

Berger Paints (BRGR) - REDUCE

Result Update

Current Market Price (CMP) Rs. 488	Fair Value (FV) Rs.515
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Rationale:

- BRGR's revenue/EBITDA/PAT grew 6%/13%/13% (KIE: 5.5%/8%/9%) in Q4FY26.
- Growth led by 12% standalone volume growth (in line).
- Management indicated that the 12% price hike implemented so far fully offsets RM basket inflation of 20-22% (spot price versus Feb-26 levels) in absolute terms.
- BRGR retained FY27 EBITDA margin guidance of 15-17%, aided by formulation, procurement and operating efficiencies.
- The competitive environment remains stable, with Birla Opus narrowing the realization gap versus incumbents by 300-400 bps in the past six months.
- We increase FY27-28E EPS by 2-7% as we factor in lower-than-estimated inflationary pressure.
- Upgrade to REDUCE from SELL with a revised FV of Rs515 (Rs475 earlier),
- We value BRGR at 38X June 2028E PE (36X earlier).
- We expect earnings to grow 8.8% in FY27E and grow by 17.0% in FY28E.

👍 Positives:

- BRGR's consolidated revenue grew 6.1% yoy to Rs2870 cr (0.5% beat).
- Growth led by volume/value growth of 11.8%/6.7% yoy for standalone business and ~2% yoy growth for subsidiaries.
- Consolidated Gross Margins (GM) expanded 145 bps yoy to 44.2% (115 bps beat).
- Competitive intensity stable; margin guidance maintained at 15-17%.

👎 Negatives:

- Near-term GM could see some pressure.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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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.
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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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