

8 August 2022

Department of Corporate Services  
BSE Limited  
1st floor, New Trading Ring  
Rotunda Building, P J Towers  
Dalal Street, Fort  
Mumbai - 400 001  
Scrip Code: 500710

The Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza, 5th floor,  
Bandra-Kurla Complex  
Bandra (E)  
Mumbai – 400051  
Symbol: AKZOINDIA

Dear Sir/Madam,

**Re: Speech made by the Chairman at the AGM 2022**

Please find enclosed the speech delivered by Mr. Oscar Wezenbeek Chairman of the Company, at the AGM held on Friday, 5th August, 2022.

This is for your information and record.

Yours Faithfully,  
For Akzo Nobel India Limited



Harshi Rastogi  
Company Secretary  
Membership#A13642

Encl: as above.

# **Akzo Nobel India Limited**

## **Chairman's Speech at 68<sup>th</sup> AGM held on 5 August 2022**

Dear Shareholders... Namaste!

It's my great pleasure in welcoming you to the 68th Annual General Meeting of your Company.

### **Global economy & India – the bright spot**

The past two years have shown us the meaning of “Vasudev Kutumbakam” that the world is one family. In today's connected world, continued disruptions, uncertainties and volatilities are not only weighing on the global growth outlook, but also changing the context of our business environment.

Most economies worldwide are seeing high inflation, while currency volatility continues.

Crude – one of the key raw materials for our industry, while hovering around the 100\$ mark now, is still unpredictable in its movement. Meanwhile, supply chain issues continue to be one of the most universal challenges given the significant global bottlenecks.

The World Bank estimates that after rebounding to an estimated 5.7% in 2021, the global growth is expected to decelerate markedly in 2022, to 2.9%.

It is in this backdrop that India stands tall as a bright spot in the global world order. With a projected GDP growth of 7.2% for the current financial year 2022-23, India is the world's fastest growing major economy. And this story of growth is expected to pick up further momentum, India is expected to become a \$5 trillion economy within the next five years.

### **Adapting to a rapidly changing world**

In today's VUCA world – that's seeing Volatility, Uncertainty, Complexity and Ambiguity- I'm reminded of the truth of what Charles Darwin said over a century ago, “*The world will not be inherited by the strongest, it will be inherited by those most able to change*”.

Sustainable growth is no longer a multiple of resilience, rather of accelerated adaptation and innovation.

### **AkzoNobel Global – innovation & growth**

At AkzoNobel, we've made it our business to deliver sustainable and innovative solutions that our customers, communities – and the planet – are increasingly relying on. Active in over 150 countries worldwide, AkzoNobel has been setting the standard in colour and protection for more than 200 years.

Fueling our intent to be the reference in our industry is our mid-term Grow & Deliver ambition - the next phase of our transformation.

Our recent acquisitions such as Grupo Orbis in Latin America and Titan Paints in Spain; and the agreement to acquire all the decorative paints and coatings activities of Kansai Paint in 12 countries of Africa, are proof-points of how we're investing to create leading global positions and driving growth in emerging markets.

### **Akzo Nobel India**

India being one of the fastest growing economies worldwide, AkzoNobel has a sharp focus to grow in this key market within the South Asia Pacific region.

While the 15 by 20 journey strengthened Akzo Nobel India's foundation, the past two years under Grow and Deliver ambition have enabled us to build further on the long-term profitable growth journey for our people and our customers.

Here, I must give full credit to the wonderful team who have made us the second Fastest Growing Company in the Indian paints and coatings industry in the financial year 2021-22.

### **Powerful performance on Grow & Deliver ambition**

Esteemed shareholders, the Company's Annual Report for the financial year 2021-22 have already been circulated to you. I would like to share some key highlights of our powerful performance.

**Our revenue from operations was highest ever** at Rs. 31,486 million. With a 30% year on year growth, we've surpassed the Rs. 30,000 million-mark for the first time since our transformation into a focused paint and coatings organization in 2017.

We reported **highest-ever Profit from Operations** at Rs. 3,564 million with 34% YoY growth.

Led by strategic pricing initiatives, prudent opex management and value-engineering, we **continued to deliver double digit profitability at 11.3% for the third straight year** and **matched our ever-highest EBIT%** with the pre-COVID year of 2019-20.

While increased inventory levels have become an industry-wide phenomenon and led to rising Operating Working Capital requirements, our liquidity position continues to remain strong at Rs. 4,576 million.

### **Key initiatives – Pricing, Brand, Product Innovation, Distribution and Digitisation**

In response to the changing consumer needs, your Company stayed on course its Grow and Deliver ambition. We've gained a competitive edge with our focused actions under five areas:

1. Strong margin management with calibrated pricing initiatives
2. Enhancing our Brand

3. Product Innovations
4. Expanding our distribution reach to new geographies with Distribution 2.0 strategy; and
5. Accelerating digital disruption

One of the biggest proof-points of our strategy execution was in implementing calibrated pricing initiatives to the tune of 21% during the year, ahead of competition. This demonstrates more than ever before, the tremendous resilience of our people who went beyond to deliver robust performance quarter on quarter.

While maintaining cost discipline, our progressive marketing campaigns, such as the new Dulux Velvet Touch television ad campaign aired during the IPL, enhanced our brand connect with Indian consumers.

Pioneering technologies in the innovative products we're supplying today is differentiating AkzoNobel from the competition. In paints, revolutionary technologies such as next-gen Tru Colour technology in our flagship Dulux Velvet Touch, or the new PU technology in Dulux Weathershield Max were well received by consumers.

Similarly, we created new benchmarks with industry-first offerings like Dulux Simply Refresh range of DIY solutions, introduced bio-based paints that improve indoor air quality; and made exciting forays in new segments like woodcare and floor coatings.

In coatings business, customer-centric solutions for infrastructure, power, mining, automotive industries resulted in good order books. In powder coatings, new launches such as the Futura range for building facades and exciting offerings for the growing EV segment were introduced. During the year, we localized our protective topcoats for windmill blades and Interpon AM - our high-quality powder coating with anti-microbial technology. In industrial coatings, good growth was observed across our coil, extrusion and metal packaging coatings.

Acting as a tailwind to our ambitions is the steady progress we are making under Distribution 2.0 strategy. Our offline network has grown nearly 50% over the past few years. With our unique hub and spoke model, we have rapidly scaled up our reach to cover nearly 5,000 towns. Additionally, through partnerships with e-commerce giants and tie-ups with aggregators, we are now a click away from the e-consumers of today.

We realize that digital transformation and innovation is a key lever to growth. As digital revolution is fast changing the consumer landscape, we want to lead this shift from the front. This is where our Paint the Future India startup challenge comes in. I am confident that this will be a gamechanger in the Indian paints and coatings industry. By combining our expertise with the disruptive digital solutions of startups in India – which is the third largest startup ecosystem in the world – we aim to enhance the magic of Dulux paints and transform the way Indian consumers digitally experience our products and services in India.

Overall, our actions in tandem with our continued focus to maintain our lean cost structure, put us in good stead to drive our long-term profitable growth in India.

## **Sustainable business guided by our new Purpose**

I also want to share that your Company is committed to taking actions to address globally relevant challenges and protect future generations. When it comes to sustainability, everything we do is focused on a few key areas: our products, our people, our own operations, our customers and suppliers, and the world around us.

Acting on our intent to become even more sustainable, we've identified three key sustainability ambitions – 50% carbon reduction, utilizing 100% renewable energy and moving towards zero waste by the year 2030.

I'm delighted to share that we have made significant progress on this front over the years.

### **Environment**

Committed to our Planet, we continue to take steps to reduce our impact on the environment. All our sites have Zero liquid discharge, 50% of our raw materials are procured from Sustainable qualified sources, and nearly one-third of our energy requirements are fulfilled by renewable energy sources.

### **Corporate Governance**

At the same time, it would be amiss to not give credit to your dynamic, diverse and experienced Board for their focus on excellence and their pivotal role in your Company's corporate governance. Further building on our overarching policies and good corporate governance, your Company took the responsible step to make voluntary disclosures on Business Responsibility and Sustainability in the current Annual Report. Also, ESG familiarization sessions were conducted for your Directors and across the organization by an external consultant during 2021-22 besides apprising Directors with the changes in regulations during the year.

### **Corporate Social Responsibility**

In parallel, Your Company fully understands that its roles and responsibilities for People extend beyond employees and the value chain.

In the financial year 2021-22, our 'AkzoNobel Cares' societal program brought significant benefits to local communities via focused initiatives under the 4 pillars of:

1. Economic development through skill building;
2. Education;
3. Community healthcare; and
4. COVID-19 relief work.

In Skill building, the AkzoNobel Paint Academies are bringing Diversity and Inclusiveness in the painter community. AkzoNobel has trained over 300 local women, who are in turn manning the district's first 100% women owned and operated dealership and 25 stores, under a hub and spoke model, in the aspirational district of Darrang in Assam. Leveraging the power of education, our flagship project Parivartan has transformed the lives of more than 2,400 children. Our tele-medicine community

healthcare projects are using latest technology like AI to detect diseases and providing free of cost diagnostic services to over 60,000 villagers across two states of India.

Your company's Corporate Social Responsibility initiatives were validated by two prestigious recognitions at the CII-ITC Sustainability Awards 2021; and the 2022 Communitas Awards.

### **Dividend and thanks to shareholders**

Notwithstanding the challenging year, your Company has shifted gears to record new highs in the financial year 2021-22.

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 in Akzo Nobel India.

As we celebrate 'Azadi ka Amrit Mahotsav', the Board has proposed a one-time final dividend of Rs. 35 per share. With this, our total dividend at Rs. 75 per share celebrates the historic year –the momentous 75th Anniversary of India's Independence.

### **Looking ahead and Conclusion**

We've entered the financial year 2022-23 riding on a strong momentum. Given the building blocks crafted, I am confident in realizing our Grow & Deliver ambition.

India is the global growth driver and at Akzo Nobel India, the future is exciting indeed. We will be expanding the manufacturing capacity of our powder coatings very shortly. On the paints side of the spectrum too, we are closely monitoring the market demand. Similarly, consumer-centric innovations in our world-class portfolio of brands will continue to create new excitements in the market.

AkzoNobel has been inventing the future for more than two centuries. And with your unstinted support, your Company is striving to become the reference in our industry.

Thank you once again!

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