



ANNUAL GENERAL MEETING

SPREADING JOY SINCE 1942

Namaste and a warm welcome to everyone to this Annual General Meeting of Asian Paints Ltd as we enter the 80th year of Asian Paints bringing joy to people's lives. Like the last year, we are once again meeting virtually as the continued impact of the Covid-19 pandemic necessitates adoption of safety precautions to arrest its spread. At the outset, I wish to express solidarity with all those who have lost their loved ones and I wish a speedy recovery to those who are infected or battling with this Covid-19 pandemic. We at Asian Paints have also borne the brunt of this pandemic and had many of our employees, stakeholders and their families affected and I, on behalf of Asian Paints, take this opportunity to pledge our support to their families. I also hope and pray that each one of you and your family & friends, stay safe and secure in these testing times. Having seen the sudden and wide-spread impact of the second wave very recently, it is our individual and collective responsibility, to adopt and promote usage of safety precautions and push for large scale vaccination as it is the only reliable way to fight our way out of this pandemic.

As the economy opened post the nationwide lockdown in the first quarter of FY 2020-21, our company took some innovative approaches, using digital platforms to connect with customers and various influencers. One of the hallmark initiatives was to introduce an innovative customer campaign which connected the brand with the people far more strongly as people were relegated to a National Lockdown in April 2020.

We displayed agility and in a record time were able to introduce a new range of 'Health & Hygiene' products including sanitizers, disinfectants and bacteria proof coatings for multi surfaces so that as a leader we could enhance the value proposition of our products and deepen our engagement with consumers.

We introduced a range of 'At home' services like Safe Painting and San Assure Sanitization services so as to get the paranoia off our customers minds. This really gave us the edge and we were able to keep the business going in very tough times.

We also continued to push ourselves strongly into upgrading the 'bottom-of-the-pyramid' customers through our unique 'value-for-money' product offerings. This has helped us to do good business in rural geographies since for the first 7-8 months the smaller towns and rural geographies were doing much better than metros and big cities which were more affected by the lockdown. We strengthened our foray into waterproofing and construction chemicals by launching more than 25 new products and with continued persistence of offering 'expert solutions' to the customers. This year we looked strongly at the large institutional business.

Our enhanced product capabilities in the waterproofing and construction chemicals space, coupled with unique 'made-to-order' product deliveries, enabled us to further strengthen our foothold in the Institutional segment servicing builders, developers and infra-structure players. We strengthened our focus on the Premium and Luxury segments of Interior and Exterior emulsions by launching some new chemistries and were able to really increase our share in these segments.

One of the strong deliveries this year was in the area of premium and luxury wood finishes. Asian Paints has been a pioneer in this category and we have now made a strong foray with our top end technologies to carve a big share for ourselves and also lead the market in this area.

All these efforts ensured that despite a difficult business environment & challenging circumstances we delivered a strong double digit volume growth in the Decorative business in India. We were the fastest growing paint company amongst the top 4 organized players, gaining a huge market share from the organized as well as the unorganized segment of the industry.

A similar strong performance was also delivered by the Home Improvement business, comprising of the Kitchens and Bath segments with a continued focus on improving its execution capabilities with its unique service propositions.

Our initiatives of driving the 'Full Kitchens' business and increasing our share in the premium bath fittings have been instrumental in driving this business strongly.

The Home Improvement business collaborated in a strong manner with the Decorative Business enabling it to reach out to a much larger customer base and thereby significantly improve its operational scale and financial performance, even during this pandemic hit year.

The Industrial Coatings business, especially the non-automotive industrial coatings segment, delivered a strong set of performance, working diligently in improving its customer value proposition through unique product and service capabilities. During the year, we launched a comprehensive Asset Protection Management service, thereby strengthening our relationship with key customers.

In addition, we had some great performance in our Powder coatings and flooring business which was driven in a very big way.

The automotive industrial coatings business, with its large dependency on the automobile sector, also registered good growth in the second half of the year as the automobile sector, which has been in a downturn over the last few years, saw some growth offshoots.

The year also saw us undertake a comprehensive assessment of the progress made in each of our international markets over the years and set up a wide-ranging break-through agenda for each of the key markets with strong emphasis on enhancing our value propositions, drawing on our experiences across geographies and customizing the product & service offerings to specific markets. We were able to leverage on our capabilities in the growing waterproofing space and made strong inroads in some of the key International markets.

Similarly, drawing upon the learnings and success in the service space, we introduced 'Safe Painting' service in many of these markets, elevating our brand in the eyes of the customers.

Despite the Global markets being affected by pandemic especially the Asian and African geographies, we have gained market share across countries and have performed extremely well both from the top line and bottom line perspective.

Over the last few years, we had shared our vision of evolving our company into a Home Décor company, enhancing our capabilities to partner with our customers in their journey of creating their dream homes..

With these strong endeavors, our company was able to deliver a very strong performance across its businesses despite the restrictive business conditions. At a standalone level, our company reported a 7.7% increase in revenue from operations at Rs. 18,517 crores and a healthy double digit volume growth.

Aided by the softer raw material prices and some strong work in the area of sourcing, formulation efficiencies and the discipline on managing costs, the Profit after Tax for the year increased by 15% at Rs. 3,052.5 crores. At the consolidated level, the group achieved growth in revenue from operations of 7.4% at Rs. 21,713 crores and Net Profit after non-controlling interest for the group increased by 16% at Rs. 3,139 crores. This is highest profit we have logged in the history of our company and has been truly a stellar performance.

Taking into account the financial performance delivered for the year, the Board of Directors have further recommended payment of Rs. 14.5 per equity share as the final dividend for the financial year 2020-21.

This is in addition to the First interim dividend of Rs. 3.35 per equity share of face value of Rs. 1 each which was paid out in the month of November 2020. If approved, the total dividend for the financial year 2020-21 will be Rs. 17.85 per equity share against Rs. 12 per equity share paid in the previous year.

I would request all the shareholders to approve the recommended final dividend for the financial year 2020-21.

And while we continued to take all steps to deliver a strong financial performance, our commitment to the well-being of our stakeholders and the community at large, remained steadfast as ever. As the leading paints company, our company puts a strong emphasis on its role as a responsible corporate citizen in the area of environmental stewardship and constantly strives to manage our resources and minimize our environmental footprint. About 57% of our total energy consumption is now derived from renewable energy sources and as compared to the benchmark year of 2013-14, we have brought about an almost 59% reduction in specific non-process water consumption in our operations.

Our company also continued to work on its focused agenda on community development through work in the areas of health & hygiene and skill development.

Our company also continues to take progressive steps to keep enhancing its reporting to various stakeholder constituents and I am delighted to inform all my fellow shareholders that this year our company has published its first Integrated Report as per the Integrated Reporting Framework of the International Integrated Reporting Council. This report provides a cohesive approach to corporate reporting that, inter alia, communicates the full range of factors that materially affect the ability of the Company to create value over time. I would urge all of you to pursue this report and reach out to the Management for any queries on the same.

The year has also seen the Board of Directors approve the formulation of the Employee Stock Option Plan 2021 (ESOP) for the grant of stock options to eligible employees of our company and its subsidiaries.

The ESOP is expected to encourage the employees to promote our company's long term strategic objectives with an enhanced engagement and ownership drive and thereby further drive long term wealth creation for all stakeholders.

I would request all the shareholders to grant their consent to this Employee Stock Option Plan 2021.

The Board of Directors have also recommended the re - appointment of Mr. R Seshasayee as an Independent Director of the Company for a second term of five years from 23rd January, 2022 onwards and continuation of his directorship beyond seventy - five years of age in accordance with the applicable provisions of law. Considering the wealth of experience, expertise and the immense value that Mr. R Seshasayee brings to the Board and the Company, I would request all the shareholders to accord their consent to his re - appointment for a second term of five years and continuation of directorship beyond seventy-five years of age.

Friends, as I step down from my role as Chairman of the Company today, I would like to express few thoughts that come to mind:

1. I must express my deep sense of respect to the founders of this Company - Shri Champakbhai Choksey, Shri Suryakant Dani, Shri Chimanlal Choksi & Shri Arvind Vakil. To set up and build a paint company from scratch, to compete with the best international players dominating the market in those days and attain market leadership required vision and entrepreneur skills. I was in fact encouraged by them to study paint technology abroad despite having secured an admission in IIM Ahmedabad. Those were days when we had little access to crucial technology. Today, I am proud to say that we have our own advanced Research & Development Center and we are self-dependent in decorative/household paint technology.

2. I am thankful to my co-promoters on the Board - Late Shri Ashwinbhai Choksi and Shri Abhay Vakil.

We have continued the path laid down for us by our founders to help grow this company beyond their dreams.

3. I must express my deep sense of gratitude and thanks to all my colleagues on the Board. I have been personally enriched and the Company has gained by their vast knowledge and deep insights.

4. On a personal note, my late father Suryakantbhai Dani taught me 3 very important lessons:

a. The importance of “Brand Asian Paints”. He would stress on building up the Brand. In his words he expressed this as “Marko”.

Today, Brand Asian Paints is considered amongst the top 5 Brands in the country. The brand building exercise started with recruiting talent from the best of leading management schools and giving them the freedom to work and deliver. Many of them have moved on from Asian Paints and have risen to be CEOs of so many leading companies, not only in India but across the globe. I have personally met so many of them in their present roles and they confess to owing so much to this company for helping them grow when they were in their nascent stage. Our happy family of employees, past and present, our family of dealers, and satisfied customers continue to be the best brand ambassadors of the Company.

b. My father would visit dealers across the country and developed a personal relationship with so many of them. I recall many instances of dealers coming home and staying with us on their visits to Mumbai.

He and the co-founders set up very close ties with our dealer network and this is continuously sustained and reinforced even today.

This has helped us withstand competition, sustain and grow market share, even in an increasingly crowded paint market.

c. He would always mention “India lives in its villages”. Even in those days, he would stress on building up a network to cater to our small towns and villages. Today, I am proud to say that we have developed an extraordinary supply chain and distribution network that can cater to length and breadth of this country.

Life evolves and times change, and we must evolve to keep growing and developing further. I congratulate our new Chairman, Mr. Deepak Satwalekar. Deepak has been on the Board of Asian Paints for more than 18 years. He was the MD of HDFC Ltd. and the founder and the 1st MD & CEO of HDFC Standard Life Insurance Company Ltd.

He is on the Board of some of the most reputed Companies.

With a person of such stature as our Chairman, I can visualize some great and exciting times for the Company ahead. I wish him and the Company the very best and all success.

I will be continuing as a Non - Executive Director on the Board and I will continue to be associated with you all.

As we look forward to a new financial year, the situation around Covid-19 continues to remain a little unpredictable. However, with the strong impetus on vaccination program, I am confident of a strong resilience around customer demand and am looking forward for a strong business delivery by our group.

On the long-term front, I am confident that with our singular focus on placing the customer at the center of all our actions, we will not only navigate any short-term turbulences successfully but also strengthen our leadership position further. And as the industry leader, we will continue to evolve along with our customers and will keep reinforcing our company's bond with all our customers.

Towards the end, I take this opportunity to really commend the dedication and zeal of all our employees who strived through a difficult period and ensured that as an organization we surmounted all the challenges and continued to take our organization forward. I would also like to thank all my colleagues on the Board for their continued support in all our endeavors.

Finally, I thank all our shareholders for their persistent trust and confidence on team Asian Paints.



THANK YOU