

Company	TP (INR)	Reco
APNT	2,450	Neutral
INDIGOPN	1,100	Buy

## Pricing action underway; demand recovery outlook appears bleak

### Geopolitical tensions leading high pricing in slow demand trend

- Paint companies have initiated price hikes to negate cost inflation arising from ongoing geopolitical challenges. The paint sector is relatively high sensitive to crude price movements, as crude-linked derivatives (solvents, resins, binders, and phthalic anhydride, etc) constitute ~40% of the raw material basket. This high dependence directly exposes gross margins to oil price volatility. Berger Paints, Indigo Paints, and Kansai Nerolac have initiated price hikes of ~3%. Asian Paints has announced a 6-8% price hike from 10<sup>th</sup> April onward. Berger Paints has also announced a second phase of price hike of 5-10% from 9<sup>th</sup> April. Our checks suggest that most other paint companies are also planning a second round of price hikes in early April.
- The geopolitical situation remains uncertain, and supply normalization is likely to take time even after war-related conditions ease. Therefore, cost inflation is expected to persist in the near term, and paint companies are unlikely to roll back prices quickly (particularly amid seasonal demand). Trade discounts/schemes have increased significantly to 20-22% from historical levels of 12-13% (three years back). Companies may opt to reduce trade schemes if cost inflation sustains.
- Demand has steadily improved over the last five months post weak demand last October. This trend has sustained over the last three weeks (post geopolitical tensions), with the possibility of partial trade pre-buying in March. Given existing RM and FG inventory, recent cost inflation is unlikely to affect 4QFY26 performance. The impact will be more visible in 1QFY27, post price hike-led demand impact.
- Overall, consumption trends have remained muted over the last 2-3 years, we were expecting recovery in FY27 supported by multiple macro initiatives. However, if inflation rises further, the consumption cycle could see a delayed recovery. As festivals in FY27 fall in mid-November, the paint industry may benefit from an extended period of post-monsoon demand, unlike last year when demand was impacted by early festivities (mid-October) and extended monsoon. Accordingly, while the possibility of paint demand recovery remains intact, ongoing macro uncertainties and 8–10% price hikes have led us to moderate our volume growth assumptions for Asian Paints and Indigo Paints. Additionally, margin pressures are expected to weigh on profitability, resulting in EPS cut of 4–6% for Asian Paints and 3–7% for Indigo Paints for FY27 and FY28. We maintain our Neutral rating on Asian Paints with TP of INR2,450 and BUY on Indigo Paints with TP of INR1,100.

### Paint players implementing calibrated price increases to offset RM pressure

The industry has entered a broad-based and calibrated price hike cycle to mitigate input cost pressures.

- **Asian Paints**, the market leader, has announced a 6–8% price increase in two phases. In the first phase, the company will increase price in key decorative categories, such as emulsions, enamels, primers, and distempers, w.e.f. 10<sup>th</sup> Apr'26. The second phase will begin from 21<sup>st</sup> Apr'26, covering waterproofing, adhesives, and wood finishes.
- Berger Paints has implemented the first phase of a ~3% price hike, effective from 25<sup>th</sup> March, with an announcement made to implement the second phase of 5–10% from 9th April.
- Other players, such as Indigo Paints and Kansai Nerolac, have also implemented ~2–3% price hikes and are planning additional increases in April.

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**Exhibit 1: Paints companies' pricing actions**

Companies	Phases	w.e.f	Price hikes (%)	Products
Asian Paint	1	10 Apr'26	6-8%	■ Emulsions, enamels, primers, and distempers
	2	21 Apr'26	6-8%	■ Waterproofing, adhesives, and wood finishes
Berger paints	1	25 Mar'25	2-3%	■ Across product
	2	9 Apr'26	5-10%	■ Across product
Kansai Nerolac	1	25 Mar'25	2-3%	■ Across product
Indigo Paints	1	24 Mar'25	2-3%	■ Across product

**Promotions and trade schemes to play a role in indirect pricing**

In addition to direct price hikes, companies are increasingly leveraging trade discount rationalization to support realizations. Over the past 2–3 years of benign crude prices, competitive intensity has led to a significant expansion in trade schemes, which increased to 20-22% from historical levels of 12–13%. As input costs rise, companies are reducing promotional schemes and using them as an indirect pricing lever. This strategy supports margin while minimizing the immediate impact of headline price hikes on end-consumer demand.

**Checks suggest a sequential improvement in demand in 4Q**

Demand has steadily improved over the last five months following weak demand last October. The same has sustained over the last three weeks (post the geopolitical tension), with the possibility of partial trade pre-buying in March. Given the RM and FG inventory, recent cost inflation is unlikely to impact 4QFY26 performance. The impact will be more visible in 1QFY27, post price hike-led demand impact. Overall, consumption trends have remained muted during the last 2-3 years, though we expect consumption recovery in FY27, supported by multiple macro initiatives. However, if inflation rises further, the consumption cycle may experience delayed recovery. We model consolidated revenue/volume growth of 5%/9% for Asian Paints and revenue growth of 10% for Indigo Paints in 4QFY26.

**Asian Paints Quarterly Performance (Consol.)**

(InR m)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Est. Dom. Deco. Vol. growth (%)</b>	<b>7.0</b>	<b>-0.5</b>	<b>1.6</b>	<b>1.8</b>	<b>3.9</b>	<b>10.9</b>	<b>8.0</b>	<b>9.0</b>	<b>2.5</b>	<b>8.0</b>
<b>Net Sales</b>	<b>89,697</b>	<b>80,275</b>	<b>85,494</b>	<b>83,589</b>	<b>89,386</b>	<b>85,313</b>	<b>88,670</b>	<b>87,506</b>	<b>3,39,056</b>	<b>3,50,874</b>
Change (%)	-2.3	-5.3	-6.1	-4.3	-0.3	6.3	3.7	4.7	-4.5	3.5
<b>Gross Profit</b>	<b>38,152</b>	<b>32,732</b>	<b>36,291</b>	<b>36,724</b>	<b>38,155</b>	<b>36,849</b>	<b>39,382</b>	<b>38,744</b>	<b>1,43,898</b>	<b>1,53,129</b>
Gross Margin (%)	42.5	40.8	42.4	43.9	42.7	43.2	44.4	44.3	42.4	43.6
<b>EBITDA</b>	<b>16,938</b>	<b>12,395</b>	<b>16,367</b>	<b>14,362</b>	<b>16,250</b>	<b>15,034</b>	<b>17,810</b>	<b>16,170</b>	<b>60,062</b>	<b>65,263</b>
Margin (%)	18.9	15.4	19.1	17.2	18.2	17.6	20.1	18.5	17.7	18.6
Change (%)	-20.2	-27.8	-20.4	-15.1	-4.1	21.3	8.8	12.6	-20.8	8.7
Interest	554	630	558	528	445	439	479	461	2,270	1,824
Depreciation	2,277	2,420	2,556	3,011	3,009	3,049	3,131	2,391	10,263	11,579
Other Income	1,562	1,736	1,430	999	1,928	1,986	1,610	1,232	5,726	6,757
<b>PBT</b>	<b>15,669</b>	<b>11,081</b>	<b>14,683</b>	<b>11,822</b>	<b>14,724</b>	<b>13,532</b>	<b>15,810</b>	<b>14,551</b>	<b>53,255</b>	<b>58,617</b>
Tax	4,168	2,654	3,897	3,214	3,917	3,733	4,152	3,146	13,934	14,947
Effective Tax Rate (%)	26.6	23.9	26.5	27.2	26.6	27.6	26.3	21.6	26.2	25.5
<b>PAT before MI &amp; extraordinary</b>	<b>11,501</b>	<b>8,427</b>	<b>10,786</b>	<b>8,608</b>	<b>10,807</b>	<b>9,799</b>	<b>11,658</b>	<b>11,405</b>	<b>39,321</b>	<b>43,670</b>
Profit from associates and MI	199	321	319	144	190	137	517	203	982	1,047
<b>Adjusted PAT</b>	<b>11,700</b>	<b>8,748</b>	<b>11,105</b>	<b>8,751</b>	<b>10,998</b>	<b>9,936</b>	<b>12,175</b>	<b>11,609</b>	<b>40,303</b>	<b>44,717</b>
Change (%)	-25.7	-29.0	-24.7	-31.4	-6.0	13.6	9.6	32.7	-25.2	11.0
Exceptional / Prior Period items	0.0	(1801.4)	0.0	(1829.6)	0.0	0.0	(1576.1)	-	(3,631)	-1,576
<b>Reported PAT</b>	<b>11,700</b>	<b>6,946</b>	<b>11,105</b>	<b>6,922</b>	<b>10,998</b>	<b>9,936</b>	<b>10,599</b>	<b>11,609</b>	<b>36,672</b>	<b>43,141</b>

E: MOFSL Estimates

**Indigo Paints consolidated Quarterly Performance**

(INR m)

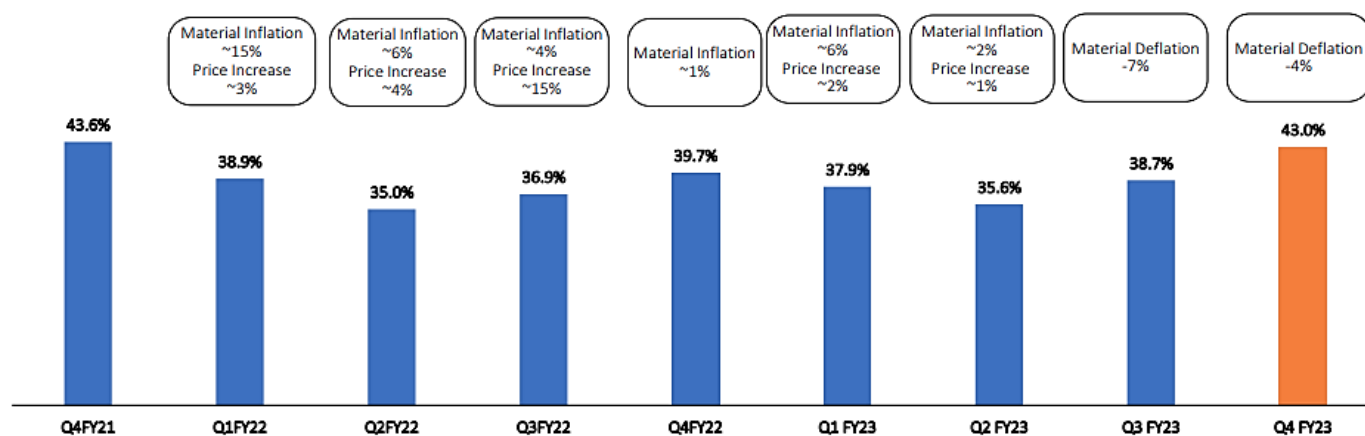
Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>3,110</b>	<b>2,995</b>	<b>3,426</b>	<b>3,876</b>	<b>3,089</b>	<b>3,121</b>	<b>3,588</b>	<b>4,247</b>	<b>13,407</b>	<b>14,044</b>
Change (%)	7.8	7.4	-3.2	0.7	-0.7	4.2	4.7	9.6	2.6	4.8
Raw Material/PM	1,661	1,686	1,829	2,061	1,671	1,723	1,910	2,279	7,237	7,584
<b>Gross Profit</b>	<b>1,449</b>	<b>1,309</b>	<b>1,597</b>	<b>1,815</b>	<b>1,418</b>	<b>1,397</b>	<b>1,677</b>	<b>1,968</b>	<b>6,170</b>	<b>6,460</b>
Gross Margin (%)	46.6	43.7	46.6	46.8	45.9	44.8	46.8	46.3	46.0	46.0
<b>EBITDA</b>	<b>474</b>	<b>415</b>	<b>572</b>	<b>874</b>	<b>443</b>	<b>465</b>	<b>683</b>	<b>988</b>	<b>2,335</b>	<b>2,580</b>
Margin (%)	15.2	13.9	16.7	22.6	14.3	14.9	19.0	23.3	17.4	18.4
Change (%)	-3.5	-1.5	-8.1	3.3	-6.5	12.1	19.5	13.0	-1.9	10.5
Interest	6	7	6	15	7	7	6	15	35	35
Depreciation	152	154	147	132	148	151	150	156	585	605
Other Income	42	51	31	60	60	30	37	73	185	200
<b>PBT</b>	<b>357</b>	<b>306</b>	<b>450</b>	<b>787</b>	<b>348</b>	<b>338</b>	<b>565</b>	<b>890</b>	<b>1,900</b>	<b>2,140</b>
Tax	90	83	92	213	87	85	132	234	478	538
Effective Tax Rate (%)	25.3	27.2	20.4	27.0	25.0	25.2	23.4	26.3	25.2	25.2
<b>Adjusted PAT</b>	<b>262</b>	<b>226</b>	<b>360</b>	<b>569</b>	<b>259</b>	<b>251</b>	<b>431</b>	<b>656</b>	<b>1,418</b>	<b>1,598</b>
Change (%)	-15.6	-10.6	-3.3	6.0	-1.0	10.9	19.7	15.3	-3.8	12.7

E: MOFSL Estimates

**Learnings from the Russia-Ukraine conflict**

- A similar cost inflation cycle was observed during the Russia-Ukraine war, when crude prices surged sharply by 35-40% to ~USD 140/bbl (2021-2022), significantly increasing input costs for paint companies. During this period, most players implemented calibrated price hikes.
- Leading players such as Asian Paints implemented cumulative price increases of 20-25%, with peers such as Berger Paints, Indigo Paints, Kansai Nerolac, and Akzo Nobel also raising prices by ~20%. Despite these measures, gross margins contracted 450-500bp (adjusted for the elevated COVID base driven by sharp RM deflation), primarily due to a lag in pass-through. Margins, however, recovered over the subsequent 3-4 quarters, supported by easing raw material prices and pricing actions.

**Exhibit 2: Asian Paints implemented calibrated pricing during the Russia Ukraine war**



Source: APNT PPT, MOFSL

**Exhibit 3: Paint companies' GP margins contracted sharply in FY22, driven by a rise in crude prices**

GP margin (%)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Asian Paints	44.7	44.4	45.1	43.2	38.4	34.7	36.8	38.7	37.7	35.7	38.6	42.5	42.9	43.4
Berger Paints	41.0	42.8	44.2	43.7	38.6	38.3	36.7	38.9	35.7	35.3	34.7	39.8	39.8	41.1
Kansai Nerolac	40.8	39.3	38.6	34.6	34.2	29.0	31.2	27.2	29.0	28.5	30.4	31.9	35.3	35.6
Akzo Nobel	44.8	48.7	45.5	42.8	42.4	40.2	39.2	40.2	39.0	38.4	39.0	42.7	43.0	44.7
Indigo Paints	44.5	50.2	49.6	46.7	45.5	41.7	42.9	43.6	45.2	41.7	43.8	46.8	47.3	45.6
<b>YoY (bps)</b>														
Asian Paints					-631	-966	-832	-448	-73	98	182	379	523	764
Berger Paints					-238	-449	-756	-478	-283	-300	-198	93	407	582
Kansai Nerolac					-658	-1026	-741	-732	-521	-50	-80	467	628	706
Akzo Nobel					-240	-850	-630	-266	-341	-187	-18	252	404	628
Indigo Paints					106	-846	-670	-305	-33	-1	94	321	214	385
Crude oil (\$/barrel)	30.0	44.4	45.0	61.3	68.3	73.3	79.2	102.2	113.9	100.8	88.9	81.2	78.0	86.7
YoY Increase (%)					128%	65%	76%	67%	67%	38%	12%	-21%	-31%	-14%

Source: Company, MOFSL

**RM sensitivity to crude; assessing price hike requirement**

- Paint companies are sensitive to crude movements, as crude-linked derivatives (solvents, resins, binders, and phthalic anhydride) account for ~40% of their raw material basket. This high dependence directly exposes gross margins to oil price volatility.
- Using a base crude assumption of USD68.5/bbl (1HFY25 average), we model scenarios in which crude rises to USD85–110/bbl, potentially resulting in sharp RM inflation of 25–60% YoY, while general (non-crude) inflation remains relatively moderated at 5–8%. To offset this cost pressure, companies are implementing price hikes. However, given the lag in passing on higher costs, gross margins may experience near-term pressure.

**Exhibit 4: Raw material mix (%)**

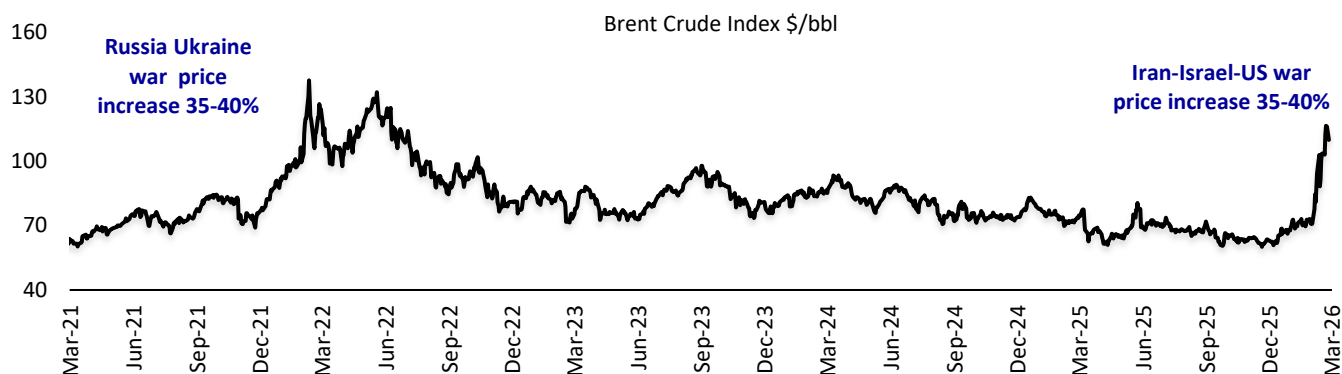
% of RM	% of Total RM		% of Total Revenue	
	Crude Driven	Others	Crude Driven	Others
Companies (India)				
Paint Companies	40%	60%	20-22%	35%

**Exhibit 5: RM inflation and price hike requirements at different crude levels**

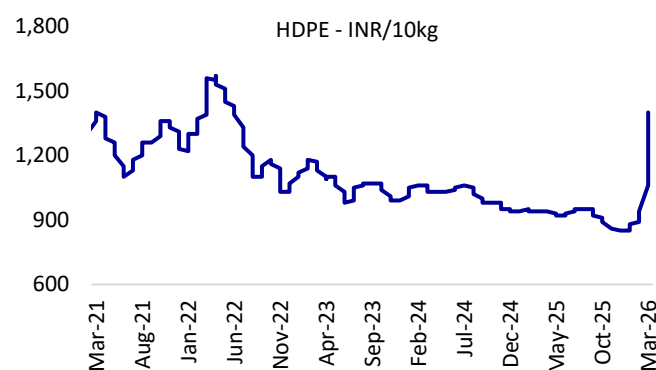
RM Sensitivity	YoY RM inflation @Crude rate (1HFY26 Avg rate 68.5, FY26 Avg rate 70.4)						Price hike requirement					
	85	90	95	100	105	110	85	90	95	100	105	110
Crude Rate (USD)	85	90	95	100	105	110	85	90	95	100	105	110
YoY Inflation (%)	24%	31%	39%	46%	53%	61%	24%	31%	39%	46%	53%	61%
General inflation (%)	5.0%	6.0%	6.5%	7.0%	8.0%	8.5%	5.0%	6.0%	6.5%	7.0%	8.0%	8.5%
Paint Companies	13%	16%	19%	23%	26%	30%	7%	9%	11%	13%	15%	17%

Source: Company, MOFSL

**Exhibit 6: Crude oil prices rose 40% in Mar'26 due to the Iran-Israel-US war**

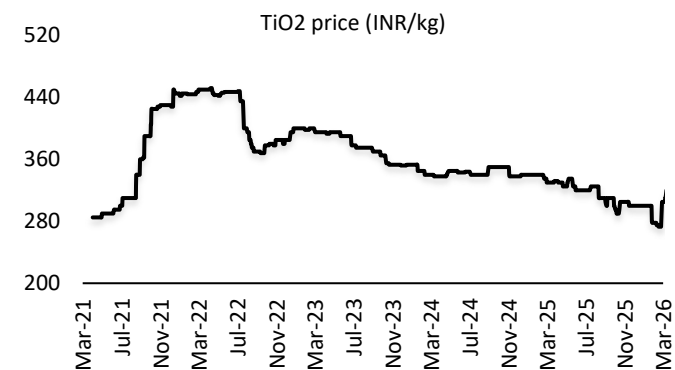


**Exhibit 7: HDPE prices rose 40% in Mar'26**



Source: Bloomberg, MOFSL

**Exhibit 8: TiO2 prices rose 10% in Mar'26**



Source: Bloomberg, MOFSL

**Exhibit 9: Paint companies' financial performance**

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	4QFY25	1QFY26	2QFY26	3QFY26
<b>Sales (INR b)</b>											
Asian Paints	192.4	202.1	217.1	291.0	344.9	354.9	339.1	83.6	89.4	85.3	88.7
Berger Paints	60.6	63.7	68.2	87.6	105.7	112.0	115.4	27.0	32.0	28.3	29.8
Kansai Nerolac	54.2	52.8	50.7	63.7	75.4	78.0	78.2	18.2	21.6	19.5	19.5
Akzo Nobel	29.2	26.6	24.2	31.5	38.0	39.6	40.9	10.2	10.0	8.3	9.1
Indigo Paints	5.4	6.2	7.2	9.1	10.7	13.1	13.4	3.9	3.1	3.1	3.6
<b>Sales growth (%)</b>											
Asian Paints	14	5	7	34	19	3	-4	-4	0	6	4
Berger Paints	17	5	7	29	21	6	3	7	4	2	0
Kansai Nerolac	16	-3	-4	26	18	3	0	3	1	0	2
Akzo Nobel	7	-9	-9	30	21	4	3	5	-4	-15	-14
Indigo Paints	33	17	16	25	18	22	3	1	-1	4	5
<b>GP margin (%)</b>											
Asian Paints	41.5	43.7	44.3	37.1	38.7	43.4	42.4	43.9	42.7	43.2	44.4
Berger Paints	46.4	48.4	50.2	45.9	43.5	47.1	41.4	42.7	41.4	41.6	44.7
Kansai Nerolac	43.4	45.0	45.6	38.9	37.6	42.0	35.2	34.6	36.1	35.2	36.2
Akzo Nobel	42.1	45.8	45.4	40.3	39.8	43.9	43.3	43.2	42.8	41.3	42.2
Indigo Paints	44.3	48.5	47.9	43.3	44.5	47.6	46.0	46.8	45.9	44.8	46.8
<b>EBITDA (INR b)</b>											
Asian Paints	37.7	41.6	48.6	48.0	62.6	75.8	60.1	14.4	16.2	15.0	17.8
Berger Paints	9.3	10.6	11.9	13.3	14.9	18.6	18.6	4.3	5.3	3.5	4.7
Kansai Nerolac	7.5	8.0	8.6	6.5	8.2	10.3	9.4	1.7	3.0	2.2	2.4
Akzo Nobel	3.4	3.8	3.4	4.3	5.3	6.3	6.4	1.6	1.3	1.1	1.4
Indigo Paints	0.5	0.9	1.2	1.4	1.8	2.4	2.3	0.9	0.4	0.5	0.7
<b>EBITDA margin (%)</b>											
Asian Paints	19.6	20.6	22.4	16.5	18.2	21.4	17.7	17.2	18.2	17.6	20.1
Berger Paints	15.4	16.7	17.4	15.2	14.1	16.6	16.1	15.8	16.5	12.5	15.8
Kansai Nerolac	13.9	15.2	17.0	10.2	10.8	13.2	12.0	9.1	14.0	11.0	12.3
Akzo Nobel	11.7	14.2	14.1	13.7	13.8	16.0	15.7	15.6	13.5	13.3	14.9
Indigo Paints	10.1	14.6	16.9	15.0	16.9	18.2	17.4	22.6	14.3	14.9	19.0

**Our view: High RM sensitive, earnings pressure likely**

- Paint consumption trends have remained muted over the last 2-3 years, we were expecting recovery in FY27 supported by multiple macro initiatives. However, if inflation rises further, the consumption cycle could see a delayed recovery. As festivals in FY27 fall in mid-November, the paint industry may benefit from an extended period of post-monsoon demand, unlike last year when demand was impacted by early festivities (mid-October) and extended monsoon.
- Accordingly, while the possibility of paint demand recovery remains intact, ongoing macro uncertainties and 8–10% price hikes have led us to moderate our volume growth assumptions for Asian Paints and Indigo Paints. Additionally, margin pressures are expected to weigh on profitability, resulting in EPS cut of 4–6% for Asian Paints and 3–7% for Indigo Paints for FY27 and FY28. **We maintain our Neutral rating on Asian Paints with TP of INR2,450 and BUY on Indigo Paints with TP of INR1,100.**

**Exhibit 10: Asian Paints – We cut EPS estimates by 6% for FY27 and 4% for FY28**

INR b	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	350.9	386.7	428.0	350.6	391.0	429.5	0.1	-1.1	-0.4
EBITDA	65.3	70.5	79.9	65.7	74.8	83.2	-0.6	-5.7	-3.9
PAT	44.7	48.0	54.8	43.2	51.0	57.1	3.4	-5.9	-3.9

**Exhibit 11: Indigo Paints – We cut EPS estimates by 7% for FY27 and 3% for FY28**

INR m	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	14,044	16,020	18,264	13,971	15,955	18,195	0.5	0.4	0.4
EBITDA	2,580	2,888	3,429	2,542	3,079	3,557	1.5	-6.2	-3.6
PAT	1,598	1,787	2,184	1,570	1,918	2,253	1.8	-6.8	-3.0

## Asian Paints Financials

### Income Statement consol.

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>2,02,113</b>	<b>2,17,128</b>	<b>2,91,013</b>	<b>3,44,886</b>	<b>3,54,947</b>	<b>3,39,056</b>	<b>3,50,874</b>	<b>3,86,720</b>	<b>4,27,951</b>
Change (%)	5.0	7.4	34.0	18.5	2.9	-4.5	3.5	10.2	10.7
Raw Materials	1,13,835	1,20,972	1,83,008	2,11,565	2,00,902	1,95,158	1,97,745	2,20,484	2,41,839
<b>Gross Profit</b>	<b>88,278</b>	<b>96,156</b>	<b>1,08,005</b>	<b>1,33,321</b>	<b>1,54,045</b>	<b>1,43,898</b>	<b>1,53,129</b>	<b>1,66,236</b>	<b>1,86,112</b>
Margin (%)	43.7	44.3	37.1	38.7	43.4	42.4	43.6	43.0	43.5
Operating Expenses	46,660	47,600	59,969	70,723	78,195	83,836	87,866	95,703	1,06,212
<b>EBITDA</b>	<b>41,618</b>	<b>48,556</b>	<b>48,036</b>	<b>62,598</b>	<b>75,850</b>	<b>60,062</b>	<b>65,263</b>	<b>70,532</b>	<b>79,900</b>
Change (%)	10.5	16.7	-1.1	30.3	21.2	-20.8	8.7	8.1	13.3
Margin (%)	20.6	22.4	16.5	18.2	21.4	17.7	18.6	18.2	18.7
Depreciation	7,805	7,913	8,164	8,580	8,530	10,263	11,579	12,591	13,272
Int. and Fin. Charges	1,023	916	954	1,445	2,052	2,270	1,824	2,092	2,174
Other Income	3,043	3,031	3,800	3,865	6,880	5,726	6,757	7,230	7,736
<b>Profit before Taxes</b>	<b>35,833</b>	<b>42,758</b>	<b>42,719</b>	<b>56,438</b>	<b>72,148</b>	<b>53,255</b>	<b>58,617</b>	<b>63,079</b>	<b>72,190</b>
Change (%)	9.5	19.3	-0.1	32.1	27.8	-26.2	10.1	7.6	14.4
Margin (%)	17.7	19.7	14.7	16.4	20.3	15.7	16.7	16.3	16.9
Tax	9,501	11,218	11,644	15,108	17,847	13,756	14,947	16,085	18,408
Deferred Tax	-953	-242	-614	-173	54	178	0	0	0
Tax Rate (%)	23.9	25.7	25.8	26.5	24.8	26.2	25.5	25.5	25.5
<b>PAT Before Minority</b>	<b>27,284</b>	<b>31,782</b>	<b>31,689</b>	<b>41,503</b>	<b>54,247</b>	<b>39,321</b>	<b>43,670</b>	<b>46,994</b>	<b>53,782</b>
Profit from asso. and MI	-183	-389	-227	50	355	982	1,047	1,047	1,047
<b>Adjusted PAT</b>	<b>27,101</b>	<b>31,393</b>	<b>31,463</b>	<b>41,553</b>	<b>54,602</b>	<b>40,303</b>	<b>44,717</b>	<b>48,041</b>	<b>54,829</b>
Change (%)	25.4	15.8	0.2	32.1	31.4	-26.2	11.0	7.4	14.1
Margin (%)	13.4	14.5	10.8	12.0	15.4	11.9	12.7	12.4	12.8
Exceptional/Prior Period inc	-50	0	-1,157	-489	0	-3,631	-1,576	0	0
<b>Reported PAT</b>	<b>27,052</b>	<b>31,393</b>	<b>30,306</b>	<b>41,064</b>	<b>54,602</b>	<b>36,672</b>	<b>43,141</b>	<b>48,041</b>	<b>54,829</b>

### Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	959	959	959	959	959	959	959	959	959
Reserves	1,00,342	1,27,104	1,37,156	1,58,963	1,86,324	1,93,039	2,10,926	2,30,142	2,52,074
<b>Net Worth</b>	<b>1,01,302</b>	<b>1,28,063</b>	<b>1,38,116</b>	<b>1,59,922</b>	<b>1,87,283</b>	<b>1,93,998</b>	<b>2,11,885</b>	<b>2,31,101</b>	<b>2,53,033</b>
Loans	3,401	3,402	7,757	9,722	11,071	8,638	8,038	7,438	6,838
Other Liability	11,984	11,538	11,362	13,158	17,306	18,609	20,104	21,751	23,568
Minority Interest	4,035	4,229	3,875	4,537	6,954	6,592	6,592	6,592	6,592
<b>Capital Employed</b>	<b>1,20,722</b>	<b>1,47,232</b>	<b>1,61,109</b>	<b>1,87,339</b>	<b>2,22,614</b>	<b>2,27,837</b>	<b>2,46,618</b>	<b>2,66,883</b>	<b>2,90,031</b>
Intangible assets	2,675	2,340	1,860	1,874	4,250	3,692	3,462	3,227	2,987
Gross Block	65,677	67,724	69,969	74,818	82,519	1,11,030	1,26,030	1,36,030	1,46,030
Less: Accum. Dep.	18,029	22,960	28,124	33,361	38,057	43,154	50,715	59,421	68,913
<b>Net Fixed Assets</b>	<b>47,648</b>	<b>44,764</b>	<b>41,845</b>	<b>41,457</b>	<b>44,462</b>	<b>67,876</b>	<b>75,314</b>	<b>76,609</b>	<b>77,117</b>
Capital WIP	1,402	1,830	4,264	10,196	26,984	12,545	12,545	12,545	12,545
Right to Use Assets	9,201	8,456	9,058	12,089	18,563	18,437	17,750	17,200	16,760
<b>Investments</b>	<b>20,189</b>	<b>47,368</b>	<b>32,475</b>	<b>42,617</b>	<b>45,879</b>	<b>47,248</b>	<b>52,855</b>	<b>59,229</b>	<b>66,482</b>
Current	5,125	32,671	21,807	26,970	32,034	32,450	37,317	42,915	49,352
Non-current	15,064	14,697	10,668	15,647	13,845	14,798	15,538	16,315	17,130
<b>Curr. Assets, L&amp;A</b>	<b>77,066</b>	<b>95,770</b>	<b>1,37,654</b>	<b>1,47,276</b>	<b>1,54,679</b>	<b>1,51,559</b>	<b>1,62,305</b>	<b>1,83,736</b>	<b>2,08,898</b>
Inventory	33,898	37,986	61,530	62,106	59,234	67,193	67,291	74,165	82,073
Account Receivables	17,994	26,051	38,738	46,391	48,908	43,224	43,258	47,678	52,761
Cash and Bank Balance	7,828	6,108	8,643	8,438	10,840	7,820	13,669	16,305	20,409
Others	17,345	25,626	28,743	30,340	35,696	33,323	38,087	45,588	53,654
<b>Curr. Liab. and Prov.</b>	<b>40,658</b>	<b>56,322</b>	<b>68,475</b>	<b>70,455</b>	<b>76,394</b>	<b>75,716</b>	<b>79,809</b>	<b>87,858</b>	<b>96,953</b>
Account Payables	21,366	33,787	41,643	36,354	38,313	38,480	38,452	42,380	46,899
Other Liabilities	16,860	19,538	23,952	31,051	35,230	33,986	37,385	41,124	45,236
Provisions	2,432	2,996	2,880	3,049	2,850	3,249	3,971	4,354	4,818
<b>Net Current Assets</b>	<b>36,408</b>	<b>39,449</b>	<b>69,179</b>	<b>76,821</b>	<b>78,285</b>	<b>75,843</b>	<b>82,497</b>	<b>95,878</b>	<b>1,11,945</b>
Godwill on Cons.	3,200	3,026	2,429	2,285	4,192	2,196	2,196	2,196	2,196
<b>Application of Funds</b>	<b>1,20,722</b>	<b>1,47,232</b>	<b>1,61,109</b>	<b>1,87,339</b>	<b>2,22,614</b>	<b>2,27,837</b>	<b>2,46,618</b>	<b>2,66,883</b>	<b>2,90,031</b>

E: MOFSL Estimates

## Asian Paints Financials

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>28.3</b>	<b>32.7</b>	<b>32.8</b>	<b>43.3</b>	<b>56.9</b>	<b>42.0</b>	<b>46.6</b>	<b>50.1</b>	<b>57.2</b>
Cash EPS	36.4	41.0	41.3	52.3	65.8	52.7	58.7	63.2	71.0
BV/Share	105.6	133.5	144.0	166.7	195.2	202.2	220.9	240.9	263.8
DPS	21.8	4.9	18.2	25.6	44.0	44.0	41.0	41.0	41.0
Payout %	77.3	14.8	55.3	59.2	77.3	104.7	87.9	81.9	71.7
<b>Valuation (x)</b>									
P/E	76.8	66.3	66.2	50.1	38.1	51.6	46.5	43.3	38.0
Cash P/E	59.6	53.0	52.5	41.5	33.0	41.2	37.0	34.3	30.6
EV/Sales	10.2	9.4	7.0	5.9	5.7	6.0	5.8	5.2	4.7
EV/EBITDA	49.4	41.8	42.6	32.6	26.8	33.9	31.0	28.5	25.0
P/BV	20.5	16.3	15.1	13.0	11.1	10.7	9.8	9.0	8.2
Dividend Yield (%)	1.0	0.2	0.8	1.2	2.0	2.0	1.9	1.9	1.9
<b>Return Ratios (%)</b>									
RoE	27.7	27.4	23.6	27.9	31.5	21.1	22.0	21.7	22.7
RoCE	23.6	24.2	21.0	24.4	27.2	18.2	19.0	18.9	19.9
RoIC	23.2	24.1	20.6	25.1	28.6	18.7	18.7	18.8	20.1
<b>Working Capital Ratios</b>									
Debtor (Days)	32	44	49	49	50	47	45	45	45
Asset Turnover (x)	1.7	1.5	1.8	1.8	1.6	1.5	1.4	1.4	1.5
<b>Leverage Ratio</b>									
Debt/Equity (x)	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0

### Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>(INR m)</b>									
OP/(loss) before Tax	36,283	43,044	41,877	56,888	73,478	51,031	58,617	63,079	72,190
Depreciation	7,819	7,913	8,164	8,580	8,530	10,263	11,579	12,591	13,272
Net interest	96	165	-125	102	151	265	-4,933	-5,138	-5,562
Others	-401	-1,426	-342	-972	-2,873	-2,152	1,047	1,047	1,047
Direct Taxes Paid	-10,108	-10,797	-11,757	-14,943	-18,351	-13,955	-14,947	-16,085	-18,408
(Incr)/Decr in WC	-7,371	-2,065	-27,952	-7,721	101	-5,702	-736	-10,666	-11,872
<b>CF from Operations</b>	<b>26,319</b>	<b>36,834</b>	<b>9,865</b>	<b>41,934</b>	<b>61,036</b>	<b>39,751</b>	<b>50,627</b>	<b>44,828</b>	<b>50,666</b>
Incr in FA	-3,669	-2,543	-4,987	-12,475	-21,939	-17,952	-15,100	-10,100	-10,100
<b>Free Cash Flow</b>	<b>22,650</b>	<b>34,291</b>	<b>4,878</b>	<b>29,460</b>	<b>39,097</b>	<b>21,799</b>	<b>35,527</b>	<b>34,728</b>	<b>40,566</b>
Pur of Investments	-2,536	-3,679	973	1,813	283	-9	-5,607	-6,374	-7,253
Others	7,918	-25,829	14,761	-10,077	-7,153	3,293	3,757	4,230	4,736
<b>CF from Invest.</b>	<b>1,713</b>	<b>-32,050</b>	<b>10,747</b>	<b>-20,739</b>	<b>-28,809</b>	<b>-14,668</b>	<b>-16,951</b>	<b>-12,245</b>	<b>-12,617</b>
Incr in Debt	-2,614	257	3,247	2,382	31	-130	-600	-600	-600
Dividend Paid	-21,207	-4,994	-17,628	-19,361	-25,509	-31,402	-26,830	-28,825	-32,897
Net interest Paid	-1,009	-893	-936	-1,420	-1,906	-2,032	-1,824	-2,092	-2,174
Others	178	-875	-2,759	-3,003	-2,441	5,461	1,427	1,569	1,726
<b>CF from Fin. Activity</b>	<b>-24,652</b>	<b>-6,504</b>	<b>-18,076</b>	<b>-21,401</b>	<b>-29,825</b>	<b>-28,103</b>	<b>-27,827</b>	<b>-29,947</b>	<b>-33,945</b>
<b>Incr/Decr of Cash</b>	<b>3,380</b>	<b>-1,721</b>	<b>2,536</b>	<b>-205</b>	<b>2,402</b>	<b>-3,020</b>	<b>5,849</b>	<b>2,636</b>	<b>4,104</b>
Add: Opening Balance	4,449	7,828	6,108	8,643	8,438	10,840	7,820	13,669	16,305
<b>Closing Balance</b>	<b>7,828</b>	<b>6,108</b>	<b>8,643</b>	<b>8,438</b>	<b>10,840</b>	<b>7,820</b>	<b>13,669</b>	<b>16,305</b>	<b>20,409</b>

E: MOFSL Estimates

## Indigo Paints Financials

### Income Statement consol.

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>6,248</b>	<b>7,233</b>	<b>9,060</b>	<b>10,733</b>	<b>13,061</b>	<b>13,407</b>	<b>14,044</b>	<b>16,020</b>	<b>18,264</b>
Change (%)	16.6	15.8	25.3	18.5	21.7	2.6	4.8	14.1	14.0
Raw Materials	3,220	3,765	5,135	5,952	6,839	7,237	7,584	8,771	9,862
<b>Gross Profit</b>	<b>3,028</b>	<b>3,468</b>	<b>3,925</b>	<b>4,781</b>	<b>6,222</b>	<b>6,170</b>	<b>6,460</b>	<b>7,249</b>	<b>8,401</b>
Margin (%)	48.5	47.9	43.3	44.5	47.6	46.0	46.0	45.3	46.0
Operating Expenses	2,118	2,243	2,565	2,965	3,841	3,835	3,881	4,361	4,972
<b>EBITDA</b>	<b>910</b>	<b>1,225</b>	<b>1,360</b>	<b>1,815</b>	<b>2,381</b>	<b>2,335</b>	<b>2,580</b>	<b>2,888</b>	<b>3,429</b>
Change (%)	68.2	34.7	11.0	33.5	31.1	-1.9	10.5	12.0	18.7
Margin (%)	14.6	16.9	15.0	16.9	18.2	17.4	18.4	18.0	18.8
Depreciation	196	244	313	343	516	585	605	675	720
Int. and Fin. Charges	56	38	13	14	21	35	35	50	50
Other Income	16	36	109	101	142	185	200	230	265
<b>Profit before Taxes</b>	<b>674</b>	<b>979</b>	<b>1,143</b>	<b>1,559</b>	<b>1,986</b>	<b>1,900</b>	<b>2,140</b>	<b>2,393</b>	<b>2,924</b>
Change (%)	98.2	45.2	16.7	36.4	27.4	-4.3	12.7	11.8	22.2
Margin (%)	10.8	13.5	12.6	14.5	15.2	14.2	15.2	14.9	16.0
Tax	147	256	288	418	435	478	538	602	736
Tax Rate (%)	29.1	27.6	26.5	25.8	25.0	27.6	25.2	25.2	25.2
<b>PAT Before Minority</b>	<b>478</b>	<b>709</b>	<b>840</b>	<b>1,157</b>	<b>1,489</b>	<b>1,422</b>	<b>1,602</b>	<b>1,791</b>	<b>2,189</b>
Minority Interest					15	4	4	4	4
<b>Adjusted PAT</b>	<b>478</b>	<b>709</b>	<b>840</b>	<b>1,157</b>	<b>1,474</b>	<b>1,418</b>	<b>1,598</b>	<b>1,787</b>	<b>2,184</b>
Change (%)	76.0	48.2	18.6	37.6	27.4	-3.8	12.7	11.8	22.3
Margin (%)	7.7	9.8	9.3	10.8	11.3	10.6	11.4	11.2	12.0
<b>Reported PAT</b>	<b>478</b>	<b>709</b>	<b>840</b>	<b>1,320</b>	<b>1,474</b>	<b>1,418</b>	<b>1,598</b>	<b>1,787</b>	<b>2,184</b>

### Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	290	476	476	476	476	476	476	476	476
Reserves	1,680	5,159	6,023	7,285	8,545	9,829	11,050	12,841	14,797
<b>Net Worth</b>	<b>1,971</b>	<b>5,635</b>	<b>6,499</b>	<b>7,761</b>	<b>9,021</b>	<b>10,306</b>	<b>11,526</b>	<b>13,317</b>	<b>15,274</b>
Loans	392	0	0	0	31	64	0	0	0
Other Liability	132	157	209	188	380	446	446	446	446
<b>Capital Employed</b>	<b>2,495</b>	<b>5,792</b>	<b>6,708</b>	<b>7,949</b>	<b>9,432</b>	<b>10,815</b>	<b>11,972</b>	<b>13,763</b>	<b>15,719</b>
Gross Block	1,669	2,339	2,612	2,785	6,316	6,559	7,359	7,859	8,359
Less: Accum. Depn.	245	452	716	987	1,421	1,917	2,395	2,934	3,507
<b>Net Fixed Assets</b>	<b>1,424</b>	<b>1,887</b>	<b>1,896</b>	<b>1,798</b>	<b>4,896</b>	<b>4,641</b>	<b>4,964</b>	<b>4,925</b>	<b>4,851</b>
Capital WIP	11	31	510	2,509	174	1,358	1,358	1,358	1,358
Right to Use Assets	278	301	332	543	616	637	810	974	1,128
<b>Investments</b>	<b>208</b>	<b>497</b>	<b>1,731</b>	<b>1,317</b>	<b>1,667</b>	<b>2,261</b>	<b>2,361</b>	<b>2,861</b>	<b>3,361</b>
<b>Curr. Assets, L&amp;A</b>	<b>1,967</b>	<b>4,983</b>	<b>4,288</b>	<b>3,996</b>	<b>4,950</b>	<b>4,806</b>	<b>6,101</b>	<b>7,619</b>	<b>9,394</b>
Inventory	768	947	1,177	1,177	1,706	1,536	1,693	1,975	2,252
Account Receivables	1,045	1,212	1,717	2,001	2,231	2,439	2,501	2,985	3,403
Cash and Bank Balance	57	2,583	996	488	329	371	1,356	1,999	2,948
Others	97	241	398	330	684	460	551	660	792
<b>Curr. Liab. and Prov.</b>	<b>1,698</b>	<b>2,212</b>	<b>2,354</b>	<b>2,520</b>	<b>3,275</b>	<b>3,286</b>	<b>4,020</b>	<b>4,372</b>	<b>4,772</b>
Account Payables	1,386	1,856	2,014	2,106	2,290	1,767	2,501	2,853	3,252
Other Liabilities	289	315	270	318	920	1,502	1,502	1,502	1,502
Provisions	24	42	70	96	65	17	17	17	17
<b>Net Current Assets</b>	<b>269</b>	<b>2,771</b>	<b>1,934</b>	<b>1,476</b>	<b>1,675</b>	<b>1,519</b>	<b>2,080</b>	<b>3,246</b>	<b>4,623</b>
Goodwill on Cons.	306	306	306	306	399	399	399	399	399
<b>Application of Funds</b>	<b>2,495</b>	<b>5,792</b>	<b>6,708</b>	<b>7,950</b>	<b>9,427</b>	<b>10,815</b>	<b>11,972</b>	<b>13,763</b>	<b>15,719</b>

E: MOFSL Estimates

## Indigo Paints Financials

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>16.5</b>	<b>14.9</b>	<b>17.7</b>	<b>24.3</b>	<b>31.0</b>	<b>29.8</b>	<b>33.6</b>	<b>37.6</b>	<b>45.9</b>
Cash EPS	14.2	20.0	24.2	31.5	41.8	42.1	46.3	51.8	61.1
BV/Share	41.4	118.5	136.6	163.2	189.6	216.6	242.3	280.0	321.1
DPS	0.0	0.0	3.0	3.5	3.5	3.5	8.0	8.0	8.0
Payout %	0.0	0.0	17.0	14.4	11.3	11.7	23.8	21.3	17.4
<b>Valuation (x)</b>									
P/E	46.7	51.7	43.6	31.7	24.9	25.8	22.9	20.5	16.8
Cash P/E	54.3	38.5	31.8	24.4	18.4	18.3	16.6	14.9	12.6
EV/Sales	3.6	4.6	3.7	3.2	2.7	2.5	2.3	2.0	1.7
EV/EBITDA	24.7	27.4	24.9	19.2	14.6	14.6	12.8	11.0	8.9
P/BV	18.6	6.5	5.6	4.7	4.1	3.6	3.2	2.8	2.4
Dividend Yield (%)	0.0	0.0	0.4	0.5	0.5	0.5	1.0	1.0	1.0
<b>Return Ratios (%)</b>									
RoE	27.8	18.6	13.9	16.2	17.6	14.7	14.6	14.4	15.3
RoCE	22.5	17.8	13.6	15.9	17.3	13.8	14.3	14.2	15.1
RoIC	23.3	25.3	18.4	21.5	20.1	14.1	16.1	16.8	18.6
<b>Working Capital Ratios</b>									
Debtor (Days)	61	61	69	68	62	66	65	68	68
Asset Turnover (x)	2.5	1.2	1.4	1.4	1.4	1.2	1.2	1.2	1.2
<b>Leverage Ratio</b>									
Debt/Equity (x)	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

### Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>(INR m)</b>									
OP/(loss) before Tax	674	979	1,143	1,559	1,986	1,900	2,140	2,393	2,924
Depreciation	196	244	313	343	515	585	605	675	720
Net interest	54	22	-47	3	19	32	-165	-180	-215
Others	-8	-5	-19	4	-41	-114	0	0	0
Direct Taxes Paid	-124	-164	-258	-244	-593	-308	-538	-602	-736
(Incr)/Decr in WC	-69	137	-479	-505	-377	-39	423	-523	-426
<b>CF from Operations</b>	<b>723</b>	<b>1,214</b>	<b>652</b>	<b>1,161</b>	<b>1,510</b>	<b>2,056</b>	<b>2,465</b>	<b>1,763</b>	<b>2,268</b>
Incr in FA	-613	-660	-1,208	-1,970	-1,041	-1,355	-800	-500	-500
<b>Free Cash Flow</b>	<b>110</b>	<b>553</b>	<b>-556</b>	<b>-809</b>	<b>469</b>	<b>701</b>	<b>1,665</b>	<b>1,263</b>	<b>1,768</b>
Pur of Investments	0	-2,522	460	1,100	-478	-423	-100	-500	-500
Others	-21	2,138	-1,438	-599	83	3	-99	-70	-35
<b>CF from Invest.</b>	<b>-634</b>	<b>-1,044</b>	<b>-2,186</b>	<b>-1,469</b>	<b>-1,436</b>	<b>-1,775</b>	<b>-999</b>	<b>-1,070</b>	<b>-1,035</b>
Issue of Shares	18	2,932	0	0	0	0	0	0	0
Incr in Debt	-143	-500	0	0	13	33	-64	0	0
Dividend Paid	0	0	0	-143	-167	-167	-381	0	-232
Net interest Paid	-47	-33	-2	0	-2	-32	-35	-50	-50
Others	0	-41	-50	-58	-77	-74	0	0	0
<b>CF from Fin. Activity</b>	<b>-172</b>	<b>2,357</b>	<b>-53</b>	<b>-201</b>	<b>-233</b>	<b>-239</b>	<b>-481</b>	<b>-50</b>	<b>-283</b>
<b>Incr/Decr of Cash</b>	<b>-83</b>	<b>2,526</b>	<b>-1,587</b>	<b>-508</b>	<b>-159</b>	<b>41</b>	<b>985</b>	<b>643</b>	<b>950</b>
Add: Opening Balance	140	57	2,583	996	488	329	371	1,356	1,999
<b>Closing Balance</b>	<b>57</b>	<b>2,583</b>	<b>996</b>	<b>488</b>	<b>329</b>	<b>371</b>	<b>1,356</b>	<b>1,999</b>	<b>2,948</b>

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SELL	< - 10%
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