



REIMAGINING OUR CANVAS



Dear Shareholders,

As I pen this letter to you all, one word that comes to my mind to aptly describe the year, 2024-25 is 'Challenging'.

It has been a challenging and rigorous year for the entire domestic coatings industry despite the steady levels of overall economic activity in the country. The year saw further tapering of demand, continuing from a similar trend in the previous year. As a result, the coatings industry recorded a revenue decline, ranging from low single-digit degrowth to a flat performance for the year.

The slowdown in demand impacted all segments of the coatings industry though the decorative coatings demand was more severely impacted than that of industrial coatings. One of the key factors for the dampened demand conditions was the tepid consumer sentiments especially in the urban markets due to inflationary pressure and muted real wage growth. We witnessed consumers deferring spends on discretionary segments, including paints. This was further exacerbated by slow down in construction sector and constrained Government spends on infrastructure affecting the

core industries of cement and steel as well. The rural markets were relatively better placed with support from the agricultural sector, contributed by above normal monsoon.

Demand dynamics and market response

The subdued discretionary consumption push led to visible downtrading, especially in premium decorative products. In this context, our strong intent to scale the organised market, and expand offerings in the economy segment under our 'bottom of the pyramid' strategy, led to relatively better growth in value-priced products, even as the premium end remained flat.

At the same time, our focus on the B2B Projects and Institutional business within the decorative segment was further reinforced. We made strong headway in product development, specification approvals and validation with key government ministries, including Railways, Civil Aviation, Roads, Defence, Irrigation and Urban Housing. As a result, our B2B decorative coatings business continued to grow despite overall subdued demand conditions.

Amidst these challenging demand conditions, the coatings industry also experienced heightened competition with the entry of new players and increased aggression from existing ones. This intensified pricing pressure, and elevated distribution and promotional spend, putting further strain on value realisation and profitability across segments. The competitive flux is expected to continue in the near term, presenting both a challenge and an opportunity for market leaders to sustain performance and sharpen their long-term value proposition.

The dampened consumer sentiments were also prevalent in the wider Home Décor categories, impacting our overall home décor business in the year. Various elements of our home décor offerings also faced severe constraints due to implementation of anti-dumping duty and BIS certification requirements, further hampering our ability to service the consumer demand in the market. We are taking multiple steps to address these constraints and improve our capability to service the market in an unhindered manner going forward.

Resilience in Industrial Coatings

The industrial coatings demand environment was relatively stable in comparison to that of architectural coatings. Both our Industrial businesses continued on their growth trajectory on the strong base of the last few years and took multiple initiatives to maintain the improvement in profitability. The collaborative way of working between our Decorative and Industrial business teams, offering the customers with a comprehensive range of offerings to cater to their multiple requirements, continued

to provide an edge to our market expansion efforts.

Growth in our Automotive Industrial Coatings business was driven by the overall growth in the mobility sector driven by strong growth in the two-wheeler segment. The non-automotive industrial coatings business faced an uneven environment with demand in the first half of the year measurably lower while the second half saw a gradual improvement. Metacare – our unique asset integrity management service gained further traction fulfilling the evolving expectations of comprehensive asset assessment and preventive maintenance solutions.

Our partnership with PPG Industries Inc., USA offers tremendous advantages to both our industrial businesses to leverage the technological expertise from its parents to provide technologically superior solutions and enhance the value proposition for its customers.



The collaborative approach between our Decorative and Industrial business teams, offering customers integrated solutions, continues to give us a competitive edge.

International business

In the international markets, it was a mixed bag with markets in Middle East growing strongly through the year with continued investments in the housing sector in these markets while some of the key markets in South Asia and Africa underperformed under the strain of varied geo political and economic factors.

Sociopolitical developments with the ensuing slowdown on the economic front impacted operations in Bangladesh while our operations in both the markets of Africa –

Ethiopia and Egypt, suffered from weaker consumer sentiments due to persistently high inflation in these economies. Nepal and Sri Lanka, on the other hand, were the bright spots in Asia making steady recovery as the year progressed and look well placed for further improvement in the coming year.

Given the prolonged challenges and slower-than-anticipated scale-up in Indonesia, we made the prudent decision to exit the market during the year, winding down our sub-scale greenfield operations to focus on higher-potential geographies.

Despite these regional challenges, we remained focused on strengthening our foundation across international markets through enhanced customer engagement, refined product and service propositions, that have fortified the long-term growth trajectory of our global operations.

Deepening our brand connect

As I commented earlier, the coatings industry in the country is seeing a flux with many new players entering the fray excited by the tremendous growth potential that this sector offers.



As a leading paint Company, we are looking at this opportunity to reinvigorate and reimagine key elements of our business models and further strengthen our value propositions for our customers, to continue delivering long-term sustainable performance.

One of the key pillars to build this long-term sustainability is building the saliency of our brand 'Asian Paints'. Even in the backdrop of these challenging times, we worked



MD & CEO'S MESSAGE

diligently to reinforce our 'Har Ghar Kuch Kehta Hai' proposition to drive emotional preference for brand 'Asian Paints' across all consumer segmentation. Homes across India reflect their character and have something to say. Asian Paints is, and will continue to be a part of this emotion. Our flagship digital content series, 'Where the Heart Is', has further strengthened this emotional bond, offering an intimate look at how personalities shape personal spaces, positioning Asian Paints as a true partner in the home creation journey.

As part of this brand salience, we continue to be the leading voice of the industry for Colour and Material trends, collaborating with experts from a range of creative disciplines to put together a comprehensive forecast of design directions in colours, materials, textures and finishes that are relevant to the world. This is an output of endless research and study to understand the varied influences of colour on lifestyle and learning from the fascinating stories that emerge from the vibrant landscapes in the world.


Strengthening our channel and distribution network

Our brand salience is underpinned by the strength and reach of our distribution network. We are now present across 1.69 Lakhs+ retail touchpoints, supported by a tiered retailing format strategy that allows us to offer differentiated product experiences across a wide range of markets. Our Servicing initiatives - the Beautiful Homes Painting Service and the Trusted Contractor Service, offered in collaboration with our retailing partners, is now the world's largest in terms of scale, covering customers across more than 650 towns servicing more than 3.25 Lakhs customers annually.

We will continue to invest in channel partnerships, looking at renewed, upgraded store formats, training the contractors, applicators and further enhancing our industry-beating servicing levels, to further strengthen our bond with all our channel partners. Continuous adoption of cutting-edge analytical and digital tools, now supplemented with advancements in artificial intelligence, will be imperative in this journey as we look at retaining the preference for brand 'Asian Paints' amongst all our channel partners.

Leadership through innovation

Innovation is another key pillar for building long-term business sustainability and reinforcing our leadership. Innovation has always been a key area of investments and efforts in the pursuit to deliver meaningful value propositions to all our customers. We have filed for 150+ patents and have been granted 85 patents so far, with a commercialisation rate of more than 35%. Over the last five years we have introduced more than 200 new products with differentiated performance properties at relevant price points, enhancing the range of possibilities for our customers.




Innovations such as All Protek, Royale Glitz, Nilaya Arc are some recent innovations providing superior product characteristics and are clear differentiators from the rest. The Crème finish of Royale Glitz with mechanised tools is a 'never seen before' offering.

Another key focus area for innovation is in terms of improving the formulation efficiencies so that

we retain cost excellence despite delivering differentiated properties. Over the last few years, we have successfully built capabilities to in-house manufacture some critical inputs ranging from emulsifiers, dispersants, biocides, speciality monomers and defoamers which not only open up opportunities for cost excellence but also help in incorporating critical performance attributes in products at game changing price points. In the last two years we have announced significant investments in the backward integration areas of VAM-VAE (Vinyl Acetate Monomer and Vinyl Acetate Ethylene Emulsion) and White Cement. Both these investments are progressing well and once commissioned, will further augment our capabilities to offer differentiated product solutions, unique from other players in the industry.

Home Décor

On the home décor front, we have launched several new products and collections.



We launched Nilaya Play & Once Wall W.R.A.P. (Wear Resistant Advanced Polymer), a one-of-its-kind launch offering a patented paint-film that is anti-bacterial, anti-fungal and water-resistant.

This reduces the time taken to complete a house makeover dramatically and is a game-changer in that respect. In the Full modular kitchens space, we introduced the Guardian cabinets, an innovative kitchen cabinetry solution that provides complete protection against any water leakages and termite infestations. PuraShield – a coatings led solution developed in-house, was

introduced in our Faucet offerings providing a comprehensive solution to TDS and hard water related issues on faucet aesthetics.

Our home décor foray is also a critical element in this journey to reinvigorate and reimagine, evolving the saliency of brand 'Asian Paints' from 'share of surface' to 'share of space'. The brand is now synonymous not only with colour but with the full spectrum of home transformation, enabling customers to create their 'Beautiful Home'.

Continuing with this conviction we further strengthened our décor foray with new collections, network and store expansions. Our inspirational digital property beautifulhomes.asianpaints.com visited by over 12.5 million visitors annually, continues to be India's leading destination for home décor enthusiasts and design professionals for home décor inspiration, design services, and products.

Our Beautiful Homes Store network is now a strong 72 store network spread over 54 cities, delivering seamless design and décor solutions not just in the top tier cities but also across a large swathe of the emerging urban clusters in the country. We continue to work on enhancing the proposition of these stores as comprehensive décor destinations—bringing together curated design, personalised consultation, and advanced in-store

visualisation and customisation technologies. 'Beautiful Homes Studio' concept the next frontier of this store format with a high-end luxury focus showcasing premium collections across furniture, fabrics, rugs, and lighting for the discerning consumers and design professionals, was introduced in 2 new markets of Surat and Guwahati, in addition to the one in Chennai launched in the previous year. During the year we introduced the 'Signature Store' format – an elevated premium play, as an exclusive format for our paint retailing partners to offer hi-end luxury décor, with two launches in Mumbai.

This year, we also took a big stride in the world of ultra luxury interiors further bolstering our play in the Home Décor space with the opening of Nilaya Anthology – a design destination in the heart of Mumbai at Lower Parel. It is a canvas for the most considered curation that is inspired by nature, craftsmanship, colour and history, and is a first-of-its-kind retail experience that celebrates over 150 extraordinary makers who are revered locally and internationally. Since its launch in February 2025, the response has been phenomenal, marking a new chapter for India's presence in the global luxury design narrative.

Our focus on sustainability

As we look at building on all these key pillars to enhance our capability to deliver long-term sustainable business

performance, we are also cognisant of our responsibility to deliver this business performance with a firm commitment and actioning on our ESG goals.

As an organisation we have taken a set of industry-leading targets for 2030 on all the key aspects of Environment, Social and Governance areas.

We continue to strive to make all our operations more sustainable, building stronger stakeholder relationships and creating a strong governance standard.

Looking ahead

Challenges on the external front whether through changing geo-political terrain, uncertain and volatile macro-economic conditions or through emerging competitive landscape, are a continuing reality of our world. As a leading paint Company and a world-class organisation, we will continue to focus on strengthening our teams' capability to address these challenges with resilience and adaptability. As a team, we have navigated through various obstacles in our long journey with our unwavering commitment to our customers. And I am confident that with the entire teams' collective efforts, we will be able to turn these challenges into newer opportunities for growth and success.

The guidance provided by all the Board of Directors has been extremely valuable and I thank them for their unflinching support. I would also like to express my gratitude to each one of our shareholders for their continuing commitment as we move forward in our journey of being the brand of choice for our customers. *'Aakhir, India ka har doosra ghar kehata hai – Asian Paints'.*

Warm regards,

Amit Syngle
Managing Director & CEO

