

# Consumer

**Sector Update**

March 19, 2026

**Asian Paints (APNT IN)**
**RATING HOLD | CMP INR 2,262 | TP INR 2,355**
**Key Financials – Consolidated**

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (INR mn)	339,056	351,370	370,772	393,180
EBITDA (INR mn)	60,062	65,070	70,074	75,156
Margin (%)	17.7	18.5	18.9	19.1
PAT (INR mn)	40,303	43,017	46,340	50,204
EV (INR mn)	2,138,182	2,122,776	2,105,091	2,081,142
Total Debt (INR mn)	8,638	9,554	8,691	7,341
C&C Eq. (INR mn)	4,453	7,255	9,801	13,921
EPS (INR)	42.0	44.8	48.3	52.3
Gr. (%)	(26.2)	6.7	7.7	8.3
DPS (INR)	32.4	25.5	27.0	29.5
Yield (%)	1.4	1.1	1.2	1.3
RoE (%)	21.1	21.1	20.7	20.5
RoCE (%)	24.8	24.7	24.3	23.9
EV/Sales (x)	6.3	6.0	5.7	5.3
EV/EBITDA (x)	35.6	32.6	30.0	27.7
PE (x)	53.8	50.4	46.8	43.2
P/BV (x)	11.2	10.2	9.3	8.5

**Kansai Nerolac Paints (KNPL IN)**
**RATING ACCUMULATE | CMP INR 175 | TP INR 248**
**Key Financials - Standalone**

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (INR mn)	74,967	77,428	82,379	87,708
EBITDA (INR mn)	9,741	9,867	10,742	11,689
Margin (%)	13.0	12.7	13.0	13.3
PAT (INR mn)	6,647	6,738	7,201	7,844
EV (INR mn)	120,412	119,354	118,461	114,513
Total Debt (INR mn)	-	-	-	-
C&C Eq. (INR mn)	857	915	1,309	2,257
EPS (INR)	8.2	8.3	8.9	9.7
Gr. (%)	(3.0)	1.4	6.9	8.9
DPS (INR)	3.8	2.8	3.0	3.3
Yield (%)	2.1	1.6	1.7	1.9
RoE (%)	11.1	10.2	10.2	10.4
RoCE (%)	13.0	11.6	11.8	12.1
EV/Sales (x)	1.6	1.5	1.4	1.3
EV/EBITDA (x)	12.4	12.1	11.0	9.8
PE (x)	21.3	21.0	19.6	18.0
P/BV (x)	2.2	2.1	1.9	1.8

## Stable demand while competition remains elevated

### Quick Pointers

- Dealers expect flat to low single digit QoQ decline in 4Q sales, demand conditions remain like 3Q26
- Birla opus took price hike of ~2-5% across key categories

We conducted channel checks across paint dealers pan-India, which suggest that 1) demand momentum in 4QFY26 has remained largely flattish QoQ, impacted by slower construction activity in the early part of the quarter, although a mild recovery was witnessed from February supported by seasonal tailwinds, 2) competitive intensity from Birla Opus has seen an uptick with increased dealer-level schemes and incentives, 3) Birla Opus has undertaken selective price hikes of ~2-5% across certain SKUs, and 4) APNT and Berger are focusing on regaining lost market share through an increase in dealer schemes and sustained marketing initiatives.

Overall, the near-term demand outlook has not shown any signs of major recovery given macro uncertainties. Major inputs like Tio2 and packaging have seen an increase of 12-14% in past fortnight while crude prices are up by 40% in past 3 months. We estimate that paint companies need price hike of ~5%, else margins can come under pressure, more so in 1Q27. Sustained high crude prices and rising inflation can impact discretionary demand in coming peak summer months.

Although we remain structurally negative on Paints Industry from medium term, but downside in APNT seems limited post 25% correction in stock price in past 2 months. The stock trades at 42x FY28EPS. We upgrade the stock from Reduce to Hold.

## Demand remains stable, competitive intensity remains elevated

- Demand trends indicate a sequentially flat to low single-digit decline across the decorative paints sector given seasonal impact and slower construction activity in Jan26. January witnessed subdued traction however demand normalized in February with March seeing similar trend. Asian Paints is witnessing moderate demand momentum in Q4 across regions, aided by market share gains and sustained premiumization in both urban and rural markets.
- Birla Opus continues to record steady growth across regions. The company has undertaken price hikes of ~2-5% in January and February to reduce the price gap with Asian Paints.
- All key players like APNT, Berger Paints and Kansai Nerolac are witnessing a gradual recovery in sales supported by the rollout of new trade schemes.
- While competitive intensity remains elevated due to new brand activations and pricing incentives, the noise level from Birla Opus and JSW has seen signs of a steady increase.

### West – Sequentially demand remains muted

- Q4FY26 demand trends in Western India (Mumbai, Pune, Nagpur, Gujarat and interior Maharashtra) to remain subdued, with channel checks indicating a muted start to the quarter. However, demand momentum improved gradually through February, aided by wedding season tailwinds and continued promotional intensity across brands. March trends have been on lines of February.
- **Sequential demand drawdown:** On a sequential basis, dealers are guiding for flat to low single-digit QoQ decline in sales, in a seasonally weak quarter as demand across both urban and semi-urban markets has not seen any meaningful acceleration.
- **Birla opus renews sales push:** Birla Opus has re-intensified its channel push after a brief slowdown, with higher dealer incentives and schemes becoming increasingly visible. In contrast, APNT continues to leverage its strong brand equity through sustained marketing initiatives and dealer engagement programs, including targeted partnerships (such as BCCI-led incentives), to defend and potentially gain share.
- **Price hikes:** Birla Opus has taken selective price hikes (~2–5%) across certain SKUs to assess channel response and gradually narrow the price gap with APNT. Asian Paints, however, has maintained price stability over the past year, reinforcing its value proposition amid rising competitive intensity.

Exhibit 32: Birla Opus has taken 2-5% price hike to reduce price gap with APNT

Product Category	SKU	Color Shade	Asian Paints	Birla Opus	Price Diff
Interior Paints (Ultra Premium - APNT Royal Aspira/ Birla One Pure Legend)	1L	White	1011	740	271
Interior Paints (Premium – APNT Glitz/Birla Elegance Shine	1L	White	892	602	290
Tractor Emulsions (APNT/ Birla – Colour Fresh)	1L	White	209	103	106
Emulsions (APNT – Apcolite All Protect Shine / Birla – Calista Ever Clear)	1L	White	537	386	151

Source: Company, PL

### East – Tepid start to the quarter led by slow construction activity

- **Muted Q4 demand** We expect demand trends in Eastern India to remain soft at the start of Q4FY26, primarily impacted by slower construction activity, which has weighed on incremental painting demand. However, our channel checks suggest a gradual improvement in traction as the quarter progressed, supported by targeted trade schemes introduced by Asian Paints and an increased strategic focus on smaller dealers (turnover < Rs.75L), which should aid distribution depth and secondary sales.
- Birla Opus has witnessed some moderation in momentum in eastern region following the discontinuation of aggressive schemes (such as “1L free on 10L”). Despite this near-term slowdown, Birla Opus remains well-positioned to capture incremental regional share as demand recovery gains pace towards the latter part of Q4, supported by its competitive pricing and channel investments.

### South – Opus gradually increasing penetration led by new dealer schemes and competitive pricing.

- We expect the South India paint market to witness a modest sequential improvement in Q4FY26, supported by seasonal tailwinds from the ongoing wedding season. Channel checks indicate steady traction across key markets, with both Asian Paints (APNT) and Birla Opus continuing to deepen their presence across select micro-markets, driving incremental penetration.

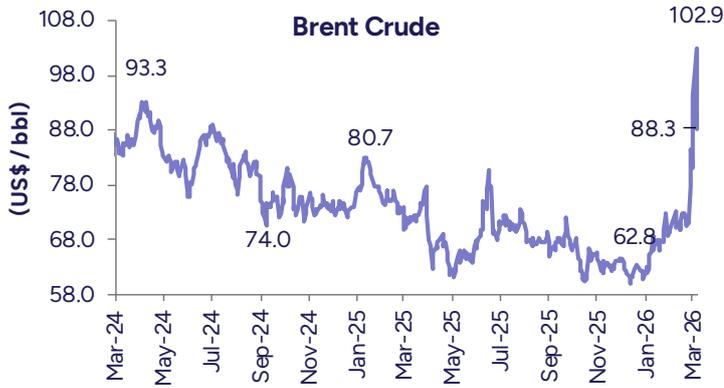
- Birla Opus remains aggressive in the region, actively deploying dealer incentives and trade schemes to accelerate channel expansion and drive offtake. In contrast, Asian Paints has largely refrained from introducing comparable schemes during this period, relying instead on its strong brand equity, established distribution network, and market leadership.

**North- Soft start but gradual revival with new launches & schemes**

- We expect demand trends in the North India paint market to remain subdued on a sequential basis in Q4FY26, with January witnessing relative weakness, followed by a recovery in February supported by favourable wedding season tailwinds. Channel feedback also points to increased traction driven by higher incentive intensity and the introduction of smaller volume slabs, particularly targeted at small and mid-sized dealers to stimulate offtake.
- From a product standpoint, recent launches by APNT are seeing encouraging initial response in the channel, indicating continued strength in its innovation pipeline. In response, Birla Opus has reintroduced its “extra 10% paint” scheme to sustain competitiveness and defend its positioning at the dealer level.
- Competitive intensity is rising further with Berger Paints adopting more aggressive channel strategies, including offering complimentary tinting machines (valued at ~Rs1.5–2.0L) to established APNT dealers, aimed at expanding its dealer base and regaining lost market share.

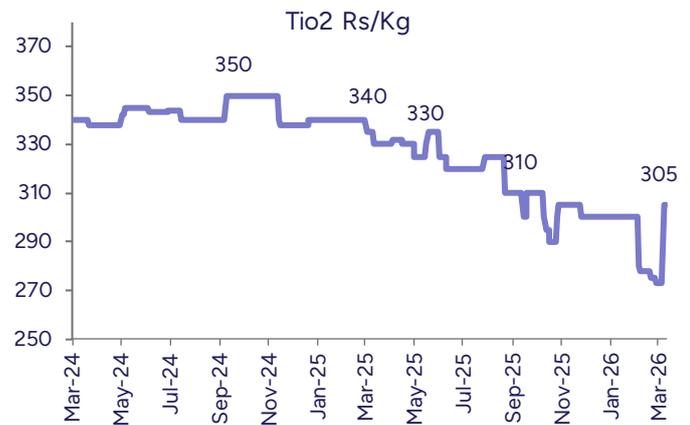
**Key raw material inputs rising**

**Exhibit 1: Crude prices up 15.6% WoW and 25.6% MoM**



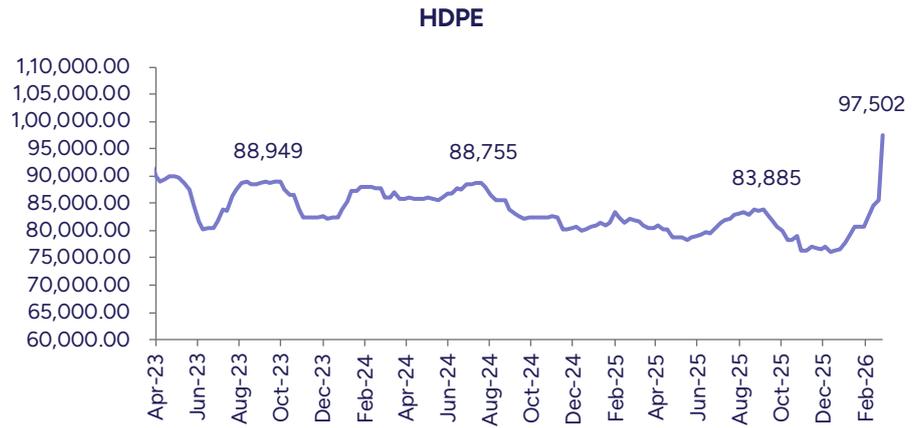
Source: Company, PL

**Exhibit 2: TiO2 prices up 11.7% WoW**



Source: Company, PL

Exhibit 3: HDPE prices up 13.9% WoW



Source: Company, PL

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Asian Paints	Reduce	2464	2628
2	Avenue Supermarts	Hold	3783	3801
3	Britannia Industries	BUY	6972	6019
4	Colgate Palmolive	Hold	2319	2113
5	Dabur India	Hold	525	510
6	Emami	Accumulate	571	489
7	Hindustan Unilever	Accumulate	2609	2410
8	ITC	Reduce	314	319
9	Jubilant FoodWorks	BUY	666	554
10	Kansai Nerolac Paints	Accumulate	255	238
11	Marico	Accumulate	816	806
12	Metro Brands	Hold	1181	1026
13	Mold-tek Packaging	Accumulate	746	608
14	Nestle India	Hold	1394	1333
15	Pidilite Industries	BUY	1734	1460
16	Restaurant Brands Asia	Accumulate	82	63
17	Titan Company	BUY	4917	4269
18	Westlife Foodworld	Hold	552	477

**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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