

# RESEARCH REPORT ASIAN PAINTS LTD



**PREPARED BY:**

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# About

Asian Paints is the largest home decor company in India. The 80+yr old company has major brands like Asian Paints, Berger, Apco, etc under its umbrella. The co. is into wall paints, wall coverings, waterproofing, texture painting, wall stickers, mechanized tools, adhesives, modular kitchens, sanitaryware, lightings, soft furnishings, and uPVC windows.

## Key Business

- Decorative Business
- International Business
- Industrial Business

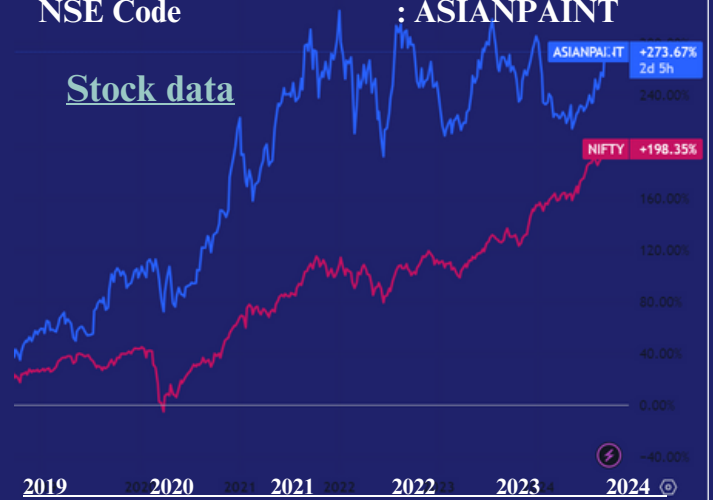
## Synopsis of Financials

- Q4 showed slow overall value delivery, impacted by a total price decrease of 3.7%.
- Double-digit volume growth maintained, but overall value was depressed at -1.8%.
- For FY24, value growth was around 3% with a volume growth of 9%.
- Strong high double-digit CAGR numbers over the last four years.
- Industrial business performing well, with Industrial sales showing strong growth in both volume and value.
- Industrial JVs with PPG of U.S. performing strongly.
- Overall volume trajectory has been consistently strong with double-digit growth.
- Urban markets slightly outperforming rural markets, but both are being focused on.
- Product mix affected in Q4, but Economy and Luxury segments performing well.
- Distribution network strength highlighted, with an increase of about 40,000-45,000 retail points in the last three years.
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Source: Company Annual Report

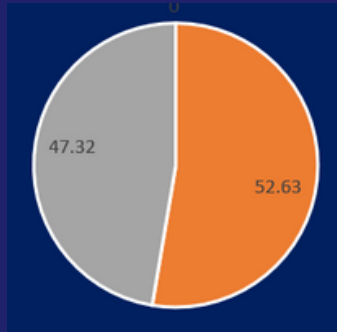
## Stock data (as 18th Sep 2024)

Nifty Price : 25,430  
52 week High (in Rs.) : 3,423  
52 week Low (in Rs.) : 2,670  
Market Cap. (in Crore) : 3,16,583 Cr.  
NSE Code : ASIANPAINT



-NIFTY50  
ASIANPAINT

## Shareholding Pattern (March 2024)



-PUBLIC GROUP  
-PROMOTER GROUP

## Financial Summary

Particulars	March 2022	March 2023	March 2024
Sales	29,101	34,489	35,495
Sales Growth %	34.03%	18.51%	2.92%
Expenses	24,298	28,229	27,910
Operating Profit	4,804	6,260	7,585
OPM %	17%	18%	21%
Net Profit	3,085	4,195	5,558
EPS in Rs	31.59	42.81	56.92

# Quarterly Results

Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	8,458	8,637	8,787	9,182	8,479	9,103	8,731
Expenses	7,230	7,025	6,923	7,061	6,762	7,047	7,039
Operating Profit	1,228	1,611	1,865	2,121	1,716	2,056	1,691
OPM %	15%	19%	21%	23%	20%	23%	19%
Other Income	118	122	104	228	194	186	212
Interest	35	41	39	46	51	54	54
Depreciation	216	214	220	198	209	220	226
Profit before tax	1,094	1,478	1,710	2,105	1,651	1,968	1,624
Tax %	27%	26%	26%	25%	25%	25%	21%
Net Profit	804	1,097	1,258	1,575	1,232	1,475	1,275

Source: Screener

## Key Ratios

Sr. No.	Ratios	Numerator	Denominator	FY 2023-24	FY 2022-23	% Variance
1	Current ratio	Current Assets	Current Liabilities	2.34	2.38	-1.68%
2	Debt-equity ratio	Total Debt (Borrowings)	Total Equity	0.005	0.006	-16.50%
3	Debt service coverage ratio	Earning available for debt service <sup>®</sup>	Finance Costs (excluding cost pertaining to lease liabilities) + Repayment of borrowings	108.82	139.50	-22.00%
4	Return on Equity	Profits after tax	Average Total Equity	31.29%	28.34%	10.42%
5	Inventory turnover ratio	Cost of goods sold	Average Inventory	3.31	3.46	-4.21%
6	Trade receivables turnover ratio	Revenue from Sale of Products and Services	Average Trade receivables	8.66	9.39	-7.79%
7	Trade payables turnover ratio	Net Purchases of raw material, packing material and stock-in-trade	Average Trade payables	5.41	5.62	-3.62%
8	Net capital turnover ratio	Revenue from Operations	Working Capital (Current Assets - Current Liabilities)	3.70	3.74	-1.00%
9	Net profit ratio*	Profit after tax	Revenue from Operations	17.25%	13.63%	26.54%
10	Return on capital employed	Profit before interest (excluding interest on lease liabilities), exceptional items and tax	Average Capital Employed [Total Equity + Total Debt (Borrowings)]	41.19%	38.04%	8.29%
11	Return on investment	Income during the year	Time weighted average of investment			
a	Return on Mutual Funds <sup>^</sup>			7.36%	5.54%	32.74%
b	Return on Fixed Deposits			7.44%	6.00%	23.91%
c	Return on Bonds <sup>^</sup>			13.05%	3.02%	332.55%
d	Return on quoted equity investment <sup>^</sup>			4.83%	21.16%	-77.18%

Source: Annual Report

# Yearly Results

Particulars	March 2022	March 2023	March 2024
Equity Capital	96	96	96
Reserves	13,716	15,896	18,632
Borrowings	1,587	1,933	2,474
Other Liabilities	7,560	7,854	8,698
Total Liabilities	22,958	25,779	29,901
Fixed Assets	5,519	5,770	7,147
CWIP	426	1,020	2,698
Investments	3,248	4,262	4,588
Other Assets	13,765	14,728	15,468
Total Assets	22,958	25,779	29,901

# Synopsis Quarter Results

## Con-Call Jul 24: Key Highlights

### Volume Growth:

- Targeting double-digit volume growth for FY25.
- Achieved 7% volume growth in Q1-FY25.
- CAGR volume numbers over a five-year perspective at about 15.3%.
- Anticipating an uptick in demand in the upcoming quarters.
- Rural markets showing signs of growth.
- T3-T4 cities growing at a higher pace compared to T1-T2 cities.

### Product Mix:

- Segments like Smartcare, waterproofing, wood finishes, and textures performed well.
- Economy Emulsions did not perform well.
- Premium Luxury emulsions showed relative growth.
- Mix impacted by the performance of different product categories.

### Distribution and Expansion:

- Distribution footprint expanding with 1.65 lakh retail touchpoints.
- Projects institutional business saw deceleration due to general elections.
- Focus on expanding Home Decor initiatives.

### New Products and Innovations:

- New products contributing to about 12% of the top line.
- Launch of NeoBharat Latex paint targeting the bottom of the pyramid segment.
- Capacity expansion at various plants to increase installed capacity.
- Launch of Woodtech Emporio in the premium segment.

### International Operations:

- Challenges in international markets due to currency devaluation.
- Ethiopian market performing well, Sri Lanka showing growth.
- Slowdown in Middle East, challenges in Nepal, Egypt, and Bangladesh.

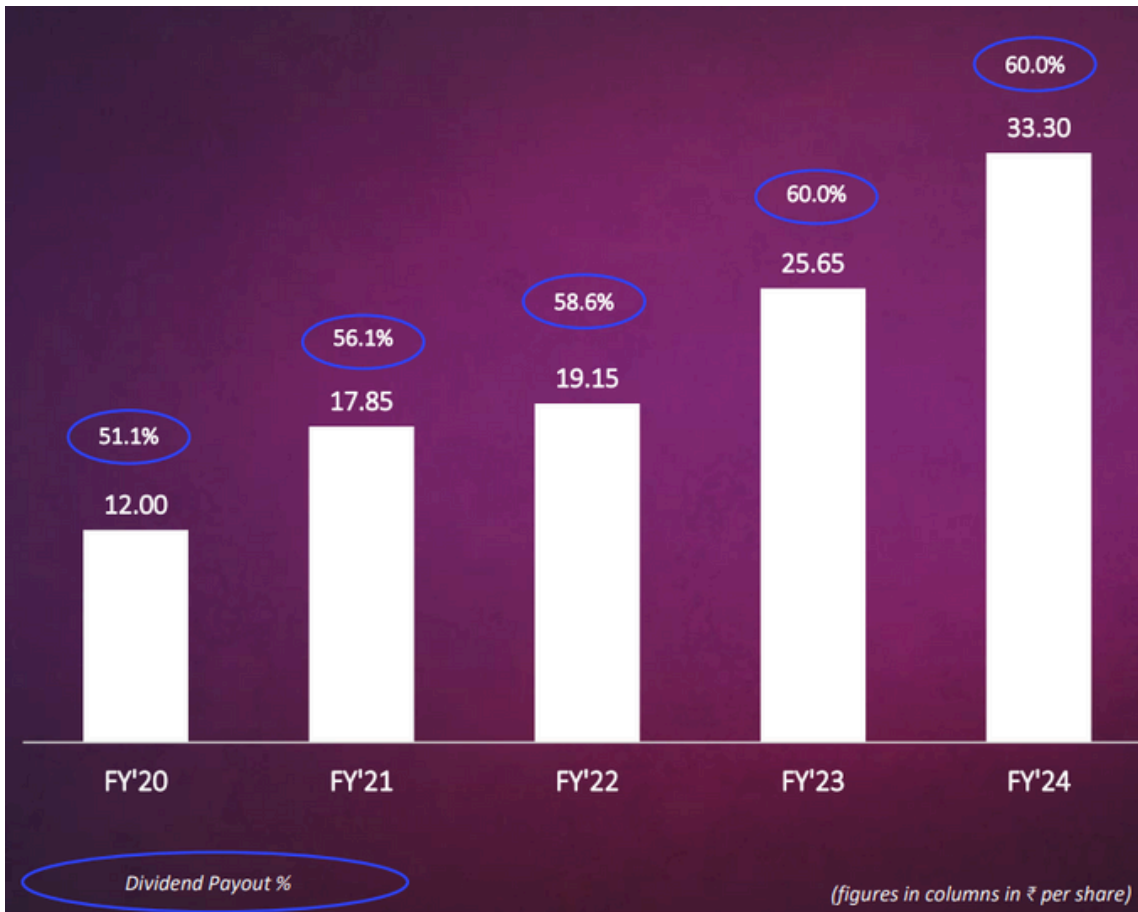
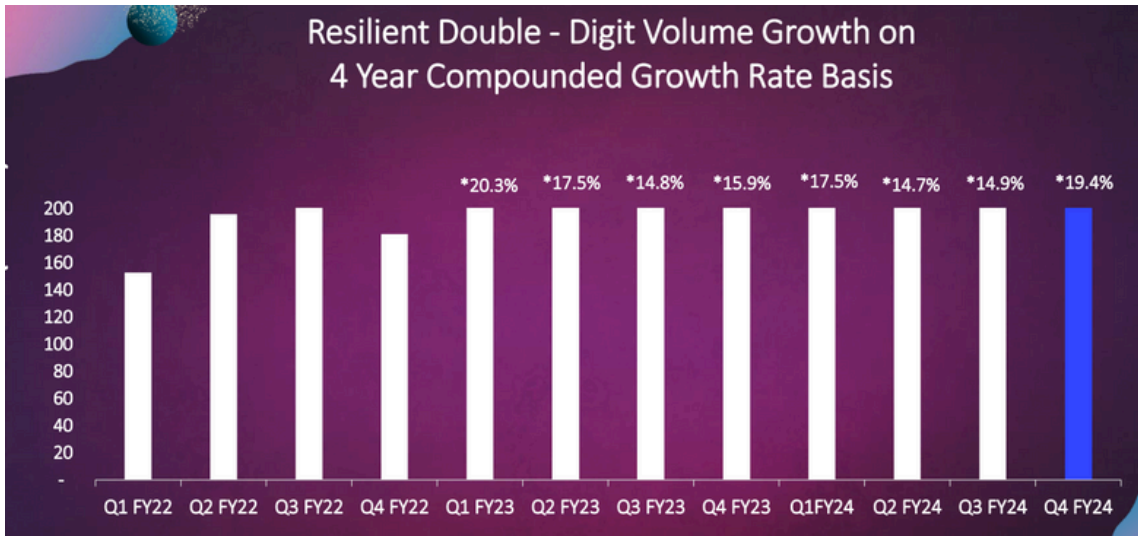
### Outlook:

- Expecting further price increases to offset inflation.
- Rural demand and festive season expected to drive growth.
- Industrial business showing positive trends.
- Focus on improving product mix and bridging volume-value gap.

### Gross Margin:

- Diverse business with a wide range of gross margins.
- Some categories taking time to reach desired margin levels.
- Overall realizations expected to be good as business progresses.

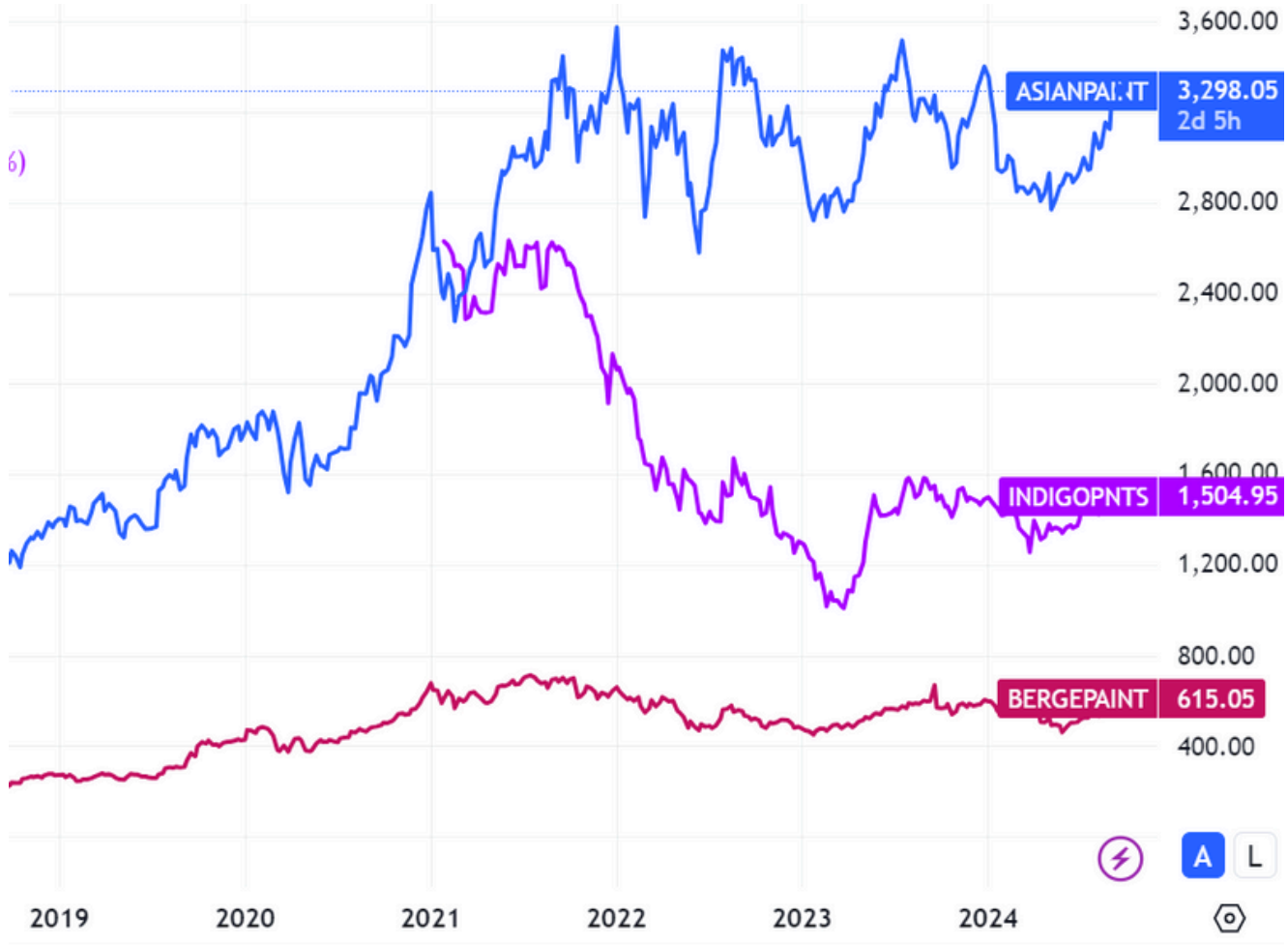
# Revenue Highlights



# Peer Comparison



## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

Company	Price	Dividend Yield	Market Cap	P/E Ratio	EPS	EBITDA	Revenue	Change in Revenue	Change in EPS
Asian Paints	3300.50	62.32	316583.23	1.02	1186.79	-24.54	8969.73	-2.32	37.50
Berger Paints	614.80	61.43	71673.13	0.56	354.03	-0.22	3091.01	2.03	27.51
Indigo Paints	1504.05	49.81	7164.49	0.23	26.46	-15.44	293.95	6.11	23.18

Source: Screener

# Final Outlook

**ASIANPAINT : SELL | LTP: 3300**

If we see last years quarterly report, we can clearly see that asian paints does not have clear growth, its revenue and profits had volatility.

Asian paints share price made high of 3576 in 2022 and then came back to its base of 2600, the again in 2023 came to its high price of 3568 then started declining till 2900 and is currently trailing at 2900 right now.

2900 is the base price where it can be bought and swing traded at 3500 again because if we see company fundamentally is standing all stable.

Hold or Sell, holding and selling in long term would be prefer but returns in long term will be around 30-40% only. If someone invest it in nifty index, it will give better returns when compared to asian paints.

**Hold/Sell Is recommended**