

## MANAGING DIRECTOR'S LETTER

# Today's consumer is exposed to great products and services across all categories of goods and as a Company we have strived to change and evolve to meet her/his needs

### Dear Shareholders,

Asian Paints has succeeded in extending its market leadership in India for over 50 years simply because it has continuously endeavoured to change and meet the needs of the consumer of today. Today's consumer is exposed to great products and services across all categories of goods and as a Company we have strived to change and evolve to meet her/his needs.

She wants a home that personifies her and is distinct from any other. 'To be the forerunner of inspiring Décor and to actively empower consumers to create their dream homes' is our vision and direction for the future. It is with this vision, over the last decade, we have attempted to provide more than such a product or a can of paint.

In this journey we have made tremendous strides and the progress in FY2018-19 has been remarkable.

In FY2018-19, we provided over 8 lakh in-store colour consultancies (through our Colour Idea stores), painted over 40,000 homes through Paint Total, Paint Rite and Home Solutions services; provided full Décor services through our five AP Homes launched a new series of wallpaper through Nilaya, many problem solving products like Royale Healthshield, Apcolite Rust Shield, Ultima Proteck Lamino, Economy Sheen products- Tractor Emulsion Shyne and Ace Shyne and a whole new range of waterproofing products.

Our response from consumers has been overwhelming and we plan to continue to focus in this direction.

FY2018-19 was a good year for Asian Paints. All the businesses in India grew

well above the market growth rates, thereby gaining share across all areas of operation. Although profitability was hit (due to the sharp increase in raw material prices), growth in demand due to an extended Diwali season and reduction of GST rates ensured a satisfactory performance for the year.

The Architectural coatings business grew across all regions in India, with higher growths coming from upgradation products at the bottom of the pyramid. At the same time, top-end products like Royale Health Shield, Ultima Proteck and wallpapers continued to grow well. Premium Wood Finishes, Waterproofing and painting tools all did remarkably well.

On the channel front, we opened more than 3,000 new outlets bringing our total strength to over 60,000. We increased our Colour Idea stores to over 400 and our Colourworld network exceeded 46,000.

The Home Improvement businesses- Sleek kitchens and Ess Ess bath fittings did exceptionally well growing by over 20% and we are now confident that they would be growth drivers of the future.

The Company commissioned 2 large paint manufacturing units of 300,000 KL /annum each at Mysuru and Visakhapatnam during the year. This additional production capacity would be sufficient to provide for the growth we expect over the next few years.

The Industrial Coating businesses were severely hit by the sharp increase in raw material prices. PPG-AP was also affected by the slowdown in the automotive sector. AP-PPG (protective coatings) grew exceptionally well

**In FY2018-19, we provided over 8 lakh in-store colour consultancies and painted over 40,000 homes through Paint Total, Paint Rite and Home Solutions service.**

by over 20%, making significant competitive gains across markets.

The International business did not perform well. High inflation (including currency depreciation), rising raw material costs and poor economic growth affected the performance of units. Ethiopia (currency restrictions), Egypt (economic downturn) and Bangladesh fared badly while Nepal and the Middle East units of Oman, UAE and Bahrain did well. The international business should do much better in FY2019-20.

The Company continued to do great work in the areas of sustainability where, in our manufacturing units 50.9% of power consumption came from renewable energy. In CSR, we continue to do good work in water replenishment, health, education and skilling.

All in all, the Company made good progress in all areas in FY2018-19, and we are confident, going forward we will continue to deliver value to all our customers and stakeholders.

Warm regards,

**K.B.S. Anand**  
Managing Director & CEO

