

EDUCATIONAL EQUITY RESEARCH REPORT :

ASIAN PAINTS LTD.

(NSE: ASIANPAINT, BSE: 500820)



DATE : 20/4/24

WE AT AS RESEARCH TECHNIC ,INITIATE OUR COVERAGE ON ASIAN PAINTS LTD.Asian Paints is India's leading paint and decor company and ranked among the top ten Decorative coatings companies in the world The company has come a long way since its small beginnings in 1942.

ABOUT THE BUSINESS :

The company is engaged in the business of manufacturing, selling and distribution of paints, coatings,products related to home decor, bath fittings and providing related services.Asian Paints is India's largest paints company by market share.

It is the holding company of Berger International.The company's manufacturing operations encompass 15 countries of the world including India, with considerable presence in the Indian subcontinent and the Middle East.The company along with its subsidiaries have 26 manufacturing facilities across 16 countries serving customer globally in over 65 countries.

PROS :

- Company has a good return on equity (ROE) track record: 3 Years ROE 26.1%
- Company has been maintaining a healthy dividend payout of 58.4%.

CONS :

- Stock is trading at 16.6 times its book value

RESEARCH ANALYST :

P.SUNANDINI @ AS RESEARCH TECHNIC.



FINANCIAL SNAP SHOT :

MARKET CAP	₹ 2,73,784 Cr.
STOCK P/E	50.1
ROE	27.7 %
CURRENT PRICE	2808
BOOK VALUE	₹ 173
ROCE	34.4 %
HIGH	₹ 3,568
LOW	2,777
DIVIDEND YIELD	0.90 %
FACE VALUE	₹ 1.00

SHARE HOLDING PATTERN:

PROMOTERS	52.63%
FIIS	17.32%
DIIS	10.52%
PUBLIC	19.44%
GOVERNMENT	0.06%
OTHERS :	0.04%
NO.OF SHAREHOLDERS	9,75,319

PEER COMPARISON :

Sector: Paints

Industry: Varnishes

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	Qtr Profit Var %	ROCE %
1	Asian Paints	2854.5	50.1	273783.79	0.9	34.96	34.37
2	Berger Paints	556.75	57.43	64946.57	0.47	49.12	23.75
3	Kansai Nerolac	280.4	34.88	22610.58	0.64	39.57	14.46
4	Akzo Nobel	2455.7	27	11170.1	2.63	16.84	34.71
5	Indigo Paints	1347.8	44.54	6406.31	0.26	43.56	21.55
6	Shalimar Paints	168.9		1413.49	0	-86.13	-4
7	Retina Paints	69.85		97.37	0		6.47

KEY POINTS :

- ASIAN PAINTS HAS BECOME INDIA'S MOST TRUSTED DECOR COMPANY.
- THE COMPANY IS KNOWN FOR DELIVERING EXCEPTIONAL QUALITY AND UNPARALLED CUSTOMER SATISFACTION.
- FOR OVER 80 YEARS, THE COMPANY IS PROVIDING EXCEPTIONAL SERVICE TO THE CUSTOMERS, HELPING TO DISCOVER BEAUTY IN THE MUNDANE AND TRANSFORM THEIR WORLD WITH COLOURS.
- ASIAN PAINTS IS THE LEADING PAINT AND DECOR COMPANY, WITH THE LARGEST OF ITS KIND PAINTING SERVICE IN THE WORLD, AVAILABLE IN 600+ TOWNS.
- IT IS THE PROVIDER OF HIGH QUALITY CUSTOM FORMULATED PRODUCTS FOR THE AUTOMOTIVE AND INDUSTRIAL COATINGS BUSINESS IN INDIA.
- SOME OF ITS NEW PRODUCTS ARE ROYALE GLITZ ULTRA MATT, ROYALE PLAY MINERAL, WOODTECH PURAFIN PU.
- THE COMPANY OPERATES IN EMERGING ECONOMIES THROUGH THE SEVEN CORPORATE BRANDS, VIZ ASIAN PAINTS, APCO COATINGS, ASIAN PAINTS BERGER, ASIAN PAINTS CAUSEWAY, SCIB PAINTS, TAUBMNS AND KADISCO ASIAN PAINTS.
- ASIAN PAINTS HAS THE LARGEST DISTRIBUTION AND RETAIL NETWORK IN THE INDIAN PAINTS INDUSTRY.
- THEY PLACE A GREAT EMPHASIS ON CREATING AN INCLUSIVE ECOSYSTEM, AND THIS NETWORK SERVES AS THE BACKBONE OF THEIR PERFORMANCE.
- GLOBALLY, FY 2022-23 HAS BEEN A YEAR OF SIGNIFICANT CHALLENGES AMIDST THE CONTINUATION OF THE RAGING WAR IN UKRAINE AND OTHER GROWING GEOPOLITICAL TENSIONS TO THE LINGERING IMPACT OF COVID-19.
- THE EFFECT OF MOUNTING INFLATION AND TIGHTENING MONETARY POLICY WAS FELT BY MANY ADVANCED ECONOMIES, RESULTING IN VOLATILE MARKETS THAT CAUSED ECONOMIC UNCERTAINTY.

- THE COMPANY'S PERFORMANCE IN INDUSTRIAL PAINTS HAS BEEN ONE OF THE BEST IN THE LAST DECADE LEVERAGING THE PARTNERSHIP WITH PPG INDUSTRIES INC. OF USA.
- THE COMPANY DELIVERED A DOUBLE DIGIT VOLUME AND VALUE GROWTH IN THE DECORATIVE BUSINESS TAKING MULTIPLE STEPS TO EXPAND THE MARKET AND ALSO GAIN FROM THE ORGANISED AND UNORGANISED SEGMENTS OF THE MARKET THROUGH DISTINCT PRODUCTS AND SERVICE OFFERINGS.
- DEMAND WAS PARTICULARLY STRONG FROM CONSTRUCTION SEGMENT AND THE FACTORY SEGMENTS, WHICH WAS FURTHER BOOSTED BY THE INCREASED GOVERNMENT SPENDING ON INFRASTRUCTURE.
- OVER THE PAST TWO DECADES, THE COMPANY HAS ACHIEVED A CAGR OF 27.3% IN MARKET CAPITALISATION , REACHING RS.264897 CRORES AS ON 31ST MARCH 2023 FROM RS.2119 CRORES AS ON 31ST MARCH 2003.
- OVER THE LAST 5 YEARS, ASIAN PAINTS CONSISTENTLY INCREASED DIVIDEND PAYOUT-RATIO TAKING IT TO 60%, A TESTAMENT TO THEIR COMMITMENT TO SHARING THE SUCCESS WITH THE SHAREHOLDERS.

• THE SHARE PRICE CAN GO UPTO 2972.13 IF IT BREAKS 2944 ON THE UPPER SIDE.

• THE SHARE PRICE CAN GO UPTO 2726.4 IF IT BREAKS 2763 ON THE LOWERSIDE.

PIVOT TABLE :

		SUPPORT				RESISTANCE			
DATE	WEEK CLOSE	S3	S2	S1	PIVOT	R1	R2	R3	PRV CLOSE
18-04-2024	2808.55	2726.37	2763.2	2785.47	2822.333	2844.567	2881.433	2903.66667	2830
16-04-2024	2808.55	2798.07	2809	2819.52	2830.483	2840.967	2851.933	2862.41667	2844.4
15-04-2024	2808.55	2778.85	2795.6	2820	2836.75	2861.15	2877.9	2902.3	2854.5
12-04-2024	2854.5	2787.33	2816.2	2835.33	2864.167	2883.333	2912.167	2931.33333	2896.75
10-04-2024	2854.5	2829.03	2843.5	2870.13	2884.617	2911.233	2925.717	2952.33333	2857.15
09-04-2024	2854.5	2757.83	2801.4	2829.28	2872.867	2900.733	2944.317	2972.18333	2892

DISCLAIMER: INVESTMENT/TRADING IN SECURITIES MARKET IS SUBJECT TO MARKET RISK, PAST PERFORMANCE IS NOT A GUARENTEE OF FUTURE PERFORMANCE.THE RISK OF LOSS IN TRADING AND INVESTMENT IN SECURITIES MARKETS INCLUDING EQUITIES AND DERIVATIVES CAN BE SUBSTANTIAL.