

Delivering on the promise of growth

Dear Shareholders,

It is great to be connecting with all of you. The geopolitical instability continued during the FY 2023-24 with the ongoing conflict in Ukraine and renewed conflict in the Middle East. Inflation remained above the targeted norms, despite moderating from the previous year's highs, thereby preventing the anticipated easing of monetary policies in major economies, and causing continued market volatility. Despite this, India emerged to be a strong source of growth, resulting in many economists improving their growth forecast for the coming year. Stability and commitment to its economic agenda have helped India remain resilient in the face of global challenges. Investments in infrastructure and connectivity were the key drivers for the economic advancement of the country. With rapid digital transformation, India has established itself as a hub for innovation and technology services, boosting its economy and positioning it as a key player in the future of the digital economy.

Reminiscing the Year Gone By

The year saw strong consumption demand post-COVID tapering down due to the continued effect of high inflation, especially in the rural areas. This led to the revenue growth trajectory moderating to low single digits – for the industry as well as for us. However, even in this challenging environment, we continued to drive volumes across all segments registering a near double-digit volume growth for the year. This has been our commitment for the last many quarters and we have grown at strong CAGR volume growth over 4 years.

Capitalising on its natural synergy with our coatings' product and service offerings, we further strengthened our décor foray with new collections, network, and store expansions. The record performance of our Industrial Paints segment, in partnership with PPG Industries Inc., USA, has been one of the key highlights of the year. Our International Business, though supported by growth in the Middle East and parts of Africa, remained constrained by macroeconomic challenges, inflation, and forex unavailability in key geographies of South Asia and Egypt.

The moderating raw material prices and our diligent efforts in achieving sourcing and formulation efficiencies provided a healthy cushion to our margins. We also took this opportunity to pass on some of these benefits to our consumers and support the consumption demand.

Decorative Business, India


Our steady approach to cater to consumer requirements across varied price points with strong value propositions continued to hold us in good stead. Both our Luxury and Economy range of products experienced good demand across our Decorative business. Our focused drive to expand the organised market and strengthen our foray into the bottom of the pyramid segment delivered good results as seen in the increased portion of Economy

products in our mix. However, driven by price increases taken in previous years to tackle the unprecedented raw material inflation, our premium products grew at a slower clip. With price moderation at play, this segment is likely to see some bounce back going forward.

Our Projects and Institutional business maintained a robust growth trajectory, supported by builders, factories, and the government sector. Our approach of looking at customer requirements holistically, across all product categories, and our commitment to provide products as per varied requirements, have positioned us as the largest player in this segment. Further, this presence has been significantly strengthened with our expanding range of offerings in the waterproofing and construction chemicals segment.

Our distribution footprint, the largest in the industry, saw a further expansion in the year, to over 1.6 Lakhs retail touchpoints and the addition of a substantial number of Colour World tinting machines. Our recent inroads into the cement distribution space have also added to our market connection. As we consistently augment our network strength, a majority of our connections have been maintained across generations of dealer families, as we partnered with them during our retailing innovation journey. These relationships have only become stronger with time as we have built on our supply chain capabilities ensuring efficient and industry-best servicing levels for our entire network. Training and upskilling the contractor community has also ensured that we live up to our commitment to delivering a superior experience to our customers.





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Beautiful Homes

The year saw significant progress in our evolution from ‘share of surface’ to ‘share of space’. Complementing our Decorative Coatings’ product offerings, this segment has made Asian Paints a key partner in our customers’ home décor journey to create their ‘Beautiful Home’.

The home décor product and services market remained highly segmented amongst several regional and category-level players. We are the country’s leading integrated home décor player, offering a unique ‘Phygital’ experience to our customers through our omnichannel presence. Our inspirational digital property beautifulhomes.asianpaints.com is visited by over 90 Lakhs visitors annually and has over 5 Lakhs Instagram followers generating numerous leads. The network of 60 Beautiful Homes Stores across 45 cities allows our customers to experience all our products and services under one roof. During the year, ‘the next frontier of this store format’ called the Beautiful Homes Studio came up in Chennai. Spread across 17,000 sq ft with a high-end luxury focus, this store is comparable to any large, branded store world over.

Our home décor product offerings span across our Kitchen and Bath segments. Both businesses have seen a challenging year compared to the growth in the previous few years. We expect the businesses to gain from further integration with our Beautiful Homes network, and towards this end, we have initiated the process of amalgamating Sleek International Pvt Ltd, our modular kitchens, wardrobes and fitted furniture business, with Asian Paints Limited. Our strong partnerships with White Teak and Weatherseal – two established names in the decorative and designer lighting and uPVC windows and door systems space, respectively – continued to grow well during the year. These businesses gained from the synergies of our pan-India dealer network as well as their expanding portfolio. The fabrics and furnishing portfolio also expanded further during the year and has gained significant ground across these product categories over the past three years. We are now the leading decorative lighting and integrated kitchens brand. We are also among the leading players in the wallpapers, textures, fabrics and furnishings businesses in the country.

Through our omnichannel presence, we not only offer bespoke home décor concepts and products to our

customers but also partner with them to bring these concepts to life. Our flagship Beautiful Homes Service is an end-to-end home interior design and execution offering that offers digital visualisation and professional execution across 11 cities in India. We also offer the largest painting services available across approximately 650 cities. Introduced as Safe Painting Services during COVID, it was rebranded to Beautiful Homes Painting Services during the year. One of the hallmarks of this service is the mechanised painting service that we offer for activities such as sanding, spraying, and others. A first from Asian Paints, we are looking at evolving from the traditional brushing and rolling techniques to more technology-led spraying and levelling mechanisms leading to higher productivity and improved quality and finish for our consumers.

In FY 2023-24, our revenue contribution from the home décor space was at approximately 4% of our Decorative revenues. We are committed to growing exponentially as we move forward to our next goal to make this business about 8 to 10% of our overall Decorative business in the next 3 years.

MD & CEO's message

Building on our Brand

We continued to invest in the saliency of our brand 'Asian Paints' during the year. We have been constantly reinforcing our '*Har Ghar Kuch Kehta Hai*' proposition. Our campaign 'Where the Heart is', connects us to millions of people across the country. We have also gone big on our digital marketing initiatives. During the festive season, we ran an innovative campaign that saw us graduate from the 'Mera Wala Colour' to 'Mera Wala Mood'. A face scan technology was enabled to capture the expressions and moods of our customers and link them to colour preferences. This was received well by our target audiences and is a playbook example of combining innovation with technology.

Furthermore, we continue to be the voice of the industry for our colour and material trends. Our commitment to understanding the dynamic relationship between colour and lifestyle is realised through our ColourNext initiative. The forecast process maps consumer behaviour, consumption patterns, socio-cultural sentiments and lifestyle shifts, and is put together by some of the country's prominent personalities from the fields of architecture, art, interiors, fashion, sociology and media. To mark the 21st year of Asian Paints ColourNext, we launched 'Terra' as our Colour of the Year, a cocooning, comforting shade that encapsulates warmth for the new-age living spaces. Terra, mirrors the language of belonging and solace with a lingering impact.

Our collaboration with St+art India Foundation to democratise art and transform urban landscapes in India has also been impactful. We are truly proud of the 7 art districts and 450+ murals that had a meaningful imprint on communities across the country. This year, on World Braille Day, we aligned with them to create a one-of-a-kind tactile museum that made art

accessible to the visually impaired. This event was a milestone for our coatings brand, setting a precedent for inclusive initiatives.

Excitement through Innovation

Innovation has always been one of the key pillars of our success. Over the last 4 years, we have introduced 120+ new products, with chemistries and features that are unique in the market. During this time, we have filed for 85+ patents, of which, 60 have been granted and about 50% are commercialised. In FY 2023-24, new products contributed to over 11% of our revenue.

Across both Coatings and home décor, the market has witnessed a lot of 'firsts' through our innovation. Our 'Nilaya Naturals' ecosystem, consisting of undercoats and topcoats with its 90% organic composition and ocean-recycled plastic packaging, has found high appeal in the Luxury segment. Our Royale Glitz's crack-free performance coupled with its flawless stain-repellent nature promises to keep spaces blemish-free. Our recently introduced Neo Bharat Latex Paint is set to revolutionise and disrupt the Economy category. Introduced as an affordable alternative to distemper, we aim to democratise the Decorative Paints sector with this product. It uses special polymer technology that provides a superior finish, higher coverage, and better washability.

On the home décor front, we have launched several new products, from our Economy range of Ador wallpaper to our high-end Luxury Painted Forest wallpaper collection. We also added new product categories such as our Royale range of wardrobes, our fitted furniture collection, as well as Nilaya, a range of furniture with European sensibilities for Indian comfort. In the area of Bath, we introduced Lotus 25 faucets with a hydrophobic coating to prevent corrosion and water stains, thereby increasing product life.

Industrial Business

Both our Industrial businesses have registered double-digit revenue growth and much-improved profit margins in the year. The collaborative way of working between our Decorative and Industrial business teams, understanding our customers, and meeting all their needs have worked well for us. In addition, our partnership with PPG Industries Inc., USA, has enabled us to push sales of differentiated and technology-driven product solutions thus making inroads in some key sectors.

Growth in our Automotive Industrial Coatings business was driven by the automotive segment as well as the refinish space. We launched 'Cartisan,' our premium car detailing and décor business, with the opening of a flagship centre in Maharashtra. The key highlight of this service is the fair degree of customisation it offers, with car owners having the choice to enhance the look and feel of their vehicle as per their preference.

The Non-automotive Industrial Coatings business has doubled in 3 years, driven by exceptional growth in the Protective and Powder Coatings space. Our Metacare Asset Protection programme has seen good traction with several industrial players benefitting from the comprehensive asset assessment and preventive maintenance programme offered under this service.

International Business

Progress in this business was constrained due to the macroeconomic challenges, an inflationary environment and forex unavailability in key geographies of South Asia and Egypt. The Middle East market grew well both on the retail and project side, supported by robust new product introduction work.



In South Asia, macroeconomic challenges continued to impact Bangladesh and the liquidity crunch triggered softer sales in Nepal. At the same time, stabilising economic conditions supported recovery in Sri Lanka. Our waterproofing and painting services across markets have given us a strong edge and will continue to strengthen our performance in the international markets as we look at enhancing our brand presence in these markets.

Progress on ESG

We have always taken pride in the way we operate our businesses, with Environment, Social and Governance being a critical element of designing all our processes. This year as well, we continued to advance our commitments on ESG.

Last year, we established and published our ESG targets through 2030. Resource efficiency is at the centre of these targets. Our renewable energy consumption is now at 65.8% of our total electricity consumption at our decorative paint manufacturing locations. On the water consumption front, we have been water-neutral for some time now. This year, we replenished 3.9x of our freshwater consumption through various initiatives in water harvesting, water regeneration and educating local communities. The health and safety of the communities around our manufacturing locations is of utmost importance to us. We impacted and touched the lives of more than 3.53+ Lakhs people through our various health initiatives. Our commitment to disclosures, ethical business practices, impartiality, and mutual trust, has enabled us to emerge as a leading company for over 50 years.

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Looking Ahead

As we enter FY 2024-25, I know more reinvention is ahead of us. We are eager to build on the progress we have achieved in the last few years and strengthen our market leadership position. The year has also seen the competitive landscape evolve, thus demanding a continued and deeper effort from our side to maintain our ‘preferred brand status.’ We remain focused on our consumers, keeping their interests at the forefront, as we have been doing for decades. As a leader, we also recognise the need to expand the per capita consumption of paint and widen the industry through an increase in painting frequencies and innovations with an eye on affordability.

In FY 2022-23, we announced investments of about ₹ 8,750 Crores across the key areas of backward integration, futuristic technology, and capacity expansions through both greenfield and brownfield projects. This year, we made significant progress on these. Our Khandala (Maharashtra) and Kasna (Uttar Pradesh) brownfield expansions have been completed, augmenting capacity by 120,000 KL/annum. Brownfield expansions at both, Ankleshwar (Gujarat) and Mysuru (Karnataka) will also come on stream shortly. Our greenfield plant in Madhya Pradesh has been allotted land at Pithampur. We are now progressing towards the next phase of set-up and construction.

A large part of this capital expenditure plan was also towards setting up an integrated Vinyl Acetate Ethylene Emulsion (VAE) and VAM (Vinyl Acetate Monomer) manufacturing capabilities to help us develop environment friendly and technologically superior products. We received all the statutory approvals for the VAE and VAM project and are progressing as per schedule.

The backward integration project in white cement being set up in the UAE is also moving as per schedule.

In the medium term, volatility in the macroeconomic environment is expected to continue as concerns over political transitions rise, particularly in Asia-Pacific, Europe, and North America. India remains well-poised to deliver strong economic growth and its strong correlation with the domestic paint industry will ensure that we continue to grow well.

Guided by an experienced and engaged Board of Directors and supported by an extremely committed team, we will ‘Elevate’ ourselves to build on our leadership position, ‘Engrave’ a deeper mark on the industry led by innovation, and ‘Evolve’ as we move forward in our relentless pursuit of creating shareholder value.

Warm regards,

Amit Syngle
Managing Director & CEO

