kotak neo

Dated: 27th July 2026

Asian Paints (APNT) - REDUCE

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs. 2758	**Rs.2770**

Rationale:

- APNT's domestic decorative paints value/volume growth of 16.6%/9% yoy.
- Growth aided by likely channel stocking ahead of price hikes and share gains from peer incumbents.
- A 34% growth in EBITDA was partly boosted by consumption of low-cost inventory.
- The 1Q print offers limited insight into the underlying demand trend.
- A sustained acceleration in industry value growth To Double digit (DD) CAGR (from sub-5% CAGR over FY2023-26E) is a prerequisite for APNT to deliver.
- We remain cautious, as there is no clear evidence of such a recovery yet.
- We increase FY27-29E EPS by 4-10% as we factor in the 1Q beat, easing RM prices and stable competitive landscape.
- We have not factored in any ST increase in costs and MT savings from the upcoming VAM-VAE backward integration project.
- We expect earnings to grow 18.9% in FY27E and 11.3% in FY28E.

Positives:

- Domestic decorative volume/value grew 9%/16.6% yoy (KIE: 11%/14.5%).
- Gross Margins expanded 70 bps yoy to 44% (KIE: 42.5%).
- PBT/recurring PAT growth of 35%/34.4% yoy (14.7%/15% beat).
- International/industrial verticals' growth was robust at 27.2%/16%+ yoy.

Negatives:

- At present, reported growth is being supported by channel stocking and pricing.

Holding Period: 12 months

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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.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

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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