kotak Securities

Dated: 13th November 2025

Asian Paints (APNT) - REDUCE

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.2770	**Rs.2450**

Rationale:

- APNT delivered 6%/10.9% value/volume growth in domestic decorative paints.
- It was despite the extended monsoon, aided by a weak base (-6.5%/-0.5%) and better market share defense.
- EBITDA grew 21% yoy (2-yr CAGR: -6.4%).
- We expect APNT to deliver steady 5-7% revenue growth and stable EBITDA margins (18-19%).
- Growth will be supported by a moderation in Birla Opus' market share gains and elevated but steady competitive intensity.
- We raise FY2026-28E EPS by 0-3% and revise FV to Rs2,450 (43X December 2027E PE.
- We expect earnings to grow by 12.5% in FY27E & grow by 13.8% in FY28E.
- Stock is currently trading at valuation of 47.7x P/E FY28E EPS.

Positives:

- Standalone revenues grew 5.6% yoy to Rs7360 cr (7% beat).
- Domestic decorative value/volume grew 6%/10.9% yoy (KIE: flat/4%).
- Growth was aided by a weak base and better market share defense.
- APNT outperformed BRGR after 10-12 quarters.
- The industrial segment delivered steady double-digit growth yoy.
- The international business grew ~10% yoy (+10.6% in c/c terms).

Negatives:

- Margin recovery contingent on easing competition (looks unlikely in near term).

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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