

Berger Paints India Ltd.

BUY

Sector: Paints

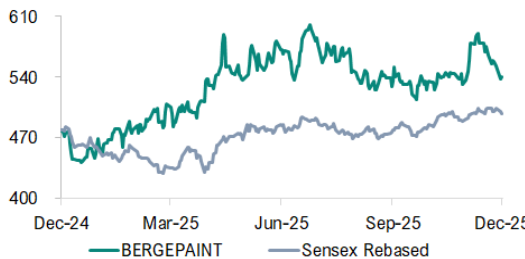
10th December, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 628
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid Cap	BRGR:IN	84,666	BERGEPAINT	509480	12 Months
				CMP	Rs. 541
				Return	+16%

Data as of: 09-Dec-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	63,821		
52 Week High — Low (Rs.)	605 - 438		
Enterprise Value (Rs. cr)	67,804		
Outstanding Shares (cr)	116.6		
Free Float (%)	24.3		
Dividend Yield (%)	0.7		
6m average volume (cr)	0.1		
Beta	0.9		
Face value (Rs.)	1.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	75.0	75.0	75.0
FII's	5.8	5.6	5.4
MFs/Institutions	10.1	10.5	10.7
Public	6.8	6.8	6.7
Others	2.3	2.1	2.2
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	2.1%	-5.4%	12.9%
Absolute Sensex	4.4%	2.7%	3.9%
Relative Return	-2.3%	-8.1%	9.0%

***over or under performance to benchmark index**



Y.E March (Rs. cr)	FY25A	FY26E	FY27E
Sales	11,545	12,353	13,557
Growth (%)	3.1	7.0	9.7
EBITDA	1,856	1,893	2,140
EBITDA Margin (%)	16.1	15.3	15.8
Adj. PAT	1,180	1,172	1,332
Growth (%)	1.1	-0.7	13.7
Adj. EPS	10.1	10.1	11.4
Growth (%)	1.0	-0.7	13.7
P/E	49.4	53.8	47.3
P/B	9.5	9.2	8.2
EV/EBITDA	31.5	33.4	29.5
ROE (%)	19.2	16.6	17.3
D/E	0.1	0.1	0.1

Improved Demand and Volume to Drive Growth

Berger Paints India (Berger) is the second largest paint company in the domestic market, with 12 strategically located manufacturing units and a countrywide distribution network of 25,000+ dealers.

- In Q2FY26, consolidated revenue grew a marginal 1.9% YoY to Rs. 2,827cr due to a heavy monsoon and sustained competitive intensity.
- Despite inclement weather, Berger achieved 8.8% YoY volume growth in Q2FY26, while value grew 1.1% YoY owing to higher contribution from tile adhesives.
- EBITDA declined 18.9% YoY to Rs. 352cr due to higher cost of sales and other expenses. Accordingly, EBITDA margin contracted 310bps YoY to 12.5%.
- Management reiterated its confidence in a stronger H2, citing demand recovery as a key driver.
- Gross margin is expected to improve, aided by benign raw material prices and an improving product mix.

Outlook & Valuation

During the quarter, Berger's revenue growth was impacted by the prolonged monsoon season, resulting in a modest increase in revenue. The company's margin and profitability were also affected by higher costs and expenses. However, the company continued to expand its retail presence, adding new stores and increasing its overall footprint. The sector's competitive landscape has stabilised, and demand is expected to pick up in the coming months, driven by improved weather conditions and the release of pent-up demand. This is expected to contribute to the company's overall revenue growth, margin and profitability. Therefore, **we upgrade our rating on the stock to 'BUY', with a revised target price of Rs. 628, based on 55x FY27E adjusted EPS.**

Quarterly Financials Consolidated

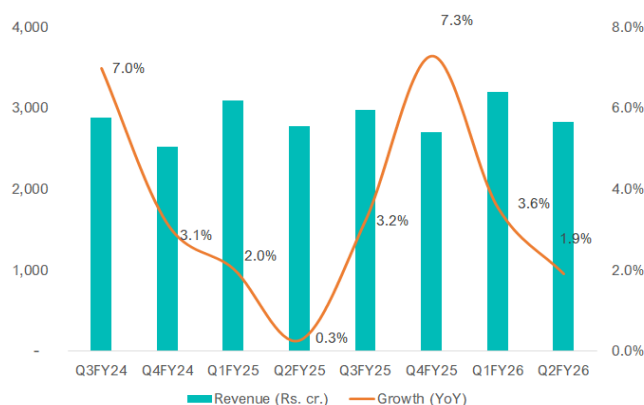
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	2,827	2,775	1.9	3,201	-11.7	6,028	5,866	2.8
EBITDA	352	434	-18.9	528	-33.3	881	957	-7.9
Margin (%)	12.5	15.6	-310bps	16.5	-400bps	14.6	16.3	-170bps
EBIT	255	345	-26.1	434	-41.3	690	780	-11.6
PBT	264	349	-24.5	412	-35.9	675	806	-16.2
Rep. PAT	206	240	-23.5	315	-34.5	521	624	-16.4
Adj PAT	206	270	-23.5	351	-41.3	558	623	-10.5
Adj. EPS (Rs)	1.8	2.3	-23.5	3.0	-41.3	4.8	5.3	-10.5



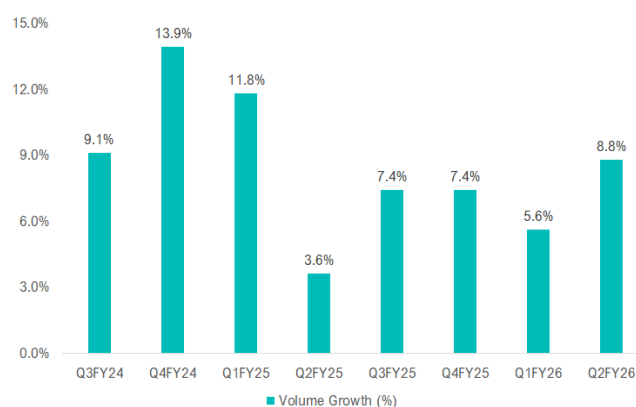
Key concall and other highlights

- Although the industry had a sluggish October, Berger outperformed its peers. The company is expected to bounce back in the subsequent months, with November and December projected to achieve double-digit volume growth, which is anticipated to drive mid-single-digit value growth in the third quarter.
- Management expects the volume-value gap to narrow to 4-4.5% over Q4FY26-Q1FY27, although it is unlikely to reach zero due to faster growth in certain categories, such as putty and construction chemicals.
- Berger continued expanding its store and dealer network, crossing 1,600 outlets and accelerating additions in underpenetrated urban pockets to strengthen last-mile reach.
- With the installation of 5,500 machines already completed in the first half of the year, the company is poised to surpass its ambitious goal of installing 10,000 machines by year-end.
- Revenue from operations rose to Rs. 6,028cr in H1FY26 from Rs. 5,866cr in H1FY25, while EBITDA declined 7.9% YoY to Rs. 957cr over the period.

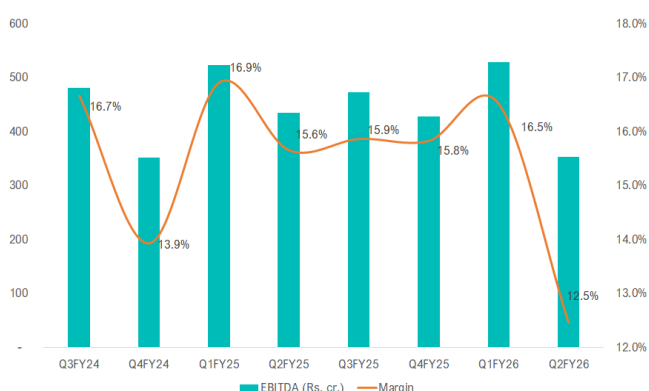
Revenue



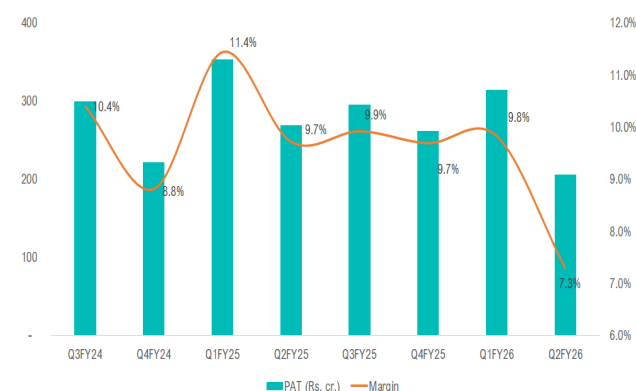
Volume Growth



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	12,728	13,937	12,353	13,557	-2.9	-2.7
EBITDA	2,086	2,318	1,893	2,140	-9.2	-7.7
Margins (%)	16.4	16.6	15.3	15.8	-110bps	-80bps
Adj. PAT	1,315	1,480	1,172	1,332	-10.9	-10.0
Adj. EPS	11.3	12.7	10.1	11.4	-10.6	-10.2



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	10,568	11,199	11,545	12,353	13,557
% change	20.6	6.0	3.1	7.0	9.7
EBITDA	1,487	1,861	1,856	1,893	2,140
% change	11.7	25.2	-0.3	2.0	13.0
Depreciation	264	331	354	376	395
EBIT	1,223	1,530	1,502	1,517	1,745
Interest	99	78	63	62	59
Other Income	52	64	95	21	58
PBT	1,176	1,516	1,533	1,477	1,744
% change	5.1	29.0	1.2	-3.7	18.1
Tax	302	387	386	371	439
Tax Rate (%)	25.7	25.5	25.2	25.2	25.2
Reported PAT	860	1,170	1,183	1,137	1,334
PAT att. to common shareholders	859	1,168	1,180	1,135	1,332
Adj.*	-	-	-	37	-
Adj. PAT	859	1,168	1,180	1,172	1,332
% change	3.2	35.9	1.1	-0.7	13.7
No. of shares (cr)	97.1	116.6	116.6	116.6	116.6
Adj EPS (Rs.)	7.4	10.0	10.1	10.1	11.4
% change	-14.0	35.9	1.1	-0.7	13.7
DPS (Rs.)	3.2	3.5	3.8	3.9	4.0

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,124	1,501	1,537	1,512	1,729
Non-cash adj.	82	137	43	-486	-513
Other adjustments	-	-	-	-	-
Changes in W.C	-230	-47	-311	-147	-195
C.F. Operation	976	1,591	1,269	879	1,020
Capital exp.	-744	-271	-425	-247	-271
Change in inv.	134	-104	-237	-64	-195
Other invest.CF	9	-23	12	-	-
C.F - Investment	-600	-398	-650	-311	-467
Issue of equity	0.01	0.01	0.01	-	-
Issue/repay debt	-	-722	-185	-	-
Dividends paid	-301	-311	-408	-454	-466
Other finance.CF	-61	-36	-12	-62	-59
C.F - Finance	-363	-1,069	-606	-516	-524
Chg. in cash	13	124	14	53	29
Closing Cash	245	451	500	553	582

Balance Sheet

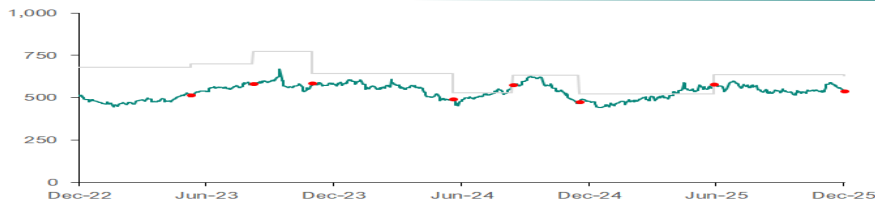
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	245	451	500	553	582
Accts. Receivable	1,243	1,302	1,536	1,631	1,776
Inventories	2,319	2,180	2,366	2,586	2,861
Other Cur. Assets	358	386	488	947	1,640
Investments	130	169	199	227	251
Gross Fixed Assets	3,435	3,640	4,024	4,271	4,542
Net Fixed Assets	2,536	2,516	2,693	2,562	2,436
CWIP	110	187	123	125	128
Intangible Assets	796	985	986	1,085	1,193
Def. Tax -Net	1	1	7	7	8
Other Assets	230	192	233	237	242
Total Assets	7,967	8,369	9,132	9,960	11,117
Current Liabilities	2,128	2,057	2,128	2,310	2,590
Provisions	12	13	15	17	18
Debt Funds	1,265	826	738	739	739
Other Liabilities	60	83	83	45	52
Equity Capital	97	117	117	117	117
Res. & Surplus	4,397	5,262	6,038	6,719	7,585
Shareholder Funds	4,494	5,379	6,154	6,835	7,702
Minority Interest	8	10	13	14	16
Total Liabilities	7,967	8,369	9,132	9,960	11,117
BVPS	46	46	53	59	66

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	14.1	16.6	16.1	15.3	15.8
EBIT margin (%)	11.6	13.7	13.0	12.3	12.9
Net profit mgn.(%)	8.1	10.4	10.2	9.2	9.8
ROE (%)	19.1	21.7	19.2	16.6	17.3
ROCE (%)	21.2	24.6	21.8	20.0	20.6
W.C & Liquidity					
Receivables (days)	42.9	42.4	48.6	48.2	47.8
Inventory (days)	125.8	119.7	127.7	127.4	127.0
Payables (days)	95.8	92.2	93.9	94.0	94.7
Current ratio (x)	1.4	1.8	2.1	2.2	2.4
Quick ratio (x)	0.5	0.8	1.0	1.0	1.0
Turnover & Leverage					
Gross asset T.O (x)	3.7	3.2	3.0	3.0	3.1
Total asset T.O (x)	1.4	1.4	1.3	1.3	1.3
Int. covge. ratio (x)	12.3	19.6	23.7	24.5	29.5
Adj. debt/equity (x)	0.3	0.2	0.1	0.1	0.1
Valuation					
EV/Sales (x)	4.5	6.0	5.1	5.1	4.7
EV/EBITDA (x)	32.2	36.1	31.5	33.4	29.5
P/E (x)	65.4	57.2	49.4	53.8	47.3
P/B (x)	10.4	12.4	9.5	9.2	8.2



Recommendation Summary (Last 3 years)



Dates	Rating	Target
18-May-23	BUY	698
16-Aug-23	BUY	774
08-Nov-23	HOLD	643
28-May-24	HOLD	530
21-Aug-24	ACCUMULATE	633
25-Nov-24	HOLD	523
05-Jun-25	HOLD	635
10-Dec-25	BUY	628

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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