

CHAIRMAN'S SPEECH:

As we meet, we are in the midst of some unprecedented times. The entire world and India is grappling with the Covid-19 pandemic and the huge challenges it has thrown out. Governments across are at a dilemma – on one hand around how much and how long to impose lockdown conditions to arrest the spread of the pandemic and on the other side, how to quickly restore the business conditions and how to jumpstart the wheels of the economy.

As leaders of the industry, in these unprecedented times, we are looking at constructive ways and means of dealing with the situation, taking care of all our employees, stakeholders and continuously focusing on the ever-changing customer. As a Responsible and Caring brand, we have looked at ways and means to help the Government and help the communities around us in the best manner.



We have partnered with the Government to fight the pandemic and also with many NGO's to reach out to the communities and masses to help them out.

We truly believe that one of the core purpose of the Brand is to bring joy into customers lives and in this pursuit we are dynamically aligning our products and services to cater to the ever-evolving needs of the consumers and at the same time keep on innovating to give wings to customers dreams.

Over the years, our company has aptly demonstrated this ability by bringing out innovations in the market place – innovations in the area of new products and services, innovations in the area of retailing and innovations in the area of expanding our capabilities to provide holistic décor solutions empowering them to create their dream homes. The focused manner in which we entered and established ourselves in the waterproofing and construction chemicals space, putting a strong value proposition for customers and meeting their unfulfilled needs, is testimony to our efforts in reading and anticipating customer requirements and fulfilling those needs. We have introduced Admixtures for reinforcing construction and high-end problem-solving pioneering solutions, projecting the brand as an expert in handling any waterproofing problems.

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In the year gone by, we have strongly looked at expanding the ‘value for money’ emulsion segment by looking at upgradation from the ‘bottom of the pyramid’ introducing Ace and Tractor Emulsion ‘Sparc’ at unique price points.



We also expanded the market by introducing a unique patented product ‘GloMax’ by targeting the unorganized ‘Polish’ market offering customers a unique quality product and expanding the wood finishes market in a big way .

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The year also saw us accelerating our entry into complete Home Décor providing décor fulfilment through 10 fully operational AP Homes Stores, providing a one-stop destination meeting the customers complete home décor needs.



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.

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We have also been doing good work in enhancing the product propositions for the Industrial coatings customers as well as in some of the key international markets of Egypt, Bangladesh, Nepal and Sri Lanka. We also made a strong foray in the Sanitaryware business and continued



with our efforts to build a strong service brand for the Full kitchen delivery.



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The year also saw the two mega-scale manufacturing facilities at Mysuru, Karnataka and Visakhapatnam, Andhra Pradesh which were commissioned in the previous financial year, going into scale-up mode achieving design-rates in record time.



Our Company also continues to leverage new-age innovative technology like advanced machine learning algorithms to constantly improve our operating parameters.

And as we continued to make advances in fulfilling the customer needs, we continued our efforts in contributing to the development of various important stakeholders, including the society at large. Our Colour Academies continued to hone talents within the painter and contractor teams, orienting them towards taking responsibility for the overall project and making them equipped to realize their dreams.



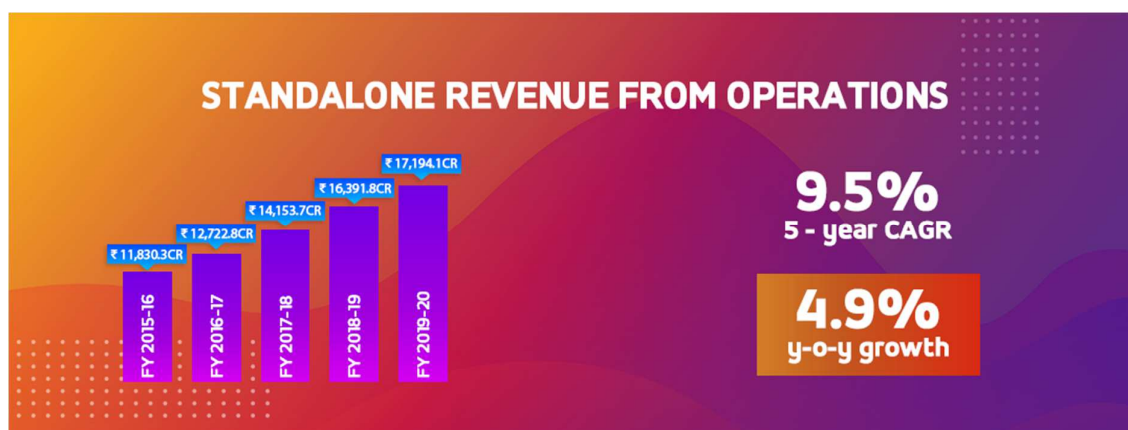
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We continued to work with Street Art India Foundation making art accessible to wider audiences by taking Art out of the conventional gallery space and embedding it within the cities we live in.

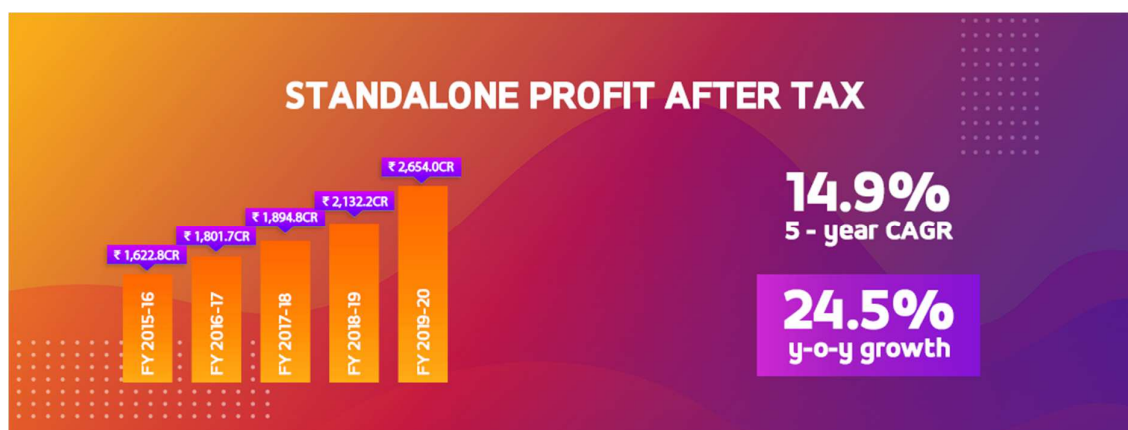


We made significant strides in promoting inclusive education and health and hygiene awareness in our adjoining communities giving an opportunity to our employees to volunteer in many of these programs. Our Company continued its efforts in the area of water and energy management. Integrated water-shed development was undertaken in the villages surrounding our decorative paint manufacturing facilities and during the year about 9 lakh KL of rainwater was replenished which would help fulfill the water requirement of these communities during the year. Our Company continues to invest in the area of renewable energy generation and renewable energy now accounts for 56% of the total energy consumption in all our manufacturing locations.

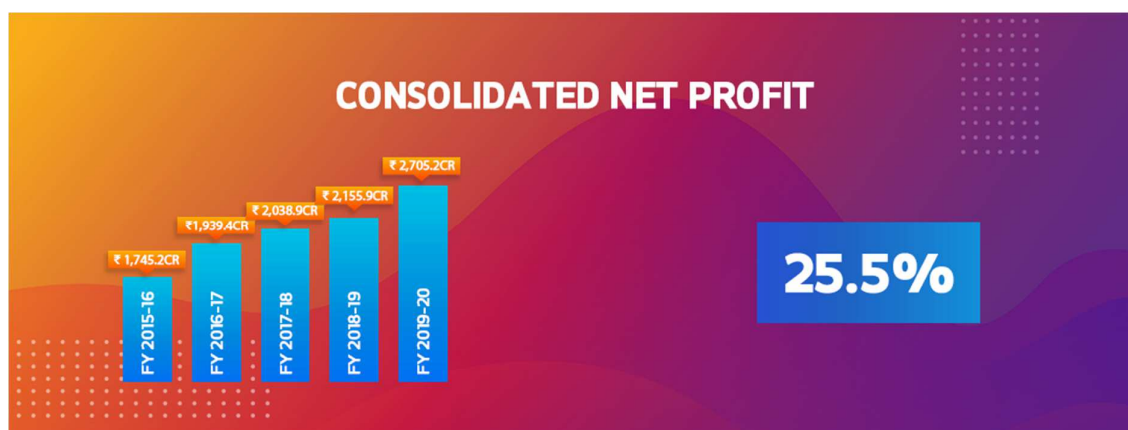
It is with this steadfast focus on keeping the customer needs at the center of everything that our company was able to deliver a strong performance across its various businesses despite a very difficult environment. The Company reported a 4.9% increase in revenue from operations on a standalone basis at Rs. 17,194 crores.



The softer raw material prices, our efforts in improving the formulation efficiencies and continued focus on cost control measures aided by reduction in corporate tax rate, the Profit after Tax for the year increased by 24.5% at Rs. 2,654 crores.



At the consolidated level, the Group achieved growth in revenue from operations of 5% at Rs. 20,211 crores and Net profit after non-controlling interest for the group for the year increased by 25.5% at Rs. 2705.2 crores.



The lockdown in March this year affected performance in the last quarter and to an extent cast its impact on the results for year.

Our Company had paid the First interim dividend of Rs. 3.35 per equity share of face value of Rs. 1 each in the month of November 2019. Further, our Company had paid the Second interim dividend of Rs. 7.15 in the month of March 2020. The Board of Directors have further recommended payment of Rs. 1.5 per equity share as the final dividend for the financial year 2019-20. If approved, the total dividend (the two interim dividends and the final dividend) for the financial year 2019-20 will be Rs. 12 per equity share



against Rs. 10.5 per equity share paid in the previous year. I would request all the shareholders to approve the recommended final dividend for the financial year 2019-20.

Given the current fluid situation, our Company has implemented stringent cost control measures and looking at only business critical capital expenditures to conserve our financial resources and further strengthen our wherewithal to address any emerging situation. As I look forward, I wish and hope that the global efforts in fighting the pandemic bear some quick results and we are able to emerge out of these testing times and get back to leading our lives, as usual. However, there is no doubt that this 'usual' would be very different from what we have been used to and this would call for an increased focus on adaptability on the part of industry leaders like us to transition not just the organization but also spearhead the industry to cater to the evolving needs of the consumers. Looking at the present situation, our Company has quickly expanded its 'Health and Hygiene' portfolio into hand, surface and spaced sanitizers



and seamlessly crafted these new products into its “San Assure” and “Safe Painting” campaigns.

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And the response from the customers in the first quarter of the current financial year has been very encouraging with good recovery observed over the months of May and June. Our Company's ability to respond suitably to the challenges through these and many more such measures would, without any doubts, contribute strongly to our brand saliency reinforcing our brand as a 'Responsible and Caring' brand and further strengthen our Company's bond with all our customers and stakeholders.

In my concluding remarks I would like to acknowledge the strong leadership provided by Mr. K B S Anand who retired at the end of the financial year 2019-20 as our Company's Managing Director and CEO after a career spanning more than four decades. Under his able guidance, our Company has laid a strong foundation of a 'customer centric' organization and building a 'customer first' culture. I would also like to acknowledge Mr. Jayesh Merchant who retired as the CFO and Company Secretary, Industrial JVs during the year for his immense contributions to the organization.

I truly appreciate the dedicated efforts of all our employees who have played a key role in building a strong, world-class organization and their efforts in addressing the current evolving situation under testing times is

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a source of inspiration. I also take this opportunity to thank all my colleagues on the Board for their continued support and guidance. I also thank all our shareholders for their continued trust on the entire Asian Paints team.

