

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Decorative business in India

##### Operating environment

FY 2025–26 was a year of disciplined execution for the Decorative business. The operating environment remained measured through much of the year, with demand in the category recovering gradually after a subdued FY 2024-25. While momentum improved in H1 FY 2025-26, an extended monsoon delayed painting activity and affected the festive demand window with a pickup witnessed again in the last quarter of FY 2025-26. In this context, the Company strengthened its market position through calibrated portfolio actions, sharper execution and sustained focus across geographies and categories.



**The Company continued to shape its portfolio through differentiated propositions across segments, with a clear focus on innovation-led premiumisation and sharpening competitiveness.**

In the premium segment, All Protek gained traction during the year, supported by a differentiated Lotus Effect technology proposition that focuses on preventing stain

absorption rather than removal, reinforced through strong marketing interventions. At the upper end, the Company strengthened its super-luxury positioning by building Nilaya over Royale, with Nilaya Arc emerging as a differentiated lime-based offering delivering an artisanal matte finish, gaining strong acceptance among architects and designers.

Innovation remained a key driver across categories. During the year, the Company introduced WoodTech PU Gold, a first-of-its-kind polyurethane wood finish with anti-termite properties, along with new offerings such as Aquadur, a water-based glossy product, and a value-for-money polyester paint, expanding the portfolio across use cases. These interventions were complemented by continued traction in exterior coatings, supported by campaigns around advanced material technologies such as Graphene in Apex Ultima Protek, reinforcing product differentiation.

The Company continued to build on the enduring strength of Har Ghar Kuch Kehta Hai. During the year, the proposition was refreshed through a contemporary campaign that stayed rooted in the lived reality of homes while appealing to a wider and younger audience. The campaign reinforced the idea that Asian Paints is associated not merely with surfaces, but with the identity, memories and aspirations that homes represent, thereby strengthening the brand's emotional relevance across consumer segments.

This was complemented by the warranty-led campaign, "Asian Paints ki Warranty, India ka Har Doosra Ghar Kehta Hai", which brought together the ideas of scale, credibility and durability. Built around real homes across the country, the campaign translated the Company's longstanding presence and warranty promise into a more tangible consumer proposition.

Regionalisation remained a key strategic anchor for decision-making and execution, enabling more targeted portfolio, communication and market interventions across geographies. Building on the limited-edition regional packaging initiative introduced in the previous year, the Company expanded the programme during FY 2025-26 across additional regions and strengthened it through more market-specific communication. This included targeted regional campaigns such as 'Garv se Haryana' for Apex Dust Proof, which reflected local cultural identity and strengthened consumer relevance in the market. The regional packs continued to create a more personalised consumer experience, with QR-enabled augmented reality bringing the narrative behind each design to life. Together, these initiatives helped deepen regional resonance, strengthen consumer association with the brand and extend the role of packaging and communication beyond functional product presentation.

### THE COLOURS OF INDIA



The Company's association as the Colour Partner of Team India remained an important pillar of brand building during the year. Through its partnership with the BCCI, Asian Paints secured sustained visibility on one of the country's most widely followed platforms while also innovating within the format through distinctive integrations such as Colour Countdown and Colour Cam. The association was further amplified through contextual communication, including campaigns such as Meri Wali Blue during the Women's Cricket World Cup and through moments of national relevance such as celebrating the Indian women's team's tournament success. Together, these initiatives helped leverage the cultural salience of cricket to strengthen brand recall, engagement and consumer connect through the year.

Across the portfolio, this steady cadence of product launches and proposition-led interventions contributed to strengthening category depth, improving consumer relevance and

driving growth across both premium and mainstream segments. Waterproofing portfolio continued to make strong progress, supported by wider use across repair, renovation and terrace applications, as well as increasing consumer awareness of preventive solutions. The category benefited from a stronger mix of premium and upgrade offerings, including Infinia and a broadened Damp Proof range, helping deepen participation across segments. In wood finishes, category development was driven by deeper engagement with architects and furniture manufacturers, supported by the Company's field technologist network. While mainline products expanded penetration, the polyurethane segment gained further traction, reinforcing the Company's position in a specialised and growing segment.

Adjacencies such as adhesives and tile adhesives also progressed, supported by a broader strategy of offering more complete solutions to channel partners and applicators. This was complemented by tools and implements, strengthening the Company's overall proposition across the painting ecosystem.

Execution intensity on the ground remained a differentiator. Engagement with applicators was sharpened through revised incentive structures, targeted training and a greater push towards mechanisation and automation, improving both quality and cost efficiency. At the same time, top-end applicators were engaged through initiatives such as Colour Awards, strengthening their role as promoters of product propositions, colour and finish. These efforts, combined with coordinated efforts with the dealer network, supported demand conversion across markets.

The Company also deepened its engagement with design through ColourNext, which continues to evolve from a colour forecast into a broader

platform for design foresight. During the year, this was extended through the introduction of the ColourNext Lab, enabling research-led exploration across materials, finishes and textures, and strengthening the Company's engagement with architects, designers and specifiers. Through ColourNext 2026, Moonlit Silk was positioned not just as a shade but as an expression of a broader design sensibility that values presence, softness and enduring relevance in the spaces people inhabit.

Channel partnerships continue to be one of the Company's enduring strengths. During the year, investments in dealer engagement, lead generation through Beautiful Homes Painting Services, store upgrades, and access formats such as Colour Ideas and Colour Cubes helped strengthen consumer connect and improve network effectiveness. These efforts reflected the Company's continued belief that the progress of its network partners and the growth of the business are closely linked, reinforcing the strength of this partnership over time.

The Decorative business continues to be guided by a focus on building a balanced and sustainable ecosystem, one that supports dealer viability, delivers value for consumers and enables better outcomes for contractors and applicators.



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### B2B business in decoratives and specialised products

India's macroeconomic environment during FY 2025-26 remained supportive of sustained investment activity, underpinned by policy measures focused on strengthening domestic manufacturing and infrastructure capacity. Government initiatives aimed at enhancing production capabilities, improving logistics efficiency, and attracting foreign direct investment continued to reinforce India's positioning within diversified global supply chain requirements. Programmes such as the Production Linked Incentive schemes and reforms aligned with the Atmanirbhar Bharat agenda contributed to this structural shift.

The institutionalisation of integrated multimodal planning through PM GatiShakti, which is driven by seven key engines: Railways, Roads, Ports, Waterways, Airports, Mass Transport, and Logistics Infrastructure, is supporting higher construction intensity across sectors.

Within this operating environment, Asian Paints' B2B business operates across a broad spectrum of institutional end markets in the paints and construction chemicals space. Over the past decade, the portfolio has evolved to include a wider range of construction chemical solutions, encompassing admixtures, waterproofing systems, floor coatings, and repair and restoration applications. This expanded offering structure enables participation across both maintenance and repair requirements as well as new construction activity.

Over the past decade, the B2B business has undergone a deliberate strategic pivot. While the real estate segment has remained the mainstay, the Company has built dedicated focus on two high-growth verticals - Industrial (Factories) and Government Infrastructure. These are sunrise segments characterised by a large and expanding addressable market. The Company has made steady inroads through progressive expansion of its product portfolio and service capabilities in both verticals.

The operating approach has centred on end-to-end solution delivery across the project lifecycle. For maintenance and repair requirements, the focus has been on addressing persistent, recurring challenges faced by institutional customers through comprehensive system-level interventions. For new construction projects, the emphasis has been on delivering effective, durable coating systems. The core real estate business has maintained sustained momentum, particularly in the premium and luxury segments across major urban centres. Concurrent traction in industrial and government infrastructure has contributed to the B2B business growing from strength to strength, with expanded market access across segments.

Integration across multiple businesses and operating units was advanced during the year through the "Juggernaut" initiative. This framework brought together Asian Paints PPG, PPG Asian Paints, Bath Fittings, Kitchen and Asian Paints B2B to facilitate coordinated solution delivery and unified customer engagement across project stages.

The 'Total Assure' service offering was further broadened during the year. The programme provides system recommendations based on structured visual assessment and identification of root causes, supported by technical oversight during execution. The approach is designed to support asset longevity, reduce operational disruptions, and enable planned maintenance execution within defined timelines.

FY 2025-26 also saw continued investment in technical engagement platforms targeted at industrial and infrastructure stakeholders. The Construction Chemicals Knowledge Leadership Initiative (CC KLI) was expanded as a structured industry engagement forum with emphasis on technical knowledge dissemination, material science, and application performance considerations relevant to large-scale construction projects.

Technical outreach efforts were supplemented through the CC Tech Credence Symposium. The symposium engaged consultants and architects from the building materials, industrial, and infrastructure domains. Discussions focused on system demonstrations, emerging application technologies, and evolving construction chemical requirements, led by experts from both academic and industry backgrounds.

In December 2025, the AP Assure digital platform was introduced to support institutional engagement. The platform provides access to structured solution pathways, product and system information, service frameworks, technical publications, event content, and sustainability-related initiatives. It is positioned as a reference interface for consultants, engineers, procurement professionals, and academic institutions across project categories.



A B2G project site - JRD TATA Flyover, Nashik

With stronger operating frameworks and engagement platforms, Asian Paints B2B continues to pursue opportunities aligned with infrastructure development, industrial expansion, and institutional construction activity.



**The business remains focused on disciplined execution, solution-led engagement, and expansion across priority segments, aligned with prevailing market conditions.**

### Beautiful Homes Painting Services

The Company continued to scale its Beautiful Homes Painting Service during the year, with reach extending to over 650 towns. The service

proposition was strengthened through technology-led interventions aimed at improving customer engagement, service delivery and execution visibility. AI-enabled tools were also introduced to improve responsiveness and consistency in the customer journey. These initiatives supported stronger adoption of the service model and improved the Company's ability to offer a more differentiated consumer experience.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Asian Paints: Owning Homes

Asian Paints' home décor business operates across an integrated portfolio of products and services, delivered through a network of physical stores and digital platforms. During FY 2025-26, the business focused on operational consolidation and strengthening of service delivery capabilities supported by premium range introductions across multiple categories, including Struva - a system aluminium window range, Arazzo—luxury range of kitchens and wardrobes, decorative lightings developed in collaboration with Atelier Oï, Bellamore – premium range of faucets and showers, and Casuals—a range of premium furnishings.

Investments during the year were directed towards strengthening servicing capabilities, which remain central to execution in this complex made-to-measure world of home décor. Focus areas included

manpower augmentation, training, process reengineering and capital expenditure on service infrastructure. Organisational structures across multiple individual categories were consolidated into leaner, integrated teams. Common warehousing, transportation, digital marketing and servicing functions were streamlined to support cost discipline.

 **Engagement with the architect and interior designer (AID) community was deepened during the year across coatings and décor categories.**

New launches were showcased at flagship industry events, including Design Democracy and India Design. Digital marketing and architect outreach investments contributed to improved same-store revenue performance. The omnichannel

Beautiful Homes model continued to integrate digital, social media and physical touchpoints, aligned with evolving consumer behaviour.

### Beautiful Homes Stores

The Beautiful Homes Stores network expanded to 74 stores across 20 states during FY 2025-26. Business performance during the year was driven by same-store sales growth and deeper category-level expertise across décor segments. The integration of White Teak and Weatherseal into the broader décor ecosystem contributed to category expansion and revenue growth.

A dedicated post sales servicing team was introduced during the year, focused on installation quality and handover experience. This addressed a key requirement in the made-to-measure décor space, where post-purchase service delivery is integral to customer satisfaction.

The premium formats - Beautiful Homes Studio and Signature formats—were expanded into select identified geographies during the year. These clusters recorded a strong business trajectory, driven by positive consumer response to superlative in-store experience and after sales service delivery. These formats enabled a strong representation of the premium ranges across categories like furniture, fabrics, rugs and lighting.

Digital lead generation and architect-led referrals from the Décor Pro team remained important contributors to store-level business, reinforcing the omnichannel operating model.

### Décor Pro

Décor Pro is Asian Paints' architect and interior designer outreach programme, engaging with key AIDs across the country. The programme serves as a direct interface to drive product preference across the full décor portfolio and reinforce Asian Paints as a preferred full-spectrum



décor solutions provider. During FY 2025-26, meaningful contributions from Décor Pro were recorded across our diverse portfolio of categories including PU+ premium wood finishes, paints, lighting, Weatherseal, kitchens and furnishings.

Deeper relationships have been established with critical large architects through various designer-

led engagement forums. These engagements have strengthened Asian Paints' positioning as an integrated décor solutions provider within the AID community.



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Nilaya Anthology at Lower Parel, Mumbai

### Nilaya Anthology

Nilaya Anthology, launched in February 2025 in Mumbai, completed its first full year of operations during FY 2025-26. Spread across over 100,000 sq ft, the space operates as a curated platform for design, bringing together makers, artists, studios and brands across disciplines and geographies. This design destination is instrumental in building the Nilaya brand as a top end offering from Asian Paints and builds a super luxury eco framework.

During the year, Nilaya Anthology continued to evolve beyond a conventional retail format. The platform focused on curation, design engagement and long-term creative partnerships. Its programming brought together Indian and international designers, regional craft communities, emerging creators and collectible design within a single ecosystem.

The platform builds on giving the Nilaya brand a unique framework with Nilaya extensions in Wall Paper, furnishings and textures. Since launch, Nilaya Anthology has introduced over 100 makers and artists to the Indian market

through curated presentations and initiatives. Key programme during the year included an exclusive presentation by ceramic artist Jane Yang D'Haene, recently shortlisted for the Loewe Craft Prize, and the India debut of Nina Yashar's Nilufar Gallery, which brought contemporary and collectible design to the platform. The platform also brings in World first innovations like the the 'largest global colour system' Chroma cosm which goes to build the equity of Asian Paints amongst the top designers & Architects.

Nilaya Anthology received attention from global design media and design commentators during the year. The platform continues to support Asian Paints' presence in the luxury interiors and design ecosystem, while contributing to the broader positioning of Indian design within an international context.

**150+**  
Makers and  
brands curated



### White Teak

White Teak by Asian Paints operates in the decorative and architectural lighting space, with an expanded presence across related home décor categories. On 27<sup>th</sup> June 2025, the Company acquired the balance 40% stake in Obgenix Software Private Limited (White Teak) for ₹ 188 Crore, making it a wholly owned subsidiary.

In FY 2025-26, the business delivered a revenue of ₹ 99 Crore, with a decline of 7.1%. Revenue has remained under pressure over the past two years, reflecting subdued demand conditions in the decorative lighting category and residual impact of BIS-related disruptions in LED products experienced during FY 2024-25. The business continued to focus on portfolio diversification and channel expansion to address this trajectory.

Over 300 new products were introduced during the year. Three decorative lighting collections were launched - Ikebana (developed in house) and Anisora and Oina (developed in collaboration with international designer Atelier Oi). The architectural lighting portfolio recorded steady performance. During the year, the business further enhanced its lighting consultancy capabilities through Dialux based lighting design and simulation consultancy services.

FY 2025-26 also marked White Teak's entry into the fan category under the Make in India programme. The portfolio now comprises over 100 SKUs, all based on BLDC motor technology, designed for a balance of performance and energy efficiency. This category extension broadens the addressable market beyond decorative lighting.



### Weatherseal

Weatherseal operates in the uPVC and system aluminium windows and doors segment. The business provides end-to-end solutions from precision manufacturing to installation, supported by manufacturing facilities in Rajasthan and Bengaluru and a pan-India presence across 80 stores. Since inception, Weatherseal has partnered with leading developers and architects, with cumulative installations crossing 10 Million square feet during the year doubling from, 5 Million square feet reported in FY 2024-25.

For FY 2025-26, revenue increased by 42.1% to ₹ 75 Crore. Growth was broad-based across channels.

The Struva series of system aluminium, launched in the prior year, gained acceptance among architects and interior designers and contributed strongly to the overall business growth in the year. A strong innovation-driven product line and scalable business model have been established for the system aluminium category,

reflected in a growing project pipeline reinforced further by digital leads and the architect-led Décor Pro channel. Servicing infrastructure was restructured, resulting in improved delivery timelines and service consistency.

### Furnishings & Wallcoverings

The wallcoverings business consolidated its leadership position during FY 2025-26. The Terra collection—a clay based wallcovering - was launched, bringing material science applications to interior wall surfaces. This represented a category-level innovation in substrate technology. Product development continued along the pillars of Indian craft and material innovation, incorporating hand painting, block printing and embroidery techniques into wallcovering designs.

In furnishings, the business maintained its position among the leading players in the category. The Pure Casuals series was launched, designed around contemporary living requirements. The collections were introduced at India Design Week and Design Democracy events and received a positive response from the architect and stylist community. The Design Excellence team, established in FY 2024-25, continued to build awareness and traction for design forward collections. Investment in retail format innovation continued with the creation of a luxury shop in shop within a heritage property in Kolkata.



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### Sleek - Kitchens and Wardrobes

Sleek operates across full modular kitchen solutions and components. The portfolio addresses premium, contemporary and customised requirements across consumer and project segments.

The kitchen business under the FKD vertical operates across full modular kitchens, wardrobes and fitted furniture, offering end-to-end solutions from design to execution. The business operates through a national network of 305 stores across 160 cities.

The business recorded revenue of ₹ 400 Crore during the year, registering a growth of 1.7%.

During FY 2025-26, portfolio architecture was sharpened to address distinct consumer segments spanning luxury, premium and value categories. Engagement with architects and interior designers continued to be a focus area, with customised solutions forming the core of the business proposition across segments. The Sleek components business distributes a comprehensive range of kitchen

hardware, accessories, appliances and wardrobe fittings through its national distribution network.

During the year, in the luxury segment, the business introduced the Beautiful Homes Arazzo range of kitchens and wardrobes - an Italian-inspired kitchens and wardrobes proposition conceived for discerning consumers seeking refined design, precision craftsmanship, and elevated materiality. The launch was anchored by the first flagship Beautiful Homes Arazzo store in Ahmedabad, delivering an immersive, end-to-end luxury experience.



**In the luxury segment, we introduced the Beautiful Homes Arazzo range of kitchens and wardrobes.**

At the value-end, the Neo range of kitchens was introduced, offering contemporary design and functional layouts at accessible price points. New finishes, including Membrane,

were added to improve durability and ease of maintenance for value and mid-segment offerings. This balanced approach widened the addressable market while maintaining clear differentiation across segments.

Sustained focus was placed on last-mile installation and service quality through trained installer teams, standardised processes and quality audits. 'The Perfect Delivery' initiative was scaled during the year to ensure on-time and in-full delivery to consumers, strengthening delivery reliability across the network.

In the Components segment, the year saw the business undergoing a significant shift from imported to indigenised sourcing, driven by the implementation of Anti-dumping Duty and BIS certification requirements in certain large product categories. This transition was in line with broader industry level developments and required realignment of supply chains and vendor development efforts. New products and categories introduced in recent years continued to gain traction.

The Sleek Select retail format, which provides an enhanced consumer experience in the hardware and accessories category, continued its expansion alongside efforts to improve throughput at existing retail destinations.

During the year, the business initiated a structured carpenter engagement programme known as 'Sleek Saathi', built around an educate, engage and earn model. The programme is designed to enable identified carpenters to offer comprehensive solutions to consumers using the full Sleek product range.

The Kitchen Sense initiative, aimed at driving adoption of the complete range of products required for kitchen fitment through a single engagement, also gained traction during the year.

### Bath Fittings and Sanitaryware

The bath fittings and sanitaryware business operates across the premium segment through Bathsense and value segment through ESSESS brand, serving both retail and project markets. During FY 2025-26, the operating environment was marked by elevated volatility in brass prices, which led to frequent pricing actions across the industry and influenced buying behaviour across channels. The business recorded revenue of ₹ 347 Crore during the year, registering a de-growth of 2.5%.

Focus during the year remained on strengthening relevance and differentiation across price tiers through a combination of product innovation and channel execution, leveraging the broader Asian Paints ecosystem.

The Company's emphasis on coating-led technologies, water-quality based solutions, and aesthetic customisations continued to resonate strongly with architects, project influencers and top-end channel partners.



The Bathsense CANVAS portfolio, underpinned by the in-house developed Lotus 25 hydrophobic coating and backed by a 25-year warranty, continued to gain traction. CANVAS Play, which enables greater colour and finish customisation, gained acceptance as a design enablement platform among architects and specifiers. The coatings expertise was extended to the ESSESS range with the launch of ESSESS PuraShield carrying an in-house developed coating solution positioned in the value for money segment. The range continued to gain relevance across both retail and project channels, responding to recognised consumer and developer requirements to address hard water and high TDS conditions. In Bathsense sanitaryware, a new concealed cistern series was launched, strengthening the overall Bathsense portfolio.

During the year, a new manufacturing plant was commissioned at Wada, Maharashtra. The facility has been set up with modern technology aimed at improving productivity and ensuring consistent product quality. Initial operations have commenced and ramp-up is progressing as planned. This expansion is expected to

strengthen supply capabilities, support future volume growth and improve responsiveness to market demand.

Investments in plumber training, accreditation-led capability building and after-sales service continued during the year. These initiatives are aimed at driving product adoption, building trust and supporting long-term brand preference at the point of installation.

The business continued to leverage the broader Asian Paints ecosystem spanning technology and R&T capabilities, the Beautiful Homes store network and engagement with architects and project partners, to support market presence and execution.



## MANAGEMENT DISCUSSION AND ANALYSIS

### SUPPLY CHAIN

#### Operating context

The supply chain operated in an environment characterised by improving but uncertain demand, evolving regulatory requirements and intermittent disruptions in mining and upstream sourcing. Upstream raw material costs remained largely stable for most of the year. However, changes in duty structures and regulatory frameworks in key categories required proactive navigation. Towards the end of the year, the Middle East conflict reintroduced volatility and supply chain uncertainty – an increasingly consistent feature of the global operating environment. Continuity of operations was maintained through proactive sourcing and procurement actions across the supply chain.

Cost control remained a sustained focus area throughout the year. The supply chain delivered significant value through formulation improvements, sourcing efficiencies and procurement optimisation. At the factory level, material loss control and structural reduction in overhead costs contributed to improved manufacturing efficiency.

As part of the Company's backward integration programme, the white cement plant in the UAE was successfully commissioned during the year and integrated into the India supply chain.

The supply chain supported multiple new product launches during the year, alongside significant enhancements to existing products from both cost and quality perspectives. A Right First-Time (RFT) approach was maintained to ensure adherence to the product launch calendar. New regional and festive packs were introduced, adding to product segmentation complexity handled by the network.

Customer service parameters remained strong during the year. Same-day order fill rate was maintained at high levels, with focused efforts on improving availability across long-tail SKUs.

Demand sensing processes were further enhanced to improve inventory productivity. Work continued on upgrading the Company's demand forecasting system to leverage emerging progress in technology and AI-led solutions. AI-based tools were deployed in upstream supply chain analysis, equipping procurement teams

with a comprehensive view of the vendor ecosystem.

A significant milestone was achieved during the year with the transformation of the Company's earliest factory at Ankleshwar. The facility was scaled up with a 2.5x increase in capacity, built around a Flex Scale Manufacturing Philosophy. The legacy facility was decommissioned, marking the transition to an automated and flexible manufacturing platform capable of delivering the complex and expanding product range of the company.

Factory operations continued to progress on the manufacturing excellence programme maturity curve, with strong engagement from shop floor teams. The Behaviour-based Quality (BBQ) initiative was launched across factories during the year to embed quality-centric practices in processes and workforce behaviour.

Under the Vyansamadhanam initiative, the Company continued its focus on safety and wellbeing across operations. Investments in the process safety domain continued during the year, alongside the deployment of technology for proactive detection of process safety incidents and escalation management.

### INTERNATIONAL BUSINESS

Asian Paints operates in 13 countries across four key regions: South Asia, the Middle East, Africa and the South Pacific. The international portfolio is marketed through seven corporate brands: Asian Paints, SCIB Paints, Apco Coatings, Asian Paints Berger, Taubmans, Asian Paints Causeway and Kadisco Asian Paints.

#### Operating environment

The international business operated in a mixed macroeconomic environment during FY 2025-26. Raw material prices remained largely benign for most of the year, with a deflationary trend across several categories. This supported price stability in most markets and enabled subsidiaries to focus on business development amid intense competitive activity.

Supply chain pressures re-emerged towards the end of the year due to geopolitical disruptions. This resulted in significant increases in certain raw material and packaging material costs across geographies. Interest rates and inflationary pressure remained elevated in some of our markets.

Bangladesh experienced softening consumer demand and business sentiments due to uncertainty ahead of the general elections. Sentiment improved after peaceful elections. The Bangladeshi Taka remained stable during the year, while improved availability of US dollars supported consistent raw material supplies.

Nepal faced socio-political disruption during the year, with consequences for economic activity, business continuity and consumer sentiment. Immediate operational disruptions and election-related uncertainty weakened paint category demand. Stability improved after elections, although demand conditions remained cautious.

In Egypt, macroeconomic sentiment improved, supported by IMF assistance and government reforms. Construction activity and housing demand remained steady, supporting demand in the coatings market. The Egyptian Pound remained broadly stable for most of the year before turning volatile towards the year-end due to regional tensions.

Ethiopia continued to face currency devaluation and intermittent US dollar availability. While foreign exchange availability improved compared with earlier periods, inconsistency in access affected raw material availability. High inflation continued to affect demand and profitability, despite regular pricing actions.

Sri Lanka recorded strong macroeconomic conditions for most of the year. Cyclone Ditwah caused widespread disruption in central and eastern parts of the country in December, temporarily affecting demand sentiment. However, the market showed resiliency and recovered in the fourth quarter.

#### Business performance

Across regions, focused operational interventions supported profitability, cash flow and market share performance. Across markets, our units focused on efficiency, working capital optimisation and liquidity management to address competitive intensity and currency volatility.

International segment revenue for FY 2025-26 came in at ₹ 3,354 Crore and registered growth of 9.4%, led by South Asia.

Across the Middle East, Egypt and South Asia, the business continued to strengthen consumer engagement through product and service propositions. Network expansion, contractor enrolment and consumer



outreach remained key focus areas. Premium and luxury products supported mix improvement and deeper shop-share in identified retail counters. Product launches and product revamps strengthened quality, relevance and consumer choice across markets. Safe Painting Solutions supported customer experience and service-led differentiation in select geographies.

#### South Asia

Nepal faced political uncertainty, governance challenges and a slowdown in housing activity during the year. Despite this environment, the business delivered a resilient performance and gained market share through disciplined execution and targeted town-level strategies. Premium and waterproofing segments supported mix improvement. Cost optimisation and working capital discipline aided margins, profitability and cash flow.

Bangladesh operated in a subdued market environment. Consumer sentiment remained cautious for most of the year due to political uncertainty, inflation and elevated borrowing costs. Construction activity was also affected. Sentiment improved in the fourth quarter after the formation of an elected government.

Khandala Plant



## MANAGEMENT DISCUSSION AND ANALYSIS

The business focused on the key categories of emulsions and waterproofing. Non-Stick Emulsion was supported through mass media initiatives to strengthen its position in the premium interior and exterior emulsion category. Our effort on establishing this innovative and groundbreaking product in Premium Emulsion category augurs very well not only with the consumer but also with the dealer and influencer. Safe Painting Service continued to improve its presence in the services segment. Revenue and profitability remained under pressure due to uncertain market conditions.

Sri Lanka recorded a strong macroeconomic environment during the year, supported by improved internal measures and externally mandated reform agenda. The business refreshed Classique Glow, its premium interior emulsion brand, with anti-smudge and anti-scuff features. The launch was supported by mass media and influencer campaigns and strengthened the premium interior emulsion proposition.

Aquasafe, the exterior waterproofing topcoat brand, was also revamped with improved dirt pick-up resistance and enhanced elastic strength. These interventions supported engagement with consumers and influencers.



Business performance remained strong across key parameters during the year, despite temporary disruption caused by cyclone Ditwah.

### Africa

Egypt's economy remained supported by IMF assistance, government reforms and continued investment activity. Construction activity and housing demand remained steady, aiding demand in the coatings market.

The business intensified focus on premium and luxury products, which supported performance during the year. Contractor activation and brand-building initiatives were scaled. Currency stability for most of the year supported cost-efficient procurement of raw materials. Regional conflict towards the end of the year led to currency volatility and affected sourcing conditions. Competition remained intense, keeping margins under pressure. Cost efficiency initiatives continued across key areas to protect profitability.

In Ethiopia, commercial momentum improved through sharper market focus and better customer responsiveness. Project activity supported growth in priority segments. Execution improved through better planning and greater sourcing flexibility. Currency devaluation and high inflation continued to affect business conditions. Financial discipline remained focused on cost control and working capital management.

### Middle East

The Middle East remained an important contributor to international operations during FY 2025-26. The region benefitted from stable currencies for most of the year, brand-building initiatives and consistent market execution. Regional conflict towards the end of the year affected consumer

sentiments and increased uncertainty across markets in the region.

The UAE construction market remained active, supported by new housing and infrastructure projects. The business worked closely with consultants and interior designers during the year. The first edition of ColourNext was launched in Dubai, driving engagement with consultants and interior designers. Kaleidoscope, an initiative focused on future designers, was introduced across the GCC region. Innovation in waterproofing and construction chemicals continued with the launch of Cure Assure. Digital campaigns were executed during Ramadan. Premium and luxury smooth emulsions recorded strong growth, supported by integrated market activation. Specification-led large projects remained a focus area. Expansion of décor lounges supported sales of premium products. Export business was muted in the last quarter due to the impact of regional conflict.

In Bahrain, the retail segment recorded growth, while institutional business remained below expectations. New marketing initiatives and premium product launches supported overall performance. In Qatar, customer experience and market presence improved during the year, although overall demand remained subdued.

Oman's construction sector was affected by a broader slowdown. Retail and protective coatings performed better relative to market conditions, while the projects segment was impacted.

The business inaugurated a solar power generation facility, supporting Oman's Vision 2040 sustainability agenda. Brand-building investments continued during the year. The Royale Smart Clean campaign supported strong growth in interior emulsions. Digital campaigns

improved brand recall and preference among women consumers in Oman. The Décor Ideas Signature store, launched in the previous year, continued to attract consumers and design professionals. The business also received recognition at local brand and customer experience forums during the year.

### South Pacific

The South Pacific business operated in a subdued retail environment, particularly in Fiji. Recovery in tourism supported market share sustenance. Contractor activation and project sales remained key focus areas during the year. Cost optimisation initiatives supported profitability despite muted retail conditions.

## INDUSTRIAL BUSINESS IN INDIA

### Automotive, Industrial, Refinish, Packaging and Marine Coatings

PPG Asian Paints Private Limited (PPGAP), a joint venture between PPG Industries Inc., USA and Asian Paints Limited serves paints, coatings, adhesives and sealants across automotive original equipment manufacturers (OEMs), the automotive refinish segment, industrial applications, packaging and marine segments.

### Operating environment

FY 2025-26 was a year of two distinct halves for the Indian automobile industry. While the Indian automobile industry recorded its highest-ever OEM builds of 5.6 Million units during the year, registering year-on-year growth of 10.3%, the growth strengthened only in the second half, with the second half building growth of 15.7% compared to 4.6% in the first half.

The second half saw a sharp recovery following the Government's GST rate rationalisation with the passenger vehicle demand improving materially.

The two wheeler industry recorded builds growth of 11.8%, with the first-half growth of 5.8% and the second-half growth of 17.9%, similarly benefiting from the GST-led demand recovery in the second half. The increasing adoption of electric scooters, particularly in urban markets, continued to support structural growth in this high-potential segment.

Exports also remained an important contributor to industry growth during the year, supporting overall volumes alongside the domestic recovery.

The automotive industry in India continued to invest in capacity expansion, electric vehicles and battery infrastructure to cater to the long-term domestic growth potential as well as being supported by government initiatives such as the Production Linked Incentive programme.

The operating environment for marine coatings is being supported by a stronger policy push towards

building a broader domestic maritime ecosystem, backed by Maritime India Vision 2030 and the Maritime Amrit Kaal Vision 2047. Over time, these measures should help expand domestic shipbuilding and repair activity, creating a larger addressable opportunity.

### Business performance

PPGAP revenue stood at ₹ 2,468 Crore, grew by 15.5% during FY 2025-26 while maintaining profitability, despite adverse currency fluctuations. Raw material costs remained largely stable during the year.

Profitability was supported by innovation in product formulations, improvements in manufacturing and sourcing efficiencies, localisation initiatives and sustained cost optimisation across the value chain.

The business continued to leverage the technological capabilities and operational practices of both parent companies to support product differentiation and customer value delivery.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Non-automotive industrial coatings

Asian Paints PPG Private Limited (APPPG) the second 50:50 joint venture of the Company with PPG Industries Inc., USA, serves India's non-automotive industrial coatings market. The business operates across protective coatings, powder coatings and traffic solutions, catering to customers in the infrastructure, energy, construction and manufacturing sectors, among others.

### Operating environment

Government-led infrastructure spending, energy transition projects and private capital expenditure supported industrial coatings demand during the year. However, project execution remained uneven across segments.

The protective coatings segment recorded strong demand across infrastructure, construction, oil and gas, energy and manufacturing end markets. The powder coatings segment was adversely affected by weather conditions in the first half of the year. Demand, while recovered in the second half, remained subdued.

Overall, the operating environment was characterised by intensified competition, pricing pressures and downtrading tendencies across segments.

### Business performance

APPPG revenue stood at ₹ 1,334 Crore registering a growth of 11.8% in FY26. The growth was driven by strong performance of the protective segment partially offset by the growth in the powder coating segment. Input costs remained benign during the year. However, margin expansion was constrained by competitive pricing dynamics and the margin resilience was driven primarily by cost discipline with price realisation under challenge.

Focus during the year remained on delivering customer value through product quality, portfolio breadth, service standards and delivery capabilities. Network expansion, a partner loyalty programme and digitisation initiatives contributed to share gains in select segments. The Company also scaled Metacare during the year as an asset protection service for industrial customers. The service is

designed to support industries through periodic maintenance solutions aimed at protecting plant assets, including corrosion management and related applications. This engagement model strengthened the Company's presence with large industrial customers and provided deeper access for its industrial coatings portfolio. It also expanded the service basket beyond product supply to lifecycle-based asset maintenance.



### The business continued to leverage global and India-based R&D capabilities to maintain a steady pipeline of products tailored to industrial coatings applications.

During the year, APPPG executed its largest capacity expansion programme to date, increasing in-house manufacturing capacity in Talaja by 60%. This investment is aimed at strengthening supply responsiveness and supporting future volume requirements.



Naduan Indoor Stadium

backbone, with a growing focus on automated- preventive controls and data analytics-driven monitoring. Progressively this is reducing manual interventions and improving overall control effectiveness.

Compliance with statutory and regulatory requirements is monitored through a centralised compliance management system, providing real-time visibility of compliance status and ensuring timely updates in line with legislative changes.

Ethical conduct and a strong control culture remain key pillars of the internal control framework. Regular communication, awareness programmes and mandatory trainings on the Code of Conduct, whistleblower mechanism, and key policies are conducted through digital learning platforms and instructor-led sessions to foster a culture of integrity, transparency and ethical behaviour.

The Internal Audit function, independent of business operations, provides objective assurance on the adequacy and operating effectiveness of the internal control environment. A risk-based internal audit plan, aligned with enterprise risks and approved by the Audit Committee, is executed during the year. Significant audit observations, control gaps and remediation status are periodically reviewed by the Audit Committee to ensure continuous strengthening of the control environment.

Management is responsible for establishing, maintaining and monitoring the internal control framework. Based on the internal audit evaluations, management representations and Audit Committee oversight, the Company believes that its internal control systems, including internal financial controls, are adequate and operating effectively during the year.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established a robust, integrated and adequate internal control framework designed to safeguard assets, ensure reliable financial reporting, support operational excellence and sustainable value creation, and ensure compliance with applicable laws, regulations and internal policies. The internal control framework is aligned to the scale, complexity and geographic footprint of the Company's operations and is embedded into day-to-day business processes. Controls are designed as an integral part of operations rather than

standalone checks, enabling effective risk management and value protection.

A well-defined governance structure clearly assigns roles and responsibilities across the Board and its Committees, management, functional leaders and process owners, promoting accountability, ownership of risks and timely remediation across all levels of the organisation.

The Company has implemented standardised policies and procedures, which are periodically reviewed and updated to reflect evolving business requirements and regulatory developments. The internal control environment is supported by a strong ERP-enabled digital



Talaja plant upgrade inauguration