



PROTECTING | INVESTING | FINANCING | ADVISING

Research Report

Berger Paints Ltd



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About

The driving forces of Berger Paints - reflect the very spirit of its founder Lewis Berger - who laid the foundations of brand Berger way back in 1760 in the UK. With modest beginnings in India in 1923, today, Berger Paints India Limited is the second largest paint company in the country with a consistent track record of being one of the fastest growing paint companies, quarter on quarter, for the past few years.

Marquee Industrial Customer

In industrial segment, BPIL is present in protective coatings (market leader) , automotive & general industrials and powder coatings . Berger has several reputed customers in the industrial segment including Tata Motors, Ashok Leyland, Mahindra & Mahindra, Hero MotoCorp, Royal Enfield, Force Motors, Tata Hitachi, Crompton, Orient, Havells, etc.

Manufacturing Facilities

The Co. has 24 manufacturing plants in India (including plants of subsidiaries in India), two in Nepal, and one each in Poland and Russia

Synopsis of Financials

- Sales has increased due to increase in sale of products.
- Moreover, Revenue has increased from sale of services.
- Majorly Profit of the company sale of products.

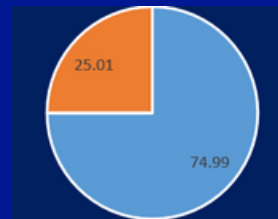
Stock data (as on 13th June 2024)

Nifty Price	: 23,398
52 week High (in Rs.)	: 680
52 week Low (in Rs.)	: 439
Market Cap. (in Crore)	: 58,418Cr.
NSE Code	: BERGEPAIN

Stock data (2021-2025)



Shareholding Pattern (March 2024)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	March 2022	March 2023	March 2024
Sales	11,199	10,568	8,762
Sales Growth %	5.97%	20.61%	28.52%
Operating Profit	1,861	1,478	1,331
OPM %	17%	14%	15%
Profit before tax	1,557	1,162	1,122
YOY Growth	7%	7%	-
EPS in Rs	10.02	7.37	7.14

Synopsis Quater Results

Con-Call Q4FY24: Key Highlights

Financial Performance:

- Achieved revenue of INR10,000 crores and a profit of INR1,000 crores in FY '24.
- Q4 saw a volume growth of 13.9% but value growth was 2.7% due to price reduction and mix shift.
- Operating profit declined by 5.1% primarily due to the absence of a subsidy received last year.
- Gross margin improved to 40.3% in Q4, showing consistency in maintaining margins.
- Consolidated sales showed a value growth of 3.1% and PAT growth of 19.7%.

Subsidiaries Performance:

- Bolix had strong double-digit top line growth and improved profitability.
- BJN-Nepal faced de-growth due to economic turmoil in Nepal.
- STP showed strong double-digit top line growth.
- SBL Specialty Coatings had decent top line growth and margin expansion.
- Berger Becker Coatings had a turnaround performance with double-digit top line growth.
- Nippon Paint Automotive Coatings showed double-digit growth.

Yearly Performance:

- Stand-alone volume growth was 11.6% and value sales growth was 5.6%.
- Operating profit growth was 24.2%.
- Decorative business showed strong volume growth and resilient performance.
- Industrial business lines continued growth trajectory with profitability improvement.
- Total income from operations grew by 5.6% on a stand-alone basis and 6% on a consolidated basis.

Expansion and Investments:

- Planning to install 8,000 new Colorbank machines in FY '25.
- Brownfield expansions were carried out at manufacturing units.
- Greenfield venture in Panagarh, West Bengal is progressing.
- Land acquisition completed at Khordha in Odisha for future expansion.

Market and Competition:

- No significant change observed in the behavior of top dealers despite new competition.
- Premium category performing well, while luxury category faced some destocking.
- Economy emulsion growing at a decent pace, along with other segments.

Future Outlook:

- Expecting double-digit volume growth to continue in Q1 and FY '25.
- Decorative business expected to maintain growth momentum.
- Industrial business anticipated to do well with strong profitability.
- Concerns about volatility in raw material prices due to geopolitical situation.

Quarterly Results



Particular	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec2023	Mar 2024
Sales	2,671	2,694	2,444	3,030	2,767	2,882	2,520
Expenses	2,307	2,344	2,097	2,473	2,294	2,402	2,169
Operating Profit	364	350	347	557	474	480	351
OPM %	14%	13%	14%	18%	17%	17%	14%
Other Income	16	13	15	17	19	20	48
Interest	24	30	29	20	21	20	18
Depreciation	62	64	74	78	83	83	87
Profit before tax	293	269	258	476	389	398	294
Tax %	25%	25%	28%	25%	25%	25%	24%
Net Profit	220	201	186	355	292	300	223

Source: Screener

Key Ratios

Ratios	Standalone		Consolidated	
	FY 2022-23	FY 2021-2022	FY 2022-23	FY 2021-2022
Debtors' Turnover	10.49	9.25	9.20	8.45
Inventory Turnover	2.99	2.82	3.07	2.91
Interest Coverage Ratio*	13.31	23.07	12.33	21.89
Current Ratio	1.34	1.40	1.40	1.42
Debt Equity Ratio	0.25	0.22	0.26	0.26
Operating Profit Margin %	11.74	12.72	11.45	12.65
Net Profit Margin %	8.75	9.69	8.14	9.51
Return on Net Worth (RONW)**	20.56	21.30	20.40	22.81

Source: Annual Report

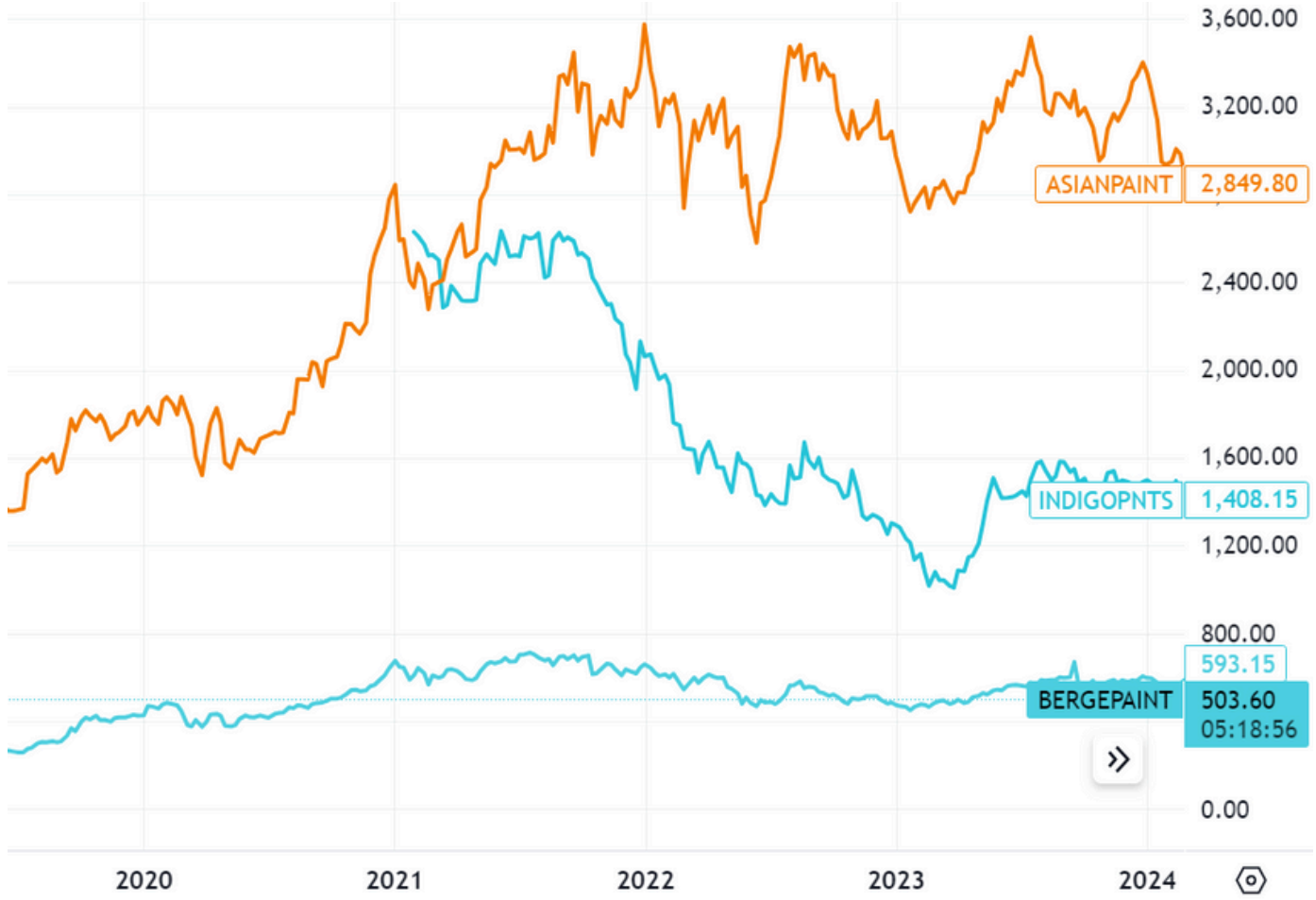
Yearly Results

Particulars	Mar 2022	Mar 2023	Mar 2024
Equity Capital	97	97	117
Reserves	3,830	4,397	5,262
Borrowings	1,014	1,189	753
Other Liabilities	2,271	2,283	2,236
Total Liabilities	7,211	7,966	8,369
Fixed Assets	2,187	3,332	3,501
CWIP	606	111	187
Investments	234	183	255
Other Assets	4,185	4,341	4,425
Total Assets	7,622	8,623	11,101

Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

Name	CMP Rs.	Mar Cap Rs.Cr.	Assets Rs.Cr.	Debt Rs.Cr.	NP 12M Rs.Cr.	Sales Rs.Cr.
Asian Paints	2910.05	279131.40	29900.77	2474.38	5557.69	35494.73
Berger Paints	503.70	58721.16	8368.66	753.29	1169.82	11198.92
Kansai Nerolac	284.00	22958.00	7409.72	276.42	1175.86	7801.44
Akzo Nobel	2794.85	12727.80	2903.00	60.40	426.70	3961.60
Indigo Paints	1376.90	6556.95	1221.95	16.84	148.65	1254.86

Source: Screener

Final Outlook



BERGERPAINT: SELL | LTP:502

Berger Paints India Limited reported earnings results for the full year ended March 31, 2024. For the full year, the company reported sales was INR 111,989.2 million compared to INR 105,678.4 million a year ago. Revenue was INR 112,626 million compared to INR 106,194.1 million a year ago. Net income was INR 11,677.4 million compared to INR 8,594.2 million a year ago. Basic earnings per share from continuing operations was INR 10.02 compared to INR 7.37 a year ago. Diluted earnings per share from continuing operations was INR 10.02 compared to INR 7.37 a year ago. When we compare the stock returns from nifty we can see nifty 50 index has beaten berger paints in all comparisons of 1,3 and 5 years. Stock is trading at 9.98 times its book value. So you can sell it.