


STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Consumer Goods

COMPANY DETAILS

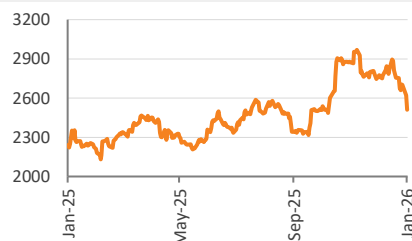
Market cap:	Rs. 2,40,840 cr
52-week high/low:	Rs. 2,986 / 2,125
NSE volume: (No of shares)	12.3 lakh
BSE code:	500820
NSE code:	ASIANPAINT
Free float: (No of shares)	45.4 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	52.6
FII	13.9
DII	21.2
Others	12.3

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART


Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-9.5	0.1	6.4	12.0
Relative to Sensex	-6.8	2.8	4.6	3.5

Source: Mirae Asset Sharekhan Research, Bloomberg

Asian Paints Ltd

Soft Q3; demand to improve gradually

 Reco/View: **BUY**

 CMP: **Rs. 2,511**

 Price Target: **Rs. 3,105**
Quick Snapshot

- APL's Q3FY26 numbers were soft with consolidated revenues rising 3.7% y-o-y, OPM up 94 bps y-o-y and adjusted PAT growing 6.3% y-o-y.
- Management expects 4-5% revenue growth (volume growth of 8-10%) and maintained FY26 OPM guidance at 18-20% despite volatile raw material prices and increased discounting.
- Competitive intensity remains high, and APL expects it to persist, necessitating continued high spending on brand building.
- Stock trades at 54x/48x/42x its FY26E/FY27E/FY28E EPS, respectively. We maintain Buy on the stock with a revised PT of Rs. 3,105.

Result overview

- Domestic decorative paints business' volumes grew 7.9%, while revenue rose 2.8%.
- Kitchen/bath business sales were +3%/-4% y-o-y. White Teak/Weatherseal sales were +12%/+58% y-o-y. In the industrial segment, PP-GAP/AP-PPG sales were +17%/+16% y-o-y.
- International business grew by 6.3% y-o-y backed by steady performance in key markets of the UAE, Sri Lanka, and Ethiopia. Improvement in profitability is driven by material deflation and divestment of loss-making operations in Indonesia.
- Gross margin rose 197 bps y-o-y to 44.4% owing to raw material deflation and operating efficiencies, despite a lower mix and higher discounting. However, OPM expansion was lower than gross margin expansion owing to higher growth in employee costs.
- Operating profit grew 8.8% y-o-y to Rs. 1,781 crore and adjusted PAT grew by 6.3% y-o-y to Rs. 1,200 crore.
- 9MFY26 revenue/operating profit/adjusted PAT grew by 3.1%, 7.4%, and 6.2% y-o-y respectively.
- APL's key focus areas include brand strengthening, innovation, consumer-centric services, regional marketing strategy, B2B initiatives, and backward integration in white cement.

Our Call

Maintain Buy with a revised PT of Rs. 3,105: While competitive intensity remains high, demand is likely to stabilise going ahead, and with the peak of disruption behind, APL appears well-positioned to sustain steady growth and defend its market leadership. The company-led initiatives and overall recovery in paints will support revenue growth, while benign raw material inflation and cost-saving initiatives are likely to aid profitability. The stock trades at 54x/48x/42x its FY26E/FY27E/FY28E EPS, respectively. We maintain a Buy with a revised PT of Rs. 3,105.

Key Risks

Any moderation in sales volume or impact of heightened competition or a substantial increase in raw-material prices would act as a key risk to our earnings estimates.

Valuation (Consolidated)

	Rs cr				
Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	35,495	33,906	35,265	38,205	42,183
OPM (%)	21.4	17.7	18.6	19.2	19.5
Adjusted PAT	5,533	3,989	4,477	5,058	5,771
Adjusted EPS (Rs.)	57.7	41.6	46.7	52.7	60.2
P/E (x)	43.5	60.4	53.8	47.6	41.7
P/B (x)	12.9	12.4	11.5	10.6	9.8
EV/EBIDTA (x)	29.1	36.4	33.3	29.7	26.3
RoNW (%)	31.9	20.9	22.2	23.2	24.4
RoCE (%)	24.3	17.1	17.9	18.7	19.7

Source: Company; Mirae Asset Sharekhan estimates

Concall highlights

- Despite a favourable base and multiple initiatives, revenue growth remained soft due to negative mix. Domestic decorative volumes rose 8% y-o-y (versus ~11% in Q2) hit by shorter festive period and an extended monsoon.
- While October was depressed, volume growth picked up over November-December, with Q3-exit growth significantly higher versus overall growth in Q3.
- Premium/luxury segments delivered strong growth, with rural markets growing slightly ahead of urban on the back of favourable monsoons.
- The industrial segment clocked mid-teens growth (combined businesses grew by 17% y-o-y) aided by overall coatings performance, with volume growth of 8.3% and value growth of 4.4%.
- Home décor contributes ~4% of the overall business. The company opened one store in Q3, taking the network to 74 stores across India at Q3FY26-end.
- New products now contribute 16% to sales (versus 12% in Q3FY25).
- Company continued expansion of distribution network, with retail footprint increasing by 3,500-4,000 in 9MFY26; now reaching ~1.6 Lakh retail touchpoints.
- APL has maintained its OPM guidance at 18-20%, supported by ongoing work on sourcing/formulation efficiencies, product mix improvement and backward integration project on VAM-VAE, even as marketing and technology investments remain high amid elevated competitive intensity.
- B2B business is witnessing strong growth in the factories and government segments, which is driving synergy across coatings solutions and services. APL launched AP Assure, which delivers end-to-end solutions for construction chemicals and coatings with system-based solutions and a data-driven, customized approach for smarter outcomes across B2B segments.

Results (Consolidated)

	Rs cr				
Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Total Revenue	8,867.0	8,549.4	3.7	8,531.3	3.9
Raw Material Cost	4,928.9	4,920.4	0.2	4,846.1	1.7
Employee Cost	689.5	615.1	12.1	686.2	0.5
Other Expenses	1,467.7	1,377.3	6.6	1,495.3	-1.8
Total Operating Cost	7,086.1	6,912.7	2.5	7,027.7	0.8
Operating Profit	1,781.0	1,636.7	8.8	1,503.6	18.4
Other Income	161.0	143.0	12.6	198.6	-18.9
Interest & Other Financial Cost	47.9	55.8	-14.1	43.9	9.3
Depreciation	313.1	255.6	22.5	304.9	2.7
Profit Before Tax	1,581.0	1,468.3	7.7	1,353.5	16.8
Tax Expense	446.7	389.7	14.6	373.3	19.7
Adjusted PAT	1,134.3	1,078.6	5.2	980.2	15.7
Share of profit from associates	65.8	49.8	32.0	38.3	71.7
Adjusted PAT after MI	1,200.0	1,128.4	6.3	1,018.5	17.8
Exceptional Items	126.1	0.0	-	0.0	-
Reported PAT	1,073.9	1,128.4	-4.8	1,018.5	5.4
Adj. EPS (Rs)	12.5	11.8	6.3	10.6	17.8
			bps		bps
GPM (%)	44.4	42.4	197	43.2	122
OPM (%)	20.1	19.1	94	17.6	246
NPM (%)	12.1	13.2	-109	11.9	17
Tax rate (%)	28.3	26.5	171	27.6	67

Source: Company; Mirae Asset Sharekhan Research

Business-wise performance

Particulars	Rs cr				
	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Standalone decorative paints	7,387.2	7,189.7	2.7	7,132.2	3.6
Kitchen business	105.4	102.7	2.6	98.0	7.6
Bath business	84.0	87.6	-4.1	79.0	6.3
White Teak	29.2	26.0	12.3	26.4	10.6
Weatherseal	18.7	11.8	58.5	20.7	-9.7
Domestic standalone business	7,624.5	7,417.8	2.8	7,356.3	3.6
International business	870.0	818.0	6.4	846.0	2.8
PPG-AP	713.0	610.1	16.9	594.0	20.0
AP-PPG	335.0	287.3	16.6	293.0	14.3
Consolidated sales	8,867.0	8,549.4	3.7	8,531.3	3.9

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	8.35
2	SBI Funds Management Ltd.	5.25
3	Vanguard Group Inc.	2.03
4	Blackrock Inc.	1.99
5	ICICI Prudential AMC Ltd.	1.89
6	UTI Asset Management Co. Ltd.	1.12
7	Nippon Life India Asset Management Ltd.	0.75
8	Norges Bank	0.49
9	Credit Agricole Group	0.41
10	HDFC AMC Ltd.	0.33

Source: Bloomberg

Key management personnel

Name	Designation
R. Seshasayee	Chairman
Amit Syngle	Chief Executive Officer and Managing Director
R. J. Jeyamurugan	Chief Financial Officer, Company Secretary and Compliance Officer

Source: Company Website

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