

Building on a legacy of excellence

R Seshasayee
Chairman



Dear Shareholders,

There are years that test the strength of a business, and there are years that emphatically reveal its true character. The financial year 2025-26 falls firmly into the latter category. As I reflect on the year gone by, I feel proud of the maturity, agility, and the strategic conviction demonstrated by your Company. In an environment marked by shifting economic currents and unprecedented competitive intensity, the values enshrined in the Asian Paints Charter remained our steadfast guide, allowing us to not just navigate complexity but to harness it for sustainable growth.

To fully appreciate the performance of your Company, it must be viewed against the broader macroeconomic canvas. The global economy this past year was characterised by a distinct dichotomy. While overall global growth bolstered by technological investments demonstrated resilience, it remained below historical averages, heavily clouded by renewed tariff uncertainties, volatile capital flows, and persistent geopolitical friction that introduced intermittent shocks to energy markets and supply chains.

In sharp contrast, India stood out as a beacon of structural stability and continued its growth momentum. The resilience of our domestic economy was evident in the recent GDP numbers, with real annual growth accelerating to 7.7%. This economic growth momentum was supported by sustained government infrastructure outlays, expansion in

the manufacturing sector and GST rate rationalisation. The second half of the year also saw revival in demand conditions in both urban and rural markets. The year also witnessed the culmination of a landmark initiative with the Government notifying the consolidation of 29 central labour laws into four Labour Codes. For manufacturing-led businesses, these reforms lead to simpler compliance, formalisation, workforce flexibility and better worker welfare.

Despite the positive economic backdrop, the immediate operating environment within the decorative coatings sector lacked the visible tailwinds of a sustained uptick.

The market dynamics became challenging during the year with an extended monsoon eclipsing festive period and a cautious approach to discretionary category like paints. Industry consolidation late last year further reshaped the competitive landscape, amplifying the elevated competitive intensity witnessed over the past few years.

In such an environment, your Company made a deliberate and confident choice: It executed a comprehensive strategic agenda designed to revive growth in the market while navigating a challenging competitive landscape.



Our growth philosophy was anchored in a multi-dimensional approach to value creation: Deeply invest in our brand equity, consistently enhance the innovation quotient, systematically enhance our counter share across all geographies, and capitalise on India's sustained growth momentum and rising consumer aspirations.

Firstly, we continued to aggressively reinforce our brand equity and disruptive innovation. By introducing a wave of novel product propositions and intensifying our marketing efforts, we ensured that Asian Paints remains the first choice for the evolving Indian consumer. This brand elevation was structurally supported by a strategic focus on our premium and luxury portfolios, which has driven healthier realisations.

Secondly, we recognised the sheer diversity of our market and continued our journey towards highly nuanced regionalisation strategies. By tailoring our products to specific traits of region, we were able to stimulate demand with precision. Crucially, we made a concerted push to enhance our counter share. In rural markets, we registered good growth, capitalising on the benefits from the favourable monsoons. Across the network, an array of measures to enhance transparency of feedback from market visits and following it up with streamlined actions helped your Company regain growth momentum.

Furthermore, we significantly scaled our consumer-centric services, recognising that the modern homeowner seeks a seamless, end-to-end experience rather than just a product. Concurrently, we capitalised on the humongous infrastructure and manufacturing push sweeping the nation, accelerating our B2B and Industrial ecosystems. Driven by robust demand from factory expansions and government projects, this segment has evolved into a sustained growth engine.

CHAIRMAN'S LETTER

We also made critical strides in our backward integration journey with progress on our VAM-VAE plant construction in Dahej, Gujarat progressing well. It's a key initiative to help us pivot to next-gen emulsion that will not only offer differentiated product attributes, but also provide significant cost lever.



In FY 2025-26, we commissioned our White Cement plant in Fujairah, UAE.

This strategic clarity translated into a more resilient and disciplined operating performance during the year. In India Decorative business, volume growth stood at 8.7%, supported by the depth of the Company's market presence, the

strength of its execution engine and sustained consumer engagement. This growth was delivered with clear financial discipline. Ongoing cost optimisation and operating efficiency initiatives enabled the Company to increase brand investments while progressively improving operating margins throughout the course of the year.

The broader coatings portfolio added further strength to the overall performance. The Industrial and Automotive Protective Coatings businesses delivered double-digit growth, driven by focused customer engagement, sharper category execution and continued relevance across end-use segments. Overall coatings volume and value growth, which provides a more representative view of the underlying business momentum, were 9.0% and 5.3% respectively.



Our transition into India's integrated home décor partner remains a relevant, long-term goal. While the broader home décor industry navigated near-term retail headwinds, our underlying infrastructure proved its resilience. The expanding network of Beautiful Homes Stores stood out as a beacon of growth, validating our conviction that offering a comprehensive, tech-enabled home décor experience under one roof resonates deeply with our customers.

The International business delivered revenue growth of 9.4% led by South Asia. Across key markets, the business remained focused on profitability, cash flow discipline and market execution, while navigating competitive intensity and currency volatility. Growth was supported by network expansion, contractor engagement, consumer outreach, premiumisation and product interventions.

Across the portfolio, raw material costs remained benign for most of the year, supporting operating profitability well, enabled through sharp cost optimisation programmes.

The Board has recommended a final dividend of ₹ 23 per equity share for the financial year ended 31st March 2026, subject to shareholders' approval. Together with the interim dividend of ₹ 4.5 per equity share, the total dividend for FY 2025-26 stands at ₹ 27.5 per equity share, reflecting the Company's performance and its commitment to a sustained reward for shareholders.





Our financial success is inextricably linked to our responsibility to the environment and society. Building on the comprehensive assessment of our 2025 targets, the Board is actively steering the organisation toward our rigorous ESG ambitions set for 2030. We remain steadfast in our resolve to align our growth to ecological goals, championing water stewardship, transition to renewable energy, and inclusive community development.

India is on an extraordinary trajectory, brimming with bold reforms and rising

aspirations. The evolving landscape calls for pace, imagination, and purpose. The unique competitive moats, profound commercial acumen, agility, and forward-looking mindset of team Asian Paints give me immense confidence that we are exceptionally well-positioned to pioneer the future of our industry. I extend my deepest gratitude to all our stakeholders for their unfailing dedication.

To you, our shareholders, I extend my sincere thanks for your continued trust and partnership. As we step into the new financial year, we do so with renewed

vigour, sharper strategic focus and confidence drawn from Asian Paints' enduring legacy since 1942. At a time when geopolitical conflicts continue to cast long shadows across the global economy and society, our vision assumes even deeper meaning. We remain committed to Beautifying, Preserving and Transforming all Spaces and Objects, and through this purpose, bringing happiness to the world.

Warm regards,

R Seshasayee
Chairman

