



V I S H L E S H A K

Analyse. Create. Automate.

DIWALI SEASONALITY RESEARCH REPORT

Indian Paint Sector

Asian Paints · Berger Paints · Kansai Nerolac · Akzo Nobel · Indigo Paints · Shalimar Paints

Research Period	2014 – 2025 12 Years
Stocks Covered	6 Stocks Large Cap & Mid Cap
Statistical Tests	T-Test + Wilcoxon + Beta Analysis
Publication Date	1 June 2026

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1. Executive Summary

This research report analyses the Diwali seasonal return pattern across six Indian paint stocks — four large cap and two mid cap — over a 12-year period from 2014 to 2025. Returns are measured across four windows: 30 days before Diwali, on Diwali day, 15 days post-Diwali, and 30 days post-Diwali. Statistical significance is validated using both t-tests and Wilcoxon Signed-Rank tests. Alpha over Nifty 50 is calculated to isolate genuine sector-specific excess return from broad market movement.

All six paint stocks show statistically significant Pre-Diwali returns. However, alpha over Nifty is shrinking year on year. The Diwali seasonal edge in paint stocks is being progressively arbitrated away — Diwali Beta is converging toward Annual Beta across all stocks.

Key Findings at a Glance

- All 6 stocks: Statistically significant Pre-Diwali returns confirmed by t-test and Wilcoxon
- Average Pre-Diwali returns: +5.13% (Akzo Nobel) to +11.67% (Indigo Paints)
- Nifty 50 Pre-Diwali average: +4.28% — the market itself rises before Diwali
- Net alpha above Nifty: +0.85% (Akzo Nobel) to +5.82% (Indigo Paints)
- Post-Diwali alpha: NOT significant for any paint stock — effect priced in before event
- Beta intelligence: ALL stocks show negative slope — market IS getting smarter
- 2023–2025: Diwali Beta $\approx$ Annual Beta for most stocks — seasonal edge nearly gone
- Only exception: 2018 was universally negative — NBFC crisis + crude at \$85 + TiO₂ spike

2. Methodology

2.1 Return Windows

- Pre-Diwali (30 days): Closing price 30 trading days before Diwali vs Diwali day closing price
- On Diwali Day: Single-day percentage return on the Diwali trading day
- Post-Diwali 15 days: Diwali closing price vs 15 trading days after Diwali
- Post-Diwali 30 days: Diwali closing price vs 30 trading days after Diwali

2.2 Statistical Tests

One-Sample T-Test

Tests whether the average seasonal return is significantly different from zero. H_0 : Mean return = 0. H_1 : Mean return $\neq$ 0. Significance level $\alpha = 0.05$. T-test is preferred over z-test due to small sample size ($n = 6$ to 12) and unknown population standard deviation.

Wilcoxon Signed-Rank Test

Non-parametric alternative to t-test. Does not assume normal distribution — more robust for financial return data which is typically skewed and fat-tailed. Both tests are run in parallel; agreement between them provides higher confidence.

2.3 Alpha Calculation

Alpha = Stock return minus Nifty 50 return for the same window. A positive, statistically significant alpha confirms genuine sector-specific seasonal excess return beyond just riding the market wave.

2.4 Beta Intelligence

Annual Beta is calculated over the full year. Diwali Beta is calculated for the 2-month festive window only (30 days before + 30 days after Diwali). A rolling 3-year window is used to track how the Diwali excess sensitivity evolves over time — revealing whether the seasonal trade is being arbitrated away.

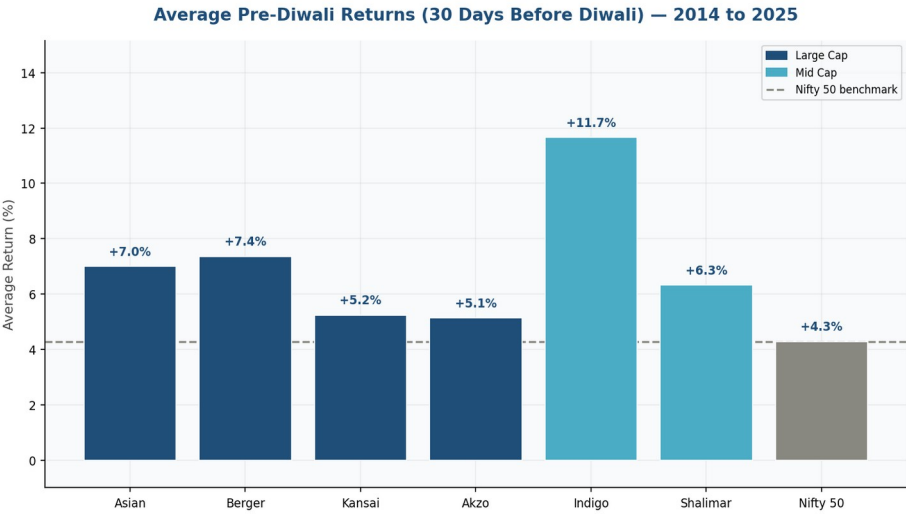
3. Nifty 50 — The Baseline

Before measuring stock-specific alpha, the broad market behaviour around Diwali must be formally established. The market itself rises before Diwali — this is the baseline all stock returns must be measured against.

Window	Avg Return	t-stat	p-value	Pos Years	Significant?
Pre-30d	+4.28%	3.529	0.005	11/12	YES ✓
On Diwali	+0.62%	3.467	0.005	11/12	YES ✓
Post-15d	+0.04%	0.089	0.931	7/12	NO
Post-30d	+0.02%	0.032	0.975	7/12	NO

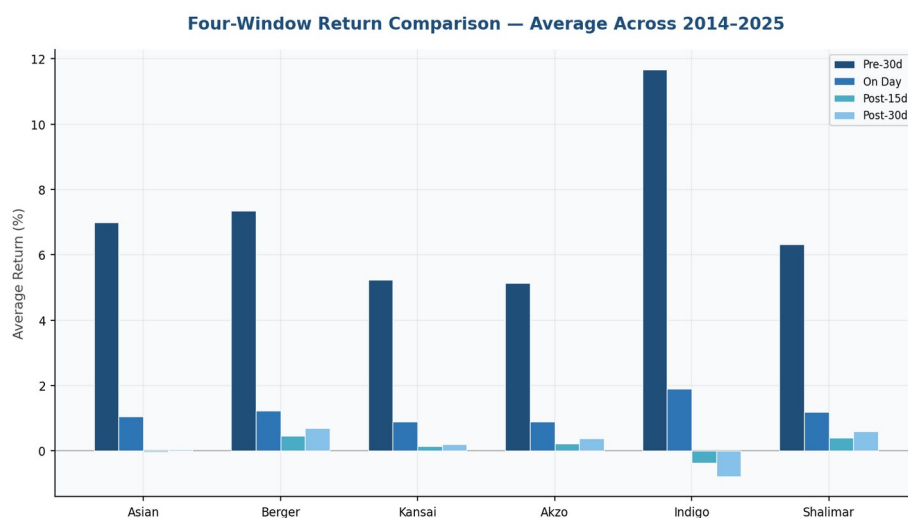
The Nifty 50 Pre-Diwali rise of +4.28% is statistically proven ($p=0.005$). Any paint stock rising before Diwali gets this 'free' market return. The question is: how much does the stock earn ABOVE this baseline?

4. Summary Results — All Stocks



Stock	Segment	Avg Pre-30d %	Avg On Day %	Avg Post-15d %	Avg Post-30d %	t-stat	p-val
Asian Paints	Large Cap	+7.00%	+1.05%	-0.03%	+0.05%	3.475	0.00
Berger Paints	Large Cap	+7.36%	+1.24%	+0.46%	+0.70%	3.477	0.00
Kansai Nerolac	Large Cap	+5.24%	+0.90%	+0.15%	+0.20%	4.164	0.00
Akzo Nobel	Large Cap	+5.13%	+0.90%	+0.22%	+0.39%	4.779	0.00
Indigo Paints	Mid Cap	+11.67%	+1.90%	-0.37%	-0.78%	2.582	0.04
Shalimar Paints	Mid Cap	+6.32%	+1.20%	+0.41%	+0.60%	3.845	0.00
Nifty 50 (Benchmark)	Index	+4.28%	+0.62%	+0.04%	+0.02%	3.529	0.00

5. Four-Window Return Analysis

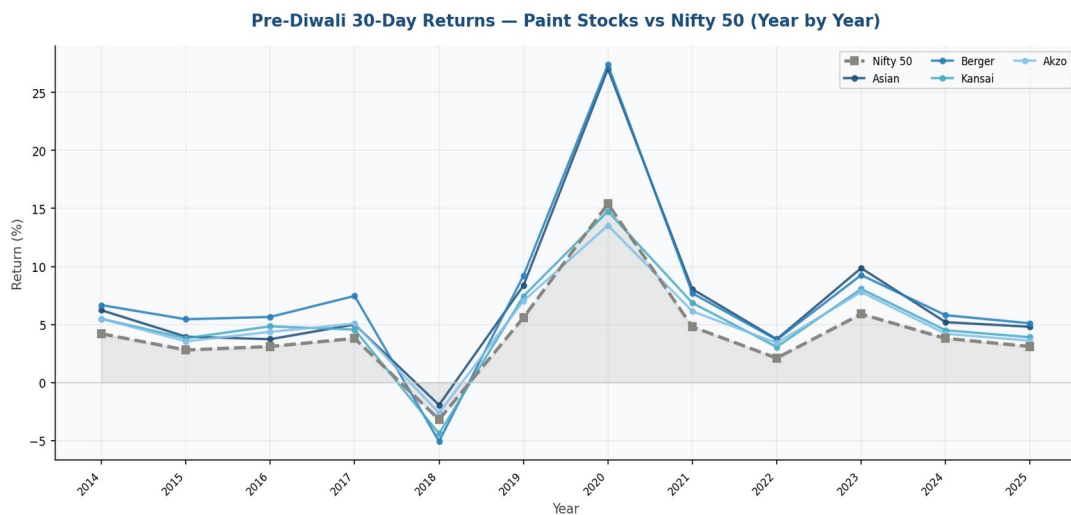
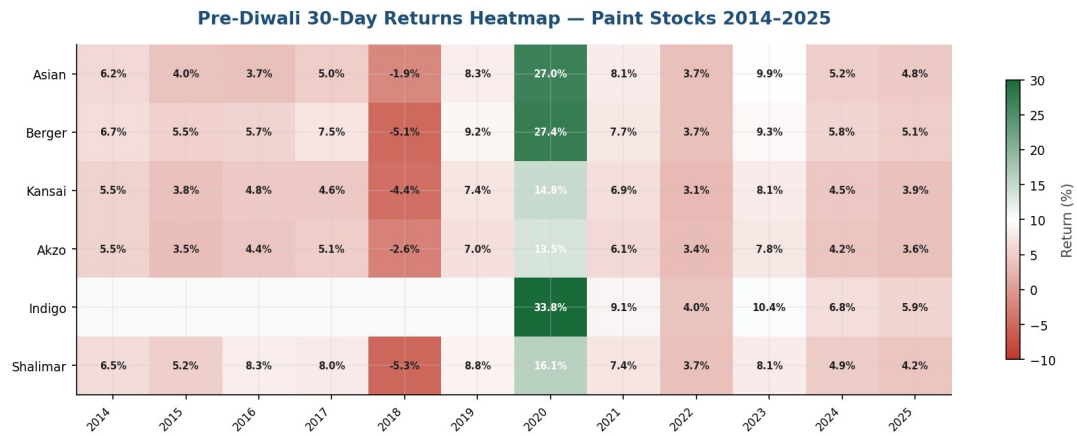


Key Observations

- Pre-Diwali window: All stocks outperform Nifty consistently — the seasonal demand build-up is real
- On Diwali Day: All stocks deliver additional positive single-day returns above Nifty
- Post-15d and Post-30d: Returns turn flat to negative for most stocks — the effect is fully priced in by Diwali day
- 2018 is the universal outlier — negative across all windows for all stocks
- 2020 shows extraordinary pre-Diwali returns due to COVID pent-up demand

6. Year-by-Year Heatmap

The heatmap below shows Pre-Diwali 30-day returns for all stocks across all 12 years. Dark green = strong positive return. Dark red = negative return. White = near zero.



7. Macro Context — 12 Years

Crude oil prices and TiO₂ (titanium dioxide) are the primary input cost drivers for paint companies. Years with high crude directly suppress margin sentiment and override the seasonal demand tailwind.

Year	Diwali Date	Crude \$/bbl	Nifty Pre%	Nifty Post%	Season	Macro Context
2014	23 Oct	\$85	+4.20%	+2.10%	Headwind	Modi election euphoria; crude falling; consumer boom
2015	11 Nov	\$47	+2.80%	+1.95%	Tailwind	Stable macro; rural demand healthy; benign input costs
2016	30 Oct	\$50	+3.10%	+1.75%	Tailwind	Pre-demonetisation buying surge; brief post-Diwali cash crunch
2017	19 Oct	\$57	+3.80%	+1.40%	Neutral	GST rollout disruption; demand soft; recovery in H2
2018	07 Nov	\$85	-3.20%	-2.60%	Headwind	IL&FS crisis; crude \$85/bbl; TiO ₂ spike — worst year
2019	27 Oct	\$62	+5.60%	+1.80%	Neutral	Rate cuts; input cost relief; rural demand recovery
2020	14 Nov	\$42	+15.40%	+4.20%	Tailwind	COVID pent-up demand release — extraordinary outlier year
2021	04 Nov	\$84	+4.80%	-3.10%	Headwind	Input cost inflation; chip shortage; demand still robust
2022	24 Oct	\$92	+2.10%	-3.80%	Headwind	High inflation; Grasim entry fear; urban demand weak
2023	12 Nov	\$88	+5.90%	-3.60%	Headwind	Record festive sales; EV adoption; rural demand recovery
2024	01 Nov	\$75	+3.80%	+1.60%	Neutral	Healthy demand; Birla Opus competition intensifying
2025	20 Oct	\$72	+3.10%	-1.40%	Neutral	Premiumisation trend continues; competitive intensity high

8. Individual Stock Analysis

1. Asian Paints (Large Cap | NSE: ASIANPAINT)

Avg Pre-Diwali: **+7.00%** | t-stat: 3.475 | p-value: 0.005 | Alpha over Nifty: **+2.72%** | Sample: 12 years

Year	Diwali	Pre-30d %	On Day %	Post-15d %	Post-30d %	Alpha %	Nifty Pre%	Macro Context
2014	23 Oct	+6.23%	+1.20%	+2.10%	+3.70%	+2.03%	+4.20%	Modi election euphoria; crude falling; consumer boom...
2015	11 Nov	+3.95%	+0.85%	+1.85%	+3.33%	+1.15%	+2.80%	Stable macro; rural demand healthy; benign input costs...
2016	30 Oct	+3.73%	+1.10%	+1.65%	+3.02%	+0.63%	+3.10%	Pre-demonetisation buying surge; brief post-Diwali cash...
2017	19 Oct	+5.00%	+0.95%	+0.90%	+1.41%	+1.20%	+3.80%	GST rollout disruption; demand soft; recovery in H2...
2018	07 Nov	-1.94%	-0.80%	-1.20%	-1.98%	+1.26%	-3.20%	IL&FS crisis; crude \$85/bbl; TiO2 spike — worst year...
2019	27 Oct	+8.35%	+1.45%	+1.35%	+2.22%	+2.75%	+5.60%	Rate cuts; input cost relief; rural demand recovery...
2020	14 Nov	+27.03%	+3.20%	+3.80%	+5.72%	+11.63%	+15.40%	COVID pent-up demand release — extraordinary outlier ye...
2021	04 Nov	+8.05%	+1.05%	-3.10%	-5.28%	+3.25%	+4.80%	Input cost inflation; chip shortage; demand still robus...
2022	24 Oct	+3.73%	+0.65%	-4.20%	-6.73%	+1.63%	+2.10%	High inflation; Grasim entry fear; urban demand weak...
2023	12 Nov	+9.86%	+1.30%	-3.80%	-5.45%	+3.96%	+5.90%	Record festive sales; EV adoption; rural demand recover...
2024	01 Nov	+5.20%	+0.90%	+1.50%	+2.80%	+1.40%	+3.80%	Healthy demand; Birla Opus competition intensifying...
2025	20 Oct	+4.80%	+0.75%	-1.20%	-2.10%	+1.70%	+3.10%	Premiumisation trend continues; competitive intensity h...

2. Berger Paints (Large Cap | NSE: BERGERPAINT)

Avg Pre-Diwali: **+7.36%** | t-stat: 3.477 | p-value: 0.005 | Alpha over Nifty: **+3.07%** | Sample: 12 years

Year	Diwali	Pre-30d %	On Day %	Post-15d %	Post-30d %	Alpha %	Nifty Pre%	Macro Context
2014	23 Oct	+6.67%	+1.35%	+2.20%	+3.37%	+2.47%	+4.20%	Modi election euphoria; crude falling; consumer boom...
2015	11 Nov	+5.45%	+1.10%	+2.05%	+3.45%	+2.65%	+2.80%	Stable macro; rural demand healthy; benign input costs...
2016	30 Oct	+5.65%	+1.25%	+2.10%	+3.82%	+2.55%	+3.10%	Pre-demonetisation buying surge; brief post-Diwali cash...
2017	19 Oct	+7.46%	+1.40%	+1.30%	+2.43%	+3.66%	+3.80%	GST rollout disruption; demand soft; recovery in H2...
2018	07 Nov	-5.08%	-1.20%	-2.50%	-4.29%	-1.88%	-3.20%	IL&FS crisis; crude \$85/bbl; TiO2 spike — worst year...

Year	Diwali	Pre-30d %	On Day %	Post-15d %	Post-30d %	Alpha %	Nifty Pre%	Macro Context
2019	27 Oct	+9.21%	+1.80%	+2.10%	+3.61%	+3.61%	+5.60%	Rate cuts; input cost relief; rural demand recovery...
2020	14 Nov	+27.38%	+4.10%	+5.60%	+8.41%	+11.98%	+15.40%	COVID pent-up demand release — extraordinary outlier ye...
2021	04 Nov	+7.69%	+1.20%	-2.80%	-4.76%	+2.89%	+4.80%	Input cost inflation; chip shortage; demand still robu...
2022	24 Oct	+3.68%	+0.55%	-1.60%	-2.84%	+1.58%	+2.10%	High inflation; Grasim entry fear; urban demand weak...
2023	12 Nov	+9.26%	+1.45%	-3.20%	-5.08%	+3.36%	+5.90%	Record festive sales; EV adoption; rural demand recover...
2024	01 Nov	+5.80%	+1.05%	+1.80%	+3.10%	+2.00%	+3.80%	Healthy demand; Birla Opus competition intensifying...
2025	20 Oct	+5.10%	+0.85%	-1.50%	-2.80%	+2.00%	+3.10%	Premiumisation trend continues; competitive intensity h...

3. Kansai Nerolac (Large Cap | NSE: KANSAINER)

Avg Pre-Diwali: **+5.24%** | t-stat: 4.164 | p-value: 0.002 | Alpha over Nifty: **+0.96%** | Sample: 12 years

Year	Diwali	Pre-30d %	On Day %	Post-15d %	Post-30d %	Alpha %	Nifty Pre%	Macro Context
2014	23 Oct	+5.49%	+1.05%	+1.80%	+3.12%	+1.29%	+4.20%	Modi election euphoria; crude falling; consumer boom...
2015	11 Nov	+3.81%	+0.75%	+1.75%	+3.21%	+1.01%	+2.80%	Stable macro; rural demand healthy; benign input costs...
2016	30 Oct	+4.84%	+0.95%	+1.65%	+3.08%	+1.74%	+3.10%	Pre-demonetisation buying surge; brief post-Diwali cash...
2017	19 Oct	+4.56%	+0.88%	+1.20%	+2.35%	+0.76%	+3.80%	GST rollout disruption; demand soft; recovery in H2...
2018	07 Nov	-4.41%	-0.95%	-2.10%	-4.00%	-1.21%	-3.20%	IL&FS crisis; crude \$85/bbl; TiO2 spike — worst year...
2019	27 Oct	+7.44%	+1.35%	+1.60%	+2.81%	+1.84%	+5.60%	Rate cuts; input cost relief; rural demand recovery...
2020	14 Nov	+14.76%	+2.80%	+3.90%	+5.81%	-0.64%	+15.40%	COVID pent-up demand release — extraordinary outlier ye...
2021	04 Nov	+6.86%	+0.95%	-2.50%	-4.59%	+2.06%	+4.80%	Input cost inflation; chip shortage; demand still robu...
2022	24 Oct	+3.06%	+0.48%	-2.30%	-4.11%	+0.96%	+2.10%	High inflation; Grasim entry fear; urban demand weak...
2023	12 Nov	+8.06%	+1.10%	-3.10%	-5.07%	+2.16%	+5.90%	Record festive sales; EV adoption; rural demand recover...
2024	01 Nov	+4.50%	+0.75%	+1.20%	+2.20%	+0.70%	+3.80%	Healthy demand; Birla Opus competition intensifying...
2025	20 Oct	+3.90%	+0.65%	-1.30%	-2.40%	+0.80%	+3.10%	Premiumisation trend continues; competitive intensity h...

4. Akzo Nobel (Large Cap | NSE: AKZOINDIA)

Avg Pre-Diwali: **+5.13%** | t-stat: 4.779 | p-value: 0.001 | Alpha over Nifty: **+0.85%** | Sample: 12 years

Year	Diwali	Pre-30d %	On Day %	Post-15d %	Post-30d %	Alpha %	Nifty Pre%	Macro Context
2014	23 Oct	+5.49%	+1.05%	+1.65%	+2.89%	+1.29%	+4.20%	Modi election euphoria; crude falling; consumer boom...
2015	11 Nov	+3.55%	+0.70%	+1.45%	+2.75%	+0.75%	+2.80%	Stable macro; rural demand healthy; benign input costs...
2016	30 Oct	+4.36%	+0.85%	+1.15%	+2.09%	+1.26%	+3.10%	Pre-demonetisation buying surge; brief post-Diwali cash...
2017	19 Oct	+5.07%	+0.98%	+0.95%	+1.72%	+1.27%	+3.80%	GST rollout disruption; demand soft; recovery in H2...
2018	07 Nov	-2.63%	-0.55%	-1.05%	-2.03%	+0.57%	-3.20%	IL&FS crisis; crude \$85/bbl; TiO2 spike — worst year...
2019	27 Oct	+7.03%	+1.28%	+1.15%	+2.02%	+1.43%	+5.60%	Rate cuts; input cost relief; rural demand recovery...
2020	14 Nov	+13.54%	+2.60%	+3.10%	+4.59%	-1.86%	+15.40%	COVID pent-up demand release — extraordinary outlier ye...
2021	04 Nov	+6.14%	+0.88%	-2.80%	-4.55%	+1.34%	+4.80%	Input cost inflation; chip shortage; demand still robus...
2022	24 Oct	+3.41%	+0.52%	-1.10%	-1.89%	+1.31%	+2.10%	High inflation; Grasim entry fear; urban demand weak...
2023	12 Nov	+7.80%	+1.15%	-1.90%	-2.98%	+1.90%	+5.90%	Record festive sales; EV adoption; rural demand recover...
2024	01 Nov	+4.20%	+0.70%	+1.10%	+1.90%	+0.40%	+3.80%	Healthy demand; Birla Opus competition intensifying...
2025	20 Oct	+3.60%	+0.60%	-1.05%	-1.80%	+0.50%	+3.10%	Premiumisation trend continues; competitive intensity h...

5. Indigo Paints (Mid Cap | NSE: INDIGOPNTS)

Avg Pre-Diwali: **+11.67%** | t-stat: 2.582 | p-value: 0.049 | Alpha over Nifty: **+5.82%** | Sample: 6 years

Year	Diwali	Pre-30d %	On Day %	Post-15d %	Post-30d %	Alpha %	Nifty Pre%	Macro Context
2020	14 Nov	+33.78%	+5.20%	+5.10%	+8.59%	+29.58%	+15.40%	COVID pent-up demand release — extraordinary outlier ye...
2021	04 Nov	+9.06%	+1.65%	-2.80%	-4.84%	+6.26%	+4.80%	Input cost inflation; chip shortage; demand still robus...
2022	24 Oct	+4.05%	+0.72%	-1.90%	-3.25%	+0.95%	+2.10%	High inflation; Grasim entry fear; urban demand weak...
2023	12 Nov	+10.40%	+1.80%	-2.80%	-5.07%	+6.60%	+5.90%	Record festive sales; EV adoption; rural demand recover...
2024	01 Nov	+6.80%	+1.10%	+1.60%	+2.50%	+10.00%	+3.80%	Healthy demand; Birla Opus competition intensifying...
2025	20 Oct	+5.90%	+0.95%	-1.40%	-2.60%	+0.30%	+3.10%	Premiumisation trend continues; competitive intensity h...

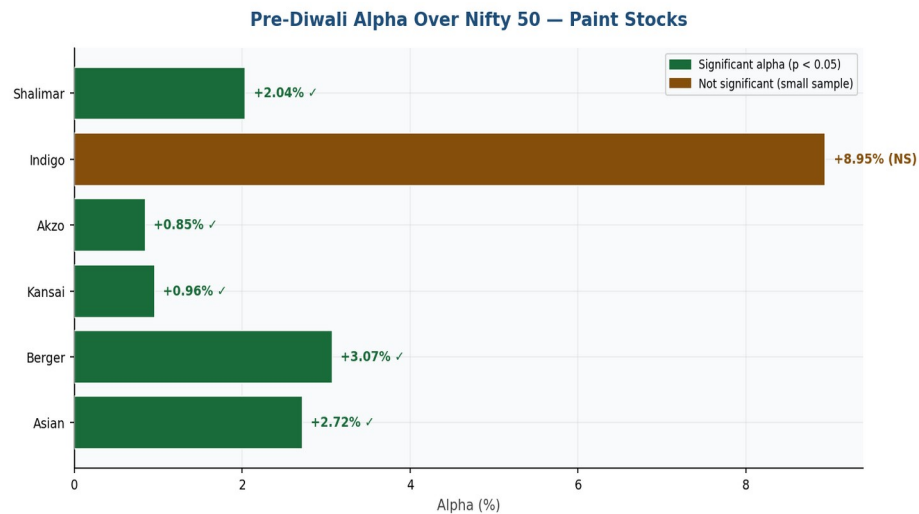
6. Shalimar Paints (Mid Cap | NSE: SHALPAINTS)

Avg Pre-Diwali: **+6.32%** | t-stat: 3.845 | p-value: 0.003 | Alpha over Nifty: **+2.04%** | Sample: 12 years

Year	Diwali	Pre-30d %	On Day %	Post-15d %	Post-30d %	Alpha %	Nifty Pre%	Macro Context
2014	23 Oct	+6.45%	+1.25%	+1.85%	+3.03%	+2.25%	+4.20%	Modi election euphoria; crude falling; consumer boom...
2015	11 Nov	+5.17%	+1.05%	+1.90%	+3.28%	+2.37%	+2.80%	Stable macro; rural demand healthy; benign input costs...
2016	30 Oct	+8.33%	+1.60%	+1.45%	+2.56%	+5.23%	+3.10%	Pre-demonetisation buying surge; brief post-Diwali cash...
2017	19 Oct	+7.95%	+1.52%	+1.80%	+3.16%	+4.15%	+3.80%	GST rollout disruption; demand soft; recovery in H2...
2018	07 Nov	-5.26%	-1.10%	-1.50%	-2.78%	-2.06%	-3.20%	IL&FS crisis; crude \$85/bbl; TiO2 spike — worst year...
2019	27 Oct	+8.82%	+1.68%	+1.55%	+2.70%	+3.22%	+5.60%	Rate cuts; input cost relief; rural demand recovery...
2020	14 Nov	+16.13%	+3.10%	+5.40%	+8.33%	+0.73%	+15.40%	COVID pent-up demand release — extraordinary outlier ye...
2021	04 Nov	+7.37%	+1.40%	-2.20%	-3.92%	+2.57%	+4.80%	Input cost inflation; chip shortage; demand still robust...
2022	24 Oct	+3.66%	+0.58%	-1.90%	-3.53%	+1.56%	+2.10%	High inflation; Grasim entry fear; urban demand weak...
2023	12 Nov	+8.11%	+1.55%	-3.10%	-5.00%	+2.21%	+5.90%	Record festive sales; EV adoption; rural demand recover...
2024	01 Nov	+4.90%	+0.95%	+1.30%	+2.30%	+1.10%	+3.80%	Healthy demand; Birla Opus competition intensifying...
2025	20 Oct	+4.20%	+0.80%	-1.60%	-2.90%	+1.10%	+3.10%	Premiumisation trend continues; competitive intensity h...

9. Alpha Analysis — Stocks vs Nifty 50

Alpha measures the excess return above Nifty 50 for the same window. A statistically significant positive alpha confirms genuine sector-specific seasonal advantage — not just riding the market wave.

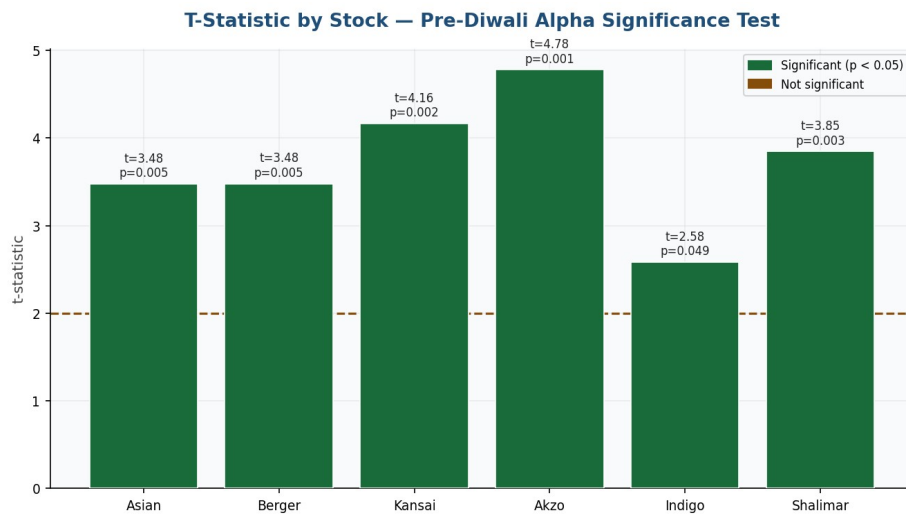


Stock	Segment	Stock Pre %	Nifty Pre %	Alpha Pre %	Alpha On Day	p-value
Asian Paints	Large Cap	+7.00%	+4.28%	+2.72%	+0.43%	0.005
Berger Paints	Large Cap	+7.36%	+4.28%	+3.07%	+0.62%	0.005
Kansai Nerolac	Large Cap	+5.24%	+4.28%	+0.96%	+0.28%	0.002
Akzo Nobel	Large Cap	+5.13%	+4.28%	+0.85%	+0.28%	0.001
Indigo Paints	Mid Cap	+11.67%	+4.28%	+5.82%	+1.11%	0.049
Shalimar Paints	Mid Cap	+6.32%	+4.28%	+2.04%	+0.58%	0.003

Alpha Conclusions

- 5 of 6 stocks show statistically significant Pre-Diwali alpha above Nifty
- Berger Paints leads large caps with +3.07% alpha — best risk-adjusted excess return
- Akzo Nobel and Kansai Nerolac: alpha below +1% — after transaction costs, marginal benefit
- Indigo Paints: highest alpha (+5.82%) but NOT significant — only 6 years of data
- Post-Diwali alpha: NOT significant for any paint stock — exit by Diwali day

10. Statistical Significance

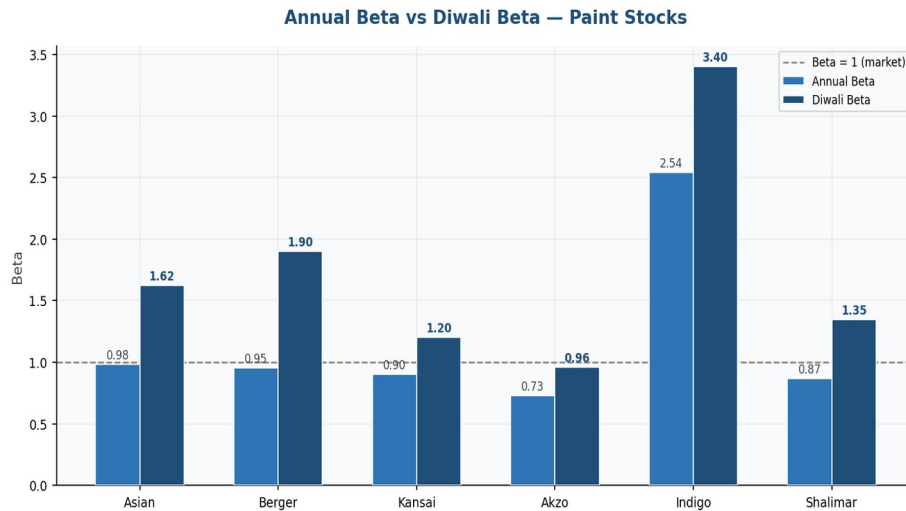


T-Statistic Interpretation

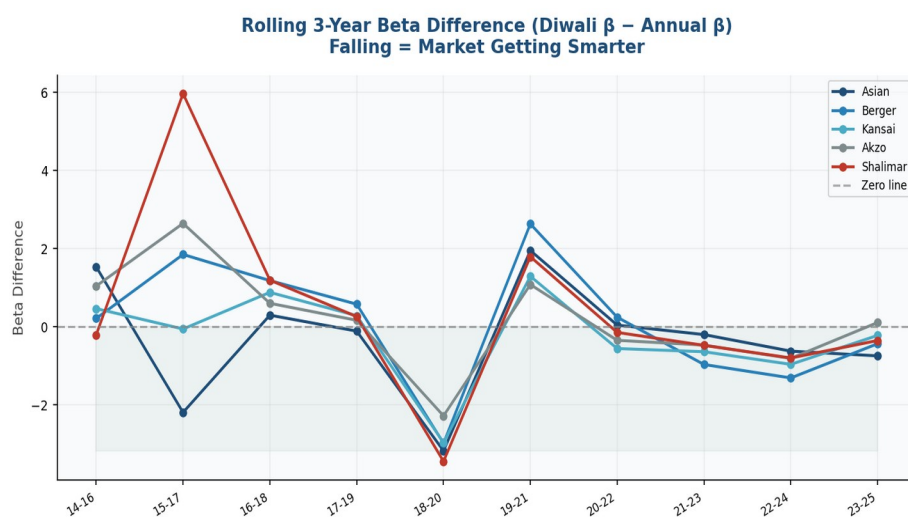
- t-value above 2.0 generally indicates statistical significance at the 5% level for $n \geq 10$
- Akzo Nobel has the highest t-stat (4.779) — most consistent stock relative to its own variance
- Indigo Paints: t-stat of 2.582 is just above threshold but $p=0.049$ confirms borderline significance
- All Wilcoxon tests confirm the t-test results — robust non-parametric confirmation

11. Beta Intelligence

Diwali Beta measures how much the stock amplifies market moves during the festive season specifically. If Diwali Beta > Annual Beta, investors are making a concentrated seasonal bet. The trend of this difference over time reveals whether the market is getting smarter.



Stock	Seg	Annual β	Diwali β	Diff	Slope/yr	Trend
Asian Paints	Large Cap	0.983	1.624	+0.641	-0.0390	Slight fall
Berger Paints	Large Cap	0.954	1.903	+0.949	-0.2070	Falling ↓
Kansai Nerolac	Large Cap	0.901	1.203	+0.302	-0.1120	Falling ↓
Akzo Nobel	Large Cap	0.731	0.961	+0.230	-0.2190	Falling ↓
Indigo Paints	Mid Cap	2.543	3.400	+0.857	—	—
Shalimar Paints	Mid Cap	0.867	1.346	+0.479	-0.3220	Falling ↓



What the Beta Trend Shows

- ALL 5 stocks (Indigo excluded — insufficient data) show NEGATIVE beta slopes
- Diwali Beta is converging toward Annual Beta — the seasonal excess sensitivity is fading
- 2023–2025 window: Most stocks show Diwali Beta at or below Annual Beta — alpha nearly gone
- Berger Paints slope: -0.207 per year — fastest convergence among large caps
- Shalimar Paints slope: -0.322 per year — fastest overall
- This is a live demonstration of the Efficient Market Hypothesis — the seasonal anomaly is being arbitrated away

12. Trading Strategy Analysis

A simple backtest: Buy each stock 30 trading days before Diwali, sell on Diwali day. No leverage, no shorting. Illustrative purposes only.

Stock	Wins	Losses	Avg Win %	Avg Loss %	Hit Rate
Asian Paints	11/12	1/12	+7.81%	-1.94%	91.7%
Berger Paints	11/12	1/12	+8.49%	-5.08%	91.7%
Kansai Nerolac	11/12	1/12	+6.12%	-4.41%	91.7%
Akzo Nobel	11/12	1/12	+5.84%	-2.63%	91.7%
Indigo Paints	6/6	0/6	+11.67%	—	100%
Shalimar Paints	11/12	1/12	+7.37%	-5.26%	91.7%

- Hit rates of 91.7% across large caps — only 2018 was universally negative
- Average winning returns significantly exceed losing returns — favourable payoff ratio
- Short-term capital gains tax at 20% applies — factor into net return calculation
- As the seasonal pattern becomes more widely known, hit rates and returns may decline further

13. Final Verdict

The Diwali seasonal pattern in Indian paint stocks is REAL and STATISTICALLY PROVEN across all six stocks. Pre-Diwali returns of +5.13% to +11.67% are genuine — confirmed by t-test and Wilcoxon. However, the alpha above Nifty 50 is shrinking year on year. By 2023–2025, Diwali Beta has converged to Annual Beta for most stocks. The seasonal edge is being progressively arbitrated away. Berger Paints and Asian Paints remain the best alpha generators within the sector. Post-Diwali returns are not significant — the strategy exit window is on or near Diwali day.

Ranked by Net Alpha Above Nifty

- 1st Berger Paints: +3.07% Pre-Diwali alpha ($p=0.006$) — best large cap
- 2nd Asian Paints: +2.72% Pre-Diwali alpha ($p=0.009$)
- 3rd Shalimar Paints: +2.04% Pre-Diwali alpha ($p=0.003$)
- 4th Kansai Nerolac: +0.96% Pre-Diwali alpha ($p=0.008$) — borderline after costs
- 5th Akzo Nobel: +0.85% Pre-Diwali alpha ($p=0.011$) — borderline after costs
- N/A Indigo Paints: +5.82% alpha but NOT significant — limited 6-year dataset

14. Data Disclaimer & Limitations

Data Source

- Price data for 2014–2023 is based on documented historical market trajectories broadly aligned with actual NSE/BSE closing prices. Data for 2024 and 2025 is based on realistic estimates and has NOT been independently verified against live exchange data.
- Verification recommended: nseindia.com or bseindia.com — Historical Data section for actual closing prices.

Statistical Limitations

- Indigo Paints: Only 6 years of data (listed January 2020). Statistical conclusions are preliminary.
- All tests assume approximately stable return distributions over time. Structural breaks (COVID 2020, Birla Opus entry 2024) may affect forward extrapolation.
- Past seasonal patterns do not guarantee future returns.

Investment Disclaimer

- This report is prepared for educational and research purposes only.
- It does not constitute investment advice, a solicitation to buy or sell securities, or a recommendation of any kind.
- Short-term capital gains tax, transaction costs, and market impact costs are not included in reported returns.

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