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CFA Institute Research Challenge hosted by **CFA Society Bangladesh** **Team A**

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Recommendation

BUY**31.28% Upside Potential**

Target Price

BDT 2370.8

Current Price

BDT 1805.9

INDUSTRY: Paints & Coating

Date: February 7, 2025

Year End: March 31, 2026

Free Float: 5%

Rating: AAA, ST-1

Figure 1: Investment Summary

Recommendation	Buy
Current Price (February 7, 2025)	1805.9
Target Price (March 31, 2026)	2370.8
Upside Potential	31.28%
Target Holding Period	13 months
Expected Dividend Yield	2.48%
Total 13 months HRP	33.76%

Source: Team Analysis

Executive Summary

Investment Decision

We inaugurate a BUY recommendation on Berger Paints Bangladesh Limited (DSE Ticker: BERGERPBL), based on a 13-month target price of 2370.8 (March 31, 2026), implying a 35.85% upside potential from February 7, 2025, closed on 1805.9. Total 13 months HRP will be 33.76%, along with 2.48% Expected Dividend Yield. The target price is derived from the valuation through Absolute (FCFF & DDM) and Relative Valuation methods.

Investment Rationale

We expect BERGERPBL to maintain strong revenue growth, supported by its dominant market position and strategic business advantages. The company holds a commanding 58.20% share in the paint industry of Bangladesh, far ahead of its closest rival, Asian Paints, which controls only 15.90%. This significant lead, combined with high capital requirements for entry, positions Berger as a near-monopoly player capable of influencing market prices and profitability.

Despite economic challenges such as rising production costs and currency volatility, Berger's established supplier relationships and economies of scale help mitigate margin pressures. With over five decades of market presence and a broad product portfolio, including decorative paints, industrial coatings, and marine solutions, Berger continues to capture a wide range of customer segments, maintaining a remarkable 99% customer satisfaction level.

We forecast steady growth in the paint sector driven by Berger's capacity to leverage its strong brand reputation and expansive distribution network across both urban and rural markets. Additionally, Berger's consistent dividend payout ratio of approximately 60% signals strong cash flow generation and shareholder focus.

Given Berger's monopolistic market position, robust financial performance, and continuous product innovation, it is well-positioned for long-term sustainable growth in Bangladesh's evolving construction and industrial landscape.

Investment Risk

BERGERPBL faces significant risks, including heavy reliance on imported raw materials, exposing it to supply chain disruptions and foreign exchange losses due to currency volatility. Customer concentration in decorative paints makes the company vulnerable to market fluctuations, while increased supplementary duties threaten profitability by raising product prices. Delays in opening L/Cs further disrupt raw material procurement, affecting production and delivery timelines. Additionally, low share liquidity poses challenges in swift transactions and contributes to price volatility. Mitigation strategies include diversifying sourcing, hedging currency risks, expanding into industrial and marine coatings, securing loans to streamline L/C processes, and issuing rights shares to improve market liquidity.

Valuation Method:

We used a blended approach for the valuation purpose using FCFF and DDM methods for DCF (Absolute Valuation) and P/E and EV/ EBITDA multiples for Relative Valuation with a 70:30 weight put on Absolute and Relative Valuation approaches. We took a 12.58% WACC – cost of equity of 13.12% based on modified CAPM and after-tax cost of debt of 6% (an average historical effective shareholder loan's cost 4% and 8% interest payment on lease obligation). We calculated and presumed 8% terminal growth rate, linked to GDP growth rate and market premium, using the H-Model with the 10-year transition period. The 13-month target price for BERGERPBL comes at BDT 2370.8 (March 31, 2026).

Figure 2: Company Fundamentals

Particulars	2024-25A	2025-26F
Revenue (BDT mn)	28,405.21	33,085.02
NPAT (BDT mn)	3,509.13	5,505.38
EPS (BDT)	75.66	112.11
NAV (BDT)	336.11	446.38
NOCFPS (BDT)	32.06	160.65
FCFFPS (BDT)	57.10	(15.22)
ROIC	0.39	0.41

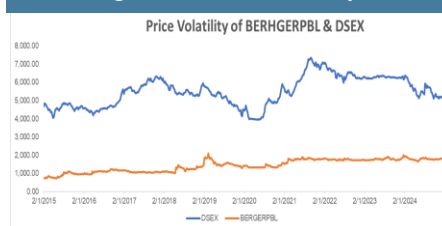
Source: Team Analysis

Figure 3: Market Data

Particulars	Amount BDT
Market Cap at February 7, 2025 (BDT mn)	83,754
Paid-up Capital (BDT mn)	463.78
Shares Outstanding (mn)	46,377,880
Shares Outstanding After Right Issue (mn)	49,105,991
Free Float (%)	5.0%
Free Float After Right Issue (%)	10.0%
52 Weeks Avg Daily Share Volume	1,870
52 Weeks Price Range (Feb'24- Feb'25)	1,610.0 - 1,972.3
Current P/NAV	5.37
Target P/NAV	5.31
Current EPS	75.66
Target EPS	112.11
Current P/E	23.87
Target P/E	21.15
Credit Rating	"AAA" & "ST-1"

Source: Team Analysis

Figure 4: Price Volatility



Source: Team Analysis

Figure 5: Scenario Analysis

Particular	Bear	Base	Bull
Net Revenue	9.51%	15.83%	25.82%
Gross margin	10.77%	17.17%	26.73%
Net Profit	9.10%	15.91%	25.23%
Terminal Growth	7.00%	8.00%	9.00%
Cost of Capital	13.59%	12.58%	11.59%
Price	1,734.83	2,370.79	2,994.25
Upside/Downside	-3.94%	31.28%	65.80%

(Team Analysis)

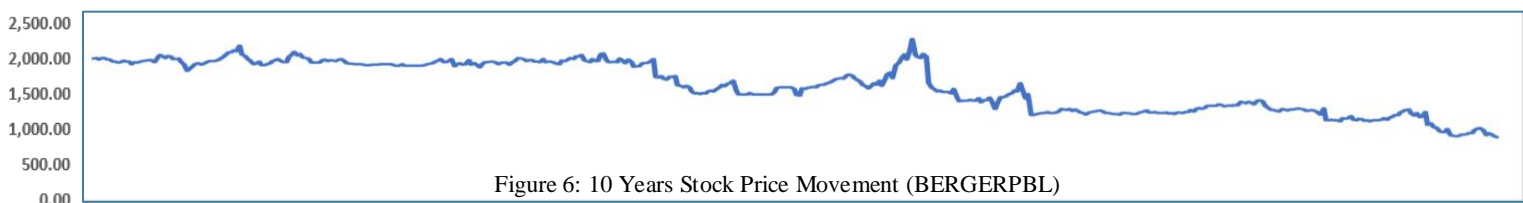


Figure 6: 10 Years Stock Price Movement (BERGERPBL)

Figure 5: Key Paint Categories

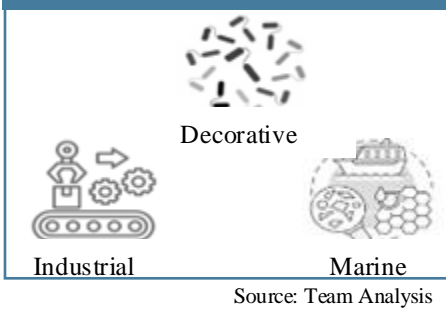


Figure 6: Share Holding Structure

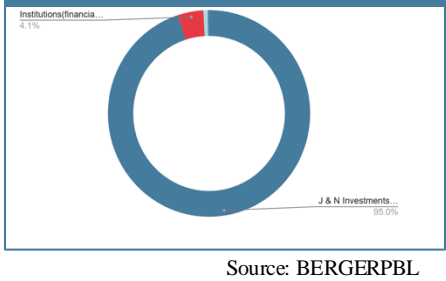


Figure 7: Remittance Inflow



Figure 8: Per Capita Paints Consumption

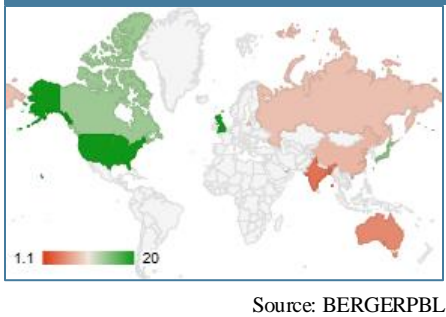


Figure 9: Paint Market Division

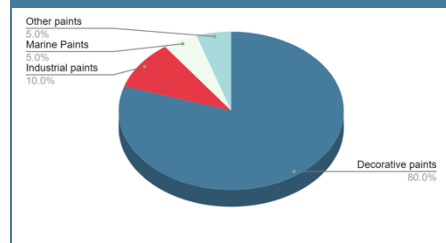


Figure 10: Porters Five Force



Business Description

Founded in 1970, **Berger Paints Bangladesh Ltd. (BPBL)** has cemented its position as the market leader in Bangladesh's paint industry, commanding an impressive **58.2% market share** in a BDT 6500 million industry. Rooted in the global legacy of Berger Jenson & Nicholson with over 250 years of expertise, BPBL blends international innovation with 50 years of localized excellence and deep market insights.

Vision and Mission

BPBL's vision is to become the most preferred brand in the industry by ensuring consumer delight. This commitment is reflected in its recognition as the **"Most Loved Brand" for 13 consecutive years**, with a stellar **Customer Service Level (CSL) of 99%**.

Manufacturing Infrastructure and Expansion

BPBL boasts robust manufacturing capabilities, with state-of-the-art facilities in **Savar** and **Kalurghat, Chittagong**, capable of producing **130.5 million liters of liquid coatings** and **47.4 million liters of non-liquid coatings** annually. To meet surging demand, Berger is investing **BDT 813 crore** in a cutting-edge, environment-friendly factory at the **National Special Economic Zone**.

Strategic Outlook

Looking ahead, BPBL is strategically positioned to capitalize on **green technology**, digital transformation, and innovative product launches. Its investment in **automation** and enhanced customer experiences ensures sustained competitive advantages. As Bangladesh's most trusted paint brand, Berger remains focused on delivering **long-term shareholder value** and **market resilience** while reinforcing its leadership in the evolving paint industry.

Industry Overview

The global market for paints and coatings, valued USD 206.56 billion in 2023 and is projected to reach USD 303.97 billion by 2032, growing at a CAGR of 4.6%, is driven by trends in automotive, construction, and industrial settings (Fortune Business Insights, 2024).

Bangladesh paint industry is growing 6% a year and has reached an estimated BDT 6500 million. Urbanization, economic expansion, and construction activities drive accelerate the growth, but the industry depends on imports for more than 85% of its raw materials. 70% of the sell comes from residential demand, while commercial and industrial segments account for 20% and 10%, respectively (The Daily Star, 2024).

Lower Per Capita Paint Consumption Highlights Growth Potential

Bangladesh consumes 1.1 kg of paint per capita, a fraction of the global average of 15 kg and India's 4.2 kg, indicating strong market potential. The global paint demand is expected to grow at a 4.6% CAGR and Asia-Pacific will be responsible for 50% of this demand by 2030, and Bangladesh will be strongly placed in this growth with its rising GDP per capita, urbanization, and 10% annual home improvement spending, the ground for which will make the industry expand strongly.

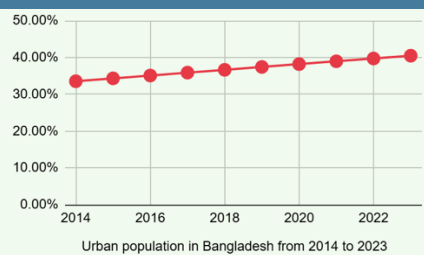
Fragmented Market with Dominant Local Players

There are about 40 registered active players in the Bangladeshi paint industry — making it a competitive industries. Berger Paint is the market leader, having a market share of 58.2%, followed by Asian Paints 15.9%, Rainbow Paints 4.5%, Elite Paints 4.1% and other smaller firms having the balance 17.3%. Low entry barriers allow regional players to capture niche markets (**Appendix 1**).

Fluctuating Raw Material Prices and Dependence on Imports

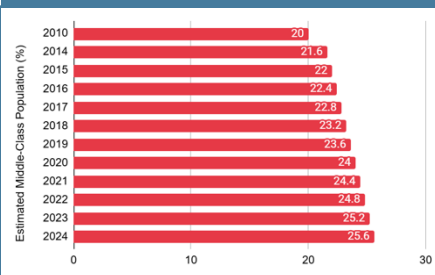
The depreciation of the Bangladeshi Taka (86 to 120 BDT/USD) has raised imports of key raw materials such as pigments, resins, solvents, and titanium dioxide, which has been increased to 39%. The price of essential chemicals rose by 30-40% in 2022 due to global supply chain disruptions, and transportation costs went up by 18-20% because of a 49% rise in fuel prices, which took logistics expenses up by 15%.

Figure 11: Urban population in Bangladesh



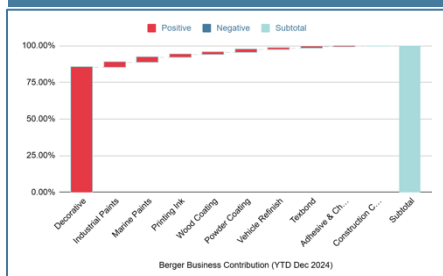
Source: Statista

Figure 12: Estimated Middle-Class



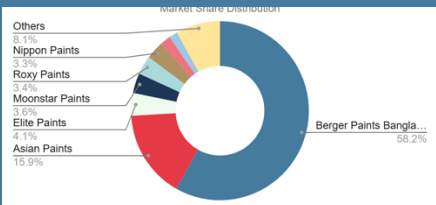
Source: World Bank

Figure 13: Berger Business



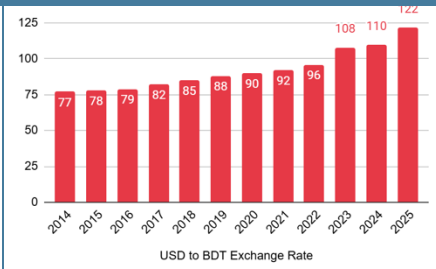
Source: BERGERPBL

Figure 14: Market Share Distribution



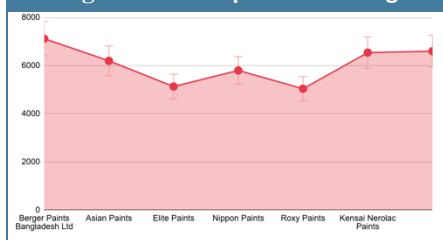
Source: BERGERPBL

Figure 15: USD to BDT Exchange Rate



Source: Investing.com

Figure 16: Competitive Pricing



Source: Team Analysis

A liquidity crisis has further strained raw material imports, delaying LC and increasing fees by 10-15%. The FY 2023-24 budget proposes a 25% tariff hike on key raw materials, potentially raising production costs by 5-7%.

Urbanization and Rural Development Driving Paint Industry Growth

The urbanization rate of Bangladesh (40.47%) is growing with a CAGR 2.97% and projected to reach 85.95 million in 2030 and 111.88 million in 2040. This growth drives demand for paints, especially in construction and repair. Government's focus on rural development too, 7.4% of the FY 2023-24 budget has been allocated towards 2,500+ infrastructure development projects, which is increasing opportunities for the paint industry(Appendix 2). (Source: Ministry of Finance). Beside this rising remittance inflow hit all time high in 2024, \$26.9 billion of which significant amount is spent on house building.

Increasing Number of MAC Population to Drive Paint Industry Growth

Bangladesh's per capita income has grown at 9.35% annually, expanding the middle and affluent class (MAC) population, which is projected to reach 25% by 2025 and 33% by 2030. This economic shift is driving private consumption growth (11.75% annually), boosting demand for premium and decorative paints (Appendix 2).

Social Changes & Increasing Participation of Generation Z

Generation Z will constitute around 25% of Bangladesh's workforce by 2025, which will create the demand for premium and branded paints. Disposable income is growing at 10% per annum; whilst 65% of Gen Z consumers are looking for aesthetics and sustainability, resulting in the advent of eco, low-VOC and water-based paints with 20% of the decorative market, growing at 15% CAGR.

Competitive Position

Berger Paints Bangladesh Ltd (BPBL) leads the market with a 58.2% share because of its strong brand equity together with its widespread distribution network and premium products. The urban regions of Dhaka and Chittagong generate 60% of total sales while 15% of revenue comes from B2B transactions (Appendix 3).

Dominance in Decorative Paints Segment with Strong Brand Equity

BPBL owns 54% of the decorative paints market share because of its established brand recognition and customer loyalty with 99% customer satisfaction. 85.7% of their business contribution come from decorative paints.

BPBL benefits from a price advantage of 15-20% compared to competitors because customers recognize its quality and long-lasting products (Appendix 3). The premium product Berger Silk costs BDT 800-1,200 per liter which stands above competitors who price their products at BDT 500-700.

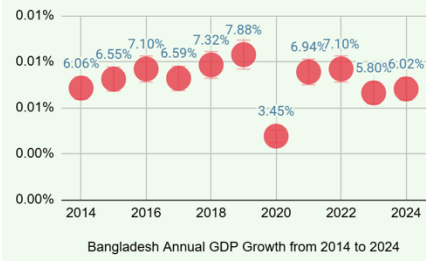
R&D and Innovation at the Forefront of Berger Paints Bangladesh

Through substantial R&D investments and the expertise of its parent company, BPBL leads the industry by launching high-performance products. WeatherCoat generates 12% of BPBL's total revenue for FY 2022-23 while Berger Easy Clean and WeatherCoat lead the market as flagship innovations. The sustainability efforts at BPBL have resulted in 20% sales growth annually for low-VOC paints which now represent 18% of total sales. The company is also expanding its digital presence, with the Berger Paints App and online sales projected to reach 20% of total revenue by 2025 (Appendix 3).

Berger Paints Bangladesh Outperforms Listed Peers

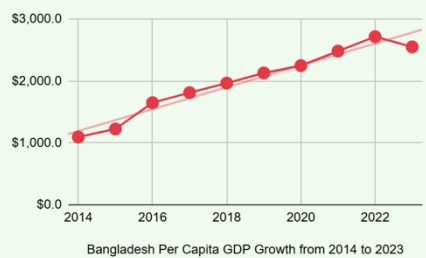
Its gross profit margin of 32.10% surpasses the industry average of 22%, driven by premium products like Berger Silk, Easy Clean, and WeatherCoat. The luxury segment alone contributes 40% of total sales. The company BPBL enjoys a strong financial standing demonstrated by its low debt-to-equity ratio of 0.03 compared to the industry average of 0.34 while its negative cash conversion cycle shows operational efficiency. The eco-friendly paint division of BPBL which grows at a rate of 20% each year currently makes up 18% of total sales Digital expansion through the Berger

Figure 17: Bangladesh Annual GDP



Source: World Bank

Figure 18: Bangladesh GDP Growth



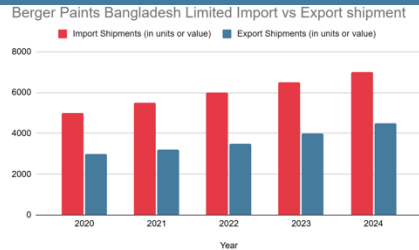
Source: World Bank

Figure 19: Risk Matrix



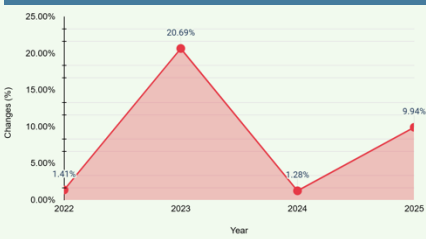
Source: team analysis

Figure 20: Import and export shipment of BERGER



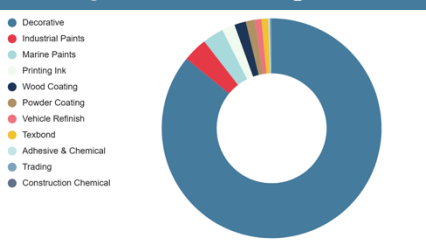
Source: team analysis

Figure 21: Forex Change



Source: team analysis

Figure 22: Revenue segment



Source: BERGERPBL

Paints App and e-commerce now contributes 5-7% of revenue, with a target of 20% by 2025. BPBL's extensive distribution network of **15,000+ retailers** nationwide ensures strong market reach, including at the Union level

Sustainable Economic MOAT Saving Berger Paints Big Time

BPBL differentiates itself through unique service offerings such as the **Service Experience Zone, Express Painting Service, Interior Design Service, Berger Training Institute, and Female Painting Service**, empowering women in the industry. These initiatives enhance customer experience, strengthen brand loyalty, and contribute to long-term sustainability in a competitive market. BPBL's sustainability focus includes energy-efficient water-based paints, driving 20% annual growth in eco-friendly sales. BPBL's investments in sustainability and digital growth help sustain its 38% gross profit margin and secure its leadership in the market.

Investment Risk

Risk 1: Raw Materials Risk

Almost 85% of BERGERPBL's raw materials are imported (subject to company meeting). The leading suppliers for these imports were Chemetall India Private, Soujanya Color Pvt Ltd, and Ppg Coatings Malaysia Sdn Bhd. Figure: (2) shows the import and export shipment data where import surpasses export to a greater extent. This may create a big problem if anyhow the supply chain disrupts these importers leading to a hamper of productions.

Mitigation: With a divergent amount of suppliers sourced from different geographies, dependency on a single source is decreased and resilience to disruptions in the region is increased. Other strategies to develop local sourcing options will further decrease the lead times and transportation costs, thus strengthening the supply chain.

Risk 2: Foreign Exchange Losses

The financial years 2023-2024 and 2024-2025 showed foreign exchange losses of BDT 336.4 million and BDT 319.0 million (annualized) respectively for BERGERPBL. The Bangladeshi Taka (BDT) has declined against significant foreign currencies which drives up the price of imported raw materials thus causing these losses. Foreign exchange losses that recur create financial challenges which threaten BPBL's ability to generate profits. Sustained losses through currency exposure reveal negative effects on investor confidence by damaging both the financial stability and growth prospects of the company.

Mitigation: One way to mitigate FOREX risk is by using Forward contracts to lock in exchange rates permitted by Foreign Exchange Regulatory Act, 1947 and guidelines from Bangladesh Bank. Enhancing operational efficiency and taking other cost-cutting measures can compensate for the loss incurred from foreign exchange.

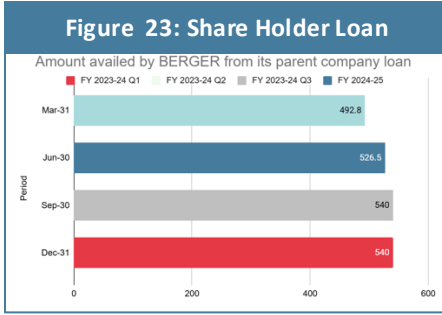
Risk 3: Customer Concentration Risk

Most of the business of BERGER comes from decorative paints which means that any development affecting the decorative paint market like shifts in consumer preferences, economic downturn, inflation, real estate downgrade etc. can adversely impact BERGER revenue. Industrial and marine paints have high potentiality as BERGER is increasing its revenue from these 2 segments but still couldn't diversify their revenue construction more widely.

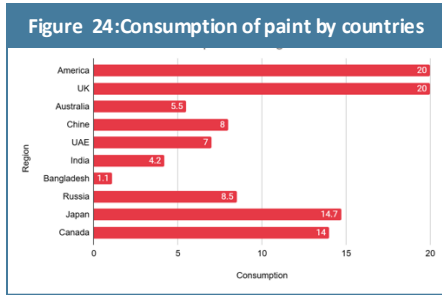
Mitigation: Strategic Partnerships and Acquisitions can help a lot to grave the industrial and marine segment. Collaboration with companies in divergent industries can facilitate entry into new markets and product lines. BERGER has specialized paint for marine segments in collaboration with Chugoku Marine Paints (CMP) of Japan. This collaboration will lead to serving the marine segment in a vast amount

Risk 4: L/C Issue

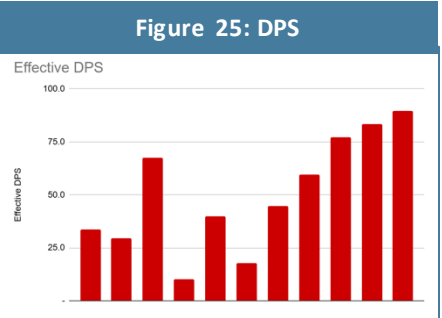
The company faces delays when opening Letters of Credit (L/C) which leads to delayed procurement of vital raw materials that affects both production timing and market delivery capabilities. The disruptions would lead to reduced sales together with diminished market share and damaged customer relationships because of unfulfilled delivery promises.



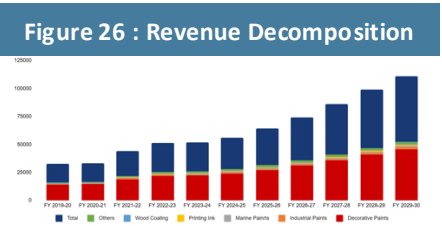
Source: BERGERPBL



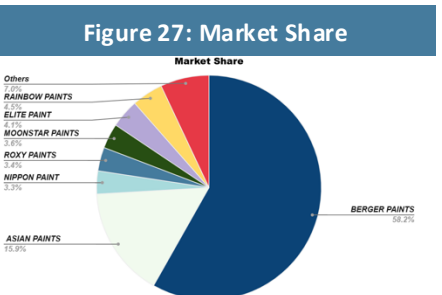
Source: subject company meeting



Source: Team Analysis



Source: Team Analysis



Source: BERGERPBL

Mitigation:

BERGERPBL entered into a contract in April 2023 to obtain a \$60 million loan from its parent company J&N Investments (Asia) Limited to establish L/Cs for raw material imports. The company will receive this loan through staged disbursements to match its business needs. Already the company has availed loan amounting to BDT 492.8 million in FY 2023-24 and 540 million in FY 2024-25.

Risk 5: increase in Supplementary Duty (SD)

The National Board of Revenue (NBR) has recently raised the supplementary duty (SD) by 10 per cent on the import of raw materials and by 5.0 per cent on the supply stage of paint products (Financial Express, 2015). This increase will increase the product price of BERGER as currently, the overall tax incidence on paint stands at 89 per cent, and the imposition of additional SD will push it even higher. It might result in lower consumption of paints. Already Bangladesh has a lower paint consumption tendency in comparison to other regions and countries.

Mitigation: Md Mohsin Habib Chowdhury, president of the Bangladesh Paint Manufacturers Association urged the government to recognize paint as an essential item for infrastructure development and to waive SD on all paint products. Moreover, additional steps must be taken to increase the awareness of increasing paint consumption highlighting its need in infrastructures.

Risk 6: Share liquidity issue

BERGERPBL's last 52 weeks' average daily volume is 1870 and last 65 days average volume has been 407 only. The low trading volume of average shares per day in BERGERPBL creates challenges in executing fast transactions because it leads to limited market liquidity. The low trading volume results in higher price volatility together with elevated risk levels.

Mitigation: BERGERPBL already took the initiative to issue the right shares among its existing shareholders which will increase the free-float of the company to 10% from 5%.

Investment Rationale

Thesis 01: BERGERPBL Domestic Monopoly Power

BERGERPBL is a dominant force in the country's paint industry, possessing nearly 58.20% of total market share of paints industry of Bangladesh, whereas the remaining 49 competitors share the remaining market share. The nearest mighty rival, Asian Paints possess 15.90% and all others' participation to the market less than 4.5%, individually. This dominance over the market leads BERGERPBL to create a monopolistic power to the market and it offers BERGERPBL to influence pricing, profitability, and supplier relation. To penetrate in the paints industry, one need to invest heavy capex which further reduce the competition. That's why Berger faces minimal competition.

Thesis 02: Consistent Good Financial Performance

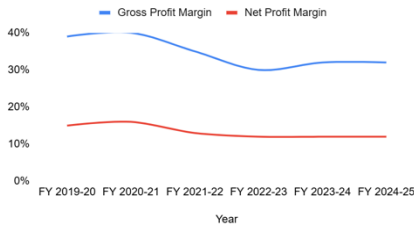
BERGERPBL has demonstrated a steady revenue growth over the years. Its historical CAGR of revenue is 11.68%. Historical average net income is 14%. In the FY 2023-24, EPS was reported BDT 69.9 whereas DPS was distributed BDT 50 or 71.52% of earnings. Its dividend payout ratio is around 60% of earnings.

Thesis 03: Strong Brand Reputation and Market Positioning

Berger has a long operating legacy in Bangladesh for more than 54 years, establishing itself as a trusted name in the paint industry offering decorative paints, industrial coatings, marine coatings, and construction chemicals. Its reputation for quality, position in the diverse customer segments and earned 99% customer satisfaction level. With a nationwide supply chain, Berger ensures its products are available across urban and even rural areas. Strong dealer relationships and retail partnerships further reinforce its market presence. This strong brand reputation and market positioning give Berger Paints a competitive edge, pricing power, and long-term growth potential in Bangladesh.

Figure 28:GPM VS NPM

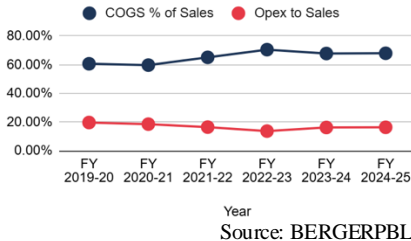
Gross Profit Margin and Net Profit Margin



Source: BERGERPBL

Figure 28: Key Cost Driver

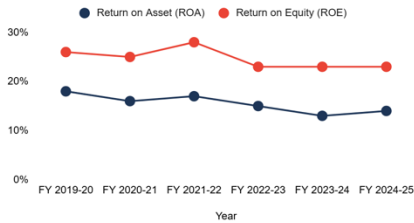
Key Cost Driver



Source: BERGERPBL

Figure 29: ROA & ROE

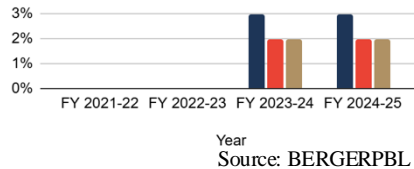
Ratio



Source: BERGERPBL

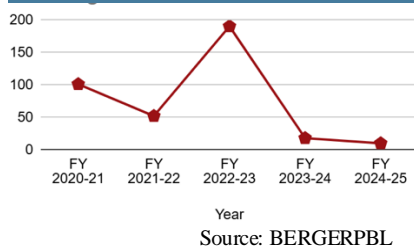
Figure 30: Leverage Ratio

Debt-Equity Ratio Debt-Capital Ratio Debt-Asset Ratio



Source: BERGERPBL

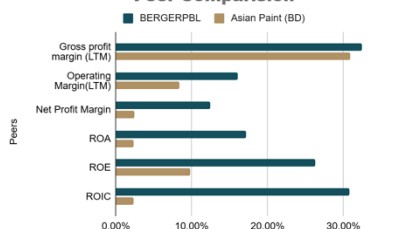
Figure 31: Coverage Ratio



Source: BERGERPBL

Figure 32:Peer Comparison

Peer Comparison



Source: BERGERPBL

Financial Analysis

Strong and Sustained Domestic Sales Growth Amid Economic Challenges

Berger Paints Bangladesh Ltd. (BERGERPBL) keeps expanding its revenue despite facing macroeconomic issues such as rising inflation, increased import fees, and currency exchange fluctuations while staying at the top of the market with a 58.2% share. The company exploits the rising premium and industrial coating market by targeting Bangladesh's rapid urbanization and infrastructure development. The company's strong brand position combined with its broad distribution system will protect BERGERPBL from short-term market fluctuations caused by political uncertainty and tax rate increases (10%) and import duty hikes (30%). The rising paint consumption rate combined with government development initiatives will create enduring sales growth conditions.

Expanding Margins with Cost Optimization

The gross profit margins of Berger PBL stay consistently robust between 30–35% while net profit margins sit between 10–14%. The recent stabilization of oil markets which resulted from geopolitical shifts such as the Ukraine-Russia conflict resolution and Middle East tensions alleviates the raw material price volatility risk affecting the company. Through improved supply chain management and local production increases Berger PBL will maintain profit margins better than pre-inflation levels. New environmentally-friendly production facilities with full automation capabilities will reduce operation costs and increase free cash flow (FCF).

Driving Higher Returns for Investors

The third factory construction by BERGERPBL using Tk 813 crore capital represents an aggressive expansion move to boost production capabilities and introduce new products. The short-term capital spending will boost operational costs but will create better long-term returns through increased Return on Invested Capital (ROIC). BERGERPBL maintains strong potential for continued earnings expansion because its production efficiency improvement and market penetration growth strategies are well-established. The company maintains stable profitability through its premium paint segment power which leads to strong shareholder value creation.

Strong Free Cash Flow (FCF) Generation

BERGERPBL generates continuous Free Cash Flow (FCF) by maintaining high operating margins and operating with low costs which help the company overcome increasing input prices and external market challenges. The company maintains FCF sustainability by concentrating on premium decorative paints and industrial coatings which generate high margins. BERGERPBL's planned capacity expansions might cause temporary cash flow struggles yet its capital deployment method tracks long-term profitability and aims to direct investments correctly. BERGERPBL enjoys stable cash inflows because of its strong brand loyalty combined with its well-developed dealer network which reduces sales variability.

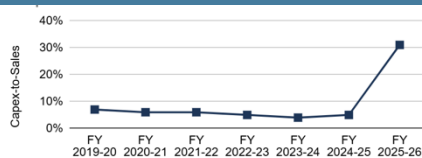
Strengthening Credit Profile

Operating with a healthy balance sheet structure and low leverage allows BERGERPBL to achieve maximum working capital efficiency together with financial adaptability. The company applies a prudent capital management system which produces stable interest coverage ratios along with minimal debt-to-equity ratios. BERGERPBL continues to perform well despite worldwide economic instability because its well-managed financial planning and healthy cash reserves prevent major liquidity difficulties. The company's expanding business will leverage its steady operating cash generation to build its credit rating which allows it to develop new growth prospects without endangering financial steadiness.

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Figure 33: CAPEX To Sales



Source: Team Analysis

Figure 34: DUPONT Analysis

Metric	Insights/Range
ROE	22% - 28%
Tax Burden	Consistent
Interest Burden	Consistent
Operating Margin	12% - 17%
Total Asset Turnover	Fluctuating
Equity Multiplier	Steady
Retention Ratio	Volatile
Sustainable Growth	Volatile

Source: Team Analysis

Figure 35: Beneish M score

Verdict -> No Manipulation in FSs -3.28

Criterion	Result
M-Score < -2.2	No Manipulation
M-Score > -2.2	Manipulation

Source: team analysis

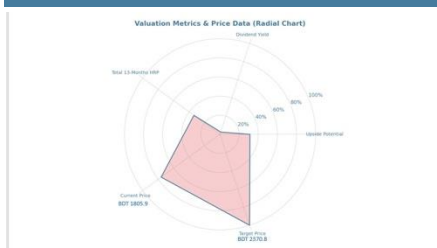
Figure 36: Altman man Z score

Verdict -> Grey Zone 3.10

Criterion	Result
Z < 1.81	Distress Zone
1.81 < Z < 2.99	Grey Zone
Z > 2.99	Safe Zone

Source: team analysis

Figure 37: Valuation matrix and price data



Team analysis

Figure 38: Cost Of Equity

Rm	16.46%
RF	8.56%
ERP	7.90%
Blume Adjusted Beta	0.58
Cost of Equity	13.12%

Source: Team Analysis

because its well-managed financial planning and healthy cash reserves prevent major liquidity difficulties. The company's expanding business will leverage its steady operating cash generation to build its credit rating which allows it to develop new growth prospects without endangering financial steadiness.

Industry-Leading Profitability

BERGERPBL dominates the market through its outstanding profitability performance metrics. BERGERPBL maintains superior GPM, NPM margins compared to market competitors because it possesses strong brand equity together with efficient supply chain operations and diverse product offerings. BERGERPBL maintains its market leadership position because Asian Paints Bangladesh has struggled to keep profitable operations despite its 15.9% market share. BERGERPBL achieves long-term profitable operation and operational excellence through its sustained innovation spending as well as its digital transformation investments and sustainability efforts which keep the company ahead of its competition.

DuPont analysis

The DuPont analysis of BERGERPBL shows ROE stability between 22% and 28% through consistent tax and interest expenses which demonstrates effective cost management. The operating margins of this company fall between 12% and 17% which indicates average profitability levels. The company experiences changes in total asset turnover but maintains a steady equity multiplier which indicates stable leverage. The retention ratio and sustainable growth rates experience significant changes because the company implements dynamic reinvestment strategies. The financial situation of the company presents average stability through potential improvements in operational efficiency and consistent growth prospects (exhibit).

Beneish M Score

M score of -3.28 signifies that BERGERPBL is highly unlikely to have an earnings manipulation as the score is far below the threshold of -2.2.

Altman Z score

Z score of 3.10 indicate that BERGERPBL is holding a strong financial position and has a low risk of bankruptcy as the score is well above the threshold of 2.99.

Valuation

From our financial analysis of BERGERPBL, we are placing a buy recommendation with a 13-month target price of 2370.8 BDT. With an upside potential of 31.28% and an expected dividend yield of 2.48%, the 13-month holding period return (HRP) will be 33.76%. Both absolute and relative valuation are used for calculating the target price. In absolute valuation, we used both FCFF and DDM. For relative valuation, P/E and EV/EBITDA have been used. We weighted absolute valuation by 70% and relative valuation by 30%. The local peers are not publicly listed resulting in an insufficiency of the required amounts of data for local relative valuation. To compensate for this we have taken regional relative valuation also to make the valuation more realistic.

1. Absolute valuation | drivers of DCF

We used multi-faceted model by including both FCFF and DDM and giving the 70-30 weight. As company provides substantial amount of dividend each year, weight given on DDM makes enough justification.

Cost of capital:

Cost of debt

To calculate cost of debt, we used shareholders loan interest rate of 4% and interest on lease liabilities, both current and non-current portion, of 8%. Taking average of these two factors results in average cost of debt of 6%. BERGER doesn't rely on loan much. In 2023 they took loan from their parent company at the rate of 4% only leading them to overall low cost of debt.

Figure 39: WACC

Terminal value	8.00%
RM	16.46%
RF	8.56%
ERP	7.90%
Beta	0.58
Cost of Equity	13.12%
Cost of Debt	6.00%
Equity	15,588.3
Debt	1,052.3
We	93.68%
Wd	6.32%
Tax Rate	22.50%
WACC	12.58%

Source: Team Analysis

Figure 40: Scenario Analysis

Bull price	2,994.25
Target price	2,370.79
Current price	1,805.9
Bear price	1,734.83

Source: Team Analysis

Figure 41: Sensitivity Analysis

Sensitivity Analysis (FCFF)						
Terminal GR	WACC					
	1,990.7	10.58%	11.58%	12.58%	13.58%	14.58%
	6.00%	2262.1	1837.8	1543.6	1328.1	1163.7
	7.00%	2739.1	2121.9	1727.2	1453.4	1252.7
	8.00%	3585.4	2564.7	1990.7	1623.5	1368.8
	9.00%	5500.1	3350.0	2401.4	1867.9	1526.4
	10.00%	13970.4	5126.9	3129.9	2248.6	1752.8

Sensitivity Analysis (DDM)						
Terminal Growth	Cost of Equity					
	3054.5	11.12%	12.12%	13.12%	14.12%	15.12%
	4.00%	2,204.81	1,958.42	1,766.08	1,611.77	1,485.23
	5.00%	2,546.46	2,217.4	1,969.5	1,775.9	1,620.64
	8.00%	4,881.24	3,746.1	3,054.5	2,588.9	2,254.05
	7.00%	3,727.86	3,039.2	2,575.8	2,242.6	1,991.58
	8.00%	4,887.36	3,749.66	3,056.76	2,590.48	2,255.25

Source: team analysis

Figure 42: Regional Peer Comparison

Company	Country	P/E(LTM)	EV/EBITDA (LTM)
Berger PBL	Bangladesh	24.1	15.1
Asian Paint	India	47.5	31
Berger Paint	India	48.9	29.6
PT Avia Avian Tbk	Indonesia	15.4	9.6
TOA	Thailand	13.3	5.9
JATN0000	Sri Lanka	11.1	10.8
BERG	Pakistan	8.5	3.7

Source: team analysis

Cost of equity

Modified CAPM has been used to calculate the cost of equity of 13.12%. First of all, we calculated risk risk-free rate of return of 8.56% by taking a monthly average of a 10-year government treasury bond. The historical market return is 16.47% considering DSEX and DGEN data from 1st February 2015 to 26th January 2025. We added a 4.5% market premium along with the historical market return to make it more realistic. Using the daily returns of DSEX and BERGERPBL from 1st February 2015 to 26th January 2025, we calculated the raw beta of BERGERPBL to be 0.36. The Blume's adjusted beta is 0.58. The effective after-tax cost of debt is 4.65%. After Applying the respective weights the WACC comes 12.58% (appendix).

WACC

After calculating cost of equity, after tax cost of debt, and applying D/E ratio in WACC calculation the WACC value comes 12.58%. This value justified the overall cost of capital structure of BERGERPBL.

Terminal Growth

The terminal growth rate is calculated by taking the GDP growth rate average of the last 15 years plus size premium amounting to terminal growth of 8% with a transition period of 10 years. This reflects the company's ability to capitalize on increasing urbanization, rising disposable incomes, and the growing demand for premium paint products in Bangladesh. The terminal growth rate aligns with the company's robust fundamentals and its ability to maintain a leadership position in the market.

Scenario analysis

A scenario analysis was conducted by taking 3 scenario Bear, Base, and Bull. Mainly four key variables influencing BERGERPBL's intrinsic value were adjusted. This are the forecasted CAGR of Revenue and Gross Margin, Terminal Value, and Cost of Equity. The analysis presented intrinsic value ranging from 1,734.83 to 2,994.25 (exhibit).

Sensitivity analysis

A sensitivity analysis was performed for both the FCFF and DDM valuations using the WACC (FCFF), cost of equity (DDM), and terminal growth. The analysis presents FCFF price fall in a range of BDT 1163.7 to 13970.4 and DDM price is in a range between BDT 1485.23 to 4887.36. The results appear as shown in (Exhibit).

Relative valuation |EV/EBITDA| P/E

As BERGERPBL is the only listed paint producer in Bangladesh (BDPAINTS is listed in the SME sector & its business is significantly less compared to BERGERPBL, that's why it was given a weight of 0 in relative valuation), it made sense to consider regional peers along with its local peers for Relative Valuation. Local peers, on a weighted average, trade at a P/E multiple of 26.8x and an EV/EBITDA multiple of 16.5x. Despite BERGERPBL's superior performance, it is trading at lower multiples for both average P/E and EV/EBITDA of 24.1x and 14.4x, respectively. Compared with regional peers, their average historical P/E is 34.4x, and EV/EBITDA is 21.9x. BERGERPBL's superior operational metrics are not fully reflected in its current price. By assigning a 10:90 weight to local and regional peers, the fair relative value is estimated at BDT 2513 (Exhibit).

ESG

Being the industry leader, Berger is focusing on the environment, corporate social responsibilities, and corporate governance to keep its market positioning intact, but there is a lack of ESG disclosure from BERGERPBL. According to our scorecard (**Appendix 1**), Berger Paints Bangladesh Limited has obtained 4 out of 5 (**Figure 1**). Integrating ESG factors into its business strategy is not just a matter of corporate social responsibility but also a strategic imperative for long-term success, brand reputation, risk management, and attracting customers and investors. By prioritizing ESG, BERGERPBL can ensure durable growth and a positive impact on society and

Figure 43: ESG Score for BERGER



Figure 44 : Segmented ESG Score

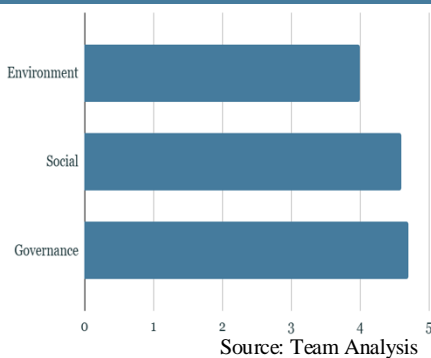


Figure 45: Microplastic Leakage Into the Ocean

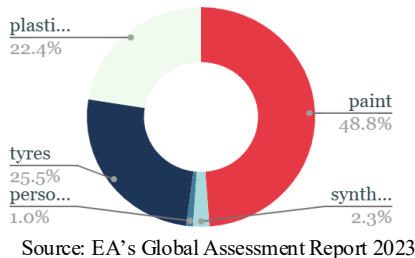
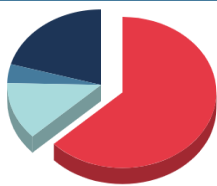


Figure 46: National Exchequer



Source: Annual Report

Figure 47: Certificates and Awards

ISO 9001:2015	The most loved brand 2023
ISO 14001:2018	DEI Champion of the Year
ISO 45001:2018	Asia's Best Employer Brand 2023

Source: Annual Report

the environment. Though it has obtained least score in Environment segment (Figure 41).

The Color of the ENVIRONMENT

Addressing environmental concerns is crucial for long-term sustainability. BERGERPBL has already taken some eco-friendly initiatives to minimize the impact of their production on the environment with Lead certified building for 3rd factory. It is certified with ISO 14001:2018 (Environmental Management System).

Product Sustainability: Paint itself is in large part made of plastic polymers on average 37%. It appears to be the largest source of microplastic leakage into the ocean (Figure 42). Conventional painting materials may contain harmful particles affecting the environment. They contain lead and other additives with high quantity VOCs (volatile organic compounds). All products from Berger are free and health and environment-friendly. While solvent-based paints usually have more VOC particles than water-based paints, Berger is shifting their production to water-based.

Waste Management & Recycling: As a sustainable paint manufacturing company, BERGERPBL minimizes its environmental impact through key technologies. An Effluent Treatment Plant (ETP) cleans industrial wastewater for safe discharge or reuse. A Sewage Treatment Plant (STP) treats non-industrial wastewater for non-potable uses. An incinerator with pollution controls reduces solid waste volume. The solar system provides clean energy, lowering reliance on fossil fuels. With energy-efficient machinery, it can minimize energy consumption and costs. Berger has introduced a Water Treatment Plant (WTP) which will help to reduce water wastage and ensure recycling and reusing of water. In Addition, the program ZLD (Zero Liquid Discharge) ensures the net water used to be zero. That is the amount of water it will extract from the surface will be returned.

The SOCIAL Friend

Being a responsible corporate citizen, Berger has been engaging in different social causes to bring positive changes in society over many years. Berger Paints has added another dimension to the industry by contributing to society. It has articulated in its mission that “We shall remain socially committed ethical company”

Social Responsibility and Engagement: BERGERPBL has been promoting the young and creative talents of the country through Berger Young Painters' Art Competition (BYPAC), Berger Award for Excellence in Architecture (BAEA), Berger Awards Program for Students of Architecture of BUET (BASAB), Khulna University Architecture Department-Berger (KUAD-BERGER) Award etc. Since 2009, Berger has been providing financial and other material aid to around 10-12 different organizations working for the development of autistic and differently challenged children in Bangladesh. It has contributed almost 63% of its value added to the national exchequer (Figure 43).

Berger Paints gives awards to the meritorious children of dealers and painters under the initiative of Club Supreme & Somporko Club. Associated with the Dhaka North City Corporation (DNCC), Berger Paints celebrates the city's vibrant street art that adorns its pillars.

Workforce, Diversity & Safety Compliance: Berger Training Institute, which embarked on its journey in 2016, is one of the leading institutes in the Technical and Vocational Education and Training (TVET) section in Bangladesh through the accreditation of the National Skills Development Authority (NSDA). The Institute aims to develop skilled professionals in paint. Being the first mover BERGERPBL introduced women painters (female painting service), taking it one step closer to diversity and equality. It was awarded DEI (Diversity, Equity and Inclusion) Champion of the Year Award by Foreign Investors' Chamber of Commerce. Berger is certified with ISO 45001:2018 (Occupational Health & Safety Management System) and recognized as Asia's Best Employer Brand 2023 by the World HRD Congress (Figure 44). Currently it has 2100+ employee working for BPBL.

Figure 48: Total Value Added Vs Employees' Compensation

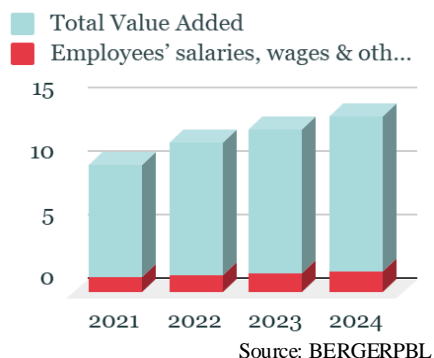
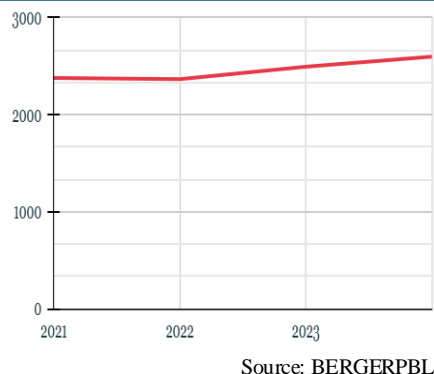


Figure 49: Compensation Growth



GOVERNANCE

The Board firmly believes in good governance and actively promotes and supports best practices in corporate governance. In its annual report, Berger stated its corporate objective as “We will be the employer of choice for all existing and future employees.” BERGERPBL publishes a report regarding compliance with the Corporate Governance Code audited by MABS & J Partners along with its financial report. Compliance with the Corporate Governance Code is the responsibility of the Company.

Board Composition & Management: With more than 20 years of expertise, Mr. Jerry Adam, the Chairman of Berger Paints Bangladesh Limited, along with the directors’ team has directed this firm to the peak of success of the painting industry in

Bangladesh. The board comprises 3 independent directors out of 14, maintaining the board's independence. The audit committee comprises 6 (Six) non-executive Directors, out of which 3 (three) are Independent Directors. The NRC (Nomination and Remuneration Committee) assists the Board in formulating the nomination criteria or policy for determining qualifications, positive attributes, experiences, and independence of directors and top-level executives as well as a policy for the formal process of considering remuneration of directors, top-level executive.

Shareholdings Pattern & Compensation Plan: The parent company J & N Investments (Asia) Ltd., UK holds almost 95% share of BPBL. Management receives perquisites according to their scale. A significant amount is contributed to the employee benefit plan every year at a growing rate. The average compensation for each manager increased 9.24% from 2021 to 2024 (**Figure 46**).

APPENDIX 1 | ABBREVIATIONS

B2B	Business to Business	FCFFPS	Free Cash Flow to the Firm per Share	NPAT	Net Profit After Tax
BBS	Bangladesh Bureau of Statistics	FY	Financial Year	NPM	Net Profit Margin
BCMA	Bangladesh Cement Manufacturers Association	GDP	Gross Domestic Product	OPM	Operating Profit Margin
BDT	Bangladeshi Taka	GPM	Gross Profit Margin	P/E	Price on Earnings
BOD	Board of Directors	GSA	Gas Sales Agreement	PAT	Profit After Tax
CAPEX	Capital Expenditure	IMF	International Monetary Fund	PCC	Portland Composite Cement
CAPM	Capital Asset Pricing Model	IVMS	In-vehicle Monitoring Systems	QoQ	Quarter on Quarter
CCC	Cash Conversion Cycle	JGTDS	Jalalabad Gas Transmission and Distribution System Limited	R&D	Research and Development
CDC	Community Development Center	JV	Joint Venture	ROE	Return on Equity
COBC	Code on Business Conduct Policy	KT	Kilotons	ROIC	Return on Invested Capital
COGS	Cost of Goods Sold	LC	Letter of Credit	RVM	Relative Valuation Model
D/E Ratio	Debt to equity Ratio	LDC	Least Developed Counties	SDGs	Sustainability Development Goals
DDM	Dividend discount model	LHBL	LafargeHolcim Bangladesh Limited	TSR	Thermal Substitution Rate
DPS	Dividend per Share	LTI	Lost Time Injury	TTM	Trailing 12 months
DSE	Dhaka Stock Exchange	LTIFR	Lost Time Injury Frequency Rate	USD	United States Dollars
DSEX	Dhaka Stock Exchange Broad Index	LUMPL	Lafarge Umliam Mining Private Limited	VRM	Vertical Roller Mill
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization	MN	Million	WACC	Weighted Average Cost of Capital
EPS	Earnings Per Share	MT	Megatons	YoY	Year on Year
EV	Enterprise Value	NAV	Net Asset Value		
FCFF	Free Cash Flow to the Firm	NOCFPS	Net Operating Cash Flow per Share		

APPENDIX 2 | FINANCIAL STATEMENTS

APPENDIX 2.1 | INCOME STATEMENT

Amounts in millions BDT	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	CAGR
Net Revenue	16,346.7	16,877.4	22,194.8	25,898.7	26,251.4	28,405.2	33,085.0	38,873.9	45,648.6	52,746.1	59,220.4	15.83%
Cost of Sales	9,906.3	10,068.8	14,444.3	18,245.6	17,782.1	19,286.4	21,174.4	25,268.1	29,671.6	34,812.4	39,085.5	17.17%
Gross Revenue	6,440.4	6,808.6	7,750.5	7,653.1	8,469.3	9,118.8	11,910.6	13,605.9	15,977.0	17,933.7	20,134.9	
Selling, Distribution & Warehouse Expenses	2,757.2	2,673.2	3,178.3	3,060.5	3,271.2	3,605.8	4,301.1	5,442.4	6,847.3	7,911.9	9,179.2	
Administrative & General Expenses	556.4	561.2	624.7	691.4	841.7	899.6	1,024.9	1,184.4	1,574.9	1,846.1	2,161.5	
Other Operating Expenses	106.7	106.8	125.0	128.0	133.3	147.0	172.0	198.3	236.8	273.7	307.3	
Foreign Exchange Loss	0.0	0.0	0.0	0.0	336.4	319.0	0.0	0.0	0.0	0.0	0.0	
Other Operating income	206.4	213.3	271.0	337.0	321.8	328.2	409.7	479.8	561.2	649.2	721.9	
Total Operating Expenses	3,213.9	3,127.8	3,657.0	3,542.9	4,260.8	4,643.2	5,088.3	6,345.2	8,097.8	9,382.5	10,926.1	
Operating Income/EBIT	3,226.4	3,680.8	4,093.5	4,110.2	4,208.4	4,475.6	6,822.3	7,260.7	7,879.2	8,551.2	9,208.9	15.52%
Finance Costs	3.1	36.5	78.2	21.6	234.7	429.7	133.8	139.6	150.0	150.9	147.6	
Investment Income	189.9	110.0	126.2	76.1	406.0	635.2	651.1	667.4	684.0	701.1	718.7	
Net Finance Income	186.8	73.4	48.1	54.5	171.4	205.5	517.3	527.8	534.0	550.2	571.1	
Other Non-Operating Income	9.7	16.5	21.4	12.7	6.3	21.3	22.2	26.5	28.9	30.4	35.0	
Share of Profit of Associates	38.0	38.8	45.9	(2.4)	67.2	79.9	83.0	90.1	104.1	110.0	120.0	
Income Before WPPF & Tax	3,461.0	3,809.5	4,208.9	4,174.9	4,453.3	4,782.3	7,444.8	7,905.2	8,546.2	9,241.8	9,935.0	
Workers' Profit Participation & Welfare Fund (WPPF)	169.7	189.8	209.1	209.8	220.5	233.9	341.1	363.0	394.0	427.6	460.4	
Net Income before Tax/EBT	3,291.3	3,619.7	3,999.7	3,965.1	4,232.8	4,548.3	7,103.7	7,542.1	8,152.3	8,814.3	9,474.5	15.81%
Current Tax Expensses	841.3	1,005.8	1,095.7	954.0	1,057.8	1,088.7	0.0	0.0	0.0	0.0	0.0	
Deferred Tax Income/(Expenses)	(9.9)	55.2	3.0	(0.6)	68.2	49.5	0.0	0.0	0.0	0.0	0.0	
Net Income	2,440.1	2,669.2	2,907.0	3,010.4	3,243.1	3,509.1	5,505.4	5,845.1	6,318.0	6,831.1	7,342.8	15.91%
Basic & Diluted EPS	52.6	57.6	62.7	64.9	69.9	75.7	112.1	119.0	128.7	139.1	149.5	

APPENDIX 2.2 | BALANCE SHEET

Amounts in millions BDT	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Assets											
Property, Plant and Equipment	4,516.6	4,955.2	5,361.1	5,759.5	6,030.9	6,460.4	14,038.8	13,597.8	13,175.2	12,982.5	12,789.0
Capital Work-In-Progress	612.9	755.3	1,012.6	1,273.8	1,581.0	1,814.3	2,345.1	2,921.7	3,469.2	3,930.2	4,361.4
Right-of-use Assets	629.2	572.6	536.1	531.8	431.1	440.2	420.4	401.5	383.4	380.0	380.0
Intangible Assets	60.1	54.5	47.2	61.2	67.2	53.6	54.2	56.6	56.6	50.5	50.5
Term Deposit-Long Term Portion	-	100.0	204.4	204.7	204.4	204.4	204.4	204.4	204.4	204.4	204.4
Inter company Loan	-	-	-	-	110.0	110.0	110.0	110.0	110.0	110.0	110.0
Investment In Associates	240.0	343.3	344.6	318.6	420.4	458.8	461.3	474.4	520.7	550.0	600.0
Loan Receivables	-	-	40.0	130.0	-	-	-	-	-	-	-
Total Non-current Assets	6,058.9	6,780.9	7,546.0	8,279.6	8,845.0	9,541.5	17,634.1	17,766.3	17,919.5	18,207.5	18,495.3
Inventories	2,462.0	3,346.7	4,670.3	4,754.2	5,266.8	6,599.4	7,278.7	7,774.8	8,673.2	9,494.3	10,067.5
Trade and Other Receivables	1,708.3	1,818.9	1,984.1	2,193.9	2,199.3	2,270.4	2,316.0	2,410.2	2,510.7	2,795.5	2,961.0
Advances, Deposits and Prepayments	262.7	351.4	304.9	896.3	1,126.9	1,067.8	1,158.0	1,244.0	1,415.1	1,476.9	1,658.2
Cash and Cash Equivalent	3,392.5	4,125.3	2,441.7	3,876.9	7,665.0	6,167.0	4,704.7	7,533.6	10,681.5	14,125.3	16,840.9
Total Current Assets	7,825.5	9,642.3	9,401.1	11,721.3	16,257.9	16,104.7	15,457.4	18,962.5	23,280.6	27,892.1	31,527.6
Total Assets	13,884.3	16,423.2	16,947.1	20,000.8	25,103.0	25,646.2	33,091.5	36,728.8	41,200.0	46,099.6	50,022.9


Share capital	463.8	463.8	463.8	463.8	463.8	463.8	491.1	491.1	491.1	491.1	491.1
Retained Earnings	9,006.6	10,331.9	10,082.0	12,511.7	13,891.5	15,124.5	18,427.7	21,350.3	23,877.5	26,609.9	29,547.0
Equity Attributable to The Company's Equit	9,470.3	10,795.7	10,545.8	12,975.5	14,355.3	15,588.3	21,919.7	24,842.3	27,369.5	30,101.9	33,039.0
Shareholdr's Loan	-	-	-	-	492.8	540.0	600.0	650.0	700.0	750.0	750.0
Deffered Tax Liabilities	326.4	271.8	267.6	234.3	156.0	118.3	111.9	110.3	100.9	99.2	85.3
Lease Obligation-Non Current Portion	509.9	491.5	494.1	480.1	395.7	393.8	390.0	380.0	400.3	350.0	300.0
Provision for Employees Retirement Gratuity	-	-	20.2	23.5	26.3	23.8	23.5	24.3	24.5	24.0	24.1
Total Non-current Liabilities	836.7	763.5	782.2	738.1	1,070.9	1,076.0	1,125.3	1,164.6	1,225.7	1,223.2	1,159.3
Lease Obligation-Current Portion	61.8	76.4	72.9	99.4	106.2	118.5	124.8	133.0	150.0	157.5	180.0
Trade and Other Payables	2,877.0	4,115.1	4,878.3	5,539.2	8,964.5	8,613.1	9,528.5	10,107.2	11,868.6	13,925.0	14,852.5
Provision for Royalty	285.4	296.8	321.9	440.7	566.2	371.3	496.3	583.1	684.7	791.2	888.3
Provision for Current Tax	326.4	349.0	335.0	115.0	(22.9)	(166.2)	(150.0)	(150.0)	(150.0)	(150.0)	(150.0)
Provision for Employees Retirement Gratuity	17.1	14.8	5.2	88.4	59.8	42.2	42.2	42.2	42.2	42.2	42.2
Dividend Payable	9.8	12.0	6.1	4.7	3.1	3.1	4.7	6.4	9.3	8.7	11.6
Liability for Unclaimed IPO Application Mone	0.1	0.1	-	-	-	-	-	-	-	-	-
Total Current Liabilities	3,577.7	4,864.2	5,619.4	6,287.4	9,677.0	8,982.0	10,046.4	10,721.9	12,604.9	14,774.5	15,824.6
Total Liabilities	4,414.4	5,627.8	6,401.6	7,025.6	10,747.8	10,058.1	11,171.8	11,886.5	13,830.5	15,997.7	16,983.9
Total Equity and Liabilities	13,884.7	16,423.5	16,947.3	20,001.1	25,103.1	25,646.3	33,091.5	36,728.8	41,200.0	46,099.6	50,022.9
Contingent Liabilities	767.6	-	-	764.5	1,189.6	-	-	-	-	-	-
Net Asset Value Per Share(NAVPS) TK	204.2	232.8	227.4	279.8	309.5	336.1	446.4	505.9	557.4	613.0	672.8

APPENDIX 2.3 | CASH FLOW STATEMENT

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Cash Flows From Operating Activities											
Net Income	2,422.1	2,669.2	2,907.0	3,010.4	3,242.9	3,509.1	5,505.4	5,845.1	6,318.0	6,831.1	7,342.8
Add: TAX	851.2	950.6	1,092.8	954.6	989.7	1,039.2	1,598.3	1,697.0	1,834.3	1,983.2	2,131.8
Profit Before Tax	3,273.3	3,619.7	3,999.7	3,965.1	4,232.6	4,548.3	7,103.7	7,542.1	8,152.3	8,814.3	9,474.5
Non-cash Items Adjustments:											
Depreciation & Amortization	613.2	600.4	753.7	826.6	883.9	918.4	1,990.8	1,948.5	1,930.6	1,700.0	1,700.0
Actuarial gain/(loss) on defined benefit plan	-	-	(5.2)	(150.9)	(45.1)	(93.3)	(93.3)	(93.3)	(93.3)	(93.3)	(93.3)
Others	-	-	-	-	(115.2)	-	-	-	-	-	-
Other Non-operating Income:											
Investment (Finance) Expenses	3.6	36.0	80.1	40.5	235.0	435.9	415.2	379.5	416.6	412.5	450.0
Income on sale of PP&E	(9.7)	(13.0)	(20.0)	(12.5)	(3.0)	(19.4)	(13.0)	(20.0)	(14.7)	(13.8)	(14.0)
Share of Profit of Associates	(38.0)	(38.8)	(45.9)	2.4	(67.2)	(73.7)	(110.4)	(58.2)	(26.0)	(27.5)	(30.0)
Dividend Income	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	(3.5)	(1.4)	(0.1)	(3.3)	-	-	-	-	-	-
Changes in Operating Assets & Liabilities:											
(Increase)/Decrease in Trade & Other Recei	(3.8)	(110.6)	(165.2)	(209.8)	(5.4)	(183.6)	(45.5)	(94.2)	(100.5)	(284.9)	(165.5)
(Increase)/Decrease in Inventories	(298.6)	(884.7)	(1,323.6)	(83.8)	(512.6)	(1,156.0)	(679.3)	(496.1)	(898.5)	(821.1)	(573.2)
Increase/(Decrease) in Trade & Other Payal	818.9	1,236.2	763.3	660.9	3,236.0	(788.5)	915.4	578.7	1,761.4	2,056.3	927.5
(Increase)/Decrease Advance, Deposits & P	219.8	(88.8)	46.5	(591.3)	(230.6)	(731.0)	(90.2)	(86.0)	(171.1)	(61.8)	(181.3)
Increase/(Decrease) in Provision for Royalt	(24.5)	11.4	25.1	118.9	125.5	(181.6)	125.0	86.8	101.6	106.5	97.1
Increase/(Decrease) in Provision for Gratuit	(26.4)	(2.3)	10.6	86.5	(25.8)	(52.8)	-	-	-	-	-
Income Tax Paid	(695.8)	(983.2)	(1,109.7)	(1,174.0)	(1,195.8)	(1,105.2)	(1,598.3)	(1,697.0)	(1,834.3)	(1,983.2)	(2,131.8)
Interest Paid on Lease Obligation	(33.6)	(35.2)	(71.4)	(32.3)	(32.9)	(31.1)	(31.2)	(30.4)	(32.0)	(28.0)	(24.0)
Net working Capital	4,886.7	5,450.9	4,449.9	6,082.7	7,187.3	7,373.1	5,804.1	8,722.3	11,261.9	13,809.6	16,495.1
Net Cash Flow from Operating Activities	3,798.6	3,343.7	2,936.6	3,446.1	6,476.5	1,486.7	7,889.1	7,960.7	9,192.3	9,776.2	9,436.3
NOCFPS	81.91	72.10	63.32	74.30	139.65	32.06	160.7	162.1	187.2	199.1	192.2
Investing Activities											
Investment in BFL,BTCL	-	(64.6)	-	(2.5)	-	-	-	-	-	-	-
Capital Expenditure	(1,103.8)	(1,046.4)	(1,290.7)	(1,398.0)	(1,152.8)	(1,553.0)	(9,552.9)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)
Investment (Finance) expenses	(4.2)	(0.8)	(8.7)	(25.4)	(193.5)	(394.7)	(415.2)	(379.5)	(416.6)	(412.5)	(450.0)
Term deposit	401.2	(100.0)	(104.4)	(0.2)	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Proceeds from Disposal of Assets	13.1	13.0	20.0	12.5	9.3	(13.8)	9.0	9.0	9.0	9.0	9.0
Dividend income	-	22.3	22.3	23.5	27.4	21.8	20.0	20.0	20.0	20.0	20.0
Other income	-	3.5	1.4	0.1	3.3	-	-	-	-	-	-
Inter Company Loan	-	-	-	-	20.0	10.0	-	-	-	-	-
Loan Receivable	-	-	(40.0)	(90.0)	-	-	-	-	-	-	-
Net Cash Used in Investing Activities	(693.7)	(1,172.9)	(1,400.1)	(1,479.9)	(1,286.0)	(1,929.3)	(9,938.7)	(1,850.2)	(1,887.3)	(1,883.2)	(1,920.7)
Payment of lease liabilities	(62.3)	(71.5)	(85.4)	(84.5)	(108.1)	(315.3)	(308.9)	(359.1)	(396.2)	(380.6)	(374.4)
Divident Paid	(1,555.1)	(1,366.0)	(3,136.5)	(465.1)	(1,856.7)	(830.5)	(2,202.2)	(2,922.6)	(3,790.8)	(4,098.6)	(4,405.7)
Shareholder's Loan	-	-	-	-	492.8	47.3	60.0	50.0	50.0	50.0	-
Net Cash Used in Financing Activities	(1,617.3)	(1,437.5)	(3,221.9)	(549.7)	(1,472.1)	(1,098.5)	577.2	(3,231.7)	(4,137.0)	(4,429.3)	(4,780.1)
Increase/(Decrease) in Cash & Cash Equival	1,487.5	733.4	(1,685.4)	1,416.5	3,718.4	(1,541.2)	(1,472.4)	2,878.8	3,168.0	3,463.8	2,735.6
Exchange (gain)/loss	0.6	(0.5)	1.9	18.8	69.9	43.3	10.0	(50.0)	(20.0)	(20.0)	(20.0)
Opening Cash & Cash Equivalents	1,904.5	3,392.5	4,125.3	2,441.7	3,876.9	7,665.0	6,167.2	4,704.7	7,533.6	10,681.5	14,125.3
Closing Net Cash & Cash Equivalents	3,392.7	4,125.4	2,441.8	3,877.1	7,665.2	6,167.2	4,704.7	7,533.6	10,681.5	14,125.3	16,840.9

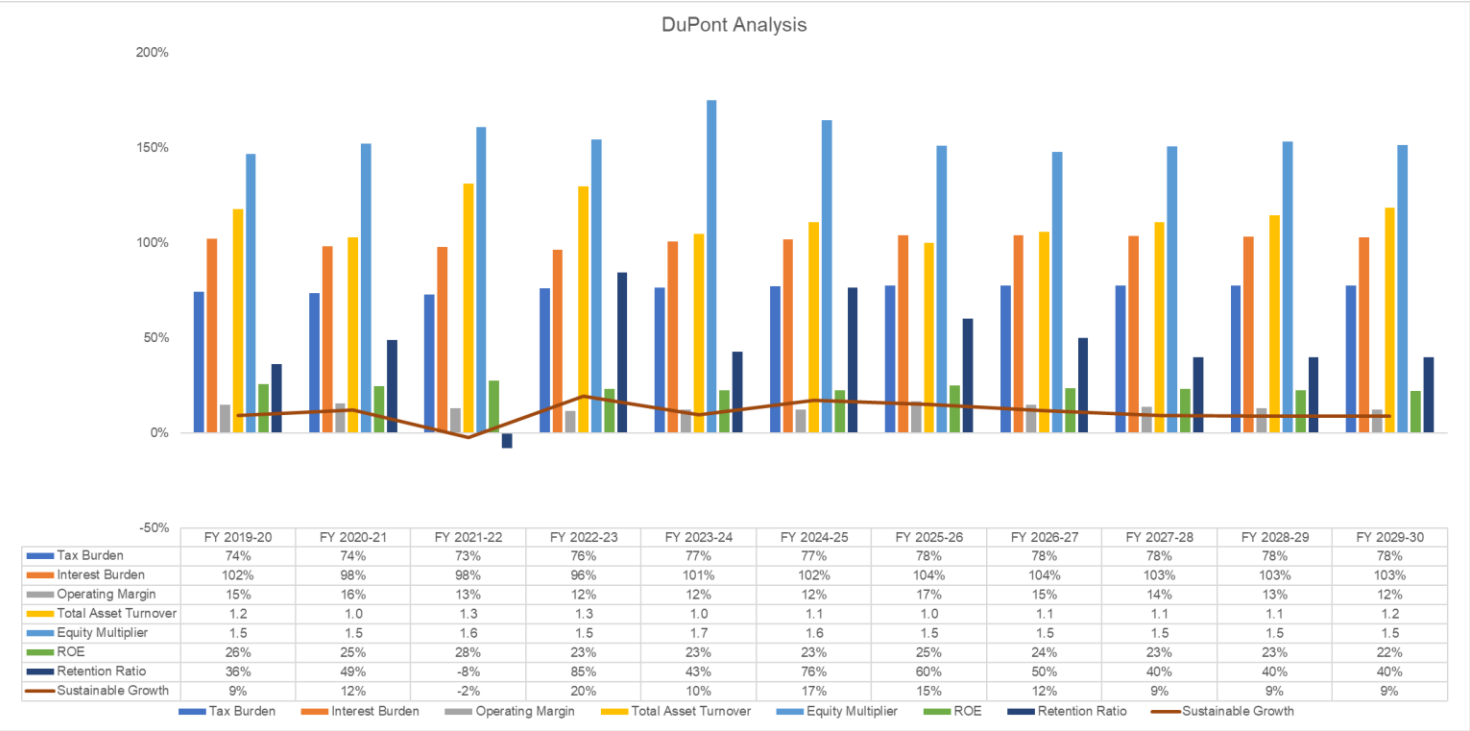
APPENDIX 3 | RATIO & DUPONT ANALYSIS

APPENDIX 3.1 | RATIO ANALYSIS

	Historical						Forecasted				
	Mar-31 FY 2019-20	Mar-31 FY 2020-21	Mar-31 FY 2021-22	Mar-31 FY 2022-23	Mar-31 FY 2023-24	Mar-31 FY 2024-25	Mar-31 FY 2025-26	Mar-31 FY 2026-27	Mar-31 FY 2027-28	Mar-31 FY 2028-29	Apr-01 FY 2029-30
Profitability Ratio											
Gross Profit Margin	39.4%	40.3%	34.9%	29.6%	32.3%	32.1%	36.0%	35.0%	35.0%	34.0%	34.0%
Operating Margin	19.7%	21.8%	18.4%	15.9%	16.0%	15.8%	20.6%	18.7%	17.3%	16.2%	15.6%
Net Profit Margin	14.9%	15.8%	13.1%	11.6%	12.4%	12.4%	16.6%	15.0%	13.8%	13.0%	12.4%
Return on Asset (ROA)	17.6%	16.3%	17.2%	15.1%	12.9%	13.7%	16.6%	15.9%	15.3%	14.8%	14.7%
Return on Equity (ROE)	25.8%	24.7%	27.6%	23.2%	22.6%	22.5%	25.1%	23.5%	23.1%	22.7%	22.2%
Total Asset Turnover (TA)	1.18	1.03	1.31	1.29	1.05	1.11	1.00	1.06	1.11	1.14	1.18
Return on Capital Employed	31.3%	31.8%	36.1%	30.0%	27.3%	26.9%	29.6%	27.9%	27.6%	27.3%	26.9%
ROIC - Core Business	39.0%	41.4%	38.1%	34.0%	44.9%	34.6%	29.6%	31.3%	35.1%	39.7%	42.4%
Liquidity Ratio											
Current Ratio	2.19	1.98	1.67	1.86	1.68	1.79	1.54	1.77	1.85	1.89	1.99
Quick Ratio	1.50	1.29	0.84	1.11	1.14	1.06	0.81	1.04	1.16	1.25	1.36
Cash Ratio	0.95	0.85	0.43	0.62	0.79	0.69	0.47	0.70	0.85	0.96	1.06
Leverage Ratio											
Debt-Equity Ratio	0.0%	0.0%	0.0%	0.0%	3.4%	3.5%	2.7%	2.6%	2.6%	2.5%	2.3%
Debt-Capital Ratio	0.0%	0.0%	0.0%	0.0%	2.0%	2.1%	1.8%	1.8%	1.7%	1.6%	1.5%
Debt-Asset Ratio	0.0%	0.0%	0.0%	0.0%	2.0%	2.1%	1.8%	1.8%	1.7%	1.6%	1.5%
Coverage Ratio											
Interest Coverage Ratio	1,055.1	100.8	52.4	190.0	17.9	10.4	51.0	52.0	52.5	56.7	62.4
Asset Coverage Ratio	2.3	2.0	1.8	1.9	1.4	1.7	2.1	2.2	2.1	2.0	2.0
Efficiency Ratio											
Inventory Turnover Ratio	4.0	3.5	3.6	3.9	3.5	3.3	3.1	3.4	3.6	3.8	4.0
Payables Turnover Ratio	3.4	2.9	3.2	3.5	2.5	2.2	2.3	2.6	2.7	2.7	2.7
Receivable Turnover Ratio	9.6	9.6	11.7	12.4	12.0	12.7	14.4	16.5	18.6	19.9	20.6
Days Sales Outstanding (DSO)	38.1	38.1	31.3	29.4	30.5	28.7	25.3	22.2	19.7	18.4	17.7
Days Inventory Outstanding (DIO)	90.7	105.3	101.3	94.3	102.8	112.3	119.6	108.7	101.2	95.2	91.3
Days Payable Outstanding (DPO)	106.0	126.7	113.6	104.2	148.9	166.3	156.4	141.8	135.2	135.2	134.4
Cash Conversion Cycle	22.9	16.7	18.9	19.5	(15.5)	(25.3)	(11.4)	(10.9)	(14.3)	(21.6)	(25.3)
Operating Cycle	128.9	143.4	132.6	123.7	133.4	141.0	144.9	130.9	120.8	113.6	109.1
Working Capital Turnover	3.8	3.5	5.9	4.8	4.0	4.0	6.1	4.7	4.3	4.0	3.8
Fixed Asset Turnover	2.7	2.5	2.9	3.1	3.0	3.0	1.9	2.2	2.5	2.9	3.2
Asset Turnover Ratio	1.2	1.0	1.3	1.3	1.0	1.1	1.0	1.1	1.1	1.1	1.2
Avg account receivables	1,708	1,764	1,902	2,089	2,197	2,235	2,293	2,363	2,460	2,653	2,878
Avg account payables	2,877	3,496	4,497	5,209	7,252	8,789	9,071	9,818	10,988	12,897	14,389
Avg inventories	2,462	2,904	4,009	4,712	5,010	5,933	6,939	7,527	8,224	9,084	9,781
Dupont Analysis											
Tax Burden	74%	74%	73%	76%	77%	77%	78%	78%	78%	78%	78%
Interest Burden	102%	98%	98%	96%	101%	102%	104%	104%	103%	103%	103%
Operating Margin	15%	16%	13%	12%	12%	12%	17%	15%	14%	13%	12%
Total Asset Turnover	1.2	1.0	1.3	1.3	1.0	1.1	1.0	1.1	1.1	1.1	1.2
Equity Multiplier	1.5	1.5	1.6	1.5	1.7	1.6	1.5	1.5	1.5	1.5	1.5
ROE	26%	25%	28%	23%	23%	23%	25%	24%	23%	23%	22%
Retention Ratio	36%	49%	-8%	85%	43%	76%	60%	50%	40%	40%	40%
Sustainable Growth	9%	12%	-2%	20%	10%	17%	15%	12%	9%	9%	9%

APPENDIX 3.2 | DUPONT ANALYSIS

Dupont Analysis											
Tax Burden	74%	74%	73%	76%	77%	77%	78%	78%	78%	78%	78%
Interest Burden	102%	98%	98%	96%	101%	102%	104%	104%	103%	103%	103%
Operating Margin	15%	16%	13%	12%	12%	12%	17%	15%	14%	13%	12%
Total Asset Turnover	1.2	1.0	1.3	1.3	1.0	1.1	1.0	1.1	1.1	1.1	1.2
Equity Multiplier	1.5	1.5	1.6	1.5	1.7	1.6	1.5	1.5	1.5	1.5	1.5
ROE	26%	25%	28%	23%	23%	23%	25%	24%	23%	23%	22%
Retention Ratio	36%	49%	-8%	85%	43%	76%	60%	50%	40%	40%	40%
Sustainable Growth	9%	12%	-2%	20%	10%	17%	15%	12%	9%	9%	9%



APPENDIX 4 | SWOT ANALYSIS

Strengths

- Strong brand equity: Berger Paints has a well-established brand reputation for quality and reliability.
- Extensive distribution network.
- Diverse product portfolio.
- Experienced workforce (management continuity)
- Good corporate governance
- Innovation and Research: Berger Paints invests in research and development to introduce new and innovative products.
- Investment in technology
- International collaboration

Weaknesses

Dependence on decorative segment

- Seasonal impact: Sales fluctuations during monsoon seasons affect revenue consistency.
- Dependence on imported raw materials.
- Environmental concerns: The paint industry faces environmental challenges, and regulatory compliance can be costly.

SWOT

Threats

- Intense competition: The paint industry is highly competitive, with both domestic and international players striving for market share.
- Economic downturn: Economic fluctuations can impact consumer spending and demand for paint products.
- Raw material price volatility: Fluctuating prices of raw materials, such as crude oil and chemicals, can affect company profitability.

Opportunities

- Diversification into new product segments
- Digitalization: Leveraging digital technologies for marketing, sales, and customer service can enhance efficiency and reach.
- Expanding international markets: Exploring new international markets can drive growth and reduce the whole reliance on the domestic market.

APPENDIX 5 | BENEISH M-SCORE

Beneish M-Score

Particulars	Variable	Coefficient
DSRI	0.98897780	0.92
GMI	0.91594009	0.53
AQI	0.89803348	0.40
SGI	1.01361771	0.89
DEPI	0.98180242	0.12
SGAI	1.07971440	0.17
TATA	-0.12880442	4.68
LVGI	1.30189266	0.33

Verdict ->	No Manipulation in FSs	-3.28
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Criterion	Result
M-Score < -2.2	No Manipulation
M-Score > -2.2	Manipulation

APPENDIX 6 | ALTMAN Z-SCORE

Altman Z-Score

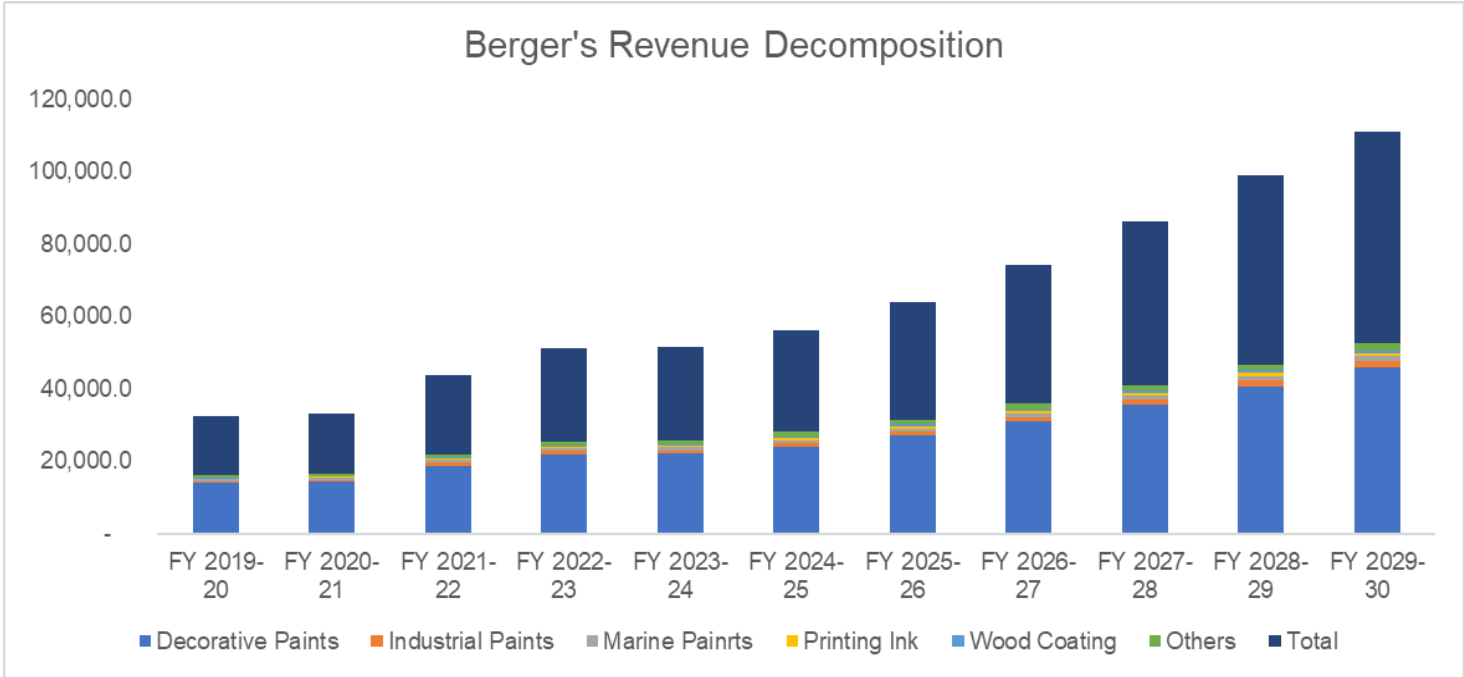
Particulars	Variable	Coefficient
X1	0.60499115	1.20
X2	0.55338150	1.40
X3	0.16764695	3.30
X4	0.00333641	0.60
X5	1.04574885	1.00

Verdict ->	Grey Zone	3.10
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Criterion	Result
Z < 1.81	Distress Zone
1.81 < Z < 2.99	Grey Zone
Z > 2.99	Safe Zone

For FY 2023-2024, BERGERPBL's Z score is 3.10 which falls in the 'Safe Zone', indicating the company faces low risk of bankruptcy.

APPENDIX 7 | REVENUE DECOMPOSITION



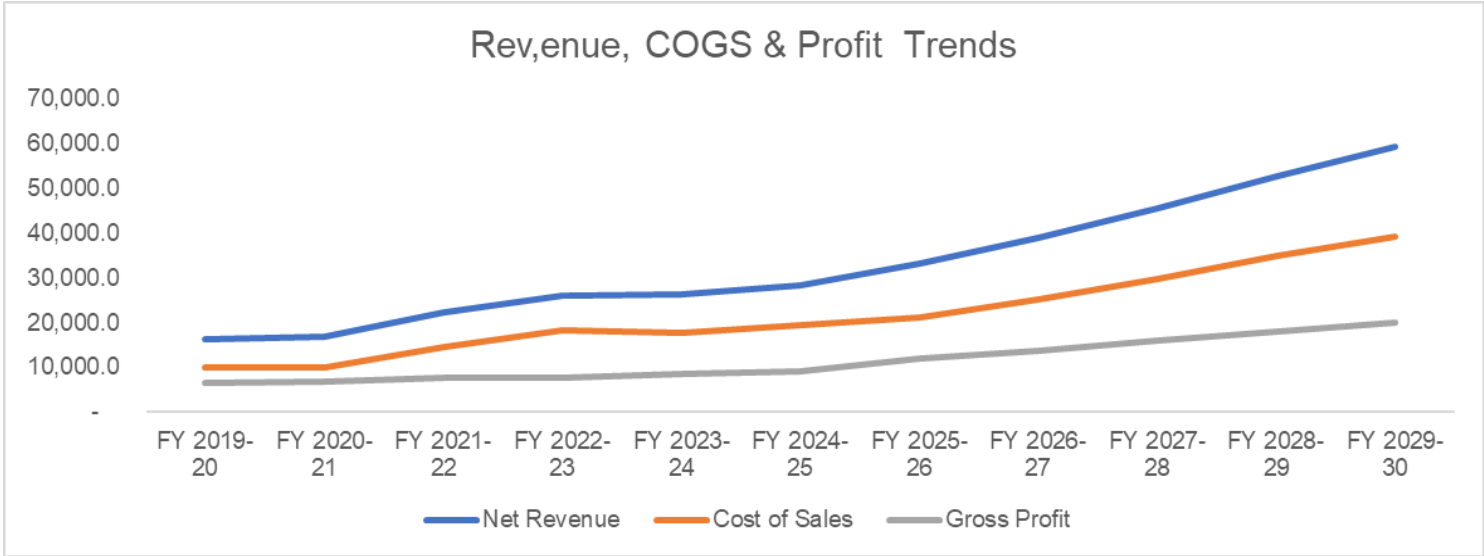
APPENDIX 8 | PORTER’S 5 FORCES

- Political:** Government investments in infrastructure projects such as Padma Bridge and metro rail have increased demand for construction materials, including paints. Policies encouraging industrial growth and tax incentives for manufacturers have further supported the sector.
- Economic:** Bangladesh's GDP growth of 5.78% (2023) and urbanization rate of 36.4% have significantly contributed to the paint industry's growth. Real estate, contributing 7.93% to GDP, remains a major driver for paint demand.
- Social:** With 34 million middle-income earners projected by 2025, demand for premium decorative paints is increasing. Rising awareness of home aesthetics also supports industry growth.
- Technological:** The adoption of advanced manufacturing processes and digital marketing strategies, such as e-commerce platforms for paints, are reshaping the industry.
- Environmental:** Stringent environmental regulations are pushing for eco-friendly and VOC-free products. Berger’s Green Label-certified Breathe Easy Emulsion exemplifies this trend.
- Legal:** Compliance with international standards for safety and environmental impact is mandatory, encouraging innovations in product formulations.

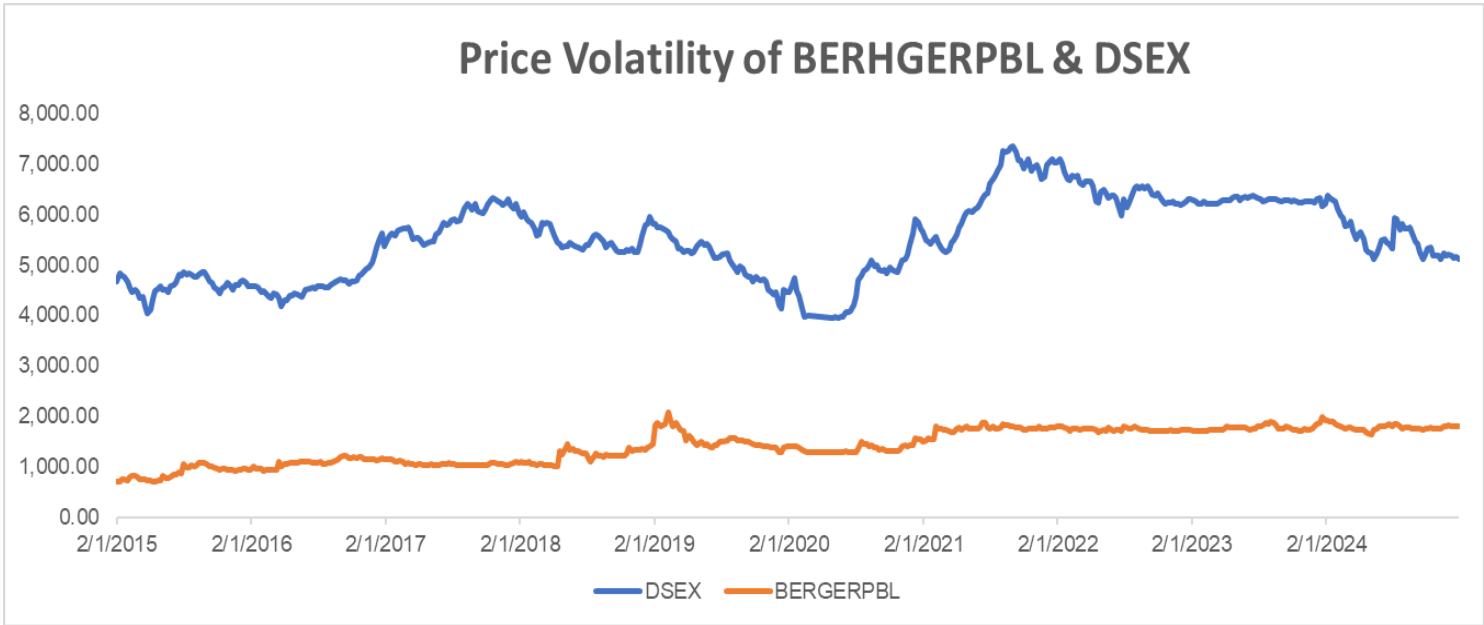
APPENDIX 9 | PESTLE ANALYSIS

- Threat of New Entrants:** Low. High capital investment and brand loyalty act as barriers, but local players add competitive pressure.
- Bargaining Power of Suppliers:** High. Over 85% of raw materials, such as titanium dioxide, are imported, making costs volatile.
- Bargaining Power of Buyers:** Moderate. While consumers remain price-sensitive, brand loyalty towards Berger and other premium players mitigates this.
- Threat of Substitutes:** Low. Paints have no direct substitutes in construction and renovation.
- Industry Rivalry:** High. Major players like Berger (58.20% market share), Asian Paints (15.90%), and Kansai Nerolac (1.5%) drive intense competition.

APPENDIX 10 | REVENUE, COGS & PROFIT TRENDS



APPENDIX 11 | BERGERPBL VS DSEX



APPENDIX 12 | PESTLE ANALYSIS

10 Year Govt Bond Yield											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
January		7.48%	6.86%	7.39%	7.66%	9.15%	5.75%	7.13%	8.33%	12.26%	12.08%
February		6.05%	6.37%	7.37%	7.64%	8.98%	6.01%	6.51%	8.33%	12.42%	
March		6.64%	6.30%	7.34%	7.60%	8.67%	6.04%	7.13%	8.45%	12.48%	
April	10.85%	6.94%	6.29%	7.14%	7.74%	8.64%	5.72%	7.75%	8.60%	12.53%	
May	10.72%	7.09%	6.31%	6.84%	8.14%	8.74%	5.83%	8%	8.63%	12.95%	
June	10.56%	7.40%	6.87%	7.53%	8.44%	8.69%	5.38%	8.10%	8.60%	13.01%	
July	9.68%	7.76%	6.95%	7.06%	8.92%	7.92%	5.43%	8.20%	9.13%	12.95%	
August	8.27%	7.44%	6.96%	6.99%	9.30%	7.43%	5.99%	8.17%	9.23%	12.56%	
September	8.36%	7.39%	7.02%	7%	9.30%	6.64%	6.33%	8.13%	9.23%	12.55%	
October	7.92%	7.03%	7.03%	6.98%	9.08%	5.63%	6.80%	8.13%	10.50%	12.45%	
November	6.79%	6.98%	7.03%	7.22%	9.21%	5.93%	7.47%	8.28%	11.13%	12.53%	
December	7.40%	6.89%	7.27%	7.60%	9.25%	5.77%	7.40%	8.33%	10.74%	12.53%	
Average	8.95%	7.09%	6.77%	7.21%	8.52%	7.68%	6.18%	7.82%	9.24%	12.60%	12.08%
10 year average risk free rate											8.56%

APPENDIX 13 | WACC

WACC	
Rm	16.46%
Rf	8.56%
ERP	7.90%
Beta	0.58
Cost of Equity	13.12%
Cost of Debt	6.00%
Equity	15588.28
Debt	1052.31
We	0.94
Wd	0.06
Tax Rate	22.50%
WACC	12.58%

APPENDIX 14 | BETA CALCULATION

Calculations	
COV	0.000116
Mrk. Variance	0.000318
Daily Avg. Market Return	0.033%
Yearly Avg. Market Return	16.461%
Beta	0.36
Blume Adjusted Beta	0.58
St Dev of BERGERPBL Price	3.32%
St. Dev of Market Return	1.78%

APPENDIX 15.1 | PEER COMPARISON

Ratio Comparison of Peers								
	Berger PBL	Asian Paint (India)	Berger Paint (India)	PT Avia Avian Tbk (Indonesia)	JATN0000 (Srilanka)	BERG (Pakistan)	TOA (Thailand)	Asian Paint (BD)
Gross profit margin (LTM)	32.4%	42.1%	39.4%	52.7%	30.0%	20.9%	34.7%	30.9%
Operating Margin(LTM)	16.1%	16.6%	12.9%	23.4%	11.3%	8.4%	13.7%	8.4%
Net Profit Margin	12.4%	13.1%	10.2%	22.9%	10.9%	3.3%	9.3%	2.5%
Asset Turnover	1.1	1.2	1.3	0.6	0.8	1.2	1.1	1.0
ROA	17.2%	17.0%	13.0%	14.7%	9.0%	4.0%	9.8%	2.4%
ROE	26.3%	27.6%	24.0%	16.5%	13.5%	8.3%	14.1%	9.8%
ROIC	30.8%	25.8%	19.1%	33.6%	11.9%	9.6%	24.4%	2.4%
Inventory Turnover Ratio	2.7	3.2	3.0	2.2	2.3	4.0	4.5	4.2
Receivables Turnover	13.0	7.6	6.7	5.9	3.4	3.8	6.6	6.5
Payables Turnover	3.2	4.9	3.7	5.5	3.9	3.0	3.5	5.1
Cash Conversion Cycle	48.8	87.8	79.0	158.2	175.7	67.5	33.9	78.0
Capex to Depreciation Ratio	110.0%	230%	100%	140%	370%	100%	100%	150%
Operating Cycle	161.4	162.4	176.3	224.9	269.2	188.0	137.4	—

APPENDIX 15.2 | PEER COMPARISON

Relative Multiples									
Company	Country	Revenue	Earnings	P/E(LTM)	P/S(LTM)	EV /EBITDA (LTM)	P/B (LTM)	EV/ Sales (LTM)	Similarity Score [highest (1), lowest (5)]
Berger PBL	Bangladesh	BDT 26.94B	BDT 69.9	25.3	3.1	15.1	5.3	3	1
Asian Paint	India	347.8 B INR	47.66 INR	47.5	6.1	31	11.6	6.1	3
Berger Paint	India	112.7B INR	9.83 INR	48.9	4.8	29.6	9.7	4.8	3
Avia	Indonesia	7.26 T IDR	27.08 IDR	15.4	3.3	9.6	2.4	2.6	3
TOA	Thailand	21.628 THB	1 THB	13.3	1.2	5.9	1.9	1	4
JATN0000	Sri Lanka	LKR 11.21B	LKR 2	11.1	1.2	10.8	1.5	1.4	3
BERG	Pakistan	PKR 8.59B	PKR 10.6	8.5	0.3	3.7	0.7	0.4	4

APPENDIX 16 | SHARE BREAKDOWN

Share Breakdown			
Total Existing Shares		46,377,880	
New Right Issuance		2,728,111	
Total Share after Right Issuance		49,105,991	
Free float		2,318,894	5.00%
Public		333,921	0.72%
Institution		1,892,218	4.08%
Foreign		92,756	0.20%
Sponsor		44,058,986	95.00%
Total Share		100.00%	

APPENDIX 17 | REVENUE DRIVERS

Revenue Driver Growth Estimates	
Decorative Industry Growth Rate	6.4%
Industrial Paints Growth Rate	5.8%
Marine Paints Growth Rate	5.0%
Printing Paints Growth Rate	3.1%
Wood Paints Growth Rate	4.8%
Others Growth Rate	7.2%

APPENDIX 18| BERGERPBL MARKET SHARE BREAKDOWN

Berger Market Share Breakdown					
Paint market size in 2020 (BDT mn)	40,035				
Paint market size in 2024 (BDT mn)	46,835				
Berger market share	58.20%				
Revenue size	28067.38				
Berger Market Size	48,225.73				
Particulars	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Industry size	52,610.08	59,096.90	66,383.55	74,568.64	83,762.95
Berger Market Capture	62%	65%	68%	70%	70%
Berger Revenue	32,618.2	38,413.0	45,140.8	52,198.0	58,634.1
Growth	16.2%	17.8%	17.5%	15.6%	12.3%

APPENDIX 19 | WACC & Kd

Cost of Debt

Effective interest rate of shareholder's loan	4.00%
Remaining effective lease interest' s cost	8.00%
Average Kd	6.00%

WACC

Market Return is determined by adding 4.5% premium along with the historical return.

Risk free rate is taken of the last 10 years monthly average yeild of govt. treasury bond.

Blume Adjusted beta is used to determine Cost of Equity

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