Berger Paints

India | Paints | **Result Update**

Global Markets Research

Margins to improve in H2

5 November 2026

Rating: Accumulate
Target Price: INR 545
Upside: 8%
CMP: INR 505
As on 05 November 2026

Berger Paints (BRGR IN) reported a mixed Q2FY27, with consolidated revenue growth at 13.2% YoY to INR 32.0bn, in-line with our estimates. Decorative business delivered 10.0% value growth, largely led by pricing actions, while volume growth at 3%, moderated due to the shift in the festival season (late Diwali), extended Eastern rains, and weakness in putty, textures and enamel. The Industrial segment reported double-digit volume and value growth despite steep price hikes. Management expects strong Q3 led by strong festival season demand (October recorded the highest sales growth in 25-30 months), and margin may remain in 15-17% range led by staggered price hikes, and cost-efficiency initiatives. We retain Accumulate with a lower TP of INR 545 (from INR 575) on 43x (from 45x) Mar '28E P/E.

Pricing drives revenue; volume growth moderates on shift in festival season: Consolidated revenue rose 13.2% YoY to INR 32.0bn, However, standalone revenue was up 11.9% YoY, largely driven by pricing, impacted due to 3.0% volume growth. Decorative value grew ~10%, though volumes were curtailed by the shift of Diwali to Q3, extended Eastern rains, and deliberate pruning of low-margin lines (Putty, Textures, and Enamels de-grew). Home Shield (*Roof Kooi & Seal, Damp Shield*) and Wood Coatings maintained strong double-digit momentum. Industrial delivered strong double-digit volume and value growth, led by Automotive (buoyant 2W demand) and General Industrial, while Protective Coatings volumes remained stable. Management expects to recover ~90% of the needed industrial price increases by end of November and the rest by December. International business reported healthy growth across the countries but profitability for SBL and BNPAJV was hit by RM headwinds pending full price pass-through.

Festival season demand shifts to Q3; market share stable despite intense competition: Demand outlook for Q3 is strong as the delayed festival season shifted to October. While Birla Opus matched DPL pricing (eliminating its 5% discount), it continues to offer higher dealer rebates. Nevertheless, BRGR's market share held steady at 20.2% in H1FY27 (vs. 20.3%). About 4,800+ tinting machines were added in H1 with retail reach at 2,000+ stores. BRGR plans two new plants in West Bengal and Odisha, while maintaining a net cash balance sheet.

Margin hit by inflation in raw material and brand investments; recovery guided in H2: Gross margin declined 225bps YoY to 39.3%, hit by double-digit RM inflation, high-cost inventory liquidation, and delayed industrial price hikes (industrial gross margin down 5–5.5%). Consolidated EBITDA grew 5.2% YoY to INR 3.7bn (10.3% below estimates), with EBITDA margin down 88bps YoY to 11.6%. BRGR stepped-up A&P spend for the new "*Rang Bana Rahe*" campaign, (~INR 220mn) which weighed on margins. Management is confident of achieving 15-17% EBITDA margin in Q3 and Q4, driven by price hike and operating leverage.

Maintain Accumulate with a lower TP of INR 545: We increase our EPS estimates by 2-3% for FY27E/28E/29E respectively to factor in lower interest cost and depreciation. We maintain rating with a lower TP of INR 545 (from INR 575) on 43x (from 45x) Mar '28E P/E as there is a risk to volume growth due to sharp price increase.

Key Financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	115,447	118,803	137,282	147,212	161,574
YoY (%)	3.1	2.9	15.6	7.2	9.8
EBITDA (INR mn)	18,561	18,333	20,417	23,529	26,626
EBITDA margin (%)	16.1	15.4	14.9	16.0	16.5
Adj PAT (INR mn)	11,801	11,799	12,680	14,722	16,713
YoY (%)	1.1	0.0	7.5	16.1	13.5
Fully DEPS (INR)	10.1	10.1	10.9	12.6	14.3
RoE (%)	20.4	18.0	17.4	18.3	18.7
RoCE (%)	23.1	20.0	20.4	21.9	22.8
P/E (x)	49.9	49.9	46.4	40.0	35.2
EV/EBITDA (x)	31.4	31.8	28.5	24.8	21.9

Note: Pricing as on 05 November 2026; Source: Company, Elara Securities Estimate

Key data

Bloomberg	BRGR IN
Reuters Code	BRGR.NS
Shares outstanding (mn)	1,166
Market cap (INR bn/USD mn)	589/6,233
EV (INR bn/USD mn)	583/6,168
ADTV 3M (INR mn/USD mn)	209/2
52 week high/low	595/391
Free float (%)	24

Note: as on 05 November 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q3 FY26	Q4 FY26	Q1 FY27	Q2 FY27
Promoter	75.0	75.0	75.0	75.0
% Pledge	0.0	0.0	0.0	0.0
FII	5.3	4.7	4.8	5.0
DII	11.1	11.7	11.8	11.7
Others	8.7	8.6	8.4	8.4

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(0.4)	2.1	(4.1)
Berger Paints	(7.4)	7.3	(6.0)
NSE Mid-cap	(2.8)	1.3	(1.1)
NSE Small-cap	(4.3)	3.6	1.2

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	115,447	118,803	137,282	147,212	161,574
Gross Profit	47,828	50,530	55,773	61,824	68,102
EBITDA	18,561	18,333	20,417	23,529	26,626
EBIT	15,019	14,412	16,162	19,006	21,816
Interest expense	633	576	630	660	790
Other income	948	1,067	1,256	1,156	1,156
Exceptional/ Extra-ordinary items	-	(533)	-	-	-
PBT	15,334	14,370	16,788	19,502	22,182
Tax	3,859	3,603	4,128	4,802	5,493
Minority interest/Associates income	327	499	20	22	24
Reported PAT	11,801	11,266	12,680	14,722	16,713
Adjusted PAT	11,801	11,799	12,680	14,722	16,713
Balance Sheet (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Shareholders' Equity	61,541	69,162	76,237	84,526	94,075
Minority Interest	126	137	137	137	137
Trade Payables	21,379	22,701	25,207	26,978	28,452
Provisions & Other Current Liabilities	820	1,408	1,408	1,408	1,408
Total Borrowings	6,703	6,351	6,351	6,351	6,351
Other long term liabilities	680	596	596	596	596
Total liabilities & equity	**91,248**	**100,354**	**109,937**	**119,997**	**131,019**
Net Fixed Assets	34,792	37,838	35,083	37,060	38,250
Goodwill	3,231	3,738	3,738	3,738	3,738
Intangible assets	-	-	-	-	-
Business Investments / other NC assets	1,990	2,354	2,354	2,354	2,354
Cash, Bank Balances & treasury investments	8,342	12,589	20,470	25,209	30,266
Inventories	23,661	23,932	26,854	28,725	31,503
Sundry Debtors	15,357	15,652	17,458	18,861	20,748
Other Current Assets	3,876	4,251	3,979	4,050	4,160
Total Assets	**91,248**	**100,354**	**109,937**	**119,997**	**131,019**
Cash Flow Statement (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Cashflow from Operations	**11,369**	**14,615**	**13,710**	**16,494**	**17,042**
Capital expenditure	(4,494)	(6,968)	(1,500)	(6,500)	(6,000)
Acquisitions / divestitures	-	-	-	-	-
Other Business cashflow	650	703	1,256	1,156	1,156
Free Cash Flow	**7,526**	**8,350**	**13,466**	**11,150**	**12,198**
Cashflow from Financing	(4,550)	(4,103)	(5,584)	(6,411)	(7,141)
Net Change in Cash / treasury investments	2,976	4,247	7,882	4,738	5,057
Key assumptions & Ratios	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Dividend per share (INR)	3.8	4.0	4.1	4.8	5.3
Book value per share (INR)	52.8	59.3	65.4	72.5	80.7
RoCE (Pre-tax) (%)	23.1	20.0	20.4	21.9	22.8
ROIC (Pre-tax) (%)	25.9	23.4	25.8	29.7	32.1
ROE (%)	20.4	18.0	17.4	18.3	18.7
Asset Turnover (x)	3.4	3.3	3.8	4.1	4.3
Net Debt to Equity (x)	0.0	(0.1)	(0.2)	(0.2)	(0.3)
Net Debt to EBITDA (x)	(0.1)	(0.3)	(0.7)	(0.8)	(0.9)
Interest cover (x) (EBITDA/ int exp)	29.3	31.8	32.4	35.6	33.7
Total Working capital days (WC/rev)	93.2	100.7	120.1	124.3	134.3
Valuation	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
P/E (x)	49.9	49.9	46.4	40.0	35.2
P/Sales (x)	5.1	5.0	4.3	4.0	3.6
EV/ EBITDA (x)	31.4	31.8	28.5	24.8	21.9
EV/ OCF (x)	51.3	39.9	42.5	35.3	34.2
FCF Yield	1.3	1.4	2.3	1.9	2.1
Price to BV (x)	9.6	8.5	7.7	7.0	6.3
Dividend yield (%)	0.8	0.8	0.8	0.9	1.0

Note: Pricing as on 05 November 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

YE March (INR mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Variance (%)
Net Sales	32,004	28,275	13.2	35,838	(10.7)	31,889	0.4
Operating Expenses	28,297	24,752	14.3	29,763	(4.9)	27,756	1.9
% of Sales	88.4	87.5		83.1		87.0	
EBITDA	3,707	3,523	5.2	6,074	(39.0)	4,133	(10.3)
EBITDA Margins (%)	11.6	12.5		16.9		13.0	
Other Income	317	260	22.0	389	(18.5)	325	(2.5)
Interest	165	174		125		178	
Depreciation	1,086	971		1,031	5.4	1,030	5.4
PBT	2,773	2,638	5.1	5,308	(47.8)	3,250	(14.7)
Tax	682	682	(0.0)	1,376	(50.4)	689	(0.9)
Effective Tax Rate (%)	24.6	25.9		25.9		21.2	
Minority Interest	(81)	(107.2)		(111.0)		-	
Reported PAT	2,171	2,063	5.2	4,043	(46.3)	2,561	(15.2)
Adjusted PAT	2,171	2,063	5.2	4,043	(46.3)	2,561	(15.2)
NPM (%)	6.8	7.3		11.3		8.0	

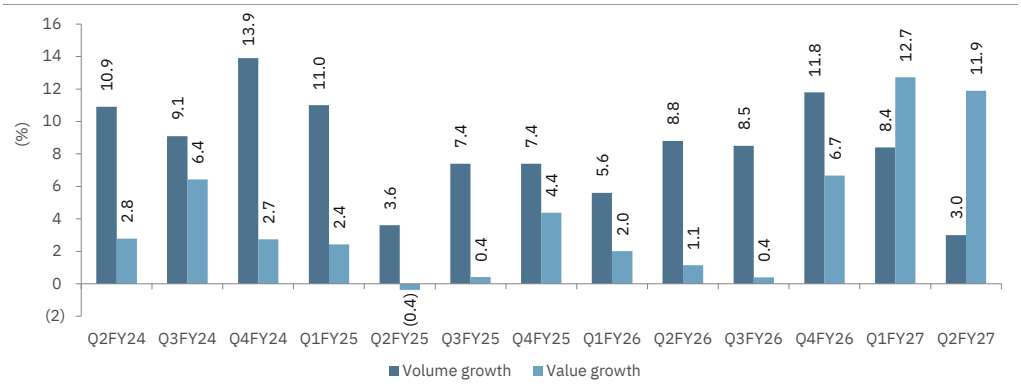
Source: Company, Elara Securities Estimate

Exhibit 2: Key ratios

YE March (%)	Q2FY27	Q2FY26	YoY bps chg	Q1FY27	QoQ bps chg	Q2FY27E	bps variance
Raw Material Cost	60.7	58.4	225	59.1	158	59.1	163
Staff Costs	7.9	8.7	(82)	6.8	102	8.4	(53)
Other Expenses	19.9	20.4	(55)	17.1	277	19.6	28
Effective Tax rate	24.6	25.9	(126)	25.9	(131)	21.2	342
Gross Margin	39.3	41.6	(225)	40.9	(158)	40.9	(163)
EBITDA Margin	11.6	12.5	(88)	16.9	(537)	13.0	(138)
NPM	6.8	7.3	(51)	11.3	(450)	8.0	(125)

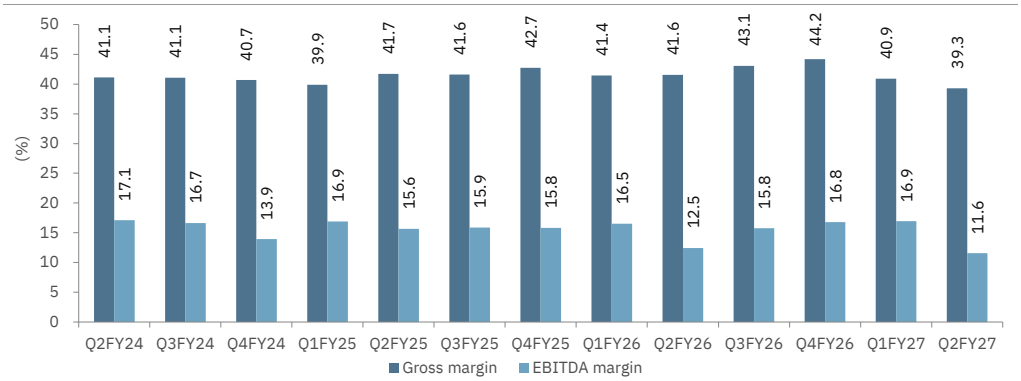
Source: Company, Elara Securities Estimate

Exhibit 3: Volume growth impacted due to delayed festival season demand



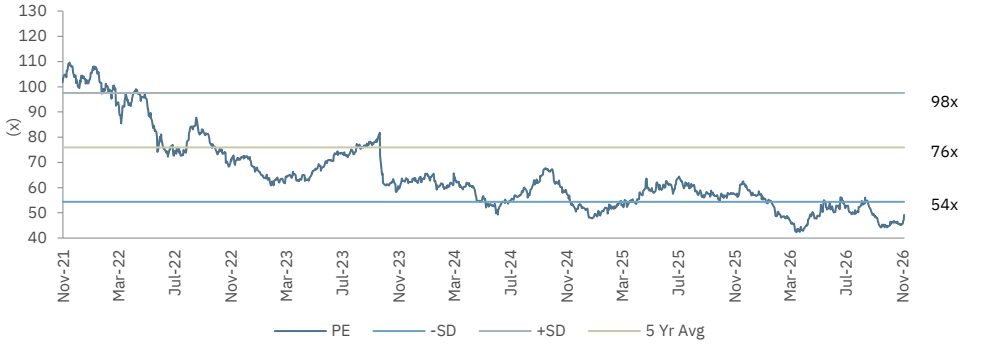
Source: Company, Elara Securities Research

Exhibit 4: Margins impacted by cost inflation



Source: Company, Elara Securities Research

Exhibit 5: BRGR is trading below its -1STD five-year average P/E of 54x



Source: Bloomberg, Elara Securities Estimate

Exhibit 6: Valuation

(INR)	
EPS - FY27E	11.0
EPS - FY28E	12.6
Target multiple (x)	43
EPS - FY28E	12.7
Target price	**545**

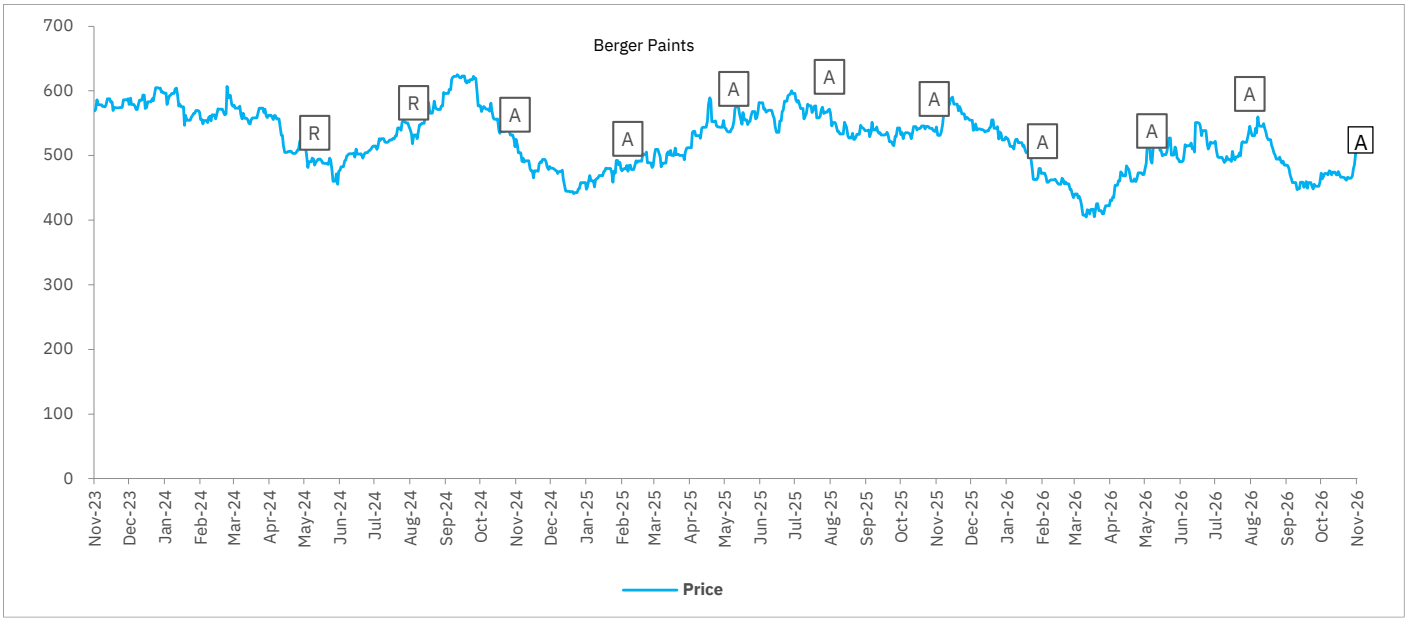
Source: Elara Securities Estimate

Exhibit 7: Change in estimates

(INR mn)	**Old estimates**			**New estimates**			**(%) change**		
	FY27	**FY28**	**FY29**	**FY27**	**FY28**	**FY29**	**FY27E**	**FY28E**	**FY29E**
Revenue	1,36,184	1,44,935	1,59,374	1,37,282	1,47,212	1,61,574	0.8	1.6	1.4
EBITDA	20,487	23,371	26,369	20,417	23,529	26,626	(0.3)	0.7	1.0
EBITDA (%)	15.0	16.1	16.5	14.9	16.0	16.5	(13)	(12)	(7)
PAT	12,401	14,342	16,253	12,680	14,722	16,713	2.2	2.6	2.8
EPS (INR)	10.6	12.3	13.9	10.9	12.6	14.3	2.6	2.7	2.8
Target price (INR)		**575**			**545**			**(5)**	

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
15-May-2024	Reduce	496	485
09-Aug-2024	Reduce	550	532
05-Nov-2024	Accumulate	550	513
11-Feb-2025	Accumulate	505	476
14-May-2025	Accumulate	605	553
05-Aug-2025	Accumulate	630	572
04-Nov-2025	Accumulate	600	538
06-Feb-2026	Accumulate	500	472
12-May-2026	Accumulate	553	488
05-Aug-2026	Accumulate	575	545
05-Nov-2026	Accumulate	545	505

Guide to Research Rating

BUY (B)	Absolute Return >+20%
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REDUCE (R)	Absolute Return -5% to +5%
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