tamil Nadu State Safety Award
- Sriperumbudur plant wins CII National Award for 'Energy Efficiency'
- Mysuru plant received the 'Platinum' rating under the Indian Green Building Council (IGBC) Green Factory Buildings Rating System. The Platinum rating is recognized as Global Leadership, according to the IGBC certification standards.
- Golden Peacock Award for 'Excellence in Corporate Governance - 2019' by the Institute of Directors