

CMP - 2498

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About the Company

Asian Paints is India's leading paint and decor company and ranked among the top 8 coatings companies in the world with a consolidated turnover of ₹ 35,382 crores (₹ 354 billion) with a market capital of approx. ₹ 2,784.55 billion. Asian Paints along with its subsidiaries have operations in 15 countries across the world with 27 paint manufacturing facilities, servicing consumers in over 60+ countries through Asian Paints, Apco Coatings, Asian Paints Berger, Asian Paints Causeway, SCIB Paints, Taubmans and Kadisco Asian Paints. Asian Paints also offers a wide range of Home Décor products and is an emerging strong player in the Home Improvement and Décor space in India.

Latest Q2FY25 Update

- Consolidated Net Sales decreased by 5.3% to ₹ 8,003.0 crores from ₹ 8,451.9 crores.
- PBDIT [Profit before depreciation, interest, tax, other income, and exceptional items] (before share in profit of associates) decreased by 27.8% to ₹ 1,239.5 crores from ₹ 1,716.2 crores. • PBDIT Margin as % to Net Sales at 15.5% from 20.3% in the corresponding period of the previous year.
- Profit before exceptional items and tax decreased by 31.0% to ₹ 1,139.2 crores from ₹ 1,650.9 crores.
- Exceptional item of ₹ 180.1 crores is an aggregate representing impairment provision on 'Goodwill on Consolidation' of ₹ 124.0 crores, recognised on White Teak and foreign exchange loss pertaining to our subsidiary in Ethiopia of ₹ 56.1 crores
- Net Profit after minority interest decreased by 42.4% to ₹ 694.6 crores from ₹ 1,205.4 crores.

Company Data

Enterprise Value (EV)	₹ 2,36,129 Cr.
Market Cap.	₹ 2,34,414 Cr.
Total Debt	₹ 2,516 Cr.
Cash Equivalents	₹ 1,249.77 Cr
Shares Outstanding	95,91,97,790
Beta	0.65
EPS (TTM)	₹ 47.6
D/E Ratio	0.14
Div Yield	1.35%

Key Ratios

PE Ratio (TTM)	50
Industry PE Ratio	49.5
PB Ratio	14.58
PEG Ratio	2.44

Price Performance

3 months	-21.3%
6 months	-13.6%
1 Year	-20.7%
NIFTY50 1 Year Returns	19%

Management Commentary and View

- Amit Syngle, Managing Director & CEO, noted that the paint industry is currently facing subdued demand conditions, which have negatively impacted both revenue and margins. He emphasized that while the domestic decorative coatings segment has been under pressure, there are signs of potential recovery in margins due to anticipated softening in material costs and recent price increases implemented by the company
- The International Business experienced a marginal revenue decline of 0.7%, attributed to adverse macroeconomic conditions in key markets like Ethiopia and Bangladesh; however, on a constant currency basis, it recorded an 8.7% growth.
- The company reported an impairment loss related to investments in its White Teak and Weatherseal segments during the quarter, reflecting a cautious approach given the current market dynamics
- Management highlighted ongoing efforts to leverage brand strength and enhance distribution networks despite challenging demand conditions. They are focusing on: Cost Management: Implementing price increases of approximately 1.2% to mitigate inflationary pressures.
- Future Growth: Aiming for EBITDA margins to stabilize between 18.0% and 20.0% for FY25E as market conditions improve.

Stock Performance

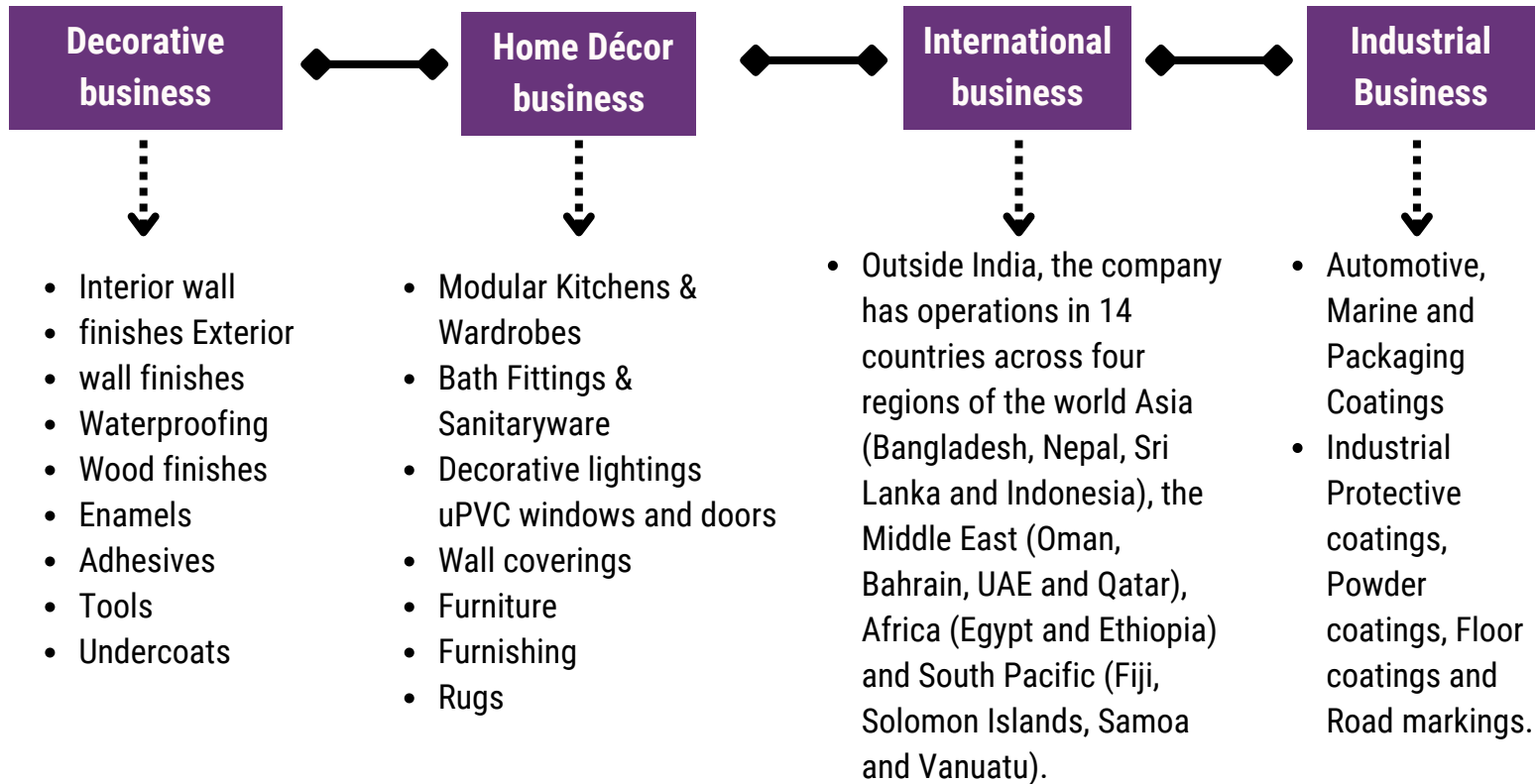


Shareholding Pattern (%)

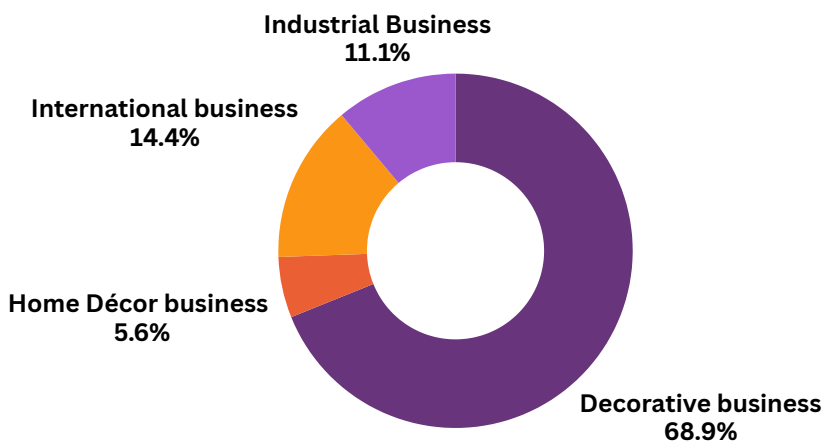
Category	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Promoters	52.63%	52.63%	52.63%	52.63%	52.63%
FIIs	17.65%	17.32%	15.89%	15.27%	15.28%
DIIIs	10.01%	10.52%	11.61%	12.30%	13.10%
Government	0.05%	0.06%	0.06%	0.06%	0.06%
Public	19.64%	19.44%	19.78%	19.68%	18.88%
Others	0.04%	0.04%	0.04%	0.06%	0.05%
No. of Shareholders	9,85,216	9,75,319	11,05,326	11,11,601	9,75,807



ASIAN PAINTS (BUSINESS MODEL)

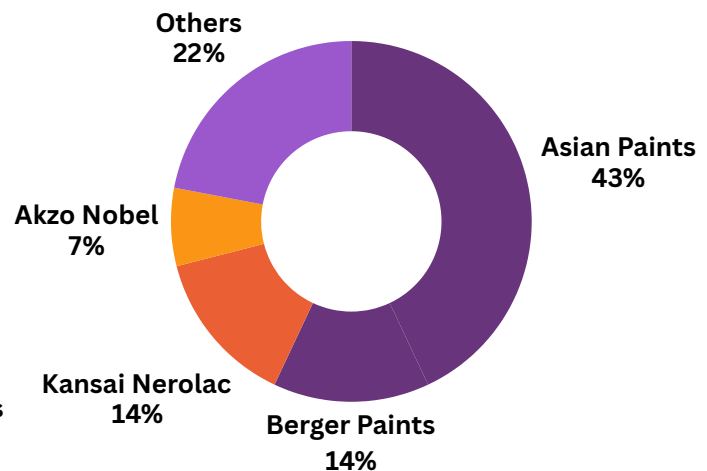


SEGMENT-WISE REVENUE



• As per Q2FY25

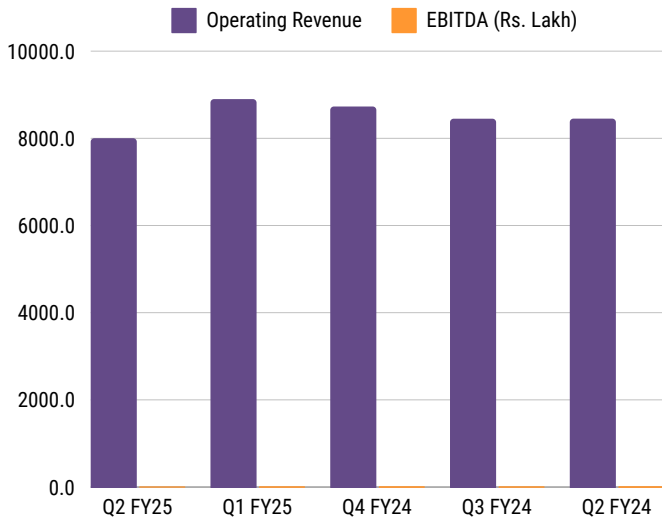
PAINT INDUSTRY MARKET SHARE (%)



• As per Q2FY25

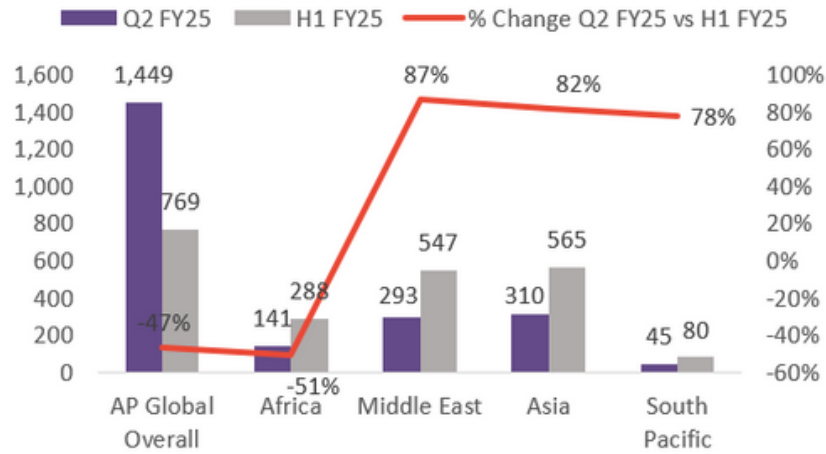
Key Ratios

Below details are of their Financial ratios like operating revenues, margins and other important ratios.

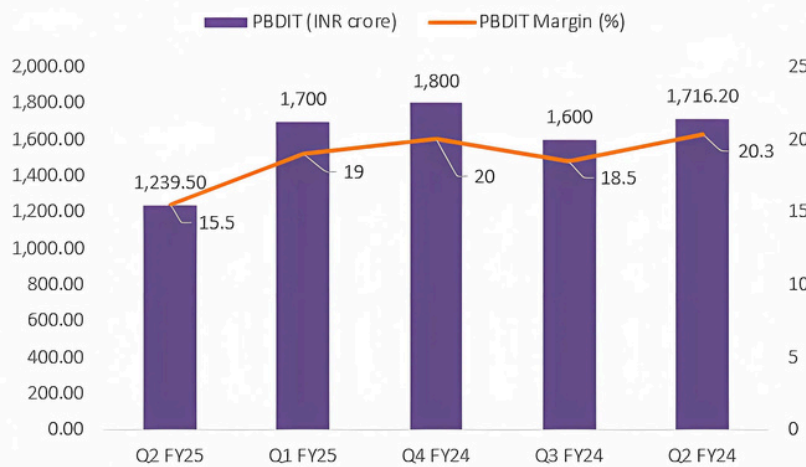
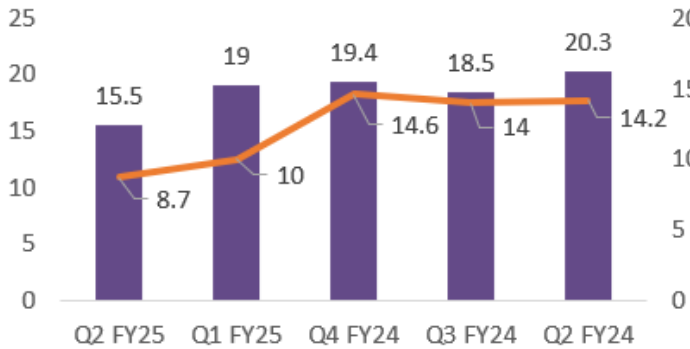


• Note:- WMG Stands for The Westin Mumbai Garden City

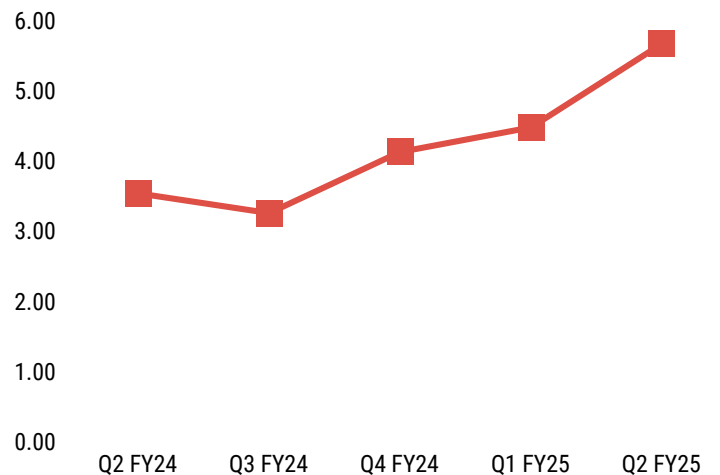
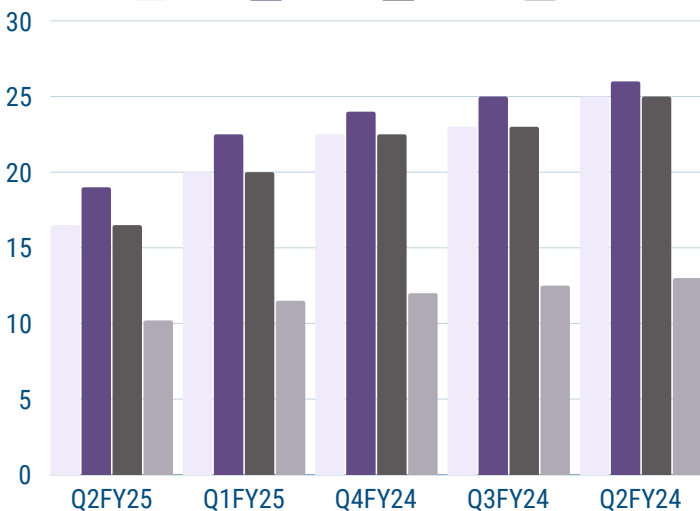
Geography wise revenue



Operating Margin (%) and Net Profit Margin (%)



ROE, ROCE, RONW, and ROA



• Note:- WMG Stands for The Westin Mumbai Garden City

Quarterly Summary

Particulars	Quarter Ended		
	30.09.2024 (₹ in Crores)	30.06.2024 (₹ in Crores)	30.09.2024 (₹ in Crores)
Income			
a) Revenue from sales	6,840.60	7,852.51	14,693.11
b) Other revenue	27.77	29.11	56.88
<i>Revenue from operations (a+b)</i>	<i>6,868.37</i>	<i>7,881.62</i>	<i>14,749.99</i>
2. Other Income	181.56	255.55	407.11
3. Total Income (1+2)	7,049.93	8,107.17	15,157.10
Expenses			
a) Cost of materials consumed	5,439.05	3,508.94	9,947.69
b) Purchases of stock-in-trade	919.35	836.51	1,755.86
c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	-331.64	-38.48	-192.76
d) Employee benefits expense	511.39	514.48	1,025.87
e) Finance costs	39.04	30.43	69.47
f) Depreciation and amortisation expense	207.34	195.71	403.05
g) Other expenses	1,208.01	1,289.79	2,497.80
4. Total Expenses	5,992.54	6,514.74	12,507.28
5. Profit before exceptional items & tax	1,057.39	1,592.43	2,649.82
6. Exceptional item	199.82	0	
7. Profit before tax	857.57	1592.43	2,450.00
Tax Expense			
a) Current Tax	245.43	395.15	640.58
b) Deferred Tax	9.83	4.88	14.71
8. Total Tax Expense	255.26	400.03	655.29
9. Profit for the period (7-8)	602.31	1192.4	1,794.71

Profit & Loss Statement

Particulars	Six Months Ended		Yearly Ended 31.03.2024 (₹ in Crores)
	30.09.2024 (₹ in Crores)	30.09.2023 (₹ in Crores)	
Income			
a) Revenue from sales	16,946.00	17,605.72	35,382.13
b) Other revenue	51.01	55.1	112.61
<i>Revenue from operations (a+b)</i>	<i>16,997.27</i>	<i>17,660.88</i>	<i>35,494.73</i>
Other Income	165.2	329.73	352.72
Total Income (1+2)	17,162.47	17,990.61	35,847.45
Expenses			
a) Cost of materials consumed	8,160.91	7,989.31	15,868.31
b) Purchases of stock-in-trade	1961.7	1892.79	3,858.20
c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	-213.72	159.76	363.8
d) Employee benefits expense	1350.72	1141.79	2,326.18
e) Finance costs	118.39	96.65	205.17
f) Depreciation and amortisation expense	469.69	407.04	853
g) Other expenses	2,804.38	2,639.71	5,493.46
Total Expenses	14,652.07	14,327.05	28,968.12
Profit before share of profit in associates and exceptional items	2,674.96	3,696.10	7,214.77
Share of profit in associates	67.84	59.80	133.00
Profit before exceptional items and tax	2,742.80	3,755.90	7,347.77
Exceptional item	180.14	0	
Profit before tax	2562.66	3755.9	7,347.77
Tax Expense			
a) Current Tax	674.86	934.74	1784.65
b) Deferred Tax	7.25	13.93	5.43
Total Tax Expense	682.11	948.67	1790.08
Profit for the period	1880.45	2807.23	5,557.69

Balance Sheet

Particulars	Unaudited	Audited	Particulars	Unaudite	Audited
	As at 30.09.2024 (₹ in crores)	As at 31.03.202 4 (₹ in crores)		d As at 30.09.202 4 (₹ in crores)	As at 31.03.202 4 (₹ in crores)
Non-Current Assets			Equity		
Property, Plant and Equipment	5,345.05	4,446.20	Equity Share Capital	95.92	95.92
Right-of-Use assets	1,853.47	1,856.27	Other Equity	17,927.95	18,632.38
Capital work-in-progress	2,271.50	2,698.37	Equity attributable to owners of	18,023.87	18,728.30
Goodwill	280.86	419.19	Non-controlling Interests	659.59	695.38
Other Intangible Assets	399.91	424.96	Total Equity and Liabilities	18,683.46	19,423.68
Investments in Associates	607.95	583.13	Non- Current Liabilities		
Financial Assets			Borrowings	86.67	54.38
Investments	1,055.61	801.38	Lease Liabilities	1,098.92	1,095.29
Trade Receivables	5.31	1.78	Other Financial Liabilities	83.3	240.58
Other Financial Assets	913.36	606.51	Provisions	242.16	222.56
Deferred Tax Assets (Net)	25.95	23.32	Deferred Tax Liabilities (Net)	412.2	352.17
Income Tax Assets (Net)	209.38	198.11	Other Non-Current Liabilities	50.04	34.47
Other Non-Current Assets	375.81	327.81	Total Non-Current Liabilities	1,973.29	1,999.45
Total Non-Current Assets	13,344.16	12,387.03	Current Liabilities		
Current Assets			Borrowings	1,036.82	1,052.76
Inventories	6,474.40	5,923.41	Lease Liabilities	293.61	271.95
Financial Assets			Trade Payables		
Investments	2,031.06	3,203.41	Total Outstanding dues of Micro	236.66	250.27
Trade Receivables	4,701.41	4,889.05	Total Outstanding dues of Credit	4,179.54	3,581.07
Cash and Cash Equivalents	453.72	829.34	Other Financial Liabilities	2,461.26	2,675.44
Other Balances with Banks	346.78	254.67	Other Current Liabilities	393.97	484.48
Other Financial Assets	1,213.88	1,651.35	Provisions	60.31	62.48
Other Current Assets	908.73	785.83	Income Tax Liabilities (Net)	155.22	122.51
Total Current Assets	16,129.98	17,537.06	Total Current Liabilities	8,817.39	8,500.96
TOTAL ASSETS	29,474.14	29,924.09	TOTAL EQUITY AND LIABILITIES	29,474.14	29,924.09

Cash Flow Statement

PARTICULARS	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Profit from operations	3,413.03	4,089.67	4,194.14	5,489.60	7,005.04
Adjustment	702.99	608.86	674.27	599.65	391.9
Changes in Assets & Liabilities	-369.6	-224.97	-2,499.07	-452.92	72.94
Tax Paid	-933.35	-1,014.98	-1,109.03	-1,414.68	-1,732.04
Operating Cash Flow	2,813.07	3,458.58	1,260.31	4,221.65	5,737.84
Investing Cash Flow	-774.65	-436.16	-339.98	-1,396.88	-2,263.19
Financing Cash Flow	-2,500.85	-582.9	-1,989.32	-2,184.87	-2,974.48
Net Cash Flow	-462.43	2,439.52	-1,068.99	639.9	500.17

Investor Outlook

Asian Paints reported a 42.4% drop in net profit, falling to ₹694.64 crore, much below market expectations of ₹1,205 crore. Revenue from operations also declined by 5.3% year-on-year, reaching ₹8,003 crore, missing analyst estimates.

The company's profit margin (PBDIT) shrank to 15.5%, down from 20.3% last year, due to:

1. Price reductions in the past year.
2. Rising material costs.
3. Higher selling expenses due to weak consumer demand and bad weather.

CEO Amit Syngle remains optimistic, expecting margins to improve as raw material prices ease and recent price hikes take effect. The company is leveraging its strong brand and distribution network to address these challenges: Intense competition and Weak consumer sentiment.

Future Prospects: Asian Paints is working on new product launches and strategies to boost profitability, but competitive pressures and demand issues keep the short-term outlook cautious.

We evaluated Asian Paint's economic value using an earnings approach, with key inputs including:

Estimated EPS CAGR: 8%

Projected P/E in 10 years: 50 (compared to the current P/E of 31.45)

Discount Rate: 7% Based on this, Asian Paint's value is estimated to be in the range of ₹2500 - 2550 per share.

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