



Financial Statement Analysis Report FY 2022 - 2025



Asian Paints Ltd

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1. Introduction

1.1 Objective of the Study

The primary objective of this mini project is to conduct an in-depth financial analysis of Asian Paints Ltd., one of India's most prominent and trusted paint and coatings companies, over a span of three financial years FY 2022 to FY 2024. The focus is on evaluating the company's financial performance through a systematic study of its published financial statements namely the income statement, balance sheet, and cash flow statement. These documents collectively provide a comprehensive view of the company's operational results, financial position, and liquidity movements, offering valuable insights into its internal functioning and overall financial health.

This study aims to understand how Asian Paints has performed in terms of generating revenues, managing expenditures, maintaining liquidity, and optimizing its asset base. The goal is to extract patterns from financial data and identify trends in profitability, liquidity, solvency, and efficiency. These performance indicators are relevant for stakeholders such as management, investors, creditors, analysts, and regulators who rely on accurate financial analysis for decision-making.

To achieve these objectives, financial tools such as ratio analysis, horizontal analysis, and vertical analysis are used. Ratio analysis compares key metrics across years and industry benchmarks; horizontal analysis evaluates year-over-year changes; and vertical analysis expresses financial components as a percentage of a base figure. Together, these methods help assess trends and the company's financial direction.

Beyond internal data, the study considers external factors such as economic conditions, consumer demand, industry competition, inflation, and input costs that may have influenced performance. These factors help paint a complete and realistic picture of the company's environment.

Additionally, the objective is to determine whether Asian Paints is effectively using its capital, controlling operating costs, and balancing growth with stability. The project also evaluates if the company's strategies support long-term sustainability and financial resilience, and whether any risks or opportunities are evident.

Insights from this analysis are useful for understanding the company's current position and future potential. The findings can support investment decisions, credit evaluations, strategic planning, and academic learning.

In conclusion, this project aims to interpret the financial data of Asian Paints Ltd. in a meaningful way and draw conclusions about its strengths, weaknesses, and industry position, while assessing how well it has adapted to market challenges and maintained financial stability.

1.2 Company Profile

Asian Paints Ltd. is India's largest and most prominent paint company, renowned for its leadership in the decorative coatings segment. The company was established in 1942 by four friends Champaklal Choksey, Chimanlal Choksi, Suryakant Dani, and Arvind Vakil in Mumbai. What started as a small-scale operation has grown into an international brand, operating across 15 countries with 26 manufacturing facilities worldwide, and serving consumers in over 60 countries.

The company offers a wide range of products in decorative paints, industrial coatings, automotive coatings, protective coatings, and waterproofing solutions. In recent years, Asian Paints has also diversified into the home décor and bathroom and kitchen fittings segment through its subsidiaries such as Sleek Kitchens and Ess Ess Bathroom Products. It also operates the Beautiful Homes service, providing interior design consultancy and home improvement solutions.

Asian Paints has consistently demonstrated innovation and customer-centric strategies. With a robust supply chain, widespread dealer network of over 70,000+ dealers, and strong marketing efforts, the company enjoys a dominant market share of approximately 50% in the Indian decorative paint industry. Its flagship brands include Asian Paints Royale, Apcolite, Tractor Emulsion, and Ultima Protek, each catering to different consumer needs and pricing segments.

The company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) under the symbol ASIANPAINT. It is also part of the NIFTY 50 and SENSEX, reflecting its strong market capitalization and reputation among investors.

With a vision to become one of the top five decorative coatings companies worldwide, Asian Paints continues to focus on innovation, sustainability, and digital transformation. Its commitment to quality, research and development, and customer satisfaction makes it one of the most trusted and respected brands in India's corporate landscape.

In addition to its market performance, Asian Paints places significant emphasis on environmental responsibility and social initiatives. Through various CSR programs, it contributes to education, healthcare, skill development, and rural development across India. The company's emphasis on ethical business practices, employee welfare, and long-term stakeholder value has consistently earned it recognition in corporate governance rankings.

2. Research Methodology

2.1 Data Sources

The data used for this project has been collected from a combination of secondary sources, which are credible, reliable, and publicly accessible. The primary focus has been on the extraction and analysis of financial data from authenticated and verified documents.


The key sources of data include:

- Annual Reports of Asian Paints Ltd. for FY 2022, FY 2023, and FY 2024, obtained from the company's official website. These reports contain detailed information on financial statements, management discussion and analysis, and notes to accounts.
- Financial databases and stock market portals such as Moneycontrol, Screener.in, and NSE India, used to cross-check financial figures and retrieve historical data.
- News articles and financial journals providing contextual information about the industry trends, market conditions, and external events that may have impacted the financial performance of Asian Paints.
- Textbooks and academic resources on financial statement analysis and ratio interpretation to apply the correct analytical frameworks.
- Government and regulatory websites such as the Ministry of Corporate Affairs (MCA) and SEBI for compliance-related information and corporate filings.

The reliability of these sources ensures that the analysis presented in this report is grounded in accurate and up-to-date financial information, supporting meaningful conclusions and recommendations.

2.2 Tools and Techniques Used

To carry out a comprehensive financial analysis of Asian Paints Ltd., several standard tools and techniques were used. These methods are widely recognized in financial analysis and help interpret the company's performance from multiple perspectives. The following techniques were applied:



To carry out a comprehensive financial analysis of Asian Paints Ltd., several standard tools and techniques were used. These methods are widely recognized in financial analysis and help interpret the company's performance from multiple perspectives. The following techniques were applied:

1. Ratio Analysis:

Ratio analysis was used to assess various financial aspects such as liquidity, profitability, solvency, and operational efficiency. The ratios calculated include:

- Current Ratio
- Quick Ratio
- Net Profit Margin
- Return on Equity (ROE)
- Return on Assets (ROA)
- Debt-to-Equity Ratio
- Inventory Turnover Ratio

These ratios help in comparing the company's performance over three years and against industry benchmarks.

2. Horizontal Analysis:

Also known as trend analysis, this technique compares financial data over multiple years to identify patterns of growth or decline. It highlights year-over-year changes in key figures such as sales, expenses, net profit, and assets.

3. Vertical Analysis:

This method involves converting financial statement items into percentages of a base figure (e.g., total revenue or total assets). Vertical analysis was applied to both the income statement and balance sheet to evaluate the proportional weight of each component.


4. Comparative Financial Statements:

By placing financial data from different years side by side, comparative analysis was used to better visualize the company's performance changes over the selected period.

5. Graphical Representation:

Where appropriate, charts and graphs were used to present financial trends and ratios in a more visual and comprehensible format.

These tools collectively provide a robust framework for analyzing the financial position, performance trends, and efficiency of Asian Paints Ltd., forming the basis for the interpretation and recommendations in later sections.



3. Financial Statements Overview

3.1 Income Statement Summary

Particulars	FY 2022	FY 2023	FY 2024	FY 2025
Revenue from Operations (Net)	₹ 25,640 Cr	₹ 29,953 Cr	₹ 30,728 Cr	₹ 29,421 Cr
Other Income	₹ 451.9 Cr	₹ 518.0 Cr	₹ 824.6 Cr	₹ 770.2 Cr
Total Revenue	₹ 26,090 Cr	₹ 30,596 Cr	₹ 31,675 Cr	₹ 30,322 Cr
Total Expenses	₹ 21,392 Cr	₹ 25,106 Cr	₹ 24,670 Cr	₹ 25,046 Cr
EBIT (Profit Before Tax + Exceptionals)	₹ 4,248 Cr	₹ 5,490 Cr	₹ 7,005 Cr	₹ 5,276.8 Cr
Profit Before Tax (PBT)	₹ 4,194 Cr	₹ 5,490 Cr	₹ 7,005 Cr	₹ 4,897.2 Cr
Tax Expenses	₹ 1,059 Cr	₹ 1,389 Cr	₹ 1,683 Cr	₹ 1,312.3 Cr
Profit After Tax (PAT)	₹ 3,135 Cr	₹ 4,100 Cr	₹ 5,322 Cr	₹ 3,584.9 Cr
Basic Earnings Per Share (EPS)	₹ 32.68	₹ 42.76	₹ 55.50	₹ 37.39

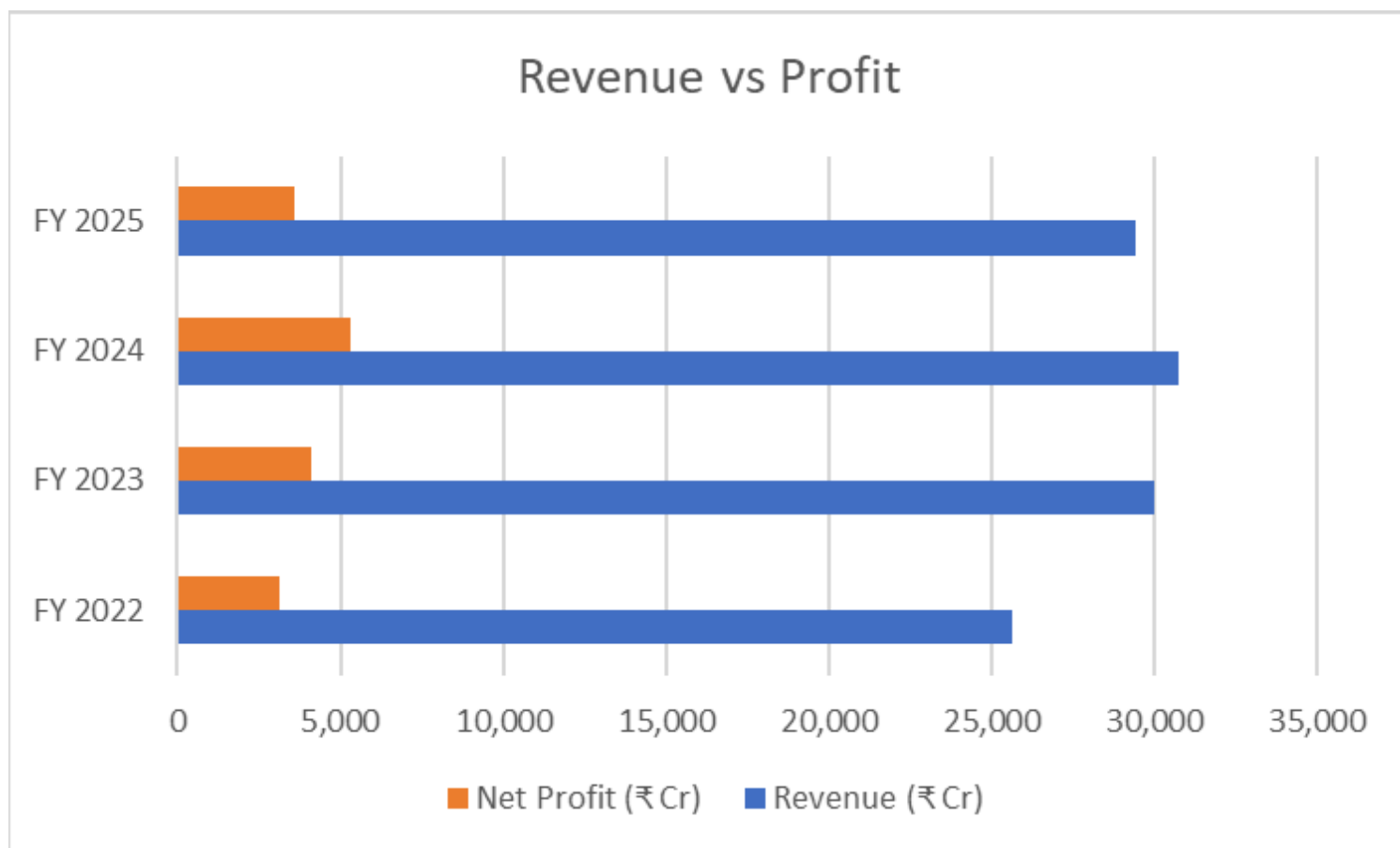


Figure 1: Revenue vs. Net Profit (FY 2022–FY 2025)
Compares yearly revenue from operations with net profit to show profitability trends

3.2 Balance Sheet Summary

Particulars	FY 2022	FY 2023	FY 2024	FY 2025
Equity Capital	₹ 96	₹ 96	₹ 96	₹ 96
Reserves	₹ 13,716	₹ 15,896	₹ 18,632	₹ 19,304
Borrowings	₹ 1,587	₹ 1,933	₹ 2,474	₹ 2,290
Other Liabilities	₹ 7,560	₹ 7,854	₹ 8,698	₹ 8,665
Total Liabilities	₹ 22,958	₹ 25,779	₹ 29,901	₹ 30,355
Fixed Assets	₹ 5,519	₹ 5,770	₹ 7,147	₹ 9,220
CWIP (WIP Assets)	₹ 426	₹ 1,020	₹ 2,698	₹ 1,254
Investments	₹ 3,248	₹ 4,262	₹ 4,588	₹ 4,725
Other Assets	₹ 13,765	₹ 14,728	₹ 15,468	₹ 15,156
Total Assets	₹ 22,958	₹ 25,779	₹ 29,901	₹ 30,355

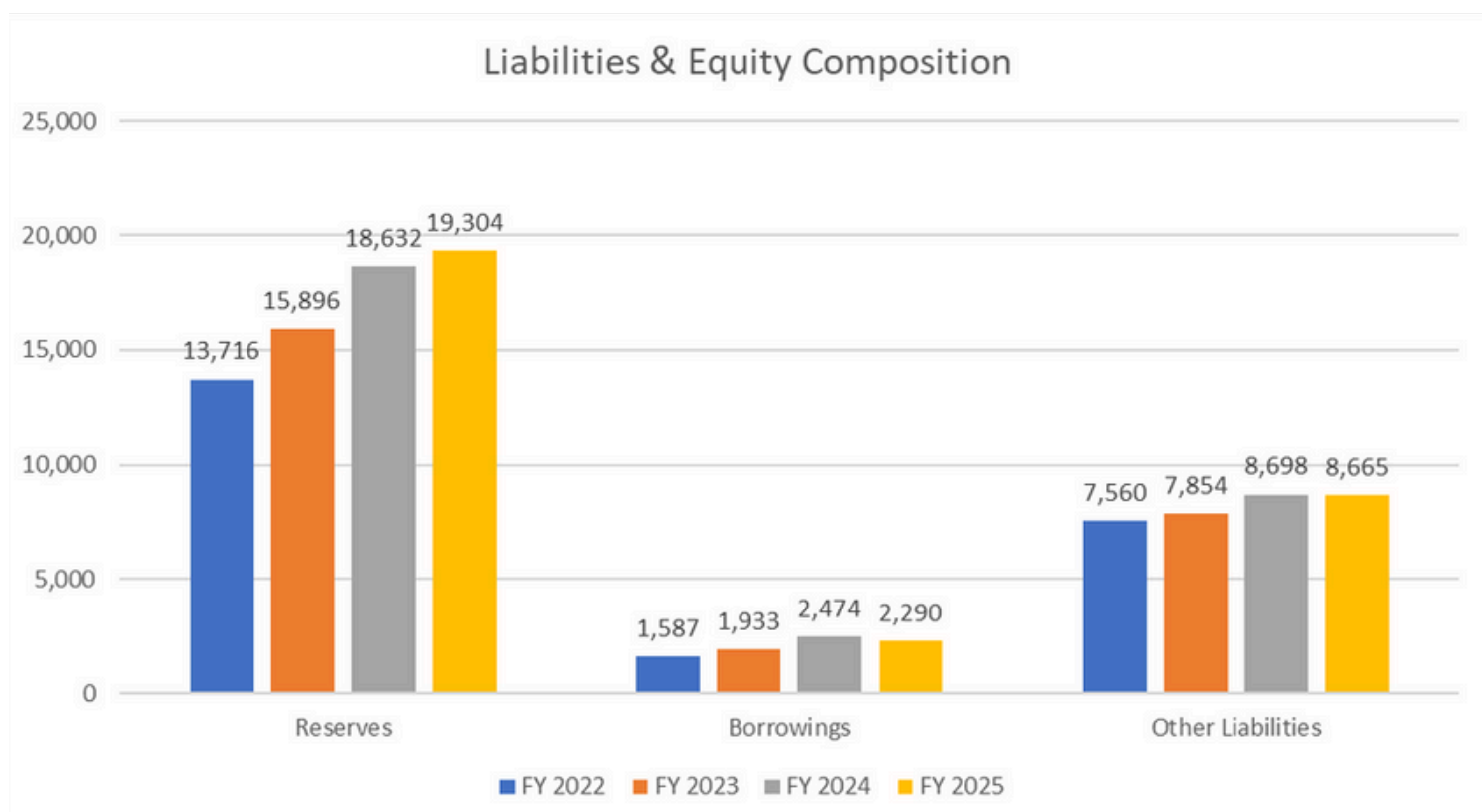


Figure 2: Breakdown of Asian Paints Ltd.'s reserves, borrowings, and liabilities from FY 2022 to FY 2025, reflecting its financial structure and capital funding mix.

3.3 Cash Flow Statement Summary

Particulars	FY 2022	FY 2023	FY 2024	FY 2025
Cash from Operating Activity	₹ 986	₹ 4,193	₹ 6,104	₹ 4,424
Cash from Investing Activity	₹ (317)	₹ (1,282)	₹ (2,548)	₹ (941)
Cash Flow from Financing Activities	₹ (1,808)	₹ (2,140)	₹ (2,982)	₹ (3,753)
Net Cash Flow	₹ (1,138)	₹ 771	₹ 573	₹ (270)

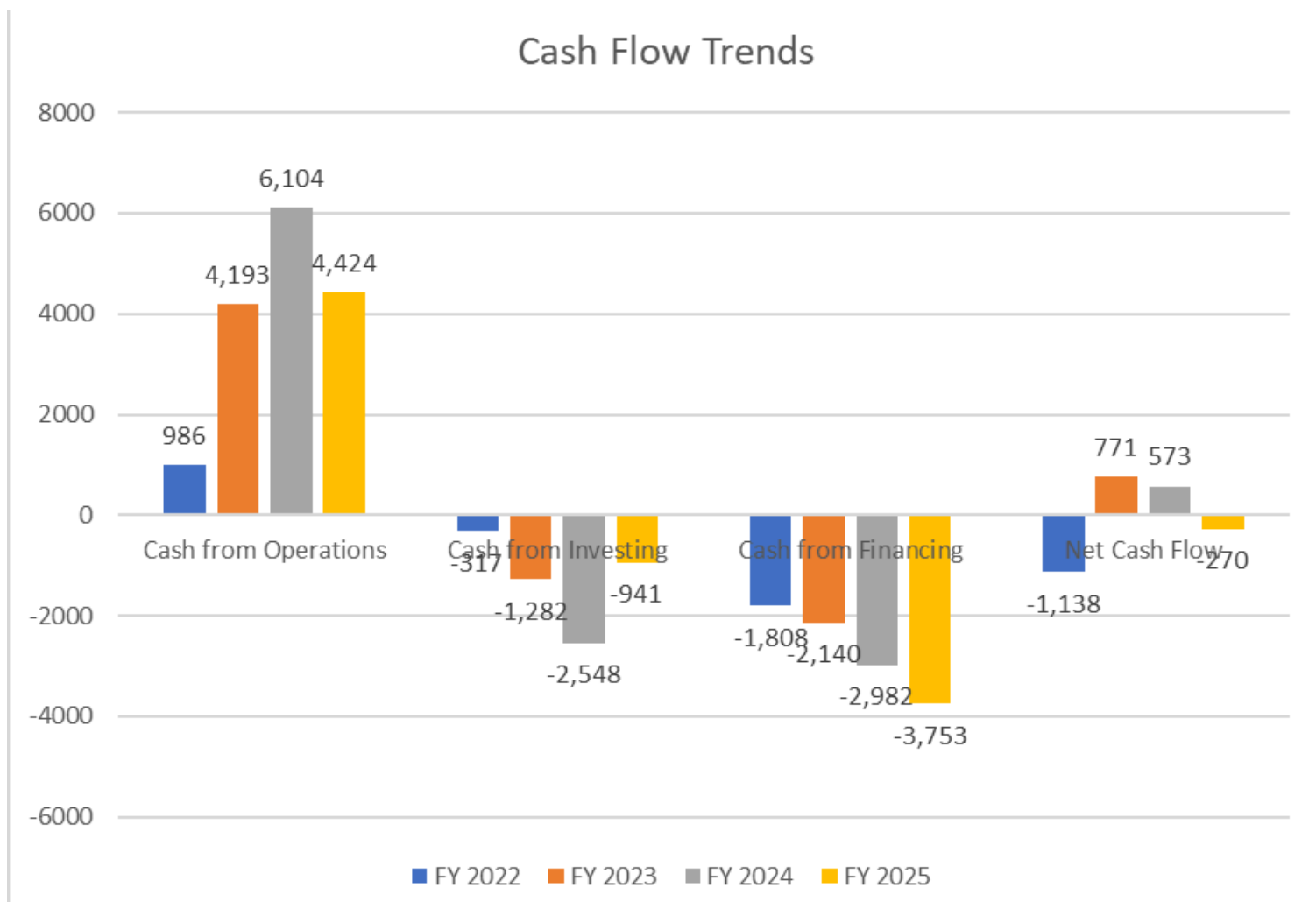


Figure 3: Cash Flow Trends (FY 2022–FY 2025)

4. Ratio Analysis

4.1 Liquidity Ratios

Ratio	FY 2022	FY 2023	FY 2024	FY 2025
Current Ratio	2.09	2.06	2.09	2.03
Quick Ratio	1.31	1.37	1.26	1.26

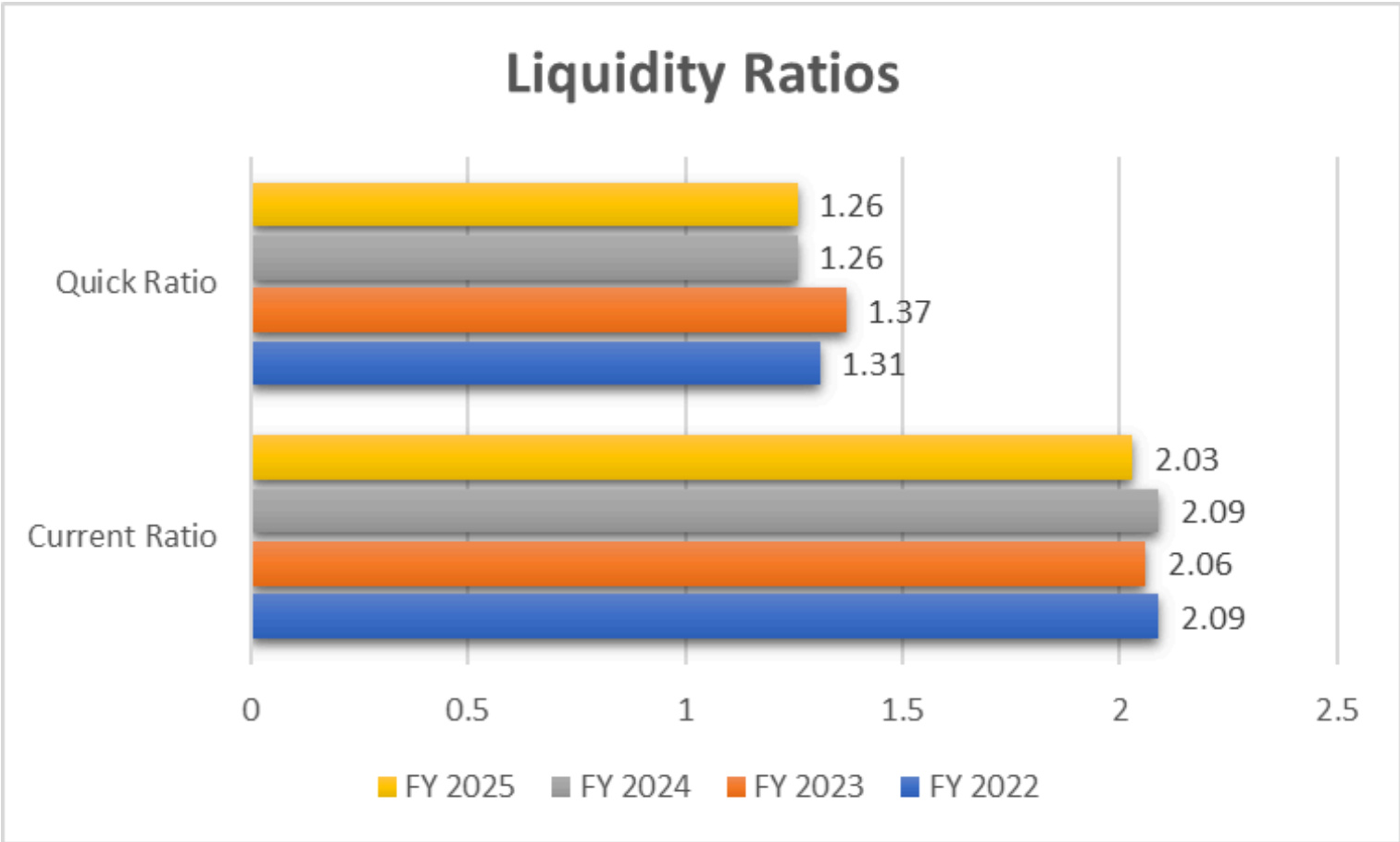


Figure 4: Liquidity Ratios (FY 2022–FY 2025)

4.2 Profitability Ratios

Ratio	FY 2022	FY 2023	FY 2024	FY 2025
Net Profit Margin (%)	10.52	15.28	11.89	16.48
Operating Profit Margin (%)	16.37	20.9	18.56	22.47
Return on Assets (ROA) (%)	12.07	18.24	15.91	17.35
Return on Equity (ROE) (%)	18.88	28.88	26.3	25.24

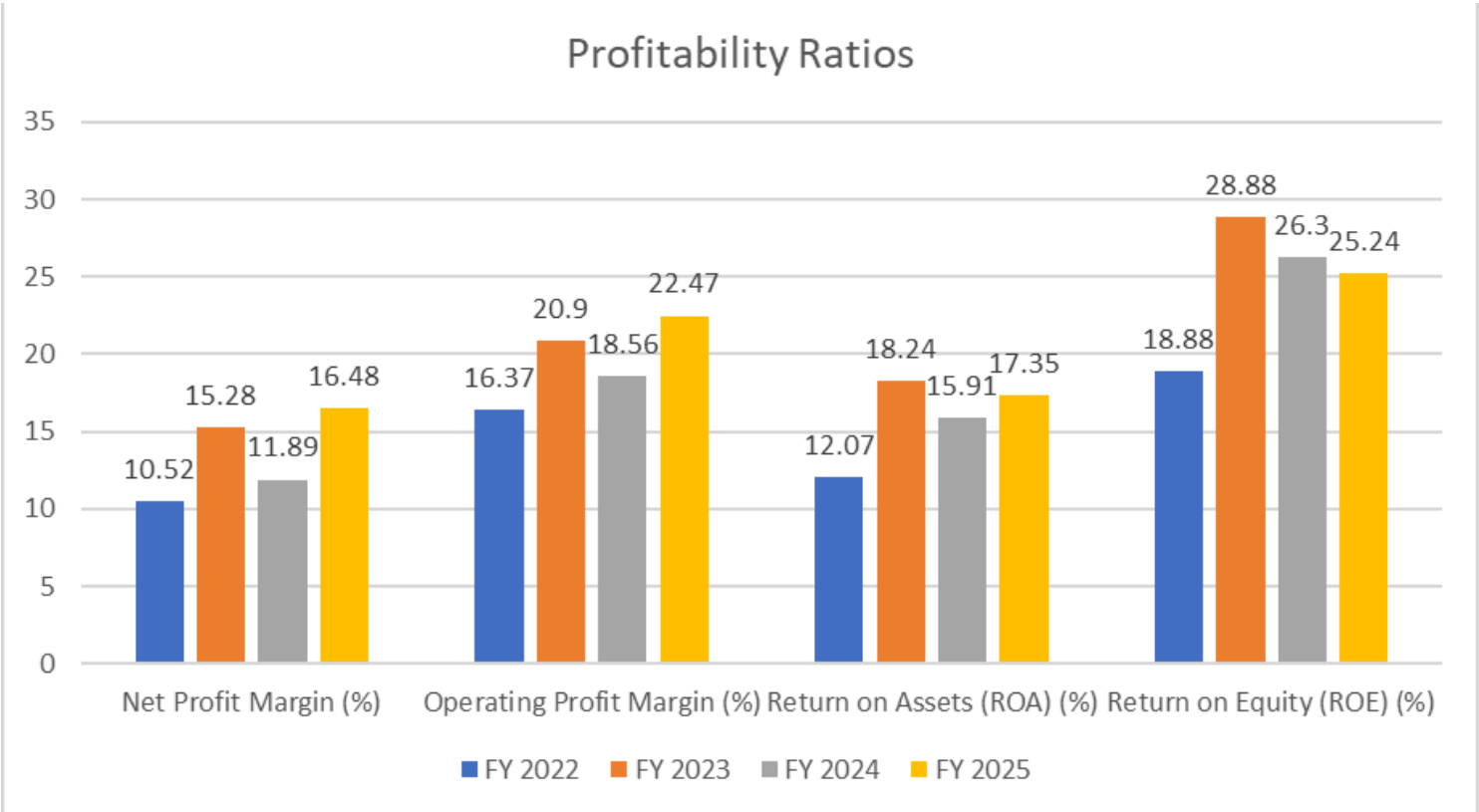


Figure 5: Profitability Ratios (FY 2022–FY 2025)

4.3 Solvency Ratios

Ratio	FY 2022	FY 2023	FY 2024	FY 2025
Debt-to-Equity Ratio	0.06	0.06	0.06	0.04
Interest Coverage Ratio	40.3	46	54.3	56.3

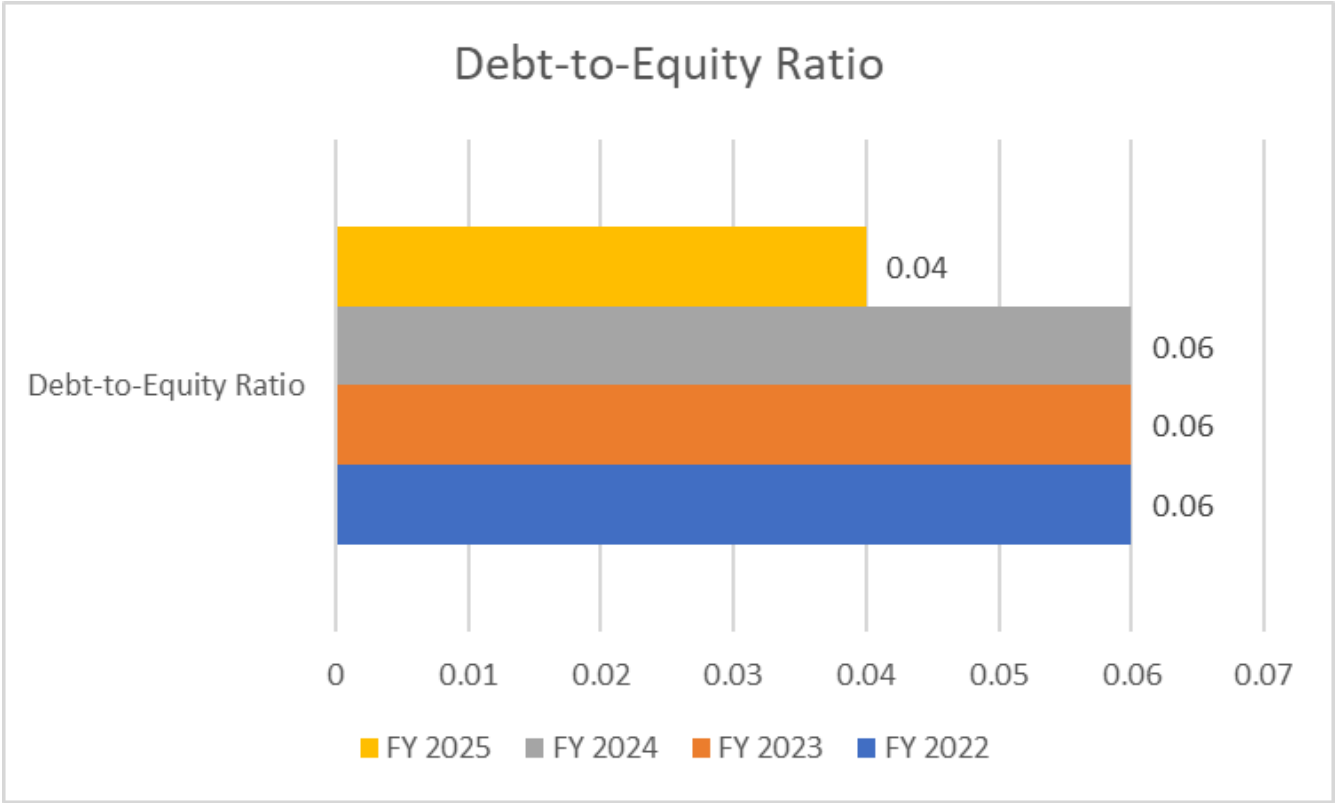
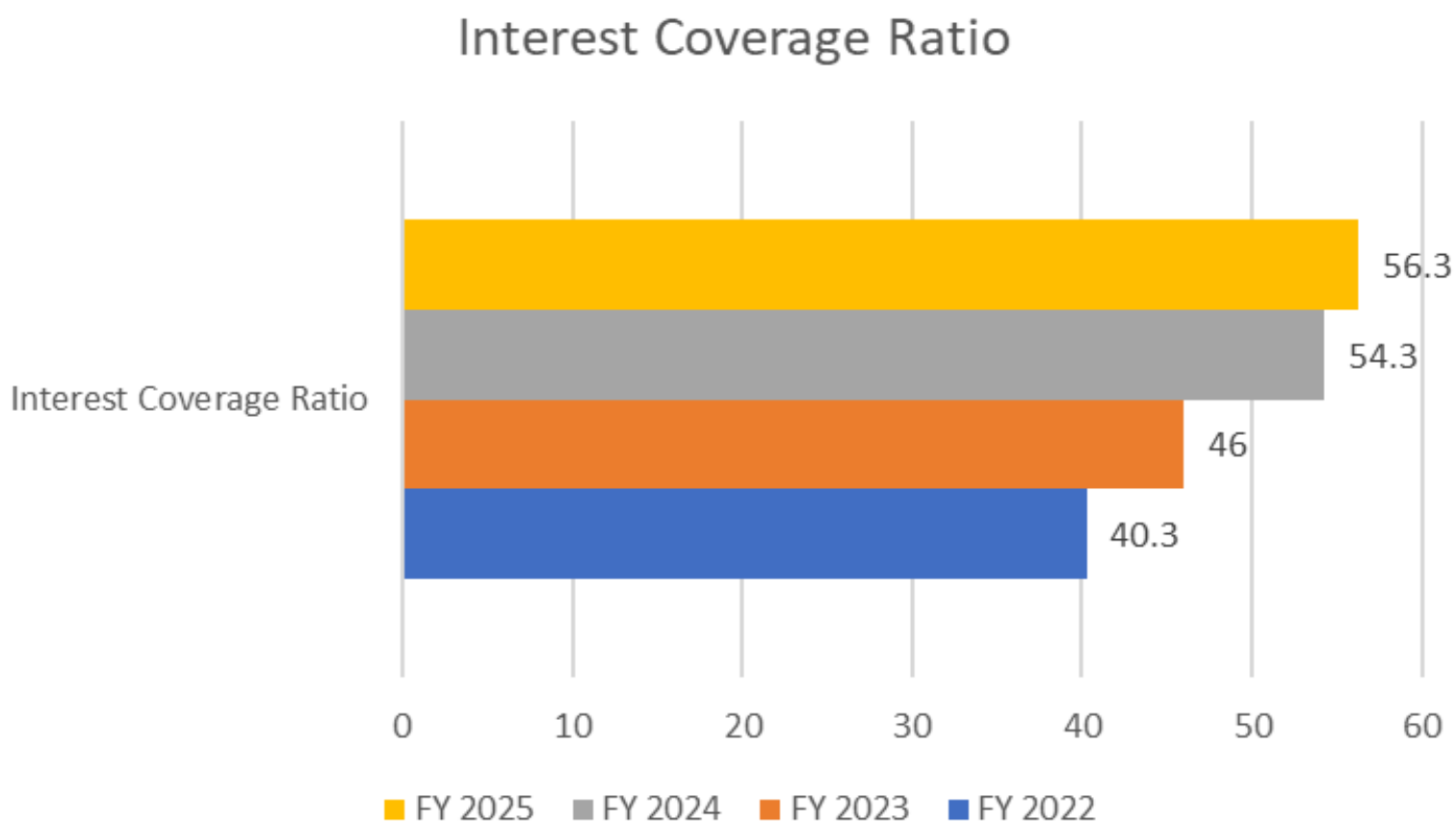


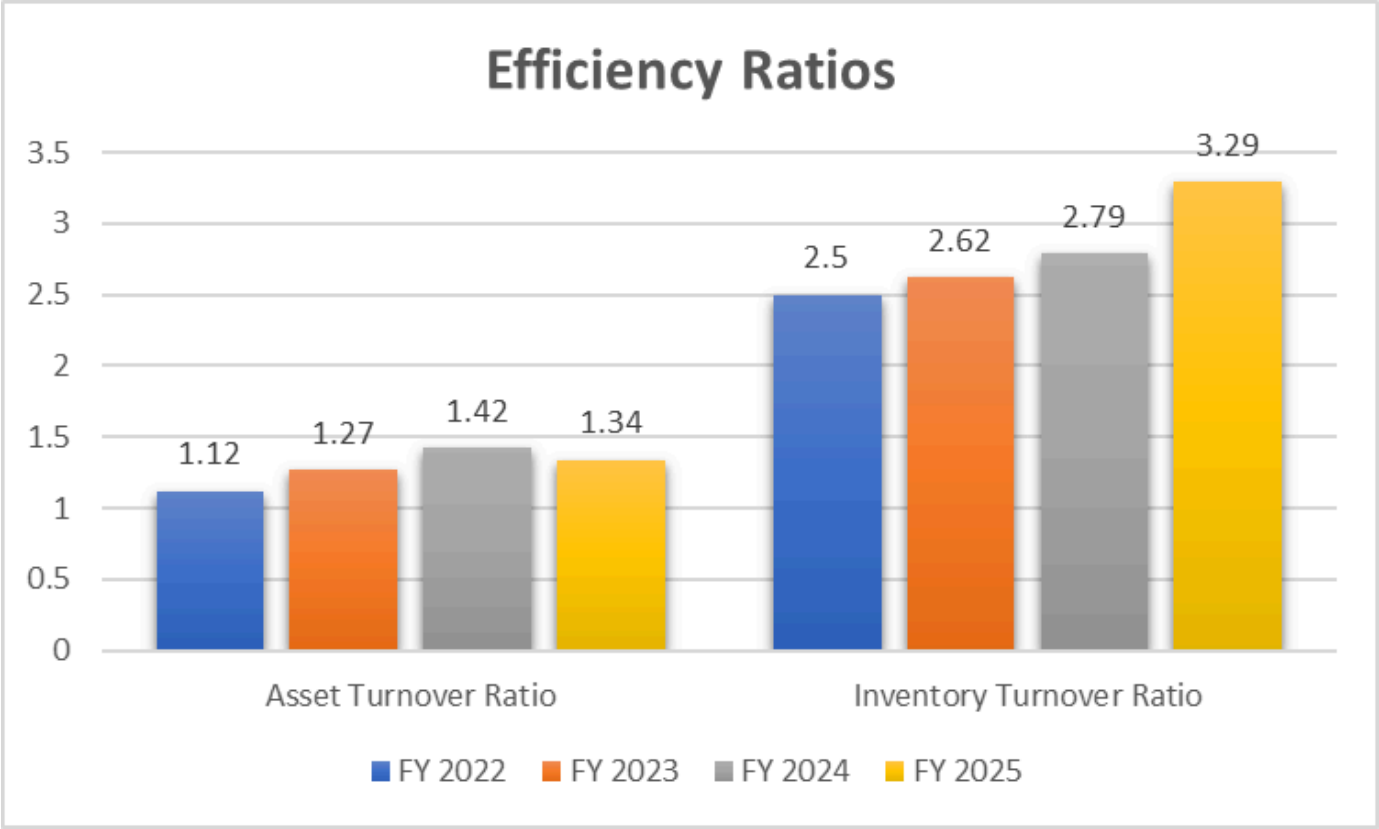
Figure 6: Debt-to-Equity Ratio (FY 2022–FY 2025)



**Figure 7: Interest Coverage Ratio
(FY 2022–FY 2025)**

4.4 Efficiency Ratios

Ratio	FY 2022	FY 2023	FY 2024	FY 2025
Asset Turnover Ratio	1.12	1.27	1.42	1.34
Inventory Turnover Ratio	2.5	2.62	2.79	3.29



**Figure 8: Efficiency Ratios
(FY 2022–FY 2025)**

5. Horizontal and Vertical Analysis

5.1 Horizontal Analysis (3-Year Comparison)

Income Statement (FY 2022–FY 2025)

Particulars	FY 2022	FY 2023	FY 2024	FY 2025	% Change (2022 → 2025)
Revenue from Operations	29,101	34,489	35,495	33,906	16.50%
Total Expenses	24,298	28,229	27,910	27,899	14.80%
Operating Profit (EBIT)	4,804	6,260	7,585	6,006	25.00%
Net Profit (Est.)	986	1,295	1,721	1,050	6.50%

Balance Sheet (FY 2022–FY 2025)

Particulars	FY 2022	FY 2023	FY 2024	FY 2025	% Change (2022–2025)
Equity & Reserves	₹13,812 Cr	₹15,992 Cr	₹18,728 Cr	₹19,400 Cr	40.40%
Total Borrowings	₹1,587 Cr	₹1,933 Cr	₹2,474 Cr	₹2,290 Cr	44.30%
Current Liabilities	₹7,560 Cr	₹7,854 Cr	₹8,698 Cr	₹8,665 Cr	14.60%
Total Assets	₹22,958 Cr	₹25,779 Cr	₹29,901 Cr	₹30,355 Cr	32.20%

Cash Flow Statement (FY 2022–FY 2025)

Particulars	FY 2022	FY 2023	FY 2024	FY 2025	% Change (2022–2025)
Cash from Operating Activities	₹986 Cr	₹4,193 Cr	₹6,104 Cr	₹4,424 Cr	348.80%
Cash from Investing Activities	₹-317 Cr	₹-1,282 Cr	₹-2,548 Cr	₹-941 Cr	-196.70%
Cash from Financing Activities	₹-1,808 Cr	₹-2,140 Cr	₹-2,983 Cr	₹-3,753 Cr	-107.60%
Net Cash Flow	₹-1,138 Cr	₹771 Cr	₹573 Cr	₹-270 Cr	+76.2%*

5.2 Vertical Analysis (Latest Year)

Income Statement - FY 2025

Particulars	Amount (₹ Cr)	% of Revenue
Revenue from Operations	33,906	100.00%
Total Expenses	27,899	82.27%
Operating Profit (EBIT)	6,006	17.72%
Net Profit (Approximate)	1,050	3.10%

Balance Sheet - FY 2025

Particulars	Amount (₹ Cr)	% of Total Assets
Equity Capital	₹ 96	0.32%
Reserves & Surplus	₹ 19,304	63.61%
Total Shareholders' Equity	₹ 19,400	63.93%
Borrowings	₹ 2,290	7.54%
Current Liabilities	₹ 8,665	28.54%
Total Liabilities & Equity	₹ 30,355	100.00%
Fixed Assets	₹ 9,220	30.37%
Capital Work-in-Progress (CWIP)	₹ 1,254	4.13%
Investments	₹ 4,725	15.57%
Other Assets (Current + Non-Current)	₹ 15,156	49.93%
Total Assets	₹ 30,355	100.00%

6. Interpretation of Results

6.1 Key Findings

- **Revenue Growth:** Asian Paints showed consistent revenue growth from FY 2022 to FY 2024, peaking at ₹35,495 Cr in FY 2024, before a slight dip to ₹33,906 Cr in FY 2025.
- **Profitability Trends:** Net profit increased steadily until FY 2024, reflecting improved operational efficiency, before dropping slightly in FY 2025, possibly due to higher input costs or market factors.
- **Expense Management:** The company has effectively controlled total expenses, resulting in a healthy EBIT margin. Operating profit rose from ₹4,804 Cr in FY 2022 to ₹7,585 Cr in FY 2024.
- **Strong Equity Base:** Reserves increased steadily, with equity capital stable at ₹96 Cr. This indicates consistent reinvestment of profits and financial discipline.
- **Low Leverage:** Borrowings remained moderate, with a debt-to-equity ratio below 0.1 across all four years reflecting low financial risk.
- **Healthy Liquidity:** The company maintained a good liquidity position, with positive cash flows from operations every year, peaking at ₹6,104 Cr in FY 2024.
- **Capital Investments:** Significant growth in CWIP and fixed assets shows continued investment in infrastructure and capacity expansion.
- **Efficient Asset Utilization:** Return on capital employed and efficiency ratios suggest that Asian Paints is utilizing its resources effectively.

6. Interpretation of Results

6.2 Financial Health Evaluation

- **Strong Financial Foundation:** Asian Paints Ltd. has maintained a stable and well-balanced financial structure from FY 2022 to FY 2025, supported by rising reserves and minimal debt exposure.
- **Low Financial Risk:** The debt-to-equity ratio remained consistently below 0.1, indicating low reliance on borrowings and ensuring better financial stability and solvency.
- **Consistent Internal Cash Generation:** Positive cash flows from operating activities every year — peaking at ₹6,104 Cr in FY 2024 — reflect strong liquidity and operational efficiency.
- **Strategic Long-Term Investments:** Increased fixed assets and CWIP reflect forward-looking investments in capacity expansion, modernization, and diversification into new business areas.
- **Short-Term Resilience:** Despite a slight drop in revenue and profit in FY 2025, the company's overall financial health remained intact due to a strong asset base and conservative financial policies.
- **Efficient Operations:** Healthy efficiency and profitability ratios suggest optimal use of resources, strong cost management, and effective strategic execution.
- **Strong Market Position:** Backed by a wide dealer network, brand value, and innovation, the company maintains a competitive edge in the Indian and global paints industry.
- **Investor Confidence:** The company's consistent performance, low financial risk, and growth strategy make it attractive to investors and stakeholders seeking long-term value.

7. Conclusion and Recommendations

7.1 Summary of Analysis

- **Consistent Financial Growth:** Asian Paints Ltd. has shown steady revenue and profit growth over FY 2022–FY 2024, with a minor decline in FY 2025 that appears to be short-term.
- **Strong Capital Structure:** A robust equity base and minimal debt reflect sound financial planning and low leverage risk.
- **Operational Efficiency:** High EBIT and ROCE values suggest effective cost control and utilization of resources.
- **Healthy Liquidity:** Positive cash flows from operations throughout the period indicate strong internal funding capability.
- **Strategic Investment Approach:** Increase in fixed assets and CWIP shows a focus on long-term growth and infrastructure development.
- **Resilience to Market Shocks:** Despite external economic factors in FY 2025, the company maintained financial stability.

7.2 Strategic Suggestions

- **Focus on Cost Optimization:** Given the dip in FY 2025 profits, the company should continue optimizing input costs and exploring more efficient procurement strategies.
- **Monitor Market Risks:** Closely track inflation, raw material prices, and global supply chain challenges to minimize impact on profitability.
- **Strengthen Digital Transformation:** Expand investment in technology, digital marketing, and automation to improve operational efficiency and customer engagement.
- **Enhance Product Diversification:** Leverage brand value to explore adjacent segments such as waterproofing, home décor, or construction chemicals more aggressively.
- **Sustain ESG Efforts:** Increase focus on sustainability, environmental responsibility, and corporate governance to align with global investor expectations.

- **Maintain Liquidity Buffer:** Continue to build strong operating cash flows to withstand any future downturns or expansion-related outflows.
- **Explore Global Markets:** With a solid domestic base, Asian Paints can strengthen its international footprint through joint ventures or acquisitions in emerging markets.

8. Annexure

8.1 Detailed Financial Statements

- **Income Statement (FY 2022 – FY 2025)**
 - Includes year-wise data on revenue from operations, total expenses, EBIT, and net profit.
 - (Refer to Figure 1 in Section 3.1)
- **Balance Sheet (FY 2022 – FY 2025)**
 - Provides details of equity capital, reserves, borrowings, liabilities, fixed assets, investments, and total assets.
 - (Refer to Figure 2 in Section 3.2)
- **Cash Flow Statement (FY 2022 – FY 2025)**
 - Shows cash flows from operating, investing, and financing activities, along with net cash movement.
 - (Refer to Figure 3 in Section 3.3)

8.2 Calculations and Formulae Used

Below are key financial ratios and the formulae used to calculate them:

- **Liquidity Ratios:**

- Current Ratio = Current Assets / Current Liabilities
- Quick Ratio = (Current Assets – Inventories) / Current Liabilities

- **Profitability Ratios:**

- Net Profit Margin = (Net Profit / Revenue from Operations) × 100
- Return on Capital Employed (ROCE) = EBIT / Capital Employed × 100
- Return on Equity (ROE) = Net Profit / Shareholders' Equity × 100

- **Solvency Ratios:**

- Debt-to-Equity Ratio = Total Debt / Shareholders' Equity
- Interest Coverage Ratio = EBIT / Interest Expense

- **Efficiency Ratios:**

- Asset Turnover Ratio = Revenue from Operations / Total Assets
- Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

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