

Sector Update

Competitive noise lower, demand up QoQ

We conducted channel checks of paint dealers across regions. Our interaction suggests that 1) Demand momentum in 3Q has seen sequential uptick, however 1H of October was impacted by extended rainfall especially in east and North India, 2) Competitive noise from Birla Opus seems to have mostly peaked across regions, however sales velocity remains strong. 3) Pricing remains broadly stable across major brands and product categories. 4) APNT and Birla opus seem to be gaining some ground at the expense of Berger and Kansai. The near-term demand outlook remains constructive, driven by moderating inflation, GST rationalization and a normal monsoon.

However, the recovery in underlying demand remains uneven as urban segments continue to exhibit pockets of softness, while rural markets see strong traction. Industrial paints led by auto are likely to post strong growth given robust volume growth in auto industry post GST rate cuts.

Demand remains good, competitive intensity stabilized

- Demand trends indicate sequential improvement across the decorative paints sector led by festival and wedding season demand. 1H of October saw some disruption due to extended rains but things have normalized now.
- Asian Paints is witnessing healthy demand momentum in Q3 across regions, aided by strong festive season trends and sustained premiumization in both urban and rural markets.
- Birla Opus continues to record steady growth across regions. The growth rate in east India has seen an uptick ever since the manufacturing unit has started there. Channel check indicates that Berger Paints and Kansai Nerolac are witnessing muted sales, with Berger particularly impacted by continued market share loss to Birla Opus in the East.
- While competitive intensity remains elevated due to new brand activations and pricing incentives, the noise level from new players has subsided over past couple of months. Asian Paints, given its superior brand equity, distribution strength is reporting some pick up in sales. Birla Opus is also gaining, but at the expense of Berger and Kansai now.

West – Improving Underlying Demand Momentum into Q3FY26

- Our channel interactions across key markets in Western India (Mumbai, Pune, Nagpur, Gujarat, and interior Maharashtra) indicate a gradual improvement in demand momentum through October–November, aided by festive season tailwinds and continued competitive discounting across brands.
- **Sequential demand improvement:** Dealers highlighted healthy secondary sales trends post-Navratri, with demand up sequentially across most urban and semi-urban markets. Discounts remain elevated across brands, supporting retail offtake.

December 5, 2025

Asian Paints (APNT IN)

Rating: REDUCE | CMP: Rs2,957 | TP: Rs2,448

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	3,39,056	3,54,743	3,74,303	3,96,899
EBITDA (Rs. m)	60,062	65,286	70,946	76,081
Margin (%)	17.7	18.4	19.0	19.2
PAT (Rs. m)	40,303	43,331	46,943	50,884
EPS (Rs.)	42.0	45.2	48.9	53.0
Gr. (%)	(26.2)	7.5	8.3	8.4
DPS (Rs.)	32.4	25.5	27.0	29.5
Yield (%)	1.1	0.9	0.9	1.0
RoE (%)	21.1	21.2	20.9	20.7
RoCE (%)	24.8	24.9	24.6	24.1
EV/Sales (x)	8.3	7.9	7.4	6.9
EV/EBITDA (x)	46.7	42.7	39.1	36.1
PE (x)	70.4	65.5	60.4	55.7
P/BV (x)	14.6	13.3	12.1	11.0

Kansai Nerolac Paints (KNPL IN)

Rating: ACCUMULATE | CMP: Rs230 | TP: Rs265

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	74,967	78,075	83,204	89,313
EBITDA (Rs. m)	9,741	10,375	11,290	12,500
Margin (%)	13.0	13.3	13.6	14.0
PAT (Rs. m)	6,647	7,290	7,709	8,533
EPS (Rs.)	8.2	9.0	9.5	10.6
Gr. (%)	(3.0)	9.7	5.8	10.7
DPS (Rs.)	3.8	2.8	3.0	3.3
Yield (%)	1.6	1.2	1.3	1.4
RoE (%)	11.1	11.0	10.8	11.1
RoCE (%)	13.0	12.5	12.7	13.1
EV/Sales (x)	2.2	2.1	2.0	1.8
EV/EBITDA (x)	16.9	15.8	14.4	12.7
PE (x)	27.9	25.5	24.1	21.8
P/BV (x)	2.9	2.7	2.5	2.3

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Vishwa Solanki

vishwasolanki@plindia.com | 91-22-66322244

Parth Thakker

parththakker@plindia.com |

- **Brand-specific commentary:** APNT has regained marketing intensity after a subdued 1H, with more visible advertising campaigns during the festive period. Dealers noted improved footfalls and better product visibility in 3Q. Competitive noise from Birla Opus has moderated although its steady dealer expansion and marketing efforts continue.
- **Festive and wedding season outlook:** This Diwali season saw Good YoY growth, especially for Asian Paints, with no price hikes implemented since last year, dealers expect steady demand through Q3 and Q4, supported by the wedding/festival season and favourable base effects.

East – Extended rains impact sales in OCT, November sees recovery

- Paint demand across Eastern India witnessed a tepid start to Q3, primarily due to an extended monsoon season that delayed painting activity and weighed on festive (Diwali) sales volumes. Channel checks, however, indicate demand gradually normalizing through November, aided by improved weather conditions although volumes were impacted in the last week of November due to cyclone-related activity in coastal Orissa.
- Birla Opus continues to scale its operations in the region, with the new Kharagpur manufacturing facility commenced its operations from 15 October. The plant enhances the company's logistical efficiency in East India and is expected to materially lower freight costs, improving supply chain responsiveness and dealer servicing. This strategic capacity addition underscores Birla Opus's intent to deepen its presence in an under-penetrated, structurally attractive market.
- Birla Opus seems well-positioned to capture incremental regional share as demand recovery accelerates through late Q3 and into Q4, while Berger paint is witnessing near term impact in East India

South – Sequential uptick in demand, competitive noise moderated

- Sequential demand in the South paint market has demonstrated a noticeable uptick, supported by favorable festive trends and pre-wedding season activity. The Diwali season performed well, with strong secondary sales observed in decorative paints, while November volumes have thus far tracked better than October. Retailers expect this positive momentum to sustain through early December as wedding season drives repainting demand.
- Channel checks indicate that Birla Opus is continuing its penetration in select micro-markets of South India, particularly Bangalore, however the dealer addition has slowed down from past 2-3 months.
- In terms of product quality, Birla Opus offerings are largely comparable to APNT's across most categories. However, APNT continues to maintain a clear advantage in 2-3 key product segments, particularly in premium emulsions and weatherproof exterior paints.
- APNT is witnessing sequential uptick in demand with benefitting from a well-established/ dense distribution network which enhances visibility and stock availability across SKUs. In contrast, Birla Opus's relatively smaller network of exclusive stores limits customer engagement and brand recall. An acceleration in store expansion and improvement in color base availability could materially strengthen Birla Opus's market position in the medium term.

North- October impacted amidst rains, Opus sees moderation in dealer addition

- Paints demand remains mixed. Early October was characterized by muted offtake, largely attributable to an extended monsoon season that delayed renovation and construction activity. However, dealers indicate a healthy sequential improvement post-Diwali, supported by restocking and the onset of the wedding and repainting season. Retail sentiment has turned positive, with distributors expecting further traction through December–January.
- Channel check suggests lesser focus on rampant dealer additions. Other players continue to operate rationally, with no major signs of aggressive discounting in the premium or economy segments.
- A selective price increase of ~1–2% has been implemented across a few SKUs/brands, though headline pricing remains broadly stable across the portfolio. Given relatively benign input costs (notably for crude-linked derivatives), dealers said companies are currently prioritizing volume recovery over price-led margin expansion.

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,448	2,770
2	Avenue Supermarts	Hold	4,111	4,320
3	Britannia Industries	BUY	6,761	6,158
4	Colgate Palmolive	Hold	2,534	2,287
5	Dabur India	Hold	490	502
6	Emami	Accumulate	608	525
7	Hindustan Unilever	Accumulate	2,772	2,602
8	ITC	BUY	530	419
9	Jubilant FoodWorks	BUY	700	574
10	Kansai Nerolac Paints	Accumulate	272	246
11	Marico	Accumulate	787	739
12	Metro Brands	Hold	1,276	1,203
13	Mold-tekk Packaging	Accumulate	821	761
14	Nestle India	Hold	1,359	1,277
15	Pidilite Industries	BUY	1,714	1,445
16	Restaurant Brands Asia	Accumulate	87	72
17	Titan Company	BUY	4,397	3,725
18	Westlife Foodworld	Hold	604	583

PL's Recommendation Nomenclature

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

ANALYST CERTIFICATION

(Indian Clients)

We/I Mr. Amnish Aggarwal- MBA, CFA, Mr. Vishwa Solanki- PGDM - Finance, Mr. Parth Thakker- BFM, Passed CFA Level II Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Amnish Aggarwal- MBA, CFA, Mr. Vishwa Solanki- PGDM - Finance, Mr. Parth Thakker- BFM, Passed CFA Level II Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com