

# Consumer

**Sector Update**

June 18, 2026

Asian Paints (APNT IN)

RATING HOLD | CMP INR 2,755 | TP INR 2,654

Key Financials – Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (INR mn)	339,056	356,183	397,289	421,277
EBITDA (INR mn)	60,062	67,024	71,957	80,168
Margin (%)	17.7	18.8	18.1	19.0
PAT (INR mn)	40,303	44,232	48,289	54,756
EV (INR mn)	2,617,564	2,598,367	2,585,517	2,560,217
Total Debt (INR mn)	8,638	22,933	8,691	7,341
C&C Eq. (INR mn)	4,453	6,728	7,693	8,391
EPS (INR)	42.0	46.1	50.3	57.1
Gr. (%)	(26.2)	9.7	9.2	13.4
DPS (INR)	33.0	26.0	28.0	30.0
Yield (%)	1.2	0.9	1.0	1.1
RoE (%)	21.1	21.7	21.5	22.0
RoCE (%)	24.8	24.9	24.3	25.5
EV/Sales (x)	7.7	7.3	6.5	6.1
EV/EBITDA (x)	43.6	38.8	35.9	31.9
PE (x)	65.6	59.7	54.7	48.3
P/BV (x)	13.6	12.4	11.2	10.1

Kansai Nerolac Paints (KNPL IN)

RATING Acc | CMP INR 209 | TP INR 248

Key Financials – Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	74,967	77,392	85,695	91,233
EBITDA (INR mn)	9,741	9,862	10,781	12,030
Margin (%)	13.0	12.7	12.6	13.2
PAT (INR mn)	6,647	6,653	7,272	8,031
EV (INR mn)	148,261	143,855	147,120	143,176
Total Debt (INR mn)	-	-	-	-
C&C Eq. (INR mn)	857	1,841	1,376	3,220
EPS (INR)	8.2	8.2	9.0	9.9
Gr. (%)	(3.0)	0.1	9.3	10.4
DPS (INR)	3.8	2.8	3.0	3.3
Yield (%)	1.8	1.3	1.4	1.6
RoE (%)	11.1	10.2	10.4	10.7
RoCE (%)	13.0	11.7	12.0	12.6
EV/Sales (x)	2.0	1.9	1.7	1.6
EV/EBITDA (x)	15.2	14.6	13.6	11.9
PE (x)	25.5	25.5	23.3	21.1
P/BV (x)	2.7	2.5	2.3	2.2

Pidilite Industries (PIDI IN)

RATING BUY | CMP INR 1,581 | TP INR 1,729

Key Financials – Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	131,403	146,008	165,820	184,362
EBITDA (INR mn)	30,125	35,190	39,120	43,015
Margin (%)	22.9	24.1	23.6	23.3
PAT (INR mn)	21,211	24,844	27,978	31,126
EV (INR mn)	772,671	1,569,332	1,550,842	1,536,555
Total Debt (INR mn)	1,472	1,059	1,059	1,059
C&C Eq. (INR mn)	3,239	2,325	2,955	2,510
EPS (INR)	41.7	24.4	27.5	30.6
Gr. (%)	16.6	(41.4)	12.6	11.3
DPS (INR)	16.0	8.0	12.0	13.0
Yield (%)	1.0	0.5	0.7	0.8
RoE (%)	23.4	24.1	23.5	22.4
RoCE (%)	28.8	30.0	29.1	27.4
EV/Sales (x)	5.9	10.7	9.4	8.3
EV/EBITDA (x)	25.6	44.6	39.6	35.7
PE (x)	37.9	64.7	57.5	51.7
P/BV (x)	8.2	14.8	12.4	10.9

## Strong primary demand as stocking continues

### Quick Pointers

- April and May show strong summer demand with healthy double-digit sales growth
- Primary sales outpace secondary sales with dealer inventory levels up by ~5-6% YoY
- West & South witnessed good demand East remained disrupted till mid may, post elections demand recovers

Demand momentum remains healthy, which will enable paint companies to report mid-teens value growth in 1QFY27. Primary sales continue to outpace secondary demand on dealer stocking ahead of price hikes. Trade channels don't rule out some consumer deferment in repainting amid inflationary pressures, although no material signs are visible so far. Competitive intensity remains elevated, driven by sustained market share push by Birla Opus and JSW Akzo. We estimate Q1FY27 Sales/EBITDA/PAT for APNT & KNPL to grow by 16.5%/17.9%/18.2% & 13.5%/8.6%/1.3%

We remain constructive on KNPL, supported by a healthy industrial coatings outlook and attractive valuations. While our channel checks suggest APNT's market share trends are stabilizing, but rich valuations limit near-term upside post recent rally in the stock price. While persistent inflation remains key monitorable for demand, strong summer and weak monsoons will likely increase the window for painting in FY27. We estimate FY26-28 sales/EPS CAGR of 8.6%/9.9% for KNPL and 8.8%/10.5% for APNT. We retain Accumulate on KNPL (TP of Rs248) and Hold on APNT (TP of Rs2,654).

**Strong summer, dealer stocking keeps demand trends strong in 1Q27** - Our pan-India channel checks indicate that healthy demand momentum persisted in Q1FY27, supported by continued dealer stocking in April and May ahead of further anticipated price hikes. As a result, primary sales continued to outpace secondary offtake, with dealer inventory levels estimated to be higher by ~5-6% YoY and overall decorative paints industry growth remaining at healthy double-digit levels in 1Q.

**West and south India report strong demand trends** - On the regional front, West and South India continued to witness relatively stronger demand, driven primarily by renovation and repainting activity. In contrast, East, North and Central markets remained comparatively subdued amid inflationary concerns and cautious consumer spending behavior. Dealers also highlighted that repainting demand continues to materially outperform new construction-led demand.

**Competitive Intensity remains elevated** - On the competitive front, channel checks indicate that competitive intensity from Birla Opus remains elevated, with the company having garnered an estimated ~7% market share. Birla Opus continues to gain consumer traction, aided by product pricing that remains 7-8% below incumbent peers. Dealer support initiatives continue to be healthy, driven by the deployment of sales promoters, partial reimbursement of dealer staff costs and investments in store interiors. However, the pace of incremental dealer additions has moderated as dealer margin differentials versus Asian Paints have narrowed. We expect competitive intensity to remain high as JSW Akzo and JK Cement are also upping the ante in the decorative paints business.

### Demand healthy as stocking continues, APNT gains some ground

- Our recent channel interactions indicate that the industry has witnessed cumulative price hikes of ~10-17% so far, with companies taking price increases almost every month and, in several cases, revising prices nearly twice a month to offset elevated raw material costs.
- Demand trends remain healthy, supported by dealer stocking ahead of anticipated price hikes, although underlying consumer offtake has moderated as repainting decisions are being deferred. We expect paint companies to deliver healthy double-digit sales growth in Q1FY27, aided by continued channel loading and favorable pricing actions. However, the impact of the sharp correction in crude prices on channel inventories remains a key monitorable.

**Exhibit 1 : Cumulatively early teen price hike announced across companies**

Month	Asian Paints	Berger Paints	Kansai Nerolac (Decorative)
Apr-26	6–8%	6–7%	5–6%
May-26	3–5%	3–4%	5–6%
Jun-26	2–4%	Nil	Nil
<b>Cumulative till June</b>	<b>11–17%</b>	<b>10–11%</b>	<b>10–12%</b>

Source: Company, PL

While growth momentum could moderate in Q2FY27 as channel stocking normalizes. However, El Nino will likely increase the window for painting which will support demand for decorative paints. Auto Paints demand remains healthy, however the same could soften after base catches up for Auto paints in 3Q27

### West: Overall demand remained healthy led by traction in renovation and repainting

- Demand environment remained healthy in both April and May, with dealers indicating that May demand was particularly strong. The current growth momentum is largely being driven by the renovation and repainting segment, while new construction demand remains relatively stable. Repainting demand continues to benefit from seasonal activity, urban housing upgrades and premiumisation trends.
- Competitive intensity remains elevated due to frequent pricing actions and rising presence of new entrants, with underlying industry demand appears to remain resilient. Asian paints is witnessing moderate competitive intensity than earlier, though near term competition scenario remains heated

### East: Demand Remains stable; Competitive Intensity remains elevated

- Channel checks across East India indicate that decorative paints demand remained subdued during April and mid-May, impacted by election-related disruptions and a cautious consumer environment though picked up some momentum after 15<sup>th</sup> May. Dealers highlighted that consumers are increasingly deferring repainting activity amid concerns around rising inflation and uncertainty following the Middle East conflict. While essential maintenance demand continues, discretionary urban repainting remains under pressure.
- On the competitive front, the intensity remains elevated with dealers indicating that Birla Opus continues to maintain slightly lower pricing versus Asian Paints across select categories; however, the earlier sharp differential in dealer incentives has narrowed materially.

### North: trade stocking Supports Sales Momentum, consumer demand weakens in May

- Our channel interactions in North India suggest that another round of price hikes is expected before 30<sup>th</sup> June, driven by sustained firmness in crude-linked raw material costs. Dealers reported healthy demand

trends during April & May, supported partly by channel stocking and pre-buying ahead of anticipated price increases.

- After witnessing healthy momentum in April, secondary demand softened in May as consumers increasingly deferred discretionary repainting activity amid persistent inflationary concerns and a more cautious spending environment. Despite the moderation in offtake, dealers continue to maintain elevated inventory levels in anticipation of further price hikes over the coming weeks, resulting in primary sales continuing to outpace underlying secondary demand.

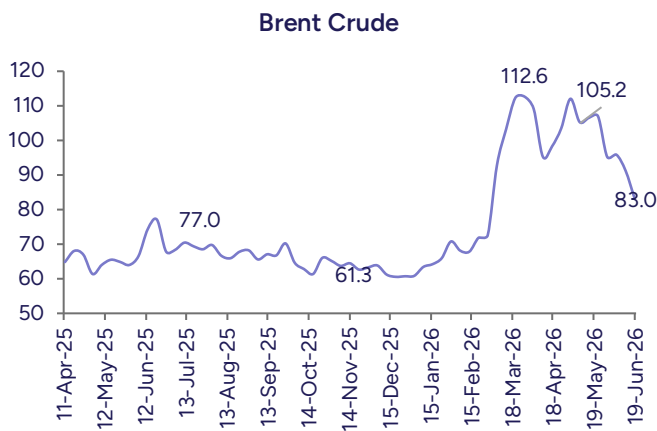
**South: APNT Regaining Competitive Traction as incentive Gap Narrows**

- Channel checks in South India indicate relatively resilient demand trends compared to other regions. Dealers highlighted that April demand remained healthy, while May performance was moderate but stable.
- Importantly, trade feedback suggests that Asian Paints has started regaining ground against Birla Opus across several markets. Dealers attributed this improvement primarily to the narrowing gap in trade incentives between the two players. Earlier, Birla Opus had gained traction through aggressive dealer schemes; however with differentials now largely normalized, some dealers are shifting preference back to APNT given superior product pull, service consistency, and stronger tinting infrastructure.

**Central India: Demand Remains Flat; Dealer Preference Gradually Improving for APNT**

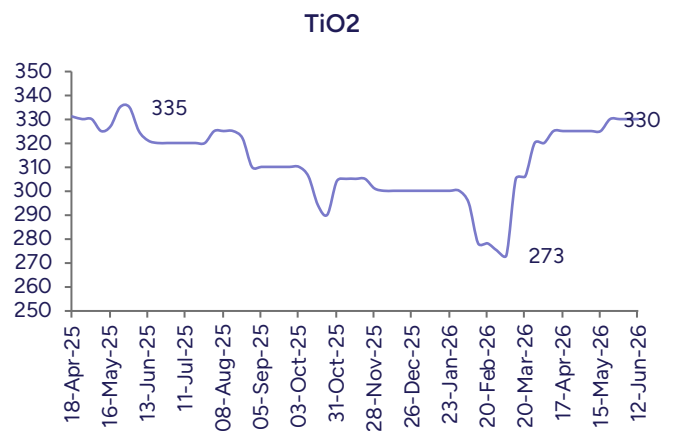
- Channel interactions across central markets suggest overall demand trends remained mixed and flat MoM during May, with limited improvement in retail consumption. Dealers continue to witness cautious consumer behaviour amid persistent inflationary concerns, resulting in deferment of repainting activity.
- Nevertheless, competitive dynamics appear to be turning relatively favourable for Asian Paints. Dealers highlighted that the trade incentives versus Birla Opus have narrowed significantly, leading to gradual improvement in dealer preference toward Asian Paints once again. Additionally, April witnessed some channel stocking on frequent price hikes amid continued firmness in raw material prices.

Exhibit 2 : Brent crude falls by ~25% from peak



Source: Company, PL

Exhibit 3 : Tio2 prices up 9.6%/2.5% QoQ/YoY



Source: Company, PL

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Asian Paints	HOLD	2626	2632
2	Avenue Supermarts	Hold	4410	4586
3	Britannia Industries	Buy	6441	5520
4	Colgate Palmolive	HOLD	2214	2157
5	Dabur India	Hold	491	470
6	Emami	Hold	469	416
7	Hindustan Unilever	Accumulate	2454	2251
8	ITC	REDUCE	302	308
9	Jubilant FoodWorks	BUY	576	473
10	Marico	Accumulate	875	807
11	Metro Brands	Accumulate	1173	1108
12	Nestle India	Accumulate	1504	1380
13	Pidilite Industries	Buy	1729	1476
14	Restaurant Brands Asia	Accumulate	76	67
15	Titan Company	BUY	5161	4231
16	Westlife Foodworld	Accumulate	552	501

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>BUY</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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