DALALBYTES RESEARCH

Asian Paints

The Fortress Under Siege

India's paint fortress:
roughly half the organised decorative market, record FY26 free cash flow, and a funded siege on its share

NSE: ASIANPAINT · BSE: 500820

October 29, 2026

Reference: Rs 2,302, NSE close of October 29, 2026.
Founding story, paint technology, the 2026 cost shock, financials, competition, valuation, FY2029 scenarios.

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VERDICT

65 / 100 : Selective Positive

Asian Paints is still the best business in Indian paints, and it is no longer growing like one. FY26 revenue rose 4.95 percent to Rs 35,584 crore and PAT after minority interest rose 17.9 percent to Rs 4,325 crore, a recovery year after FY25, when sales fell 4.5 percent and profit fell by a third. On a three year view, Screener prints sales compounding at 1 percent and profit at 2 percent. The compounding machine that made this a 25 percent ROE franchise has spent three years defending, not advancing.

The defence is real. The company holds roughly half of the organised decorative market, runs about 1.7 lakh retail touchpoints (more than twice the nearest rival, on India Ratings estimates), generated free cash flow of Rs 5,604 crore in FY26 at a 129 percent cash conversion, paid a 61 percent dividend payout, and carries an IND AAA / Stable rating after a decade of being net cash. In Q1 FY27 it pushed through about 12 percent of calibrated price hikes, grew decorative volumes 9.0 percent, and printed a 20.6 percent PBDIT margin.

The selective part arrived on the day of this report. Q2 FY27, published October 29, 2026, printed a consolidated PBDIT margin of 15.6 percent, down 202 basis points, below the 18 to 20 percent guidance band, as roughly 25 percent raw material inflation met the limits of pricing. Birla Opus now owns the second largest decorative capacity in India (1,332 million litres), JSW has bought Dulux, and Asian Paints decorative share has eased from about 59 percent to about 52 percent on Elara estimates. At Rs 2,302, 45.3 times earnings, the base case offers about 13 percent over three years. The bull case is a margin and volume recovery. The price does not pay you to wait for it.

Reference price: Rs 2,302 (NSE close, October 29, 2026, results day; the pre results close on October 28 was Rs 2,284.60). Market cap about Rs 2,20,769 crore. 52 week range Rs 2,115 to Rs 2,986.

FY2029 targets: Bear Rs 1,450 / Base Rs 2,600 / Bull Rs 3,800. See Section 14 for assumptions.

1. SNAPSHOT

Item	Detail
Company	Asian Paints Ltd, Mumbai, India
Founded	1942 as The Asian Oil and Paint Company, a partnership in Girgaon, Mumbai; incorporated 1945
Listed	NSE and BSE; financial year ends March
Business	Decorative paints, industrial coatings via two PPG joint ventures, home decor, international paints

Item	Detail
Mix (FY26, third party summary)	Decorative about 84% of revenue, industrial about 9%, international about 7%; JV sales are equity accounted, not consolidated
Brands	Royale, Apex, Ultima, Apcolite, Tractor, Utsav, PreLux; Beautiful Homes services and stores
FY26 revenue	Rs 35,584 cr (+4.95%); PAT after minority Rs 4,325 cr (+17.9%)
Latest quarter	Q2 FY27 net sales Rs 9,954 cr (+16.9%), PAT Rs 1,068 cr (+7.5%), PBDIT margin 15.6%
Balance sheet	Borrowings Rs 3,929 cr (up from Rs 2,290 cr); reserves Rs 21,276 cr; IND AAA / Stable
Promoters	52.65% (Sep 2026), three founding families, no pledging disclosed

2. FOUNDING STORY: FOUR FRIENDS IN A GIRGAON GARAGE

The start. Asian Paints began on February 1, 1942 in a garage in Gaiwadi, Girgaon, Mumbai, as The Asian Oil and Paint Company. The founders were four friends from Jain families: Champaklal H. Choksey, Chimanlal N. Choksi, Suryakant C. Dani and Arvind R. Vakil. The timing was the opportunity. The Second World War and the Quit India movement had triggered a temporary ban on paint imports, and the market was left to Shalimar Paints and expensive foreign brands.

The method. By the well known company account, the name was picked from a telephone directory. Turnover reached Rs 3.5 lakh by 1945 with five colours. The founding insight was distribution: sell small packs, go to small towns the foreign brands ignored, and put the dealer, not the depot, at the centre of the system. That dealer first logic built the largest retail network in Indian paints and it is still the core of the moat in Section 11.

The milestones. The company became India's largest paint maker by 1967, a public limited company in 1973, and listed with an IPO in 1982. It has been run by professional management since the late 1960s, a structure the Hindu BusinessLine notes is rare in Indian business.

The family split. The Choksey family sold its 13.7 percent stake and exited in 1997, after a dispute over international rights and a failed arrangement with Imperial Chemical Industries. The stake was bought by the remaining three families and Unit Trust of India. Three of the four founding families remain promoters today, holding 52.65 percent, with professional managers running the company. That separation of ownership and management is the governance fact the whole investment case quietly rests on.

3. WHAT IT SELLS, TECHNICALLY

The product. Decorative paint is a formulated chemical system, not a coloured liquid. A typical emulsion combines a polymer binder (acrylic or vinyl acetate ethylene emulsion), titanium dioxide for opacity and whiteness, extenders, solvents or water, and additives for flow, drying and durability. Cost and quality both live in that recipe: titanium dioxide and crude linked monomers, resins and solvents are the big bought in lines, and material cost runs at 55 to 58 percent of sales.

The price ladder. Interior and exterior emulsions, enamels, wood finishes, waterproofing, adhesives, textures and wall coverings are sold at stacked price points. Royale anchors the premium end, Apex and Ultima the exterior and mid tiers, Apcolite the core emulsion market, and Tractor and Utsav the economy end. Premiumisation is the margin engine: new products contributed about 17 percent of revenue in Q4 FY26, up from about 12 percent a year earlier, and the premium PreLux range helped value growth run well ahead of volume growth in FY27.

The tinting system. The dealer tinting machine is the quiet technology of this industry. A dealer stocks bases and colourants and mixes thousands of shades on the spot, which cuts inventory, kills shade obsolescence and locks the dealer into the company's system. Birla Opus giving tinting machines free to dealers is an attack on exactly this lock in, which tells you where the moat actually sits.

The services layer. Beautiful Homes Painting Services and Beautiful Homes stores sell the outcome (a finished room) rather than the input (a can). The stores also carry kitchens, bath fittings, lighting, fabrics and furniture. The strategy converts a product brand into a home brand. The financial weight is still small (Section 4), and the report grades it as strategy, not earnings.

Backward integration as technology. The Dahej plant makes VAE emulsion, a key binder, captively (150,000 tonnes per annum, live from September 17, 2026), with the VAM monomer plant still under construction. The Fujairah joint venture makes white cement (265,000 tonnes per annum, live from October 12, 2025), the input for putty and powder undercoats previously bought from third parties. Both are hedges against the input cycle that Section 7 shows can erase a year of profit.

4. SEGMENTS AND BRANDS

Segment (disclosed sales, Rs cr)	Q1 FY27	YoY	Q2 FY27	YoY
International business	936.5	+27.2%	1,095.6	+29.5%
PPG Asian Paints (industrial JV)	651.9	+13.5%	794.8	+33.7%
Asian Paints PPG (industrial JV)	372.9	+21.3%	374.5	+28.0%
Bath fittings	84.9	-4.3%	94.0	+18.5%
Kitchen business	108.0	+10.1%	110.3	+13.0%

Segment (disclosed sales, Rs cr)	Q1 FY27	YoY	Q2 FY27	YoY
White Teak (lighting)	18.7	-7.4%	23.3	-11.8%
Weatherseal (windows)	16.9	+11.2%	20.3	-1.8%

Decorative is the company. About 84 percent of FY26 revenue is decorative paint in India on the third party summary this report uses, with the PPG joint venture sales disclosed in results but equity accounted rather than consolidated. Decorative volume grew 9.0 percent in Q1 FY27 and 6.4 percent in Q2 FY27, with value growth of 16.6 and 14.5 percent. The volume to value gap is pricing and premium mix doing the work.

Industrial is the fastest leg. The two 50:50 joint ventures with PPG Industries serve automotive OEM, refinish, general industrial, marine, packaging, protective and powder coatings. Industrial value grew 31.8 percent in Q2 FY27, the fastest disclosed line in the quarter, and the joint venture agreements were renewed in FY26 for a further 15 years with no change to management or control. That renewal is a real deal fact: the industrial option is secured into the 2040s.

International is growing and volatile. Operations span about 14 countries across South Asia, the Middle East, Africa and the South Pacific, under brands including SCIB (Egypt), Apco (South Pacific), Taubmans and Kadisco (Ethiopia). Sales grew 29.5 percent in Q2 FY27, yet international PBT fell 31 percent to Rs 52.7 crore in the same quarter. The loss making Indonesia operations were exited, which flattered FY26 margins. Growth here is real; profit here is not yet reliable.

Home decor is small. Bath, kitchen, White Teak and Weatherseal together disclosed about Rs 248 crore of sales in Q2 FY27, against consolidated net sales of Rs 9,954 crore. Kitchen was still loss making in Q2 FY27, White Teak and Weatherseal shrank, and bath swung to a small profit. Management targets home decor at 8 to 10 percent of decorative revenue within three years, from about 4 percent. A decade into the strategy, that target is an aspiration with a record of slipping, and this report treats it that way.

5. THE 2026 COST SHOCK: HOW THE MARGIN WAS MADE AND UNMADE

The setup. FY26 was a deflation year. Consolidated gross margin climbed through the year, from 43.2 percent in Q2 FY26 to 44.4 percent in Q3 and 44.8 percent in Q4 (45.6 percent standalone), as raw material costs fell about 1.4 to 1.6 percent and sourcing efficiencies compounded. Operating margin recovered to 19 percent for FY26.

The shock. In FY27 the input cycle reversed violently. Management put standalone material inflation near 25 percent in Q1 FY27, linked to the West Asia conflict, the US and Iran confrontation and the crude spike, with titanium dioxide and monomer availability constraints on top. Material cost at 55 to 58 percent of sales means a 25 percent input inflation is a 14 point cost headwind before any response.

Period	Gross margin (consol)	PBDIT margin (consol)	What happened
Q2 FY26	43.2%	17.7%	Raw material deflation of 1.6%; margin recovery under way
Q4 FY26	44.8%	19.4%	Peak deflation quarter; channel upstocking ahead of hikes added 3 to 4 points to volume
Q1 FY27	43.6%	20.6%	About 25% material inflation, offset by low cost inventory, pricing and mix; volume +9.0%
Q2 FY27	Not in release summaries	15.6%	Full inflation impact lands; margin down 202 bps, below the 18 to 20% guide band

The pricing response. The company implemented about 12 percent of calibrated price hikes in Q1 FY27, realising a weighted average increase of about 7 to 8 percent (about 4 percent price, about 3 percent mix), and announced a further staggered round on October 29, 2026. Management said it absorbed part of the inflation to protect demand. That is a share defence choice, made in a year when a funded challenger can choose not to follow the hikes.

The honest read. H1 FY27 PBDIT margin was 18.2 percent, inside the guide band, because Q1 still carried low cost inventory. Q2, at 15.6 percent, is the first clean print of the new cost base. Whether FY27 exits inside the band depends on hikes sticking without volume loss, and on a raw material tape management itself says shows little sign of easing.

6. FINANCIALS: A FLAT THREE YEARS, THEN A PRICE LED RECOVERY

Fiscal year (ends March)	Revenue (Rs cr)	YoY	Operating profit (Rs cr)	Operating margin	PAT (Rs cr, pre minority)	EPS (Rs)	Operating cash flow (Rs cr)	Free cash flow (Rs cr)
FY22	29,101	+34.0%	4,804	17%	3,085	31.59	986	475
FY23	34,489	+18.5%	6,260	18%	4,195	42.81	4,193	2,774
FY24	35,495	+2.9%	7,585	21%	5,558	56.92	6,104	3,613
FY25	33,906	-4.5%	6,006	18%	3,710	38.23	4,424	2,604
FY26	35,584	+4.95%	6,700	19%	4,395	45.09	7,088	5,604

Read the shape. Revenue in FY26 (Rs 35,584 crore) is barely above FY24 (Rs 35,495 crore). Two years, no net growth, with a fall in between. EPS in FY26 (Rs 45.09) is still 21 percent below FY24 (Rs 56.92). The

FY26 recovery in PAT after minority interest, up 17.9 percent to Rs 4,325 crore, is a recovery toward a level first reached two years earlier, not a new high.

Returns compressed, then held. ROCE ran 29, 34, 38, 26 and 26 percent across FY22 to FY26, and ROE sits near 22 percent. Even the compressed prints are the best in the listed peer set (Section 13). The question the valuation has to answer is whether 26 percent ROCE is the new normal or a trough. The FY24 print says the machine can do 38 percent when inputs deflate and share is unchallenged. Both conditions are now in doubt.

The quarterly build in FY27. H1 FY27 net sales rose 17.4 percent to Rs 20,475 crore, PAT after minority rose 24.5 percent to Rs 2,607 crore, and PBDIT margin held at 18.2 percent. But the composition matters: Q1 carried low cost inventory and a 20.6 percent margin, Q2 printed 15.6 percent. Growth in FY27 so far is price and mix (decorative value up 14.5 to 16.6 percent) on volumes of 6.4 to 9.0 percent, against a guided 8 to 10 percent volume range the second quarter already missed.

Next print. Q3 FY27 is the festive and wedding season quarter and the first full quarter at the new prices. It tests both halves of the story at once: whether the staggered hikes hold volume, and whether the Dahej VAE plant begins to blunt the input line.

7. BALANCE SHEET AND CASH FLOW: THE FORTRESS FUNDS THE FIGHT

Metric	FY22	FY23	FY24	FY25	FY26
Cash from operations (Rs cr)	986	4,193	6,104	4,424	7,088
Free cash flow (Rs cr)	475	2,774	3,613	2,604	5,604
CFO to EBITDA conversion	45%	91%	105%	97%	129%
Dividend per share (Rs)	19.15	25.65	33.30	24.80	27.50
Dividend payout	61%	60%	58%	65%	61%

The fortress half. India Ratings describes a net cash record of over a decade and rates the facilities IND AAA / Stable and IND A1 plus. Working capital improved in FY26: inventory days fell to 118 from 142, the cash conversion cycle fell to 84 days from 107, and FY26 operating cash flow of Rs 7,088 crore was a record. Free cash flow was positive in all five years, a cumulative about Rs 15,070 crore against cumulative PAT of about Rs 20,791 crore, a conversion of about 72 percent.

The honest qualifications. Borrowings rose from Rs 2,290 crore to Rs 3,929 crore in FY26, funding the Dahej build at project level, and depreciation rose from Rs 853 crore in FY24 to Rs 1,229 crore in FY26. Neither breaks the fortress. Both say the capex cycle now carries a permanent cost line and the first real debt in years, at exactly the moment earnings are under cost pressure.

FY22 is the warning exhibit. In the last input shock, FY22 operating cash flow collapsed to Rs 986 crore and conversion to 45 percent, even as reported profit held up. Paint profits are accounting first and cash later in an inflation year, because inventory reprices before customers pay. The FY27 version of that risk is live now.

Capital allocation. The pattern is consistent and verifiable: dividend first (58 to 65 percent payout every year for five years, an interim Rs 5.75 declared again on October 29, 2026), then backward integration capex (Rs 3,250 crore Dahej, Rs 550 crore white cement), then small home decor acquisitions bought cheaply (White Teak 49 percent for about Rs 180 crore in 2022, Weatherseal 51 percent for about Rs 19 crore, Harind and Nanova 51 percent for about Rs 12.75 crore). No buyback was found in the sources searched for FY22 to October 2026. The discipline is real. The open question is return on the big capex, not its funding.

8. STRENGTHS

What to watch

Q3 FY27 results, the festive quarter and the first full quarter at the new prices. Whether the staggered hikes hold decorative volume, the PBDIT margin climbs back toward the 18 to 20 percent band, and the Dahej VAM plant gets a completion date decide whether 45 times earnings can stand.

- 1. **Distribution depth.** About 1.7 lakh retail touchpoints, more than twice the nearest rival on India Ratings estimates, built over eight decades of dealer first economics. Distribution of this density cannot be bought quickly, though Birla Opus is spending to try.
- 2. **Brand and premium mix.** The price ladder from Utsav to Royale, new products at about 17 percent of Q4 FY26 revenue, and the demonstrated ability to take about 12 percent of price hikes in a quarter and still grow volumes.
- 3. **Cash machine.** Free cash flow positive five years running, a record Rs 5,604 crore in FY26 at 129 percent conversion, and a working capital cycle that shortened by 23 days in a single year.
- 4. **Best returns in the peer set.** ROCE of 26 percent and ROE near 22 percent in the weakest stretch in a decade, against Berger at 21.6 percent ROCE and Kansai Nerolac at 12.0 percent.
- 5. **Two new growth legs are moving.** Industrial value growth of 31.8 percent in Q2 FY27 with the PPG joint ventures renewed for 15 years, and international sales growth near 30 percent, both faster than decorative.
- 6. **Backward integration with dates and delivery.** VAE at Dahej live September 2026 and white cement live October 2025 attack the two biggest bought in cost lines directly.

9. WEAKNESSES AND RISKS

- 1. **Share loss is measured, not rumoured.** Decorative share eased from about 59 percent to about 52 percent in the year to March 2025 on Elara estimates, while the challenger built the industry's second largest capacity. Every point of share in a repaint market compounds against the incumbent for a decade.
- 2. **Growth has stalled.** Three year sales compounding of 1 percent and profit compounding of 2 percent, an FY25 revenue decline, and FY27 growth that is mostly price. A 45 times multiple on a business growing volumes at 6 to 9 percent needs the margin to do heavy lifting.
- 3. **Margin structure has reset lower.** Operating margin of 21 percent in FY24, 18 percent in FY25, 19 percent in FY26, and a 15.6 percent PBDIT print in Q2 FY27. Competitive spending (advertising up an estimated 15 to 20 percent in FY25) is now a permanent line, not a launch response.
- 4. **Raw material exposure is the earnings.** Material cost at 55 to 58 percent of sales, about 25 percent material inflation in Q1 FY27, titanium dioxide and monomer availability constraints, and management guiding to little relief. FY22 shows what this does to cash.
- 5. **Capacity overhang.** Industry organised capacity is set to nearly double by FY27 on broker estimates, with Birla Opus alone at 1,332 million litres across six plants. Overcapacity plus soft demand is the classic margin trap for the whole industry, leader included.
- 6. **Home decor has not earned its narrative.** About Rs 248 crore of disclosed quarterly sales, a loss making kitchen business, and two shrinking legs in Q2 FY27, a decade into the strategy. The capital spent was small; the management attention was not.
- 7. **Valuation and technicals.** At Rs 2,302 the stock trades at 45.3 times earnings and 10.3 times book, below its 50 day average near Rs 2,450 and its 200 day average near Rs 2,530, with the 52 week high 23 percent above the price. The one year return is minus 9 percent and the five year price CAGR is minus 6 percent. The market has been de-rating this franchise for five years, and the Q2 FY27 margin print gives it a reason to continue.

10. MANAGEMENT AND GOVERNANCE

Leadership. Amit Syngle is Managing Director and CEO, in role since 2020, the public voice of every result in this report. His FY27 commentary has been specific and checkable: calibrated hikes quantified, the inflation absorbed to protect demand stated plainly, and the Q2 margin cause named as raw material inflation and availability, not demand. R. Seshasayee chairs the board as a non executive independent, Manish Choksi is Vice Chairman, and R. J. Jeyamurugan is CFO and Company Secretary.

Ownership. Promoters held 52.65 percent in September 2026, essentially unchanged at 52.63 percent in every quarter from December 2023 to June 2026, with no pledging disclosed in the sources reviewed. Institutions hold most of the rest (FII 13.76 percent, DII 20.50 percent in September 2026). A stable, unpledged promoter base with professional management is the governance model that built this company, and it has not changed under pressure.

Board renewal. Ashish Choksi joined the board as a non executive director on April 1, 2025 as Jigish Choksi resigned, and Sudhir Sitapati was appointed an independent director on May 29, 2026. The board at March 2026 had 12 directors, six of them independent. Succession below the CEO is the open item: a senior

management restructuring took effect in April 2025, and no named successor to the CEO role appears in the sources reviewed.

The governance gap is ambition, not conduct. Nothing in the record reviewed suggests leakage or self dealing. The deduction is strategic: the home decor expansion and the capacity race were both choices to defend a perimeter rather than compound the core, and the share loss happened on this team's watch. The response since (pricing, backward integration, dealer ROI focus) has been competent. Competent defence is what the Leadership pillar grades in the companion analysis.

11. COMPETITION: THE SIEGE IS FUNDED

Player	FY26 sales (Rs cr)	Position in Oct 2026
Asian Paints	35,584	Leader, roughly half of organised decorative; share down from high 50s
Berger Paints	11,880	Listed number two; promoters 74.98%; steadier, slower
Kansai Nerolac	8,052	Industrial coatings leader; decorative number three or four
Birla Opus (Grasim)	Not separately listed	Launched Feb 2024; 1,332 MLPA capacity, second largest; share est. 5 to 10% plus
JSW Dulux (ex Akzo Nobel India)	About 3,591 TTM	Dulux brand under JSW from Dec 2025; combined JSW target about 10% share
Indigo Paints	1,405	Decorative challenger, founder led, premium niches

Birla Opus is the main event. Grasim launched the brand in February 2024 behind a Rs 10,000 crore capex programme, 97.3 percent spent by November 2025, reaching six plants and 1,332 million litres of capacity, about 24 percent of industry decorative capacity on one estimate. Its tactics are documented: free tinting machines, higher dealer margins, about 300,000 contractors onboarded before launch, and distribution across more than 10,000 towns. Grasim claims double digit share including putty; broker estimates run from 5 to 6 percent (Nuvama) to about 10 percent (Elara exit run rate). The spread is itself a finding: nobody outside Grasim knows the share precisely.

The challenger has its own cracks. Birla Opus CEO Rakshit Hargave resigned effective December 5, 2025 to join Britannia, a move Reuters called a negative surprise, and Asian Paints shares rose about 5 to 6 percent that day. A challenger burning dealer margin to buy share, losing its CEO inside two years, still has to earn a return on Rs 10,000 crore. The siege is real and the besieger is not obviously winning it.

JSW changed the second front. JSW Paints completed its acquisition of Akzo Nobel India on December 10, 2025, taking 60.76 percent (61.2 percent after the open offer) at an enterprise value of about EUR 1.4 billion, and the company was renamed JSW Dulux in March 2026. Dulux is the strongest premium challenger

brand in the market, now with an aggressive Indian owner targeting about 10 percent combined share.

How the fight actually works. Paint is bought through dealers and influenced by contractors and painters, specified by shade and finish, and repainted every few years. Share moves slowly and then sticks: a dealer converted and a contractor onboarded in 2025 is still selling someone else's paint in 2029. That is why the capacity and dealer war matters more than any single quarter, and why Asian Paints premium mix and service layer are the right defence, if the margin cost of defending stays below the value of the share defended.

12. ROADMAP AUDIT: STATED VERSUS DELIVERED

Commitment	Stated	Delivered	Grade
FY27 volume and margin guide	Decorative volume growth 8 to 10%, EBITDA margin 18 to 20%, restated Q1 FY27	H1 FY27 margin 18.2% inside band, Q2 volume 6.4% and margin 15.6% below it	Partial, Q2 missed both
Dahej VAE plant	150,000 TPA VAE at Dahej, total project Rs 3,250 cr after a Rs 690 cr increase in Mar 2025	VAE Phase 1 commissioned, commercial production from Sep 17, 2026; VAM and ethylene storage still under construction	Delivered late and over budget, Phase 1
White cement, Fujairah	265,000 TPA, about Rs 550 cr, 60:40 JV, announced Oct 2022	Commercial production from Oct 12, 2025	Delivered
PPG joint ventures	Renewal of the 15 year PPG joint venture terms	Renewed in FY26 for a further 15 years, no change to control	Delivered
Home decor scale	8 to 10% of decorative revenue within three years, from about 4%	About Rs 248 cr of disclosed sales in Q2 FY27; kitchen loss making; two legs shrinking	Not on track
Madhya Pradesh paint plant	4 lakh KL water based plant, about Rs 2,000 cr, under exploration Jan 2023	Status not verified in sources reviewed	Unverified

The pattern. Costed, dated engineering promises get delivered: white cement on schedule, VAE live, the PPG renewal closed, dividends paid to the rupee. Market promises slip: the volume guide missed in the second quarter of the year it was restated, and the home decor target has been three years away for several years. Grade the engineering as leadership strength and the market guidance as the deduction.

13. VALUATION VS PEERS

At Rs 2,302 (October 29, 2026): P/E 45.3 times, P/B 10.3 times, dividend yield 1.19 percent, book value Rs 223 a share.

Company	Price (Rs, Oct 29, 2026)	P/E	ROE	ROCE	Note
Asian Paints	2,302	45.3x	21.8%	26.3%	Leader; premium over Berger has largely closed
Berger Paints	467	44.2x	17.3%	21.6%	Near identical multiple, lower returns
Kansai Nerolac	179	22 to 25x	8.8%	12.0%	Industrial heavy; profit base distorted by other income in FY24 and FY25
Indigo Paints	1,012	29.3x	13.7%	18.6%	Small, decorative only, faster growing base

How to read this table. For two decades Asian Paints traded at a large premium to Berger and earned it with a 10 point ROE gap. In October 2026 the two trade at almost the same multiple (45.3 against 44.2) while the returns gap persists. Either Berger is expensive or Asian Paints is the cheapest it has been relative to its quality in years. This report takes the second reading, with the caveat that a closing premium gap can also be the market pricing share loss correctly.

Broker anchors, labelled as estimates. Before the Q2 FY27 print, Motilal Oswal (July 2026) had FY28 EPS of Rs 63.4 with a Neutral rating and a Rs 3,050 target at a higher price, and Axis Securities had FY28 EPS of Rs 66.6 with a Buy after Q4 FY26. Both predate the margin miss. The scenarios below use more conservative EPS paths and say so.

14. FY2029 SCENARIOS (INR)

Built off FY26 revenue of Rs 35,584 crore, PAT after minority of Rs 4,325 crore and 95.92 crore shares. FY29 means the year ending March 2029. Every case assumes raw material inflation normalises gradually and no case assumes the FY24 margin of 21 percent returns in full.

Case	Target	Revenue CAGR FY26 to FY29	FY29 revenue (Rs cr)	PAT margin	FY29 PAT (Rs cr)	EPS (Rs)	Exit P/E
Bear	Rs 1,450	6%	42,383	11.0%	4,662	48.6	30x
Base	Rs 2,600	11%	48,669	13.5%	6,570	68.5	38x

Case	Target	Revenue CAGR FY26 to FY29	FY29 revenue (Rs cr)	PAT margin	FY29 PAT (Rs cr)	EPS (Rs)	Exit P/E
Bull	Rs 3,800	15%	54,124	15.0%	8,119	84.6	45x

Bear Rs 1,450. Price hikes stall volume, Birla Opus and JSW Dulux keep buying share with dealer economics, and the operating margin settles near 16 percent as competitive spending stays high. PAT margin of 11 percent and a 30 times exit multiple, in line with where Kansai and Indigo already trade, give a loss of about 37 percent. This case is a de-rating, not a disaster, which is precisely the risk at 45 times.

Base Rs 2,600. Volumes recover to the guided 8 to 10 percent as hikes annualise, premium mix and the Dahej and white cement hedges rebuild the operating margin toward 18 percent, and share loss stops at roughly half the organised market. PAT margin of 13.5 percent and a 38 times exit multiple give about 13 percent over three years plus dividends near 1.2 percent a year. The base case is a bond like return from a great franchise, which is the definition of a selective rating.

Bull Rs 3,800. The capacity war ends in rational pricing (the challenger needs returns on Rs 10,000 crore), volumes compound in double digits on a housing and repaint upcycle, and margins return toward 20 percent on operating leverage and captive inputs. At 45 times, the market pays the historic leader multiple again. This case needs the siege to end, and sieges funded by balance sheets larger than the defender's usually end slowly.

15. WHY IT MATTERS

Asian Paints is the cleanest listed test of what an Indian consumer franchise is worth when a conglomerate decides to buy its market. The assets being attacked are the best in the industry: about 1.7 lakh touchpoints, the price ladder from Utsav to Royale, a 61 percent payout funded by real cash, and returns that stayed above 25 percent ROCE through the worst two years in a decade.

The attack is also the best funded in the industry's history, and on October 29, 2026 it met a 25 percent input inflation in the same quarter. The Q2 FY27 print (volumes 6.4 percent, PBDIT margin 15.6 percent, a further hike round announced the same day) is the whole argument in one release: the franchise can still price, the costs can still overwhelm the pricing, and the share defence now has a recurring margin price. At 65/100 Selective Positive, the verdict is: own the quality for the base and bull cases if the recovery is your honest view, and accept that at 45 times earnings the bear case is a multiple decision the market can make without the business failing at all.

SOURCES

- Company results and releases: Q2 FY27 release (October 29, 2026) via EquityBulls, Exchange4Media, HDFC Sky and Upstox; Q1 FY27 release (July 29, 2026) via Hindu BusinessLine, Outlook Business and

broker summaries; FY26 results (May 2026) via Groww and Whalesbook summaries; Dahej VAE commissioning filing (September 17, 2026); white cement production start (October 2025)

- Screener.in, Asian Paints consolidated page (financials, cash flow, ratios, shareholding to September 2026), crawled October 29, 2026; reference prices Rs 2,284.60 on October 28 and Rs 2,302 on October 29, 2026 from 5paisa, Equentis, Screener and Finnhub prints

- Broker and agency material, labelled as estimates where used: Axis Securities and Motilal Oswal results updates (Q4 FY26 and Q1 FY27), JM Financial (Q2 FY26), Elara Securities share estimates via secondary coverage, India Ratings facility rating summary (IND AAA / Stable, June 2026), Nomura and Nuvama competition estimates

- Competition: Grasim and Reuters coverage of Birla Opus (launch February 2024, Rs 10,000 crore programme, 1,332 MLPA capacity, CEO exit December 2025); AkzoNobel completion release and JSW Dulux rename (December 2025 to March 2026)

- Company history: Hindu BusinessLine book review and company profiles (1942 founding, Girgaon garage, 1997 Choksey exit); IIFL and Simply Wall St leadership and board tables