Berger Paints India Limited

September 17, 2026

Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Commercial Paper	RBI	1,300.00	CARE A1+	Reaffirmed

Details of instruments in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to the commercial paper (CP) issue of Berger Paints India Limited (BPIL) continues to derive strength from its established position in the Indian paints industry, extensive distribution network, and manufacturing facilities across India. The rating also factors in BPIL's strong financial risk profile, marked by healthy return indicators, a robust capital structure, strong liquidity, and comfortable debt coverage indicators.

BPIL's consolidated total operating income (TOI) increased by ~3% in FY26 (April 01 to March 31), while volume growth was healthy at ~7.7%. However, higher growth in lower-margin products resulted in a moderation in operating margin by ~64 basis points to 15.48%. In Q1FY27, TOI grew by ~12% year-on-year (y-o-y), supported by volume growth (~8%) and industry wide price hikes. The full impact of these price increases is expected from Q2FY27 onwards. Operating margin improved due to a favourable product mix and liquidation of low-cost inventory. Continuous capacity additions, product innovation, and effective marketing expenditure have enabled BPIL to maintain its market share and retain its position as the second-largest player in the domestic paints industry. As expansion and routine capital expenditure (capex) are proposed to be funded entirely through healthy internal cash accruals, CARE Ratings Limited (CareEdge Ratings) expects BPIL's financial risk profile to remain strong.

These rating strengths are partially offset by risks associated with volatility in key raw material prices, most of which are linked to crude oil derivatives, and foreign currency exposure. The rating also factors in competitive intensity arising from large capacity expansion by new and existing players in recent past. Movements in raw material prices and the extent of competitive pressure will remain key monitorable factors for BPIL's profitability and operating performance in the medium term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Significant volume-driven decline in TOI by over 20% or sharp decline in its market share in paint industry in India.
- Profit before interest, lease rentals, depreciation and taxation (PBILDT) margin dropping below 12% on a sustained basis.
- Large debt-funded capex or acquisition adversely impacting its leverage and debt coverage indicators, with total debt to PBILDT (TD/PBILDT; over 2x) on a sustained basis.
- Significant decline in cash and liquid investments on a sustained basis adversely impacting the liquidity profile.

Analytical approach: Consolidated

Considering BPIL's strong operational and financial linkages with its subsidiaries and joint ventures (JVs), CareEdge Ratings has adopted a consolidated analytical approach for BPIL. Details of entities consolidated with BPIL, as on March 31, 2026, are listed under Annexure-5.

Detailed description of key rating drivers

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Key strengths

Established position in the Indian paint industry

The organised domestic paint industry is oligopolistic, with top six players accounting for a significant share of the market.

BPIL is an established player in the organised paint industry, retaining the second position in the decorative paints segment in India and a leadership position in the protective coatings segment in terms of market share. The company is also expanding its presence in the construction chemicals segment through its subsidiary, STP Limited. CareEdge Ratings expects BPIL to maintain its strong market position in the medium term, supported by its established brand, wide distribution reach, and continued expansion across adjacent product categories.

BPIL has been consistently expanding its capacity through organic and inorganic initiatives to cater to growing paint demand.

The company commissioned its Sandila (Uttar Pradesh) facility in February 2023 at a total project cost of ₹1,097 crore, funded through internal accruals. The company also completed a brownfield expansion at its Hindupur unit in September 2026.

The company is planning a greenfield project at Panagarh (West Bengal) with an estimated project cost of ~₹600-700 crore. The company also plans to establish a manufacturing unit in Odisha with an estimated capex of ~₹1,800-2,000 crore and annual capacity of ~410,000 KLPA.

Extensive distribution and manufacturing footprint

BPIL has an extensive distribution network across India, comprising ~64,475 dealers and retailers (PY: 61,661) supported by 207 depots, including offices, which enhances its penetration in the decorative paints segment. The company has strategically set up its manufacturing facilities across the country to cater the demand in major regions. The company has also been opening company-owned-company-operated (COCO) stores across the country to increase its sales. Going forward, the company plans to further increase the network in geographies, where it has lower presence.

Diversified portfolio and established brands

While BPIL's revenue is primarily driven by the decorative paints segment, the company also maintains a presence in general industrial and automotive coatings, powder coatings, and protective coatings. Its research and development (R&D) initiatives support the continuous introduction of innovative products, enabling the company to address evolving customer preferences and maintain a diversified product portfolio. Its product portfolio includes water-based and solvent-based paints, and interior and exterior coatings. Its established brands include 'Weathercoat', 'Luxol', 'Silk', and 'Easy Clean'.

Muted revenue growth; margins remain exposed to competition

BPIL's consolidated total operating income (TOI) grew by modest 3% in FY26, while volume growth remained healthy at 7.7%. However, a higher contribution from lower-margin products led to a moderation in operating margin by ~64 basis points to 15.48%. TOI grew by ~12% y-o-y in Q1FY27, supported by volume growth of ~8% and price hikes, the full impact of which is expected from Q2FY27 onwards. Operating margin improved in Q1FY27 due to a favourable product mix and liquidation of low-cost inventory. Volume growth in Q1FY27 was also supported by dealer stocking ahead of the implementation of price hikes. Going forward, operating margins may continue to witness some pressure due to competition, while raw material price volatility continues to remain a key risk factor.

CareEdge Ratings expects revenue growth to remain supported by volume expansion, capacity additions, and product innovation, although profitability may remain susceptible to competitive pressures and fluctuations in raw material prices.

Robust capital structure and debt coverage indicators

The company's capital structure remains robust. Overall gearing improved to 0.10x as on March 31, 2026 (PY: 0.14x), supported by higher net worth due to improved profitability and lower working capital borrowings. Debt coverage indicators also improved year-on-year in FY26. The company does not envisage additional term debt in the medium term and external borrowings are expected to be limited to working capital requirements. Accordingly, its capital structure and debt coverage indicators are expected to remain comfortable in the medium term.

Stable demand outlook for paint industry

Growth in the Indian paint industry is expected to moderate in the current year, while remaining healthy at 6-8% in the medium term. Moderation follows relatively lower growth in FY24-FY26 after two consecutive years of strong growth in FY22 and FY23. Industry operating margins also expect some moderation due to capacity expansion by existing players and commissioning new capacities by new entrants to cater to the growing demand. Decorative paints, BPIL's primary business segment, account for around three-fourths of the overall Indian paint market. Urbanisation, nuclearisation of families, rising disposable incomes, shortening repainting cycles, growing demand from semi-urban and rural markets, affordable housing initiatives, and increased infrastructure spending are expected to remain key demand drivers for the industry in the medium term.

Key weaknesses

Susceptibility of operating margin to raw material price fluctuations

Cost of raw materials consumed constituted ~68% of the total cost of BPIL's sales in FY26 (FY25: 70%). Significant proportion of raw materials, such as mineral turpentine oil and phthalic anhydride, are derivatives of crude oil. Other major raw materials include titanium dioxide for pigments, which is mainly imported, and its prices are driven by global demand and supply factors. Despite the decorative paint segment contributing ~82% of the total sales, where the company is usually able to pass on increase in raw material prices, competition from organised, and unorganised players does limit pricing flexibility to an extent. In the industrial segment, profit margins susceptible to commodity price volatility is relatively higher, where finished goods pricing is through unilateral agreements and involves negotiations. Hence, the company's profitability is susceptible to raw material price fluctuation risk.

Foreign currency exposure risk

BPIL imports ~25-30% of its raw material requirement, such as titanium dioxide primarily from countries including China, Thailand, Germany, Malaysia, and Australia among others. In FY26, the company's total forex outgo stood at ₹1,093.51 crore. However, the company does not have sizeable exports. The company has a flexible hedging policy, where it makes informed buying and hedging decisions according to market dynamics. This exposes the company to foreign currency fluctuation risk, in addition to commodity price fluctuation risk. The company reported a forex loss of ₹18.07 crore in FY26 against a loss of ₹3.52 crore in FY25.

Intense competitive pressure

Existing players have expanded capacities, and new players are setting up capacities to cater to the increased demand. The capacity of the long-entrenched players is pegged at ~6.2 billion litre per annum (LPA) as on FY26-end. Existing and new players have undertaken massive capex entailing capacity addition of ~35% in FY25 over FY24, which remained muted in FY26. As on now, BPIL has been able to maintain its market position (#2) in the decorative segment.

Liquidity: Strong

BPIL's liquidity profile remains strong, supported by healthy cash generation and unencumbered liquid investments. Liquidity in the form of mutual funds, fixed deposits, and consolidated cash and bank balances stood at ~₹1,280 crore as on March 31, 2026. The available liquidity and expected healthy internal cash generation (over ₹1,500 crore in FY27), is adequate to comfortably meet the company's planned capital expenditure (capex) requirements and term debt repayment obligations. With an overall gearing of 0.10x as on March 31, 2026, BPIL retains significant financial flexibility and sufficient headroom to raise additional debt for capex, if required. Its fund-based working capital limits remained largely unutilised for 12 months ended August 31, 2026, providing additional liquidity comfort.

CareEdge Ratings expects BPIL's liquidity position to remain strong in the medium term, supported by healthy internal accruals, substantial liquid investments, and low reliance on external borrowings.

Environment, social, and governance (ESG) risks

Risk factors	Compliance and action by company
Environmental	BPIL remains exposed to environmental risks inherent in paint manufacturing, including high water consumption, waste generation, greenhouse gas emissions and the use of chemicals. The company has a defined environmental monitoring framework covering water and waste management, energy conservation, emission reduction, and employee health and safety. In FY26, BPIL reduced its carbon footprint by ~15,542 MT through energy-saving initiatives and increased use of biofuels.
Social	BPIL is exposed to occupational health and safety risks due to the handling of chemicals and hazardous materials across its manufacturing operations. The risk is mitigated through established safety and wellness systems, employee training, health monitoring and operating controls. The company also undertakes corporate social responsibility (CSR) initiatives across healthcare, education, livelihood development, environmental sustainability and community welfare. BPIL spent ₹26.05 crore on CSR activities in FY26, against its statutory obligation of ₹25.83 crore, reflecting adequate commitment towards its social responsibilities.
Governance	BPIL has an established governance framework, supported by adequate disclosures, board-level oversight and defined compliance mechanisms. Its board comprises 10 directors, of whom five are independent directors.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Consolidation & Combined Approach

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Paints

Incorporated in 1923, BPIL is one of the leading manufacturers and sellers of paints and varnishes in India with an established brand, having its presence in decorative paint segment (~82% sales) and industrial segment. BPIL has 30+ manufacturing facilities globally and ~207 depots (including offices). Its decorative segment includes brands such as 'Weathercoat', 'Luxol', 'Silk', and 'Easy Clean'. The Berger group's current promoters are the Delhi-based Dhingra brothers, KS Dhingra and GS Dhingra, who had acquired BPIL in 1991 from the UB group. Prior to this acquisition, BPIL was operating in India under other promoter groups since 1923.

Brief Financials (₹ crore)-Consolidated	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	11549.74	11887.51	3583.75
PBILDT*	1861.49	1840.56	607.44
Profit after tax (PAT)	1182.81	1128.02	405.01
Overall gearing (x)	0.14	0.10	NA
Interest coverage (x)	29.42	31.97	48.75

A: Audited; UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Proposed#	RBI	Simple	Not placed	-	-	7-364 days	1300.00	CARE A1+

There was no CP outstanding as on September 10, 2026

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Commercial Paper	ST	1300.00	CARE A1+	-	1)CARE A1+ (18-Sep-25)	1)CARE A1+ (19-Sep-24)	1)CARE A1+ (09-Oct-23)

ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Berger Jenson & Nicholson (Nepal) Private Limited	Full	Subsidiary
2	Beepee Coatings Private Limited	Full	Subsidiary
3	Berger Paints (Cyprus) Limited	Full	Subsidiary
4	Lusako Trading Limited	Full	Subsidiary
5	SBL Specialty Coatings Private Limited	Full	Subsidiary
6	Berger Hesse Wood Coatings Private Limited	Full	Subsidiary
7	Berger Rock Paints Private Limited	Full	Subsidiary
8	STP Limited	Full	Subsidiary
9	Berger Paints Overseas Limited [100% Subsidiary of Berger Paints (Cyprus) Limited]	Full	Subsidiary
10	Bolix S.A. (100% Subsidiary of Lusako Trading Limited)	Full	Subsidiary
11	Build-Trade BIS sp. z.o.o. (100% Subsidiary of Bolix S.A.)	Full	Subsidiary
12	Bolix UKRAINE sp. z.o.o. (100% Subsidiary of Bolix S.A.)	Full	Subsidiary
13	Soltherm External Insulations Limited (100% Subsidiary of Bolix S.A.)	Full	Subsidiary
14	Soltherm Isolations Thermique Exterieure SAS (100% Sub of Bolix S.A.)	Full	Subsidiary
15	Surefire Management Services Ltd ("SMS"). (100% Sub of Bolix S.A.)	Full	Subsidiary
16	Berger Becker Coatings Private Limited	Moderate	Joint Venture
17	Berger Nippon Paint Automotive Coatings Private Limited	Moderate	Joint Venture

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Ranjan Sharma Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3453 E-mail: ranjan.sharma@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Ravleen Sethi Director **CARE Ratings Limited** Phone: +91-120-445 2016 E-mail: ravleen.sethi@careedge.in Richa Bagaria Associate Director **CARE Ratings Limited** Phone: +91-033-4018 1600 E-mail: richa.jain@careedge.in

About us:
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