



15th February, 2024



India's Best Performing and Most Customer Centric PMS

Asian Paints, the premier home decor company in India with over 80 years of legacy, encompasses brands such as Asian Paints, Berger, Apco, among others. Offering a diverse range of products and services including wall paints, coverings, waterproofing solutions, texture painting, wall stickers, mechanized tools, adhesives, modular kitchens, sanitaryware, lighting. The Asian Paints group boasts leading brands like Sleek, Weather Seal, Taubman, and Kadisco. In the fiscal year 2023, the company filed 25 patents, with 10 being granted. Additionally, it introduced 22 new products, bringing the total number of patents to 49 as of fiscal year 2023.

Spectrum of business: Decorative - Asian Paints boasts the largest painting service of its kind globally, accessible in over 600 towns. This segment includes a range of products and services like Interior Wall Finishes, Exterior Wall Finishes, Waterproofing Solutions, Wood Finishes, Enamels, Adhesives, Tools.

Home Décor – It aims to offer customers a one-stop solution for all their home decor needs which includes, Modular Kitchens, Sanitaryware, Lighting Solutions, uPVC Windows, Wall Coverings, Furniture.

Industrial– This segment includes products for the automotive and industrial coatings sector in India. This comprises, Automotive Coatings, Marine Coatings, Packaging Coatings, Industrial Protective Coatings, Powder Coatings, Floor Coatings, Road Markings.

Sales & Distribution - Asian Paints boasts an extensive sales and distribution network with accessibility of over 150,000 retail touchpoints nationwide. Beautiful home stores operating 42 home stores. Global Reach Asian Paints serves over 60 countries, establishing its presence and reputation on an international scale. The company engages with over 240,000 business influencers, leveraging partnerships and collaborations to enhance its market presence.

Supplier Base: With a supplier base exceeding 20,000, Asian Paints fosters strong relationships to ensure the quality of its products and services.

Future Insights: The company is currently undergoing a transformation from "share of surface" to "share of space." This strategic pivot is integral to its objective of evolving into a leading consultant in the realm of decor.

Subsidiaries & Associates:

- PPG Asian Paints Private Limited: Jointly owned with a 50% stake [8].
- Obgenix Software Private Limited: Holds a 49% stake.
- The company maintains ownership in a total of 24 subsidiaries.

Subsidiaries & Associates: Over the next 3 years, Asian Paints will invest ₹8,750 Crores in various ventures. This includes establishing a manufacturing facility in India for VAE and VAM, with an investment of ₹2,100 Crores, and a joint venture for a white cement facility in UAE, costing ₹550 Crores over 2 years. Brownfield expansions at existing plants will require ₹3,400 Crores, increasing capacity by 5.40 Lakhs KL per annum. The company plans to construct a new water-based paint facility with an investment of ₹2,000 Crores.

Stock Data	
CMP (15-02-2024)	3016.55
52 Week High/Low	3568 / 2700.10
Face Value	1.00
Market Cap (In Crs)	2,89,582
Enterprise Value (In Crs)	2,91,150
NSE	ASIANPAINT
BSE	500820
Bloomberg	APNT:IN
Sector	Paints and Varnish

Shareholding Pattern (in %)		
	DEC 23	SEPT 23
Promoter	52.63	52.63
FII	17.32	17.65
DII	10.52	10.01
Public	19.44	19.64

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	0.09	12.76	22.22
ASIAN PAINTS	-7.97	-5.81	8.63

Key Ratios	
P/E	53
P/S	8.15
P/B	17.4
Debt To Equity	0.14
ROE	27.7%
ROCE	34.4%
Dividend Yield	0.86%

Q3 FY 24 Result Update

Q3 FY24 Result Comparison (In Rs Cr)					
	Q3 FY24	Q2 FY24	Q3 FY23	QOQ	YOY
Sales	9103	8479	8637	7.36%	5.40%
EBITDA	2242	1911	1733	17.32%	29.37%
EBIT	2022	1702	1519	18.80%	33.11%
Net Profit	1475	1232	1097	19.72%	34.46%
EPS	15.09	12.57	11.18	20.05%	34.97%

Result Highlights

Executive Summary: The financial results for the third quarter of the fiscal year 2024 have been reported, showcasing significant growth and improved profitability compared to the previous quarters and the same quarter in the previous year. The company has made notable progress in terms of sales, earnings, and profitability.

Detailed Financial Analysis:

Sales Growth: In Q3 FY24, the company reported a robust increase in sales, amounting to Rs 9,103 Cr. This is a substantial increase from the Rs 8,479 Cr sales reported in Q2 FY24 i.e., a growth of 7.36% (QOQ). When compared to Q3 FY23, the year-over-year (YOY) growth is at 5.40%. There is consistent upward trend in sales which will expand its market reach. In the latest quarter, our company excelled with a 5.4% net sales growth, driven by the robust performance of our APPPG business. Notably, we achieved a remarkable 510 basis points increase in gross margin to 43.4%, propelled by strong profitability in the Industrial Business sector. Operational efficiency enhancements led to a significant rise in PBDIT margin to 22.7%. Over nine months, we maintained a steady 4.2% net sales growth, with gross margin improving by 600 bps to 43.1%. Our strategies yielded substantial increases in PBDIT, PBT, and PAT, showcasing our sustained profitability and growth trajectory.

Increase in EBITDA : The growth from Q2 FY24, where EBITDA was Rs 1,911 Cr, is remarkable at 17.32% QOQ. The year has seen even more significant growth with a 29.37% YOY increase in Q3 FY23. This impressive rise indicates an improvement in operational efficiency and profitability, signaling a robust underlying business performance.

Growth in EBIT: EBIT followed a similar upward trajectory, recording a Q3 FY24 figure of Rs 2,022 Cr, up from Rs 1,702 Cr in Q2 FY24, which translates to 18.80% QOQ increase. The EBIT has also seen a substantial YOY improvement of 33.11% in Q3 FY23.

Net Profit Margins: Despite a decrease in net profit from Q2 FY24 to Q3 FY24, from Rs 1,651 Cr to Rs 1,475 Cr, there was a substantial 19.72% QOQ increase and a robust 34.46% YOY rise compared to Q3 FY23's Rs 1,097 Cr. Earnings per share (EPS) for Q3 FY24 witnessed a notable 20.05% QOQ increase and a significant 35% YOY growth, underlining the company's ability to translate revenue growth into improved profitability.

Strategic Implications & Operational efficiency: The financial results for Q3 FY24 demonstrate the company's continued growth momentum. The strategic implemented by the management have evidently paid off, and heightened profitability, reflecting a sustained growth trajectory.

Profitability and Shareholder Value: The growth in net profit and EPS highlights the company's success in translating revenue growth into actual profit, enhancing shareholder value. These enhancements affirm the company's efficient resource management and its commitment to generating sustainable returns for its shareholders.

Concall Highlights

Festive demand growth: Asian Paints showcased robust financial performance with Q3 FY'24 volume growth surging by 12%, propelled by festive demand, leading to an impressive 14.9% CAGR. Value growth, though more modest at 1.2%, still indicated a solid upward trajectory with a 14.5% CAGR. Over a 9-month span, volume growth remained strong at 9% in FY'24, down from 13% in FY'23, with a notable 15.6% CAGR. The value growth, while tapering to 4.6% from a high of 22.6% in the previous year, maintained a healthy 15.4% CAGR, signaling continued revenue expansion despite slower growth. These figures collectively underscore the company's ability to capitalize on seasonal demand and sustain growth over the medium term.

Robust performance in domestic industrial sector: The company's domestic industrial paints sector showcased sustained expansion with a 12% volume growth in Q3 FY'24 and a robust CAGR of 14.7%. Value growth also impressively doubled from 3% in Q3 FY'23 to 6.1% in Q3 FY'24, holding a CAGR of 14.6%. Over a nine-month span, volume growth slightly dipped to 9% from the previous year's 14%, but still presented a strong 15.4% CAGR. Despite a decrease in value growth from 23.5% to 5.3% in the same period, the segment sustained a healthy CAGR of 15.3%, underscoring its vital role in the company's ongoing growth trajectory.

Persistent growth momentum in volume sales: The company's volume sales have been on a consistent upswing, maintaining double-digit growth over eight consecutive quarters, as per the 4-year CAGR. Starting from Q4 FY21 through Q3 FY24, the company has not only sustained growth but has also seen peak surges, notably in Q2 FY22 with a 20.3% increase. While there's been a slight fluctuation, the growth rate has impressively remained above 14%, demonstrating the company's resilient market presence and effective growth strategies in a dynamic economic landscape. The steadfast performance signifies the company's strong operational execution and enduring customer demand across its product range.

Distribution Network Expansion and Business Segments Growth: The company's strategic focus on expanding its distribution network has been fruitful, with over 1.62 million retail touchpoints now served. The recent addition of 2,000 touchpoints in the third quarter underscores its commitment to enhancing market reach. Moreover, Smartcare Waterproofing and the Projects/Institutional Business segment have displayed strong growth dynamics. This growth is particularly evident in sectors such as builders, factories, and government projects. Additionally, the company's dedication to innovation has yielded new products contributing approximately 12% to overall revenue. Concurrently, efforts toward capacity expansion and integration, notably at the Khandala and Kasna facilities, signify a concerted approach to fortifying production capabilities and market presence.

Innovation and Market Leadership: The company leads in innovation and market dominance, with new products driving 12% of total revenue in Q3. It has secured the highest number of patents in the industry, with 30% commercialized, demonstrating its commitment to cutting-edge solutions. Renaming its Safe Painting Services to Beautiful Homes Painting Service, it operates in 650 towns nationwide and is globally the largest of its kind. Through 23 Colour Academies, the company has mechanized painting processes, benefiting over 300,000 painters and showcasing its commitment to innovation and leadership in the industry.

Strengthening Integration with Beautiful Homes Network:

Kitchen Business Performance - The Kitchen Business has seen flat revenue after 4 quarters of decline, indicating stabilization. There has been an effort to expand market reach, which seems to have arrested the downturn in sales. A significant emphasis on operational efficiencies has been beneficial, allowing the company to achieve a profit before tax (PBT) break-even for the quarter.

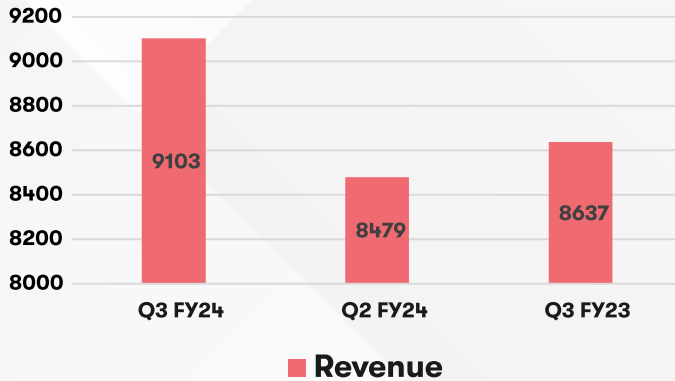
Financial Highlights - Revenue for Q3 FY24 stood at 100 units, maintaining the same level as the previous year, with a total of 293 units for the 9 months of FY24. PBT figures show a break-even at 0 for Q3 FY24, improving from a PBT loss of 4 units over the 9-month period.

Bath Business Insights - The business experienced a 5% decline in revenue, which is attributed to a weak demand trend across the industry. However, the performance has improved compared to the previous 2 quarters.

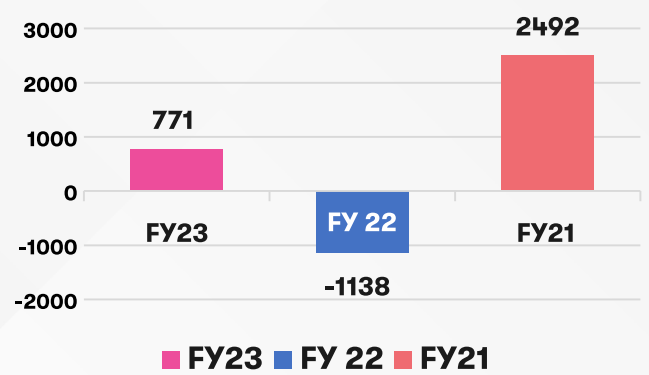
Financial Highlights - The business revenue was at 85 units for Q3 FY24, down from the 9-month figure of 251 units, reflecting the de-growth. PBT for the bath business was negative, with a loss of 7 units in Q3 FY24 and an increased loss of 10 units over the 9-month period, suggesting challenges in profitability.

Strategic Foresight: Steering Through Q4FY24: We are poised to sustain the robust volume momentum achieved in Q3FY24. The year has been characterized by a satisfactory monsoon that, coupled with an increase in government spending and a moderation in inflation rates. The trend of softer raw material prices, which we've experienced over the past 9 months, is anticipated to continue into Q4FY24. Macro-economic headwinds are expected to be a persistent feature in South Asia and Egypt.

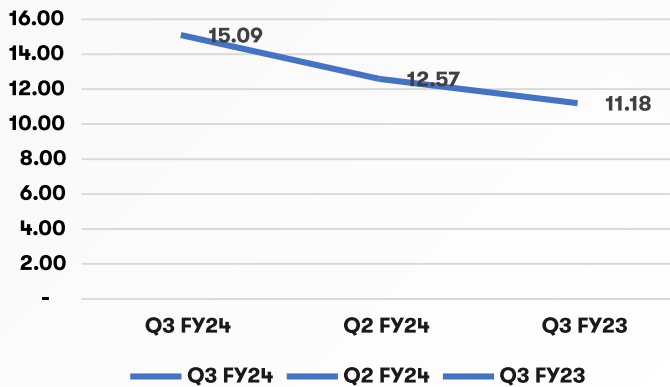
Revenue (In Cr)



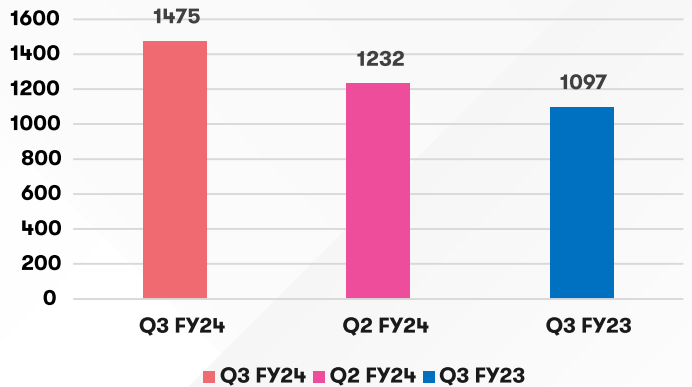
Cashflow (In Cr)



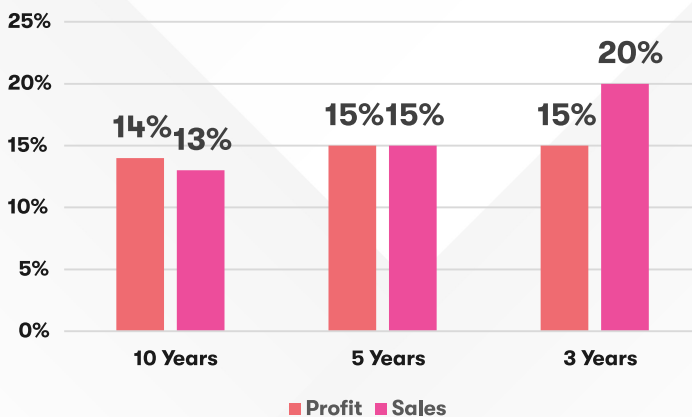
EPS



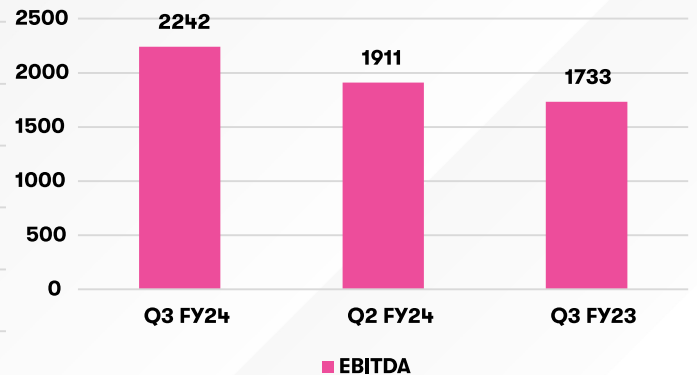
PAT (In Cr)



Compounded Growth (In %)



EBITDA (In Cr)



Technical Outlook



The chart depicts the weekly price action of Asian Paints Ltd, revealing a fluctuating trend over time. The stock has experienced both upward and downward movements, with significant volatility. Recently, there's been a downward trend, as indicated by the latest red candle. The volume bars at the bottom suggest varying levels of trading activity, with a noticeable increase in selling pressure as seen in the last few bars.

The Simple Moving Averages (SMA) and Exponential Moving Averages (EMA) across various periods suggest a stable long-term upward trend, with values increasing over longer periods. The Relative Strength Index (RSI) indicates a neutral position with a daily RSI of 45.12 and weekly RSI of 42.73, neither overbought nor oversold, implying no strong immediate momentum in stock movement.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	2956.6	2963.4
10	2947.8	2968.9
20	3004.0	3018.9
50	3187.7	3111.3
100	3154.4	3149.8
200	3201.7	3151.4

Pivot Levels : FIBONACCI			Daily	Weekly
R1 2992.78	Pivot 2964.42	S1 2948.03	Relative Strength Index (RSI) 45.12	42.73
R2 3009.17		S2 2919.67		
R3 3037.53		S3 2903.28		

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**This research has been done by the
Core Fundamental Research Team of InvAsset PMS Desk.**

Anirudh Garg

anirudhgarg@invasset.com

Harshal Dasani

harshaldasani@invasset.com

Bhavik Joshi

bhavikjoshi@invasset.com



India's Best Performing and Most Customer Centric PMS



MUMBAI

911 One Lodha Place,
Lower Parel, Mumbai 400013

GURUGRAM

4th Floor Two Horizon Centre,
DLF Phase 5, Gurugram,
Haryana 122002

LUDHIANA

1401, Aspen 2, Centara Greens,
Pakhawal Road, Opp. Riviera Resort,
Ludhiana 141001



1800-309-2172
98158-10172



info@invasset.com



www.invasset.com
