Q2FY26 Result Review

25th November, 2025

Paints Sector

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A Pantomath Group Company

Mixed performance but improving commentary common across most players

The overall paints industry took a beating in Q2FY26, primarily due to the incessant rains in the quarter, along with a shorter pre-Diwali season. The unfavourable weather patterns led to a pause in the recovery that was visible in early Q1FY26. The mix was also unfavourable for most players, as heavy monsoons impacted the sale of higher-margin exterior paints. Premium decorative categories saw divergent trends—some players reported sustained softness in higher-end emulsions, while others saw selective resilience depending on region. Newer businesses such as waterproofing and construction chemicals, wood coatings and projects continued to see robust traction and continue to remain key catalysts in the medium term. Industrial coatings also displayed divergent performance across categories and players. Despite the divergence across product categories, most management commentaries indicated improving demand trends post the monsoon season. Margin performance was a mixed bag, with APNT seeing a solid 218 bps YoY EBITDA margin improvement owing to a low base, KNPL seeing largely stable margins and Indigo Paints gaining 106 bps YoY due to improving volumes and mix. On the other hand, Berger Paints' EBITDA margins suffered (-319 bps YoY) due to unfavourable mix, lower volumes, and brand investments.

Outlook

- Softer industry demand weighed on decorative offtake, though October-November showed early signs of recovery. Near-term momentum should improve, supported by a strong marriage season, better rural sentiment after a good monsoon, and a pickup in discretionary consumption aided by GST rate cuts. Competitive intensity, while still elevated, has begun to stabilise and firms are sharpening innovation, execution and regional initiatives.
- Management commentaries indicate a firmer recovery through the rest of FY26E. October was muted due to an early Diwali. November is tracking well on pent-up demand and healthy inventories. Industrial coatings remain modest with pockets of outperformance. Overall, Q3FY26E is expected to mark an unambiguous recovery, with further acceleration in Q4FY26E.

Performance divergence across players

Among companies, APNT emerged as the top performer in the quarter, posting industry-leading revenue and operating profit growth, aided by a lower base and internal initiatives to ramp up growth. This kind of performance from the market leader was seen after 6 quarters of revenue declines. INDIGOPN followed in terms of decent performance uptick. Berger Paints, which was leading the pack in terms of performance for the last 3 quarters, suffered with slower growth and margin pressure owing to brand investments and mix deterioration. KNPL performance remained muted, while AKZO's numbers were not directly comparable due to the divestment of its powder coatings and international research centre businesses.

- Gross margins expanded YoY for APNT and, to a lesser extent, INDIGOPN and KNPL, supported by softer input costs on account of lower crude oil prices. In contrast, BRGR and AKZO experienced margin contraction, with BRGR's decline primarily driven by an adverse product mix.
- EBITDA trends largely mirrored gross margin movements. APNT reported a strong 21.3% YoY increase, followed by INDIGOPN at 12.1% YoY. KNPL posted a modest 1.6% YoY expansion, reflecting operating deleverage, while BRGR saw decline of 18.9% YoY, underperforming its peers.
- Adjusted PAT also broadly tracked EBITDA trends, except for KNPL, where PAT growth exceeded EBITDA growth due to a higher effective tax rate in the base quarter.

Company-wise view

We retain our BUY rating on BRGR, KNPL and INDIGOPN as we expect improving macros, uptick in demand and stabilising competition to lead to a growth uptick and some rerating for these players.

BRGR should see growth going ahead owing to its investments to improve presence in urban India, traction in the WPCC segment, along with its presence in the industrial paints segment.

KNPL will be a beneficiary of the demand uptick expected in the auto sector, post-GST rate rationalisation. In the medium to long term, the company's strategic focus on expanding and premiumising its industrial portfolio and improving overall margins should drive performance.

INDIGOPN has seen the first signs of revival, and strong optimism in management comments. With discount to historical PEs, improving performance should lead to a rerating.

We remain constructive on **APNT** due to stabilizing competition and internal initiatives bearing results now. However, limited upside led to downgrade to "ACCUMULATE".

AKZO remains Under Review as the future strategy will be clear only post the JSW Paints takeover.

Summary (*In decreasing order of market capitalization*)**:**

Bloomberg code:	**APNT:IN**
Rating:	**ACCUMULATE**
Target price (Rs)	**3,140**
CMP (Rs)	**2,879**
Upside/ (Downside) (%)	9.1
Bloomberg code:	**BRGR:IN**
Rating:	**BUY**
Target price (Rs)	**665**
CMP (Rs)	**579**
Upside/ (Downside) (%)	14.9
Bloomberg code:	**KNPL:IN**
Rating:	**BUY**
Target price (Rs)	**295**
CMP (Rs)	**232**
Upside/ (Downside) (%)	27.2
Bloomberg code:	**AKZO:IN**
Rating:	**UNDER REVIEW**
Target price (Rs)	**NA**
CMP (Rs)	**3,357**
Upside/ (Downside) (%)	NA
Bloomberg code:	**INDIGOPN:IN**
Rating:	**BUY**
Target price (Rs)	**1,395**
CMP (Rs)	**1,276**
Upside/ (Downside) (%)	9.3

Source: NSE

**Price targets and ratings retained as post-Q2FY26 results. Any changes to ratings, depending on potential upside, will be done post the next quarterly results/ company updates*

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Relative Performance

APNT outshined among the paint companies, with good improvement in growth rates, market share gains and margin resilience.

Exhibit 1: Relative performance for Q2FY26 and H1FY26- Asian Paints outshines

Q2FY26 (Rs mn)	APNT	BRGR	KNPL	AKZO*	INDIGOPN
Revenue	**85,313**	**28,275**	**19,542**	**8,349**	**3,121**
YoY growth (%)	6.3	1.9	0.1	(15.0)	4.2
QoQ growth (%)	4.6	(11.7)	(9.6)	(16.1)	1.0
Gross Profit Margin (%)	**43.2**	**41.6**	**35.2**	**41.3**	**44.8**
YoY growth (%)	242 bps	-14 bps	124 bps	-240 bps	107 bps
QoQ growth (%)	51 bps	13 bps	-86 bps	-155 bps	-112 bps
EBITDA	**15,034**	**3,523**	**2,153**	**1,107**	**465**
YoY growth (%)	21.3	(18.9)	1.6	(24.4)	12.1
QoQ growth (%)	(7.5)	(33.3)	(29.0)	(17.7)	5.0
EBITDA Margin (%)	**17.6**	**12.5**	**11.0**	**13.3**	**14.9**
YoY growth (%)	218 bps	-319 bps	16 bps	-164 bps	106 bps
QoQ growth (%)	-56 bps	-405 bps	-301 bps	-26 bps	57 bps
Adj. PAT	**9,936**	**2,063**	**1,349**	**835**	**251**
YoY growth (%)	20.7	(23.5)	9.9	(14.8)	10.9
QoQ growth (%)	(9.7)	(39.7)	(38.9)	(8.3)	(3.1)
Adj. PAT Margin (%)	**11.6**	**7.3**	**6.9**	**10.0**	**8.0**
YoY growth (%)	139 bps	-242 bps	61 bps	3 bps	49 bps
QoQ growth (%)	-66 bps	-339 bps	-331 bps	85 bps	-253 bps

In H1FY26, APNT outperformed its peers, followed by BRGR and INDIGOPN, while KNPL remained in the mid-tier. AKZO lagged; however, its reported numbers are not directly comparable due to the exclusion of its powder coatings business.

H1FY26 (Rs mn)	APNT	BRGR	KNPL	AKZO*	INDIGOPN
Revenues	**1,74,698**	**60,283**	**41,162**	**18,300**	**6,209**
YoY growth (%)	2.8	2.8	0.8	(9.3)	1.7
Gross Profit Margin (%)	**42.9**	**41.5**	**35.7**	**42.1**	**45.3**
YoY growth (%)	123 bps	75 bps	21 bps	-204 bps	16 bps
EBITDA	**31,283**	**8,807**	**5,184**	**2,452**	**908**
YoY growth (%)	6.6	(7.9)	(4.3)	(22.2)	2.2
EBITDA Margin (%)	**17.9**	**14.6**	**12.6**	**13.4**	**14.6**
YoY growth (%)	65 bps	-170 bps	-66 bps	-222 bps	7 bps
Adj. PAT	**20,933**	**5,577**	**3,558**	**1,745**	**510**
YoY growth (%)	5.0	(10.5)	0.6	(17.9)	4.5
Adj. PAT Margin (%)	**12.0**	**9.3**	**8.6**	**9.5**	**8.2**
YoY growth (%)	26 bps	-137 bps	-1 bps	-99 bps	22 bps

Source: Company, ACMIIL Research
Note: The colour scale depicts relative performance of the 5 players, with the mid-performer depicted in yellow. As we move to the better performers, it is indicated by shades of green and worse performance by shades of red.
**Note: AKZO's results are not comparable on a YoY basis due to the disinvestment of powder coatings and international research center business.*

Key Take Aways from Concalls

Exhibit 2: Key take aways from concalls

Parameters	APNT	BRGR	KNPL	AKZO	INDIGOPN
Demand scenario	The industry demand has not been great, with monsoons hampering growth. However, September and early October saw green shoots.	Initial impact due to flooding across key markets. Demand trends improved in latter half of September as weather conditions normalised; visible pick-up in demand in the short pre-Diwali season.	Performance was impacted by the extended monsoon. Urban markets outperformed rural, driven by emulsions. East remained resilient, followed by the West, South and North.	Volume growth has returned, with combined Decorative and Industrial segments reporting around 3% growth.	During Q2, the company saw strong performance in July, followed by a muted August, and concluded by a good September month. Product mix also improved towards the premium segment.
Volume growth and gap vs value	Management expects the 4% to 5% volume/value gap to persist, as the focus will continue on gaining growth across segments.	It reported volume growth of 8.8% and value of 1.1%, widening the gap due to an inferior mix. Gap expected to gradually narrow to around 4–4.5%.	Volume/value in decorative business declined in low single digits. The gap between the 2 vanished in the quarter, indicating a balanced pricing now.	Certain products were at a premium of 7–9%, leading to price cuts. This led to revenue ex of powder coatings declining by 1.5%, despite volume growth of 3%.	Except for putty and cement paints, all product categories saw value growth exceeding the volume growth.
Decorative segment	Decorative business volume growth saw a sharp uptick of 10.9% YoY, on a weak base of -0.5% YoY in Q2FY25. The volume uptick has also significantly outperformed vs the other listed paint players.	Delivered muted value growth, due to extended monsoons impacting exterior painting and premium markets. Marginal shift from premium/luxury to economy emulsions in both exterior and interior segments.	Volume and value growth was similar at slightly negative levels. Recovery was observed towards the fag end of the quarter.	Putty and economy products were slightly below the base, but premium deco paints grew in mid-single digits. Royalty payments for the Decorative segment IP have ceased.	Improved performance not on a low base; last Q2, the company had outperformed the industry even as peers saw revenue declines. This quarter's growth of 4.2% YoY came despite an adverse season.
B2B, WPCC and new businesses	WPCC segment has done well with growth in double digits, supported by innovations. In B2B, management efforts were directed at widening customers apart from builders, into factories, the Government and the hospitality segments.	Construction Chemicals business sustained its strong momentum, while the Wood Coatings segment also delivered healthy growth.	WPCC and wood finishes remained key growth drivers with strong performance and share gains, while the projects business delivered robust double-digit growth.	Planning to launch construction chemicals by December, 2025. Products to be superior compared to some of the offerings in the market.	Growth in WPCC continues to be very strong, with further ramp-up expected in H2FY26E. Apple Chemie Sales momentum is strengthening, especially in projects in Bihar and Assam. It is expanding presence in South and East India.
Industrial segment	Both JVs saw better performance. PPGAP revenue growth of 12% YoY in Q2FY26. PBT margins improved by 160 bps YoY. APPPG revenue surge was driven by protective coatings. PBT was up by 190 bps.	Protective and Infrastructure Coatings remained subdued due to weather-related disruptions. The Auto and Powder Coatings segment recorded mid-single-digit growth in both volume and value terms.	Auto moderated to low single-digit growth, while liquid coatings saw robust demand and strong premium traction led by railways. Powder coatings also delivered solid growth on improved dealer throughput.	Industrial Coatings led growth, followed by Marine and Protective, while Automotive and Specialty faced some pressure, despite seeing decent traction in premium ranges. Marine was impacted by a high base last year.	NA
International operations	It had a strong quarter with constant currency growth of 10.6% and INR growth of 9.9%. PBT margin expansion of 450 bps YoY.	Growth was driven by Bolix and BJN Nepal. Profitability was weighed down by Bolix, BJN Nepal, and SBL coatings.	Subdued demand persists in Bangladesh and Sri Lanka, however, Nepal remains resilient, continuing its trajectory.	NA	NA

Source: Company, ACMIIL Research

Key Take Aways from Concalls

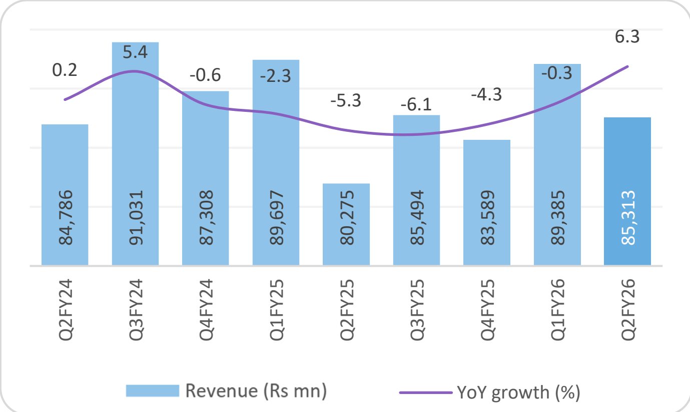
Exhibit 3: Key take aways from concalls

Parameters	APNT	BRGR	KNPL	AKZO	INDIGOPN
Premiumisation	Launched new and differentiated campaigns, such as the Glitz Décor Guide, which especially gave a boost to the premium and luxury emulsions category.	Lower-value categories such as tile adhesives, admixtures, and putty saw higher salience, alongside muted sales in premium segments like exteriors and roof coatings.	In line with the company's Paint+ focus, premium products (WOW and PU range) saw their salience rise by 240 bps in consolidated revenues.	Increased salience of premium range was observed in Decorative paints, and Automotive and Specialty segments.	The emulsions and enamels segments saw value growth, which was 2x of the volume growth, indicating improved mix.
Competition	Competition persists, leading to a conservative outlook over the next 3 to 6 months.	Competitive intensity in the sector has largely stabilised and is expected to stay its course.	Heightened competition was seen in decorative paints segment.	Competitive intensity stays high, affecting players to differing degrees; early recovery is visible, though a durable turnaround is not yet clear.	Management maintained there is competition in the industry, but INDIGOPN is not impacted by the new players.
Distribution/ Network expansion	In the last 6 to 9 months, focused on building stronger relationships with dealers by generating more leads and business for them.	Addition of 300+ stores in Q2, taking the total count to over 1,600. 5,500+ tinting machines were installed in H1FY26, in line with target of 10,000 units.	H1FY26 saw 2,500+ dealers addition in the network and Nerolac NextGen Shopee, Shop in Shop and NP+ Zone network grew to 500+ outlets.	It continues to be a key driver, contributing roughly 4–4.5% to annual revenue growth, with expectations of a slightly higher contribution in the current year.	Added 8 more Indigo Colour Canvas stores in Q2FY26. With peak season still ahead, more stores should become operational.
Capex	Commissioned the white cement plant in Fujairah, UAE. The part 1 of the VAM/VAE project is nearing completion, and is planned for commissioning in Q1FY27E.	NA	Management indicated that no major capex is required for now and ~Rs 2,000 mn will spent for maintenance.	NA	Jodhpur putty trial production underway and solvent plant to commence early next month. Jodhpur water based plant expected by late Q4FY26E.
Outlook	Expecting mid-single-digit value growth for the full year. Volumes to be higher going ahead as batting across range of products from economy to mid to premium. Should reach close to high-single-digit value growth towards end of year.	Commentary indicates strong underlying demand trends, with November likely to record double-digit volume growth driven by robust pent-up demand. Inventory levels remain healthy, corroborated by strong collection performance	Decorative paints to see material growth in Q4FY26E. GST 2.0 to boost demand in Automotive; guiding mid- to high-single-digit growth for H2FY26E. Expansion in railways, roads, airports and power will lift demand for high-end coatings.	The industrial order book remains strong, with recovery imminent. An impending repainting cycle is expected to revive paint volumes, with management anticipating a sharp demand improvement by late FY26E to early FY27E.	Optimistic to see double-digit growth in Q3FY26E and high double-digit growth by Q4FY26E. Collections from dealers saw an uptick, while coupon collections from painters, etc. have been at highest ever levels. Upcoming wedding season to be strong, leading to a demand uptick for repainting.
Margins	Guidance band reiterated at 18-20%. While raw material prices are favourable, the company will keep investing in technology, innovation and building consumer reach.	Guided for EBITDA margins near the lower band of 15–17% range in Q3FY26E, expecting an advantage of 100–150 bps in gross margin, supported by deflation in key input costs.	Margins are expected to remain in the 13–14% range in the near term, with a medium-term aspiration of 15%. The absence of antidumping duty on TiO_2 should support a stable gross margin environment.	Management highlighted that, given the current cost structure and operating efficiency measures, EBITDA margins are expected to remain in the 14–16% range on a sustained basis.	NA

Source: Company, ACMIIL Research

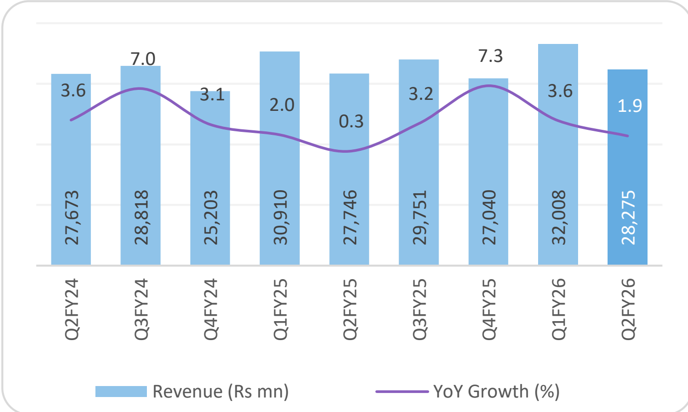
Story in charts - Revenue

Exhibit 4: APNT: Revenue growth has seen consistent improvement on a sequential basis



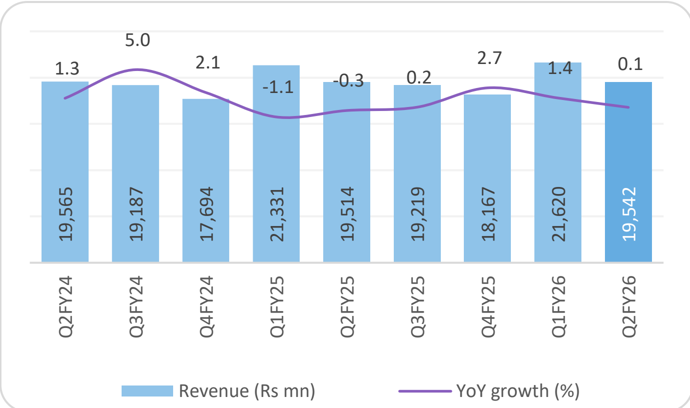
Source: Company, ACMIIL Research

Exhibit 5: BRGR: Revenues were impacted by extended monsoons, however, the company delivered high single digit volume growth.



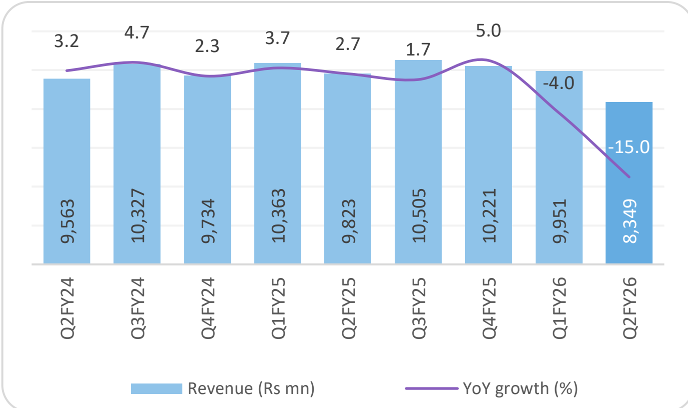
Source: Company, ACMIIL Research

Exhibit 6: KNPL: Decorative revenues were impacted by extended monsoon, while industrial segment led growth.



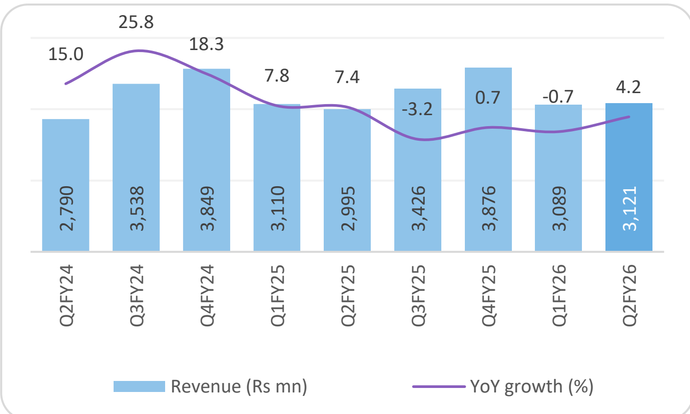
Source: Company, ACMIIL Research

Exhibit 7: AKZO: Revenue decline not comparable YoY due to carve out of powder coatings business



Source: Company, ACMIIL Research

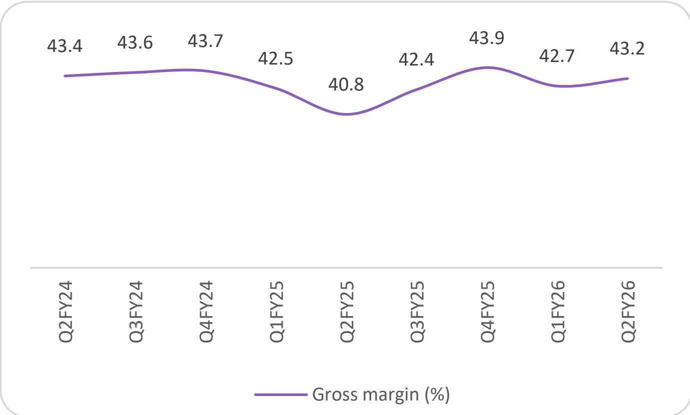
Exhibit 8: INDIGOPN: Despite extended monsoons, revenues grew 4.2% YoY, with mix improving towards premium segment



Source: Company, ACMIIL Research

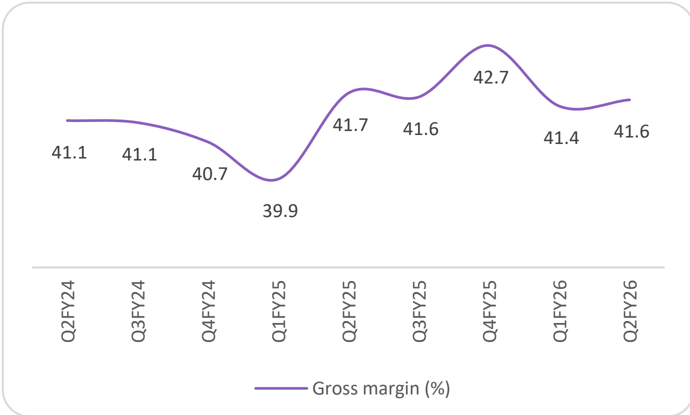
Story in charts – Gross margins

Exhibit 9: APNT: Gross margins improved due to benign input price scenario and improved product mix



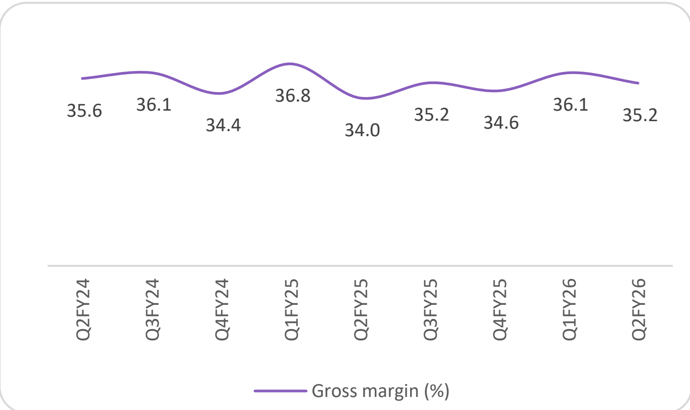
Source: Company, ACMIIL Research

Exhibit 10: BRGR: Gross margins witnessed slight pressure YoY due to adverse product mix



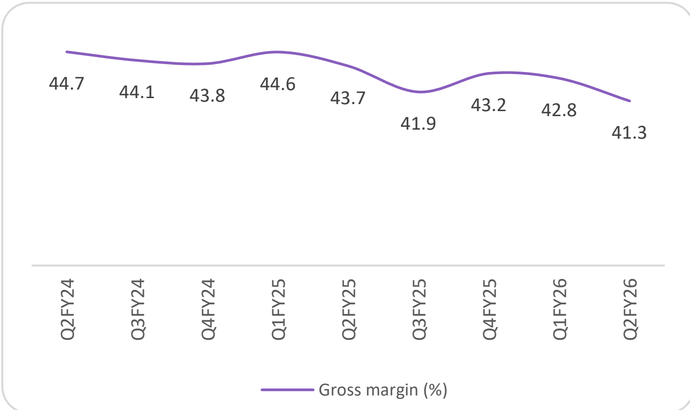
Source: Company, ACMIIL Research

Exhibit 11: KNPL: Gross margins expanded YoY due to benign input prices and reversal of anti-dumping duty in the quarter



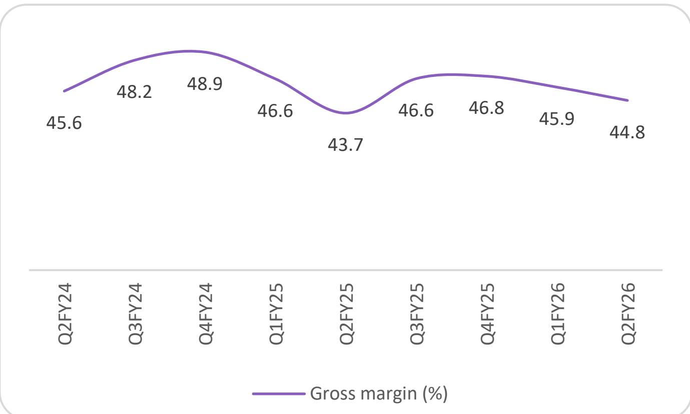
Source: Company, ACMIIL Research

Exhibit 12: AKZO: Gross margins were impacted by an unfavourable mix and higher input costs in the Coatings segment.



Source: Company, ACMIIL Research

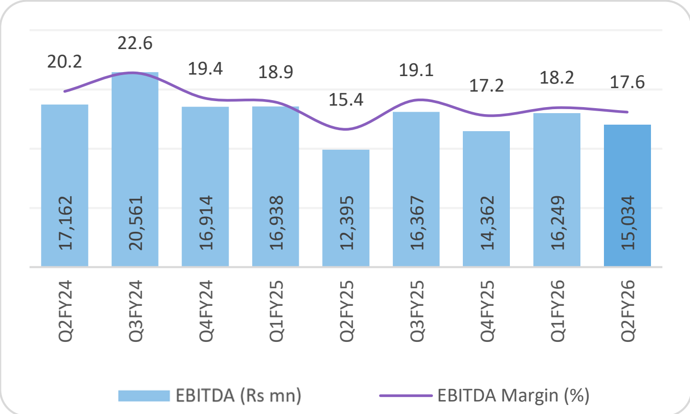
Exhibit 13: INDIGOPN: Gross margins expanded YoY due to stable RM prices and improved product mix



Source: Company, ACMIIL Research

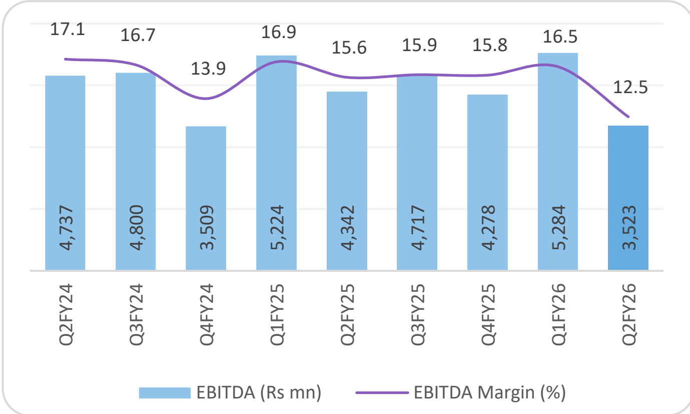
Story in charts - EBITDA

Exhibit 14: APNT: EBITDA margin saw lower sequential dip due to focus on premium/luxury categories



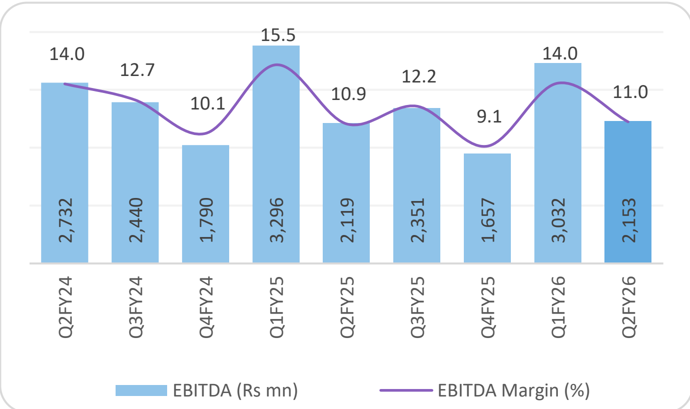
Source: Company, ACMIIL Research

Exhibit 15: BRGR: EBITDA margins declined considerably impacted by operating deleverage and increased branding investments



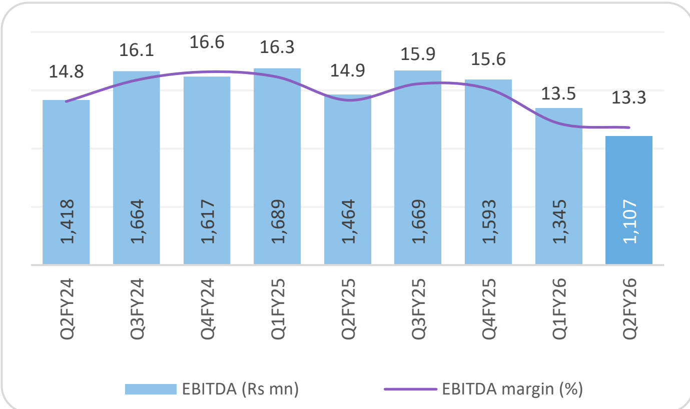
Source: Company, ACMIIL Research

Exhibit 16: KNPL: EBITDA margins were lower due to operating deleverage on account of flat revenues.



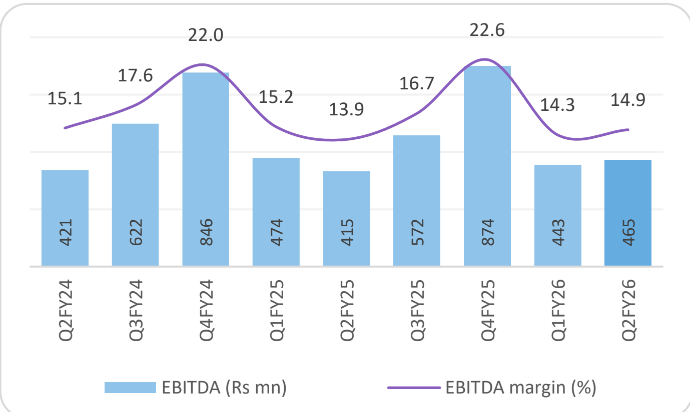
Source: Company, ACMIIL Research

Exhibit 17: AKZO: EBITDA margin contraction was slightly lower owing to cost efficiencies



Source: Company, ACMIIL Research

Exhibit 18: INDIGOPN: EBITDA margins followed the improvement in gross margins



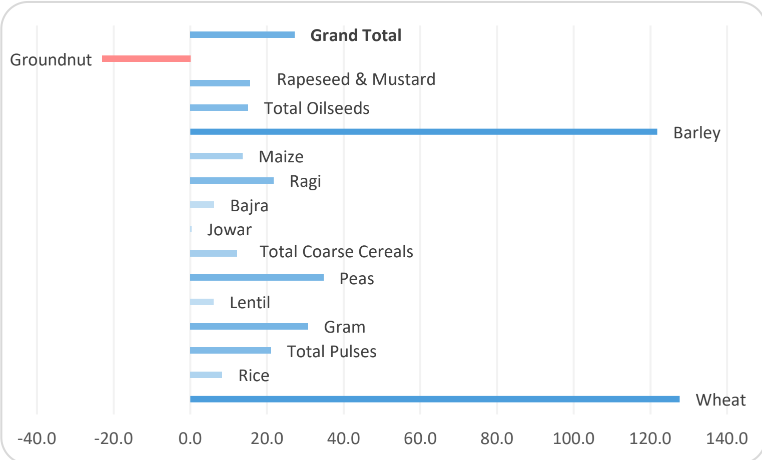
Source: Company, ACMIIL Research

Supporting macros

Robust sowing after monsoon season to improve prospects

- Following a favourable kharif season, rabi sowing prospects look steady. Gains in rice, coarse cereals, and sugarcane support confidence in meeting food and industrial needs, and although oilseeds and cotton eased, the overall production landscape remains on a healthy footing. The continued uptick in millet cultivation also reinforces India's role in advancing climate-smart, nutrition-focused crops.
- As of 7th November 2025, overall sowing area has increased by 27.2% YoY to 130.3 lakh hectares, led by Wheat, which is higher by 127.6% YoY to 22.7 lakh hectares. Barley, as well, has seen an uptick of 121.8% YoY to 1.1 lakh hectares.
- Stronger rural incomes are expected as kharif sowing points to healthy crop prospects and improved liquidity. As farmers complete sowing and move into post-planting activities, discretionary spending—such as decorative paints—typically strengthens in the ensuing months. This matters given that repainting and home renovation contribute nearly 85% of decorative paint demand, and a firmer rural pulse can support this key driver.
- This, coupled with GST rate cuts and other macro stimuli, shall ensure robust revival in rural and decorative paint demand heading into the latter part of FY26E.

Exhibit 19: Percentage increase/(decrease) in crop area sown YoY.

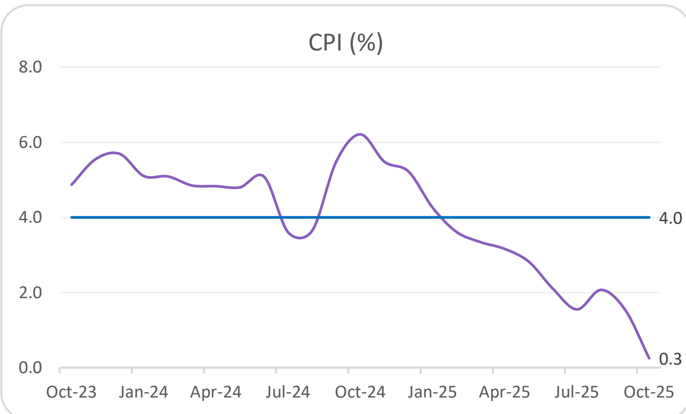


Source: Unified portal for agricultural statistics, ACMIIL Research

Further reduction in inflation

- India's CPI (and retail inflation) has continued to moderate and is now at a record (10 year) low of 0.25% in October, well below RBI's target of 4%. It has been below that level since the start of CY25.
- Softer core inflation, led by easing food prices, is improving household purchasing power. With inflation within the RBI's comfort band, chances of a more accommodative policy stance have strengthened.
- A softer inflation backdrop creates a more supportive environment for a demand pickup in decorative paints, as households become more willing to undertake home upgrades and renovation, aiding volume growth.

Exhibit 20: Inflation easing since the beginning of CY25



Source: GOI, ACMIIL Research

Supporting macros

Lower GST rates across several categories and lower income tax burden to leave room for discretionary spending

While there are no benefits to the paints industry directly, lower GST rates across a host of categories should leave room for discretionary spending for the consumer. Additional factors like lower income tax burden and lower interest rates should be beneficial for discretionary spending, including painting.

Repainting cycle tailwinds expected in coming few quarters

- The repainting cycle is set to provide a meaningful tailwind for the sector over the next 6–12 months. The large post-COVID repainting wave that peaked in 2022 is now approaching the typical 3–5-year interval at which households usually refresh interiors and exteriors. This positions late CY25 and early CY26 as a period when cycle-driven demand should naturally re-emerge, independent of short-term macro volatility.
- As this cycle turns, the resulting pickup in repainting activity is likely to support a steady improvement in decorative-paint volumes. With companies intensifying execution, channel engagement, and brand activation, the repainting-led revival should add a more predictable layer of demand to the broader sector outlook.

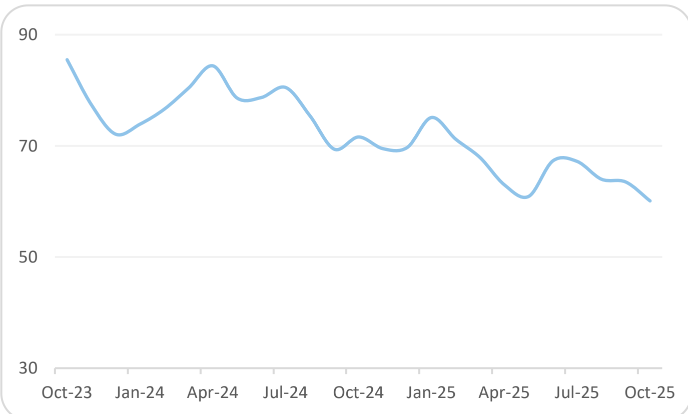
Buoyant wedding season to further aid in repainting demand recovery

- India's current wedding season is expected to generate nearly Rs 6.50 tn in economic activity from around 4.6 mn weddings.
- According to the secretary general of CAIT (Confederation of All India Traders), while the total number of weddings is nearly similar to last year, spending per wedding has increased significantly, reflecting higher disposable incomes, inflation in precious metals, and rising consumer confidence after a good festive season.
- Historical industry commentary suggests sizeable contribution of wedding seasons in decorative paints demand, thereby making a credible case for a meaningful volume uptick in decorative paints demand.

Benign crude oil prices

- Crude oil and its derivatives form a critical cost component for paint manufacturers. The recent softening in crude prices has led to a decline in key raw material inputs such as monomers, resins, and solvents.
- A reduction in crude oil prices not only improves gross margin visibility for paint companies but also enhances pricing flexibility in a competitive market. Passing on of the lower price benefits to consumers may act as a demand booster for the industry. Lower crude prices also act as a deflationary force across the supply chain, supporting margin expansion and higher operating leverage.

Exhibit 21: Crude oil continues its downward trajectory. (USD/BBL)



Source: Bloomberg, ACMIIL Research

Conclusion

The overall paints industry took a beating in Q2FY26, primarily due to the incessant rains in the quarter, along with a shorter pre-Diwali season. The unfavourable weather patterns led to a pause in the recovery that was visible in early Q1FY26. The mix was also unfavourable for most players, as heavy monsoons impacted the sale of higher-margin exterior paints. Premium decorative categories saw divergent trends—some players reported sustained softness in higher-end emulsions, while others saw selective resilience depending on region. Newer businesses such as waterproofing and construction chemicals, wood coatings and projects continued to see robust traction and continue to remain key catalysts in the medium term. Industrial coatings also displayed divergent performance across categories and players. Despite the divergence across product categories, most management commentaries indicated improving demand trends post the monsoon season.

Softer industry demand weighed on decorative offtake, though October-November showed early signs of recovery. Near-term momentum is expected to improve, supported by a strong marriage season, better rural sentiment post-monsoon, and GST-driven discretionary consumption. Competitive intensity remains elevated but is stabilising, with firms focusing on innovation, execution, and regional initiatives. Managements expect a firmer recovery through FY26E. Industrial coatings remain modest, with pockets of outperformance. Overall, Q3FY26E is likely to see clear recovery, accelerating further in Q4FY26E.

While risks remain — including potential delays in demand recovery, raw material volatility, and competitive price aggression — the sector's continued investments in distribution expansion, brand equity, innovation and capacity building position it well to capture demand upside.

We retain our BUY rating on BRGR, KNPL and INDIGOPN as we expect improving macros, uptick in demand and stabilising competition to lead to a growth uptick and some rerating for these players.

BRGR should see growth going ahead owing to its investments to improve presence in urban India, traction in the WPCC segment, along with its presence in the industrial paints segment.

KNPL will be a beneficiary of the demand uptick expected in the auto sector, post-GST rate rationalisation. In the medium to long term, the company's strategic focus on expanding and premiumising its industrial portfolio and improving overall margins should drive performance.

INDIGOPN has seen the first signs of revival, and strong optimism in management comments. With discount to historical PEs, improving performance should lead to a rerating.

We remain constructive on **APNT** due to stabilizing competition and internal iniatives bearing results now. However, limited upside led to downgrade to "ACCUMULATE".

AKZO remains Under Review as the future strategy will be clear only post the JSW Paints takeover.

Our estimates over FY25-28E

	APNT	BRGR	KNPL	AKZO	INDIGOPN
	FY25 (Rs mn)				
Revenue	3,39,056	1,15,447	78,230	40,912	13,407
EBITDA	60,062	18,561	9,423	6,415	2,335
Adj. PAT	39,200	11,804	6,488	4,295	1,426
	FY26E (Rs mn)				
Revenue	3,55,598	1,21,638	80,245	NA	14,538
EBITDA	65,906	18,731	9,784	NA	2,619
Adj. PAT	44,390	11,717	6,625	NA	1,485
	FY27E (Rs mn)				
Revenue	3,91,158	1,36,417	88,220	NA	17,102
EBITDA	76,399	22,364	11,681	NA	3,167
Adj. PAT	51,562	14,005	8,286	NA	1,838
	FY28E (Rs mn)				
Revenue	4,30,274	1,49,480	96,148	NA	19,375
EBITDA	86,653	24,787	12,922	NA	3,664
Adj. PAT	59,540	15,677	9,273	NA	2,139
	CAGR % (FY25-28E)				
Revenue	*8.3%*	*9.0%*	*7.1%*	*NA*	*13.1%*
EBITDA	*13.0%*	*10.1%*	*11.1%*	*NA*	*16.2%*
Adj. PAT	*14.9%*	*9.9%*	*12.6%*	*NA*	*14.5%*

Source: Company, ACMIIL Research
Note: AKZO is Under Review and we have suspended our estimates for the time being, pending clarity on the strategy going ahead, post acquisition by JSW Paints.

Paints Sector

Valuation discount for most players

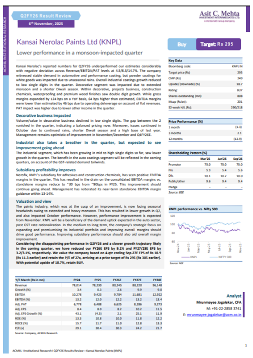
Name	1-year Forward PE				
	Current	Last 5 years average	Premium/(discount) vs. 5-year average	Last 2 years average	Premium/(discount) vs. 2-year average
Asian Paints	53.3x	65.2x	(18.2)	65.4x	(18.5)
Berger Paints	50.9x	62.7x	(18.8)	55.0x	(7.3)
Kansai Nerolac	23.3x	46.4x	(49.7)	32.9x	(29.1)
Akzo Nobel	NA	31.4x	NA	29.2x	NA
Indigo Paints	38.4x	NA	NA	45.0x	(14.8)

Source: ACMIIL Research

Company-wise detailed result reviews

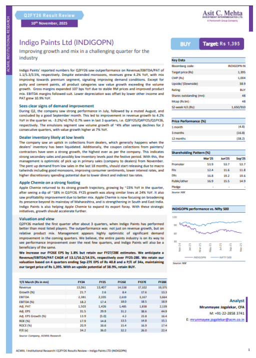
Asian Paints

Berger Paints



Kansai Nerolac Paints

Akzo Nobel India



Indigo Paints

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>= 15%
ACCUMULATE	5% to 15%
HOLD	-5% to +5%
REDUCE	-15% to -5%
SELL	< -15%

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