

# **Akzo Nobel India Limited**

## **Chairman's Speech at 67<sup>th</sup> AGM held on 13 August 2021**

Dear Shareholders,

I have great pleasure in welcoming you to the 67<sup>th</sup> Annual General Meeting of your Company.

The world as we know it, is still battling with COVID-19 pandemic. A lot has changed in the New Normal... from the lockdowns and the Unlocks to the world's most ambitious vaccination drive underway right now.

Friends, this humanitarian crisis has tested us in unprecedented ways. Several of our employees, shareholders and families too have borne its brunt. My colleagues in the Board and I offer our heartfelt condolences to all those in our AkzoNobel family who have lost their loved ones to this pandemic. At the same time, we pray for the safety and health of all of us going forward.

It is now the second year in a row that we miss the warmth of the face-to-face interaction with you. However, technology has been a great enabler, and we are delighted to welcome our valued shareholders to the AGM from the safety of their homes. I look forward to hearing our shareholders voice later today during the AGM.

Esteemed shareholders,

The Company's accounts for the year ended March 31, 2021 have already been circulated to you. Our business performance continued to be resilient in times of the pandemic.

What gives me far greater happiness is Akzo Nobel's sustainability efforts during these difficult times.

### **Economic Environment**

Looking back, 2021 was an unprecedented year on all fronts.

The pandemic saw economic activity contract across the board. Intermittent lockdowns; sharp fluctuations in raw material availability, crude prices and currency movements brought further challenges to businesses and impeded the pace of revival.

The first half of the year saw customer spending on discretionary sectors nosedive as retail demand shifted to essential buying during Wave 1 of the pandemic. Strong monetary measures and policy actions including as Atma Nirbhar Bharat Abhiyan announced in the first half, did support the economy bounce-back in the second half of the year. However, the sharp declines couldn't be reversed by the recovery and

India recorded its first technical economic recession since 1998 with GDP contracting sharply by 7.3 percent last year.

The estimated Rs. 50,000 crore worth paints & coatings industry, with interface to both discretionary spends and infrastructure growth, faced a challenging business environment particularly in the first half of the fiscal year.

As the nation came out of COVID 2.0, renewed restrictions have slowed economic recovery that was gaining momentum by last fiscal end. However, the RBI expects the economic activities to improve into the second half and has projected a 9.5% GDP growth for the current fiscal, while keeping in consideration the current inflection in inflation and rise in international commodities and crude prices. Rapid vaccination is likely to further support a sustainable revival in business and consumer confidence. Overall, growth in FY 2021-22 will likely be a story of two halves, with economic activity picking up rapidly in the second half.

## **Our passion for Paints**

Friends, looking in hindsight, I can confidently say that unprecedented times called for equally unprecedented measures...

2020-21 was also the first year of the new mid-term 'Grow & Deliver' strategy. Your Company navigated through the multitude of challenges in the New Normal to balance growth with improved profitability.

We harnessed new growth opportunities to Grow and Deliver, by focusing on the 4 vectors, that is – People, Customers & Operations, Cash and Cost; while continuing to prioritize the health and safety of our stakeholders.

Putting us in good stead were exciting innovations that strengthened the core propositions in categories across both paint and coatings businesses.

As pioneers in the paints industry, we introduced Dulux Assurance – an industry first-of-its-kind promise to our Dulux customers and has reinforced customers' trust in our quality.

Under the Grow aspect of our strategy, our new economy offerings - Promise SmartChoice in interior and exterior emulsion and Aquatech in waterproofing – have positioned us well in the top growth segments.

Parallely, our plethora of coatings give surfaces a personality – like the ability to deliver corrosion protection from aggressive environments, harness solar energy and transform spaces with color! The things our products can do may surprise you, whether they're applied to boats, buildings, cars, planes, phones, walls or wood.

Your Company has always been on the forefront in terms of leveraging technology for business and lockdowns accelerated our digital journey. This year, we continued to invest in Artificial Intelligence, Advanced Analytics, Robotic Process Automation technologies to create immense customer experiences and aid in organizational productivity during the pandemic.

## **Financial results**

Esteemed shareholders, the Company's accounts for the year ended March 31, 2021 have already been circulated to you. This year, we continued to build on our solid foundation of operational excellence to create long-term value for our people and our customers.

Despite the pandemic, our two rounds of dividends were our humble token of appreciation for our shareholders faith and support all through.

In FY 2020-21, our revenue from operations stood at ₹ 24,214 million a decline of 9%, H1 of FY the company's revenue declined by 36%, and 2<sup>nd</sup> Half it grew 19%. In these unprecedented times, our EBIT at ₹ 2,652 million declined by 12% due to lower volumes. However, most significant was the fact that your Company delivered double-digit Return-on-Sales of 11% for the second consecutive fiscal.

Equally encouraging was that despite the uncertainties abound, our Operating Working Capital as % to Revenue also improved further and reflect in our operating cash flows.

Noteworthy, that your Company remained comfortable on liquidity front with cash of ₹ 7,330 million, as on 31st March 2021.

## **Sustainability**

What gives me far greater happiness than our business performance is Akzo Nobel's sustainability efforts during these difficult times. In keeping with its commitment to support local communities during COVID-19, our People. Planet. Paint approach is integrated in everything we do.

Rising to the challenge, AkzoNobel India launched several initiatives to help its people and communities deal with the outbreak of the health pandemic.

Your Company's COVID-19 India Task Force provided medical, financial and psychological support to our stakeholders. The VISIT APP facilitated employees with tele-medicines and online doctor consultations.

As the nation unlocked, Dulux Protect initiative supported painters and contractors return to a safe workplace. Our COVID-19 helpline and tele-medicine project Arogya Sakha gave over 1.5 million painter families access to specialist doctors, vaccination counselling and treatment.

As daily cases crossed the 4 lac mark, your Company partnered with government bodies and organizations and donated 55 oxygen concentrators to help augment emergency health support to rural community across 5 states and its employees too.

Children are the future of India, but the reality is that COVID-19 has changed the learning landscape. Under our Project Parivartan, our 150 digital tablets have empowered more than underprivileged school children impacted by school closures with equal access to e-education.

Striving to reduce our impact on the planet, our significant value chain reforms are reducing carbon emissions, VOCs and waste; while increasing recycling and renewable energy contribution. Our 2030 ambitions are to achieve a 50% reduction in carbon emissions and to increase our renewable electricity usage to 100%.

## **Looking ahead**

As pioneers in bringing surfaces to life, there's a good chance you're only ever a few meters away from one of our products. In fact, our world class portfolio of brands is trusted by customers around the globe. Our visionary approach means we constantly embrace new ideas to keep us at the forefront of the industry. It's what you'd expect from the most sustainable coatings company.

Progressing into FY 2021-22, India is an important market within South East and South Asia for AkzoNobel's global operations. Given the challenging business environment, we at Akzo Nobel India, are working on repurposing our capabilities with focus on strengthening our core portfolio, building reach in smaller towns and growing in adjacent categories – in tandem with maintaining the right cost structure. We are confident that this approach would enable us to continue on a long-term profitable growth journey.

## **Conclusion**

On behalf of all the Board Members, I would like to thank you, our shareholders, for your continuing support, loyalty and above all for your trust.

With your faith in us, we will never stand still. Because there are industries to reinvent, environments to protect and boundaries to push. As global pioneers, it's in our nature to keep learning, keep discovering and keep innovating.

I hope that this time next year we will be able to gather for our AGM in the usual way. Meanwhile I hope all of you, and your families, stay well and safe.

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