

<b>Trimester: Sep 24 – Jan 25</b> <b>Examination: End Term Examination</b>		
<b>Programme code: 10</b> <b>Programme: MBA PT MM/FM</b>	<b>Class: TY</b>	<b>Trimester: VIII</b> <b>(SVU 2024-25)</b>
<b>Name of the Constituent College:</b> <b>K. J. Somaiya Institute of Management</b>	<b>Name of the department/Section/Center:</b> General Management	
<b>Course Code:</b> <b>117P10C803</b> <b>117P10C808</b>	<b>Name of the Course:</b> Strategic Management	

**Maximum Marks: 50**

**Date: 05 January, 2025**

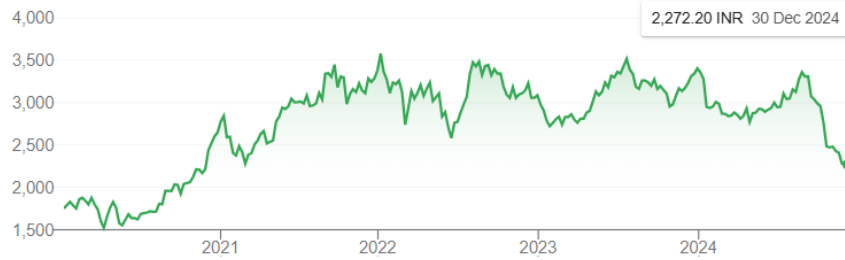
**Duration : 3 hrs**

**Notes:**

- 1. Questions 1 is compulsory.**
- 2. Attempt any three questions from Q2 to Q5.**
- 3. Read the instructions of each question carefully.**
- 4. Use of examples, flow charts, tables etc is recommended wherever applicable.**

Question No.		Max. Marks
Q1		20
	<p><b>Read the case carefully and answer the questions:</b></p> <p>Asian Paints, established in 1942, is India's largest and one of the leading paint companies in the world. Headquartered in Mumbai, it operates in more than 15 countries, including major markets in Asia, Africa, and the Middle East. Over the past seven decades, the company has transformed from a small regional player into an industry leader, with a market capitalization of over INR 218,000 crore in 2024. Asian Paints' ability to innovate, focus on customer-centricity, and strategically expand both its product offerings and geographic footprint has been central to its growth and success.</p> <p>Asian Paints was founded by four entrepreneurs in 1942 in a small garage in Mumbai. In its early years, the company faced stiff competition from international brands like ICI (now AkzoNobel). However, Asian Paints managed to emerge as a dominant player in the Indian market by focusing on product quality, distribution networks,</p>	

	<p>and local market understanding. The company's flagship product is decorative paints, which contribute significantly to its revenue. Over the years, it has expanded its product portfolio to include industrial paints, automotive coatings, and waterproofing solutions.</p> <p>Notably, Asian Paints has been at the forefront of product innovation. It introduced the <i>Tractor Emulsion</i>, an affordable paint for rural markets, and the <i>Royale</i> range, which focuses on premium offerings with superior finishes and eco-friendly properties. The company also pioneered the <i>APCO</i> (Asian Paints Colour) initiative, which revolutionized the home decor segment by offering a broader spectrum of colors for consumers to choose from.</p> <p>Asian Paints has a highly effective marketing strategy, characterized by a combination of traditional and digital media. The company has built a strong emotional connection with consumers through its innovative ad campaigns, such as the iconic "Har Ghar Kuch Kehta Hai" (Every home has a story to tell) campaign, which resonated deeply with Indian families.</p> <p>Moreover, its widespread distribution network, spanning over 70,000 dealers and 6 lakh retailers, has played a critical role in reaching both urban and rural markets. Asian Paints has also adapted to changing market dynamics by embracing digital marketing and e-commerce. The company launched an online platform where customers can choose paints and colors, book services, and get expert advice, positioning itself as a leader in the digital transformation of the paint industry.</p> <p>Asian Paints has demonstrated a remarkable financial trajectory over the years. For the fiscal year 2022-23, the company reported a revenue of INR 29,368 crore, a 14% increase from the previous year. The company's operating profit margins are among the best in the industry, consistently around 20%. Despite the volatility in raw material prices, which is a significant challenge for the paint industry, Asian Paints has maintained its margins through efficient cost control and operational excellence.</p> <p>The company's return on equity (ROE) stands at an impressive 28%, and its debt-to-equity ratio is exceptionally low at 0.01, indicating the company's conservative approach to debt and strong financial health. Its stock performance on the Bombay Stock Exchange has been robust, with a compound annual growth rate (CAGR) of 15-18% over the past decade, making it a favorite among long-term investors.</p> <p>Market summary of Asian Paints (5 years)</p>	
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Open	2,280.25	Mkt cap	2.18L Cr	GDP score	A-
High	2,284.00	P/E ratio	47.71	52-wk high	3,422.95
Low	2,256.80	Div yield	1.43%	52-wk low	2,256.50

Asian Paints is also committed to sustainability and corporate social responsibility. The company has aligned its business strategies with environmental goals by focusing on reducing carbon emissions, improving water usage efficiency, and adopting waste management practices. The company has also launched eco-friendly paint products, such as *Utsav* and *Royale Atmos*, which have low volatile organic compounds (VOC) and help improve indoor air quality. In 2023, the company reduced its carbon footprint by 10% per ton of product manufactured, as part of its goal to achieve carbon neutrality by 2050. This commitment to sustainability and social welfare is central to its long-term strategy.

Despite its dominant position, Asian Paints faces significant strategic challenges. The paint industry is highly competitive, with major players like Berger Paints, Kansai Nerolac, and AkzoNobel providing strong competition. Price sensitivity among consumers, especially in rural and semi-urban areas, adds another layer of complexity. The increasing availability of low-cost, high-quality alternatives in the market is also a threat to the company's premium product segments.

However, there are also significant opportunities for growth. The rising middle class in India, coupled with increasing urbanization, presents a strong demand for home decoration products. The shift towards eco-friendly and sustainable products also creates opportunities for Asian Paints to further innovate. Additionally, expansion into international markets, particularly in Southeast Asia, Africa, and the Middle East, offers avenues for growth outside the saturated Indian market.

### Questions:

1. Conduct analysis of both internal factors and external factors of Asian Paints company. How can the company leverage its strengths to capitalize on opportunities in emerging markets?
2. Analyze the competitive dynamics in the Indian paint industry. What strategies can Asian Paints adopt to maintain its market

	<p>leadership and profitability in the face of rising competition?</p> <p>3. Evaluate the position of Asian Paints' key product lines. Which products should the company prioritize for growth and investment, and which ones might require divestiture or cost-cutting strategies?</p> <p>4. How does Asian Paints' sustainability strategy align with its overall business strategy? Discuss whether sustainability initiatives like eco-friendly products and carbon footprint reduction provide a competitive advantage in the Indian market. What risks and rewards are associated with these initiatives from a strategic management perspective?</p>	
<b>Q 2</b>	Describe the three levels of strategy, discuss how corporate strategy can be used to strengthen a company's business model and business strategies.	<b>10</b>
<b>Q 3</b>	Explain different ways that companies use to compete in the global market place and what are the pros and cons of different modes for entering foreign markets.	<b>10</b>
<b>Q 4</b>	Discuss growth strategies of company you are working/worked with which might pursue to increase profitability. What new strategies would you advise your company to improve overall performance.	<b>10</b>
<b>Q5</b>	<p>Discuss any of two of the following by using appropriate examples:</p> <ol style="list-style-type: none"> <li>1. Blue Ocean strategy</li> <li>2. PESTEL analysis</li> <li>3. McKinsey 7s framework</li> </ol>	<b>10</b>