

EDUCATIONAL EQUITY RESEARCH REPORT : JUNE

ASIAN PAINTS LTD.

(NSE: ASIANPAINT, BSE: 500820)



DATE : 1/6/24

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 delivered good profit growth of 20.5% CAGR over last 5 years.
- Company has a good return on equity (ROE) track record: 3 Years ROE 27.8%
- Company has been maintaining a healthy dividend payout of 59.7%.

CONS :

- Stock is trading at 14.7 times its book value

PREVIOUS MONTH FOLLOWUP

AS MENTIONED IN THE PREVIOUS REPORT, THE SHARE PRICE BROKE 2950 ON THE UPPER SIDE. THE STOCK PRICE WENT UPTO 2997 AFTER BREAKING THE RESISTANCE 2896 ON THE UPPER SIDE.

RESEARCH ANALYST :

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FINANCIAL SNAP SHOT :

MARKET CAP	₹ 2,76,134 Cr.
STOCK P/E	50.6
ROE	31.4 %
CURRENT PRICE	₹ 2,879
BOOK VALUE	₹ 195
ROCE	37.5 %
HIGH	₹ 3,568
LOW	2670
DIVIDEND YIELD	1.15 %
FACE VALUE	₹ 1.00

SHARE HOLDING PATTERN:

PROMOTERS	52.63%
FIIS	15.89%
DIIS	11.61%
PUBLIC	19.78%
OTHERS :	0.06%
GOVERNMENT	0.04%
NO.OF SHAREHOLDERS	11,05,326

PEER COMPARISON :

Sector: Paints

Industry: Varnishes

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	Sales Qtr Rs.Cr.	ROCE %
1	Asian Paints	2878.8	50.62	276133.84	1.15	8730.76	37.51
2	Berger Paints	473.45	47.28	55194.61	0.55	2520.28	27.64
3	Kansai Nerolac	267.7	31.96	21640.31	0.92	1769.39	17.54
4	Akzo Nobel	2566.35	27.38	11687.21	2.54	973.4	42.21
5	Indigo Paints	1344.85	43.06	6404.29	0.26	366.14	23.25
6	Shalimar Paints	147.2		1232.23	0	144.26	-12.28
7	Retina Paints	78.7	148.25	109.71	0	6.5	10.26

KEY POINTS :

- Asian paints has become India's most trusted decor company.
- The company is known for delivering exceptional quality and unparalleled 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 pay-out-ratio taking it to 60%, a testament to their commitment to sharing the success with the shareholders.

• **THE SHARE PRICE CAN GO UPTO 2968.53 IF IT BREAKS 2942.76 ON THE UPPER SIDE.**

• **THE SHARE PRICE CAN GO UPTO 2793.5 IF IT BREAKS 2829 ON THE LOWERSIDE.**

PIVOT TABLE :

		SUPPORT				RESISTANCE			
DATE	WEEK CLOSE	S3	S2	S1	PIVOT	R1	R2	R3	PRV CLOSE
31-05-2024	2881.2	2807.1	2831.4	2857.5	2881.8	2907.9	2932.2	2958.3	2883.7
30-05-2024	2881.2	2844	2859.5	2879.8	2895.3	2915.7	2931.2	2951.5	2900.15
29-05-2024	2881.2	2847	2864.1	2887.6	2904.7	2928.2	2945.3	2968.8	2911.2
28-05-2024	2881.2	2793.5	2828.8	2850.5	2885.8	2907.5	2942.8	2964.5	2872.3
27-05-2024	2881.2	2811.4	2833.5	2854.1	2876.2	2896.9	2919	2939.6	2874.75
24-05-2024	2874.75	2833.9	2850.5	2877.1	2893.7	2920.3	2936.9	2963.5	2903.75

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