



USHERING THE BRAND IN THE 'NEW NORMAL'

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

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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

