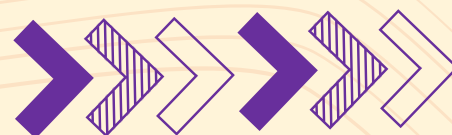


EQUITY RESEARCH REPORT FY25 RESULTS



About Us

Synergy, established in 2009, is driven by a singular mission: to bridge the gap between academia and corporate life. As a member-centric society, our aim is to nurture future leaders and foster professional growth by providing unique opportunities for learning and development across various fields including Consulting, Finance, and Marketing. Through our programs, we offer a headstart to our members by engaging them in real projects with professional organizations and startups, exposing them to diverse experiences and expanding their skillsets.

What sets us apart is our student-run investment fund, offering hands-on experience in equity research and portfolio management, along with the publication of in-depth research reports on emerging sectors and business trends. We also host flagship national case competitions and management conclaves, attracting top talent from across India to test their strategic thinking and corporate acumen. Together, these initiatives foster a culture of innovation and position Synergy as a breeding ground for future business leaders.

Vision

Synergy aspires to bridge the gap between academia and industry by fostering practical knowledge and providing comprehensive exposure across consulting, finance, marketing, and operations, encompassing the full spectrum of corporate life. Through hands-on consulting projects, a dynamic investment fund, and the publication of insightful industry and equity research reports, we aim to cultivate a vibrant learning ecosystem.

Additionally, we organize national-level corporate events and case competitions, showcasing the exceptional talents of our members, many of whom are winners of global competitions and are interning or placed at top-tier companies worldwide, and studying at prestigious IIMs. Our vision is to empower future leaders by integrating real-world experience with academic rigor, creating a transformative platform that nurtures professional growth and industry readiness.

Objective

- To assess Asian Paints' financial well-being by examining its revenue growth, profitability, and capital utilization across recent fiscal years.
- To review the performance and future prospects of Asian Paints' major business segments considering industry trends and macroeconomic conditions.
- To determine the intrinsic value of Asian Paints using suitable valuation techniques and deliver a comprehensive analysis.

Steady performance; EBIT margin guidance intact

- **Q4 FY25 volume growth** of 1.8%, full-year volumes up 2.5%; **value growth** down 5.2% in Q4 and -5.7% for FY25, reflecting muted decorative demand.
- **Revenue** of ₹33,797 crore in FY25, down 4.5% YoY; **PAT** down 33% YoY to ₹3,667 crore, driven by input-cost pressures and competitive pricing.
- **Gross margins** improved to 44.9% in Q4, aided by raw-material deflation; **PBDIT margins** at 18.5% (standalone) and 17.2% (consolidated) in Q4, slightly below prior year.
- **FY26 guidance:** single-digit value growth with maintained PBDIT-margin target of 18–20%.

Segmental Highlights

- **Decorative:** Urban demand soft; decorative volumes broadly flat in Q4, with mid- to premium-portfolio mix holding steady.
- **Industrial Coatings:** Continued resilience with positive growth; **PPG-AP** (automotive OEM & refinish) +6% YoY; **AP-PPG** (protective coatings) +11% YoY.
- **International:** Operations across 14 countries in 4 regions; Asia & Middle-East growth offset by African currency headwinds, resulting in flat overall performance.
- **Home Décor:** Expanded to 67 BeautifulHomes stores; modular kitchens, bathware & furnishings vertical saw steady order inflows and strengthened brand positioning.

Segmental Highlights (Outlook & Capex)

- **CapEx roadmap:** ₹9,000 crore over FY26–27, including ₹3,000 crore for a next-gen VAM/VAE emulsion plant (online by FY27) and a 2.75 lakh-tonne white-cement plant in Fujairah by June 2025.
- **Product innovation:** 300+ new launches in last 5 years; innovations contributed 14% to Q4 revenue; 130+ patents filed.
- **Distribution:** 1.69 lakh touchpoints and 70,000+ dealers, covering 600+ cities—key enabler for Tier 3/4 and rural growth.
- **ESG & sustainability:** MSCI ESG 'A' rating; 387% water-replenishment rate; target net-zero by 2050—integrated into strategic planning.

Bloomberg	APNT IN
Equity Shares (m)	959
M.Cap.(INRb)/(USD\$)	2208.6 / 25.8
52-Week Range (INR)	3395 / 2125
1, 6, 12 Rel. Per (%)	-12/-17/-28
12M Avg Val (INR M)	3723

Financials & Valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	339.1	364.1	402.8
Sales Gr. (%)	-4.5	7.4	10.6
EBITDA	60.1	67.0	77.6
EBIT Margin (%)	17.7	18.4	19.3
Adj. PAT	40.7	45.7	54.3
Adj. EPS (INR)	42.5	47.7	56.7
EPS Gr. (%)	-26.7	12.3	18.8
BV/Sh.(INR)	202.2	207.9	222.2

Ratios

RoE (%)	21.4	23.3	26.3
RoCE (%)	18.2	19.9	22.2
Payout (%)	103.6	86.0	72.4

Valuation

P/E (x)	54.2	48.3	40.7
P/BV (x)	11.4	11.1	10.4
EV/EBITDA (x)	36.0	32.0	27.5
Div. Yield (%)	1.9	1.8	1.8

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	52.6	52.6	52.6
DII	15.6	14.1	11.7
FII	12.3	13.7	15.9
Others	19.5	19.7	19.8

FII includes depository receipts

Indian Economic Analysis

Indian Economy (2025)

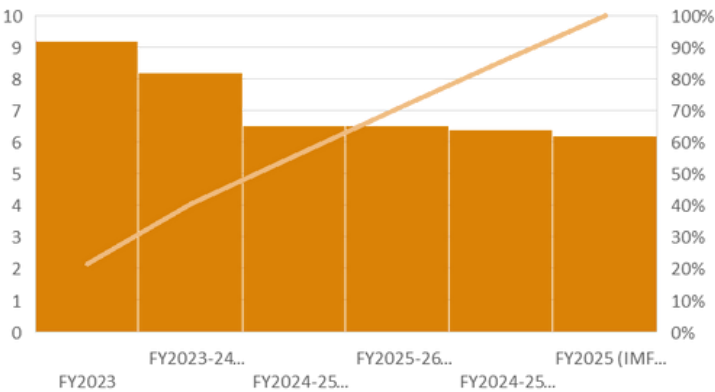
India has emerged as a resilient and high-performing economy despite persistent global volatility, including tighter monetary conditions in advanced economies, ongoing geopolitical unrest, and fragmented supply chains. In FY23, real **GDP growth** stood at 6.7 percent, primarily supported by sustained domestic consumption and a pickup in private sector capital expenditure.

Improved capacity utilisation across manufacturing and services reflects positive business sentiment, while robust employment trends and higher urban and rural incomes have strengthened discretionary spending. Multilateral institutions continue to be optimistic about India’s growth trajectory. The International Monetary Fund projects GDP to grow by 7.8 percent in CY24 and 6.5 percent in CY25, positioning India as one of the world’s fastest-expanding large economies.

A key engine of this growth is the government’s aggressive push on capital formation through infrastructure investments and strategic policy support. The **Union Budget** for FY24–25 raised capital expenditure allocation by 16.9 percent to INR 11.1 trillion, with targeted spending on roads, railways, and energy transition initiatives. This multiplier-rich investment is expected to crowd in private sector participation.

Inflationary pressures have moderated in recent quarters. Headline CPI is forecasted to decline from **5.6 percent in FY23 to 4.5 percent in FY24**, remaining within the Reserve Bank of India’s medium-term target range. With a relatively stable rupee, rising forex reserves, and manageable current account dynamics, India maintains a strong macroeconomic foundation that continues to attract foreign capital across asset classes.

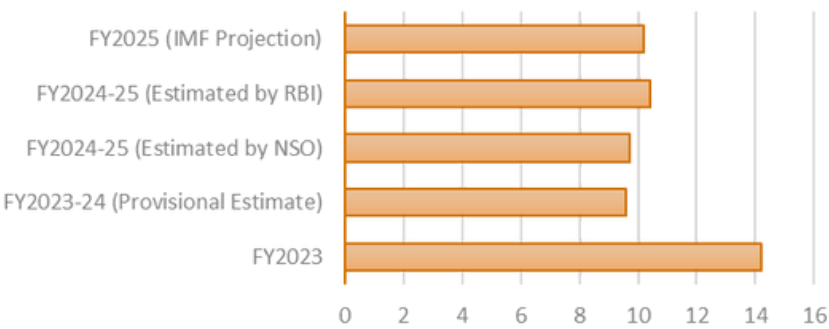
Real GDP Growth (%)



The **Real GDP Growth** graph illustrates a consistent moderation in India's inflation-adjusted economic expansion. Real GDP **growth declined** from 9.2% in FY2023 to an estimated 6.4-6.5% for FY2024-25. Projections for subsequent years **indicate a stabilization** within the 6.2% to 6.5% range, reflecting a transition to a more **normalized and sustainable growth pace**.

The **Nominal GDP Growth** graph indicates a significant increase in FY2023, reaching approximately 14.2%. Following this, the growth rate decelerated, settling around 9.6-9.7% for FY2023-24 and FY2024-25. Projections suggest this **robust nominal expansion**, partly influenced by price changes, is expected to continue around 10.4% for FY2025.

Nominal GDP Growth (%)



Industry Overview

Industry Size (2025)

The global paint industry, typically analysed within the broader paints and coatings market, is projected to have a market size of **\$185.74 billion in 2025**. This figure is sourced from Mordor Intelligence, a reputable market research firm that provides a direct estimate for 2025.

The global paint industry's size of \$185.74 billion in 2025 reflects its critical role in multiple sectors. Architectural and decorative paints dominate the market, accounting for over **60% of the total demand**, primarily due to residential and commercial construction, as per Precedence Research.

Industrial coatings, including automotive and protective coatings, make up a significant portion, driven by manufacturing and infrastructure needs. The **Asia-Pacific region's dominance** is particularly notable, as it accounts for **approximately 40% of the global market**, with China and India being the largest contributors. This regional strength is underpinned by rapid economic growth, urbanization, and government initiatives for infrastructure development.

Industry Growth Projections

The global paints and coatings industry is projected to grow at a **CAGR** of approximately **4.3%–4.8%** from 2025 to 2035. This range is derived from multiple authoritative sources, with projections such as IMARC Group estimating a 4.5% CAGR from 2025 to 2033 and Precedence Research projecting 4.27% from 2025 to 2034, both aligning closely with the given range.

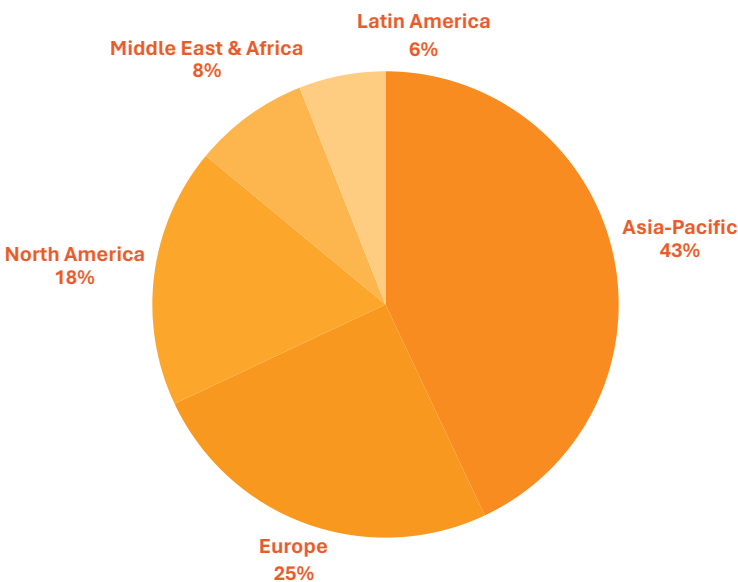
The growth is underpinned by the **increasing demand** for paints and coatings across various applications, with the market size expected to expand significantly. For instance, IMARC Group valued the market at USD 185.6 billion in 2024, projecting it to reach USD 274.8 billion by 2033, while Precedence Research estimates it at USD 193.91 billion in 2025, forecasting USD 282.45 billion by 2034. These figures indicate a **robust market trajectory**, driven by global **economic activities and sectoral demands**.

The **Asia-Pacific region**, led by India and China, is the **primary growth engine**, accounting for the majority of market expansion due to rapid urbanization, economic development, and infrastructure investments.

Key Drivers

- **Construction and Infrastructure:** Expanding construction projects, particularly in emerging economies, are major drivers, accounting for over 40% of global demand.
- **Automotive Sector:** Rising automotive production increases the need for high-performance coatings, comprising about 30% of automobile production costs.
- **Sustainable Technologies:** There's a shift toward low-VOC, water-based, and bio-based coatings, driven by environmental regulations and consumer preferences.

Global Market Share by Region (2025)



Major Players

The global paint industry is highly competitive, with a few dominant players holding significant market share. Based on multiple authoritative sources, the major players in 2025 include:

- **The Sherwin-Williams Company:** A leading global manufacturer, particularly strong in architectural coatings, with a revenue of \$18.4 billion in 2024, holding the highest market share in North America at 28.5% in 2019.
- **PPG Industries Inc.:** Known for its extensive portfolio in industrial and automotive coatings.
- **AkzoNobel:** A major player in decorative paints and performance coatings, with a strong presence in Europe and Asia.
- **Nippon Paint Holdings Co. Ltd:** A key player in Asia-Pacific, particularly in Japan and China, as highlighted in Paints and Coatings Market Size & Share Analysis - Industry Research Report - Growth Trends.
- **BASF SE:** A global chemical company with a significant coatings division, specializing in automotive and industrial applications.
- **Axalta Coating Systems:** Specializes in automotive and industrial coatings, with a global presence
- **Jotun:** Renowned for protective and marine coatings, with a strong presence in the Middle East, Asia, and Europe
- **RPM International Inc.:** Offers a wide range of specialty coatings and sealants, catering to industrial and consumer markets.
- **Asian Paints:** A leading paint company in India and a significant player in the Asia-Pacific region, noted for its dominance in decorative paints, as highlighted in 8 Leading Players Transforming the Paints and Coatings Industry.

Additional players mentioned in some reports include **Henkel AG & Company, KGaA, Hempel A/S, and 3M**, but the above nine are the most consistently cited across sources. Notably, Grand View Research highlights that the top seven manufacturers (AkzoNobel, The Sherwin-Williams Company, BASF SE, PPG Industries, RPM International, Nippon Paint Holdings, and Asian Paints) accounted for approximately 58% of the global market by the end of 2023, underscoring their dominance



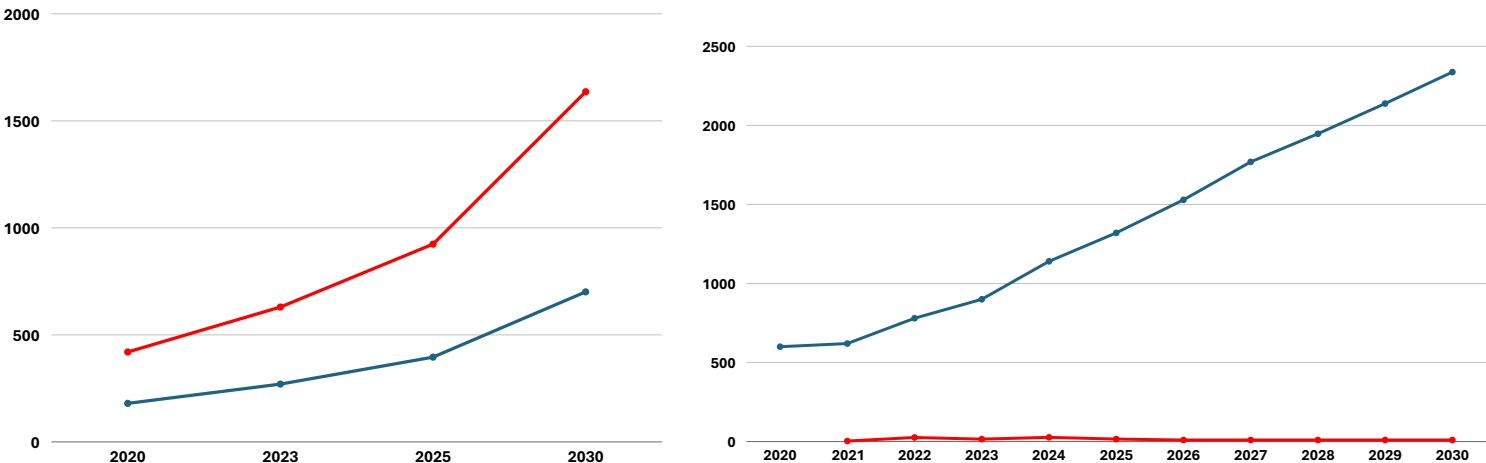
Indian Paint Industry

Market Size

The Indian paint industry’s market size for **FY25** is estimated at **Rs 1,320 billion**. The decorative paints segment, encompassing **interior** and **exterior wall paints, enamels, and wood finishes**, accounts for approximately **70%** of the market, driven by robust demand from **residential** and **commercial construction**.

The **industrial paints segment**, including coatings for automotive, marine, and protective applications, constitutes the remaining **30%**. This market size reflects the industry’s ability to capitalize on **India’s booming construction** sector, projected to reach **USD 1.4 trillion** by **2025**, and the real estate sector, expected to hit **USD 1 trillion** by **2030**, as noted by the National Investment Promotion & Facilitation Agency.

The industry faced a **2% revenue decline** in **FY25** due to increased competition from new entrants like **Birla Opus** and subdued urban demand, marking the first such decline in two decades, as reported by Business Standard.



Growth Projection

The Indian paint industry is poised for sustained growth, supported by **structural drivers** such as government initiatives like the **Smart City Mission** and **Pradhan Mantri Awas Yojana** (Housing for All), which are boosting demand for **decorative paints**.

The market is expected to grow at a **CAGR of 9.38%** from **2025** to **2030**, reaching an estimated **Rs 1,410 billion** by **2030**. This growth trajectory is driven by several factors, including **increasing urbanization**, rising **disposable incomes**, and a growing preference for **premium** and **eco-friendly** paint products.

The decorative segment is anticipated to maintain its dominance, with a projected **growth rate** of around **10%** through **2029**, supported by affordable **housing initiatives** and **infrastructure development**. The industrial segment is also expected to benefit from the **Make in India** initiative, aiming to increase the manufacturing sector's GDP contribution to **25%** by **2025**. However, challenges such as rising **raw material costs** and **competitive pressures** from new entrants may impact growth margins. The industry's focus on sustainable formulations and digital technologies is likely to further enhance its growth prospects, with optimism for a demand recovery in FY26, as noted by industry reports.

Indian Paint Industry

Competitor Analysis

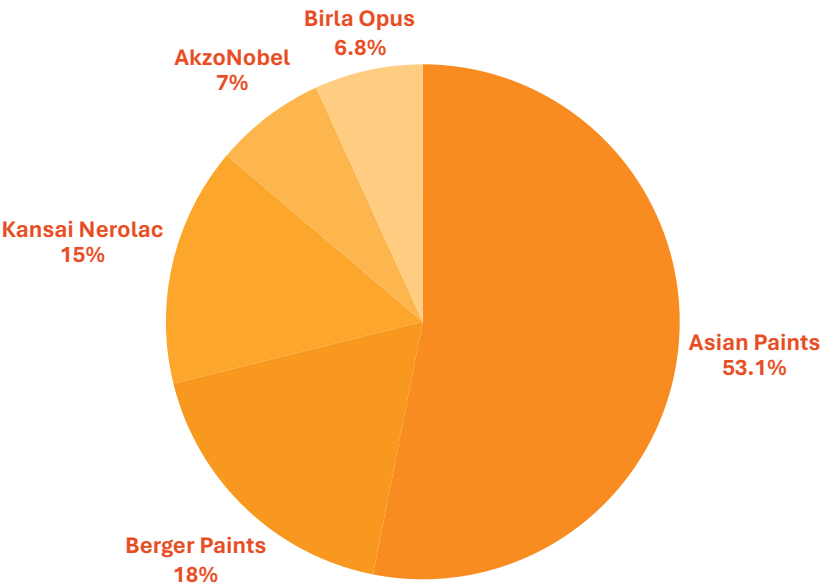


Asian Paints, the **market leader**, faced significant headwinds in FY25, with its **net profit** dropping by **33%** to **Rs 3,667.2 crore**, marking its **worst performance** in over two decades. This decline was driven by **weakened urban demand** and **aggressive competition** from **Birla Opus**, which completed one year of operations in February 2025 and invested Rs 9,000 crore, with plans for further expansion. Despite these challenges, Asian Paints is focusing on **backward integration**, such as a **vinyl acetate monomer plant**, and **expanding its B2B** and industrial segments, which contribute **16-17%** to revenues.



Berger Paints, with an **18% market share**, demonstrated resilience in FY25, reporting a **7.4% volume growth in Q4**, driven by **sales of low-value products** like texture paints and tile adhesives, coupled with price cuts of **4.5-5%**. The company expanded its distribution network by adding **2,000 outlets** and **1,800 tinting machines in Q3 FY25**, aiming for **8,000 new retail touchpoints**, and improved its operating margin to **15.8% in Q4** from **13.9%** in the previous year. Berger's focus on premium products and cost management positions it well to gain market share, particularly in urban markets, amidst the competitive landscape.

Market Share Of Top Companies



Kansai Nerolac, holding a **15% market share**, faced margin pressures in FY25 due to **forex volatility** and rising raw material costs, reporting only a **1.4% revenue growth**, with **EBITDA** declining by **4.8%** to **Rs 974.1 crores**. The company maintained growth in its **decorative** and **industrial** segments, particularly in construction chemicals and wood finishes, and is focusing on **cost control** and **product mix optimization** to mitigate challenges. Its diversified **portfolio**, including a strong presence in automotive coatings, provides a **stable** foundation, but it struggles to match the **growth rates of competitors** like Berger in the decorative segment.

Indian Paint Industry



AkzoNobel

AkzoNobel, with a **7% market share**, is navigating a **potential exit from India** due to increasing **competition** and declining **margins**. The company's strategic review led to plans for **selling** its Indian operations, valued at **USD 2.1-2.5 billion**, with potential acquirers including **Indigo Paints**, **JSW Paints**, and **Pidilite Industries**. This exit could lead to a **redistribution** of market shares, particularly in the premium segment, benefiting existing players and new entrants, and adding uncertainty to the competitive landscape.



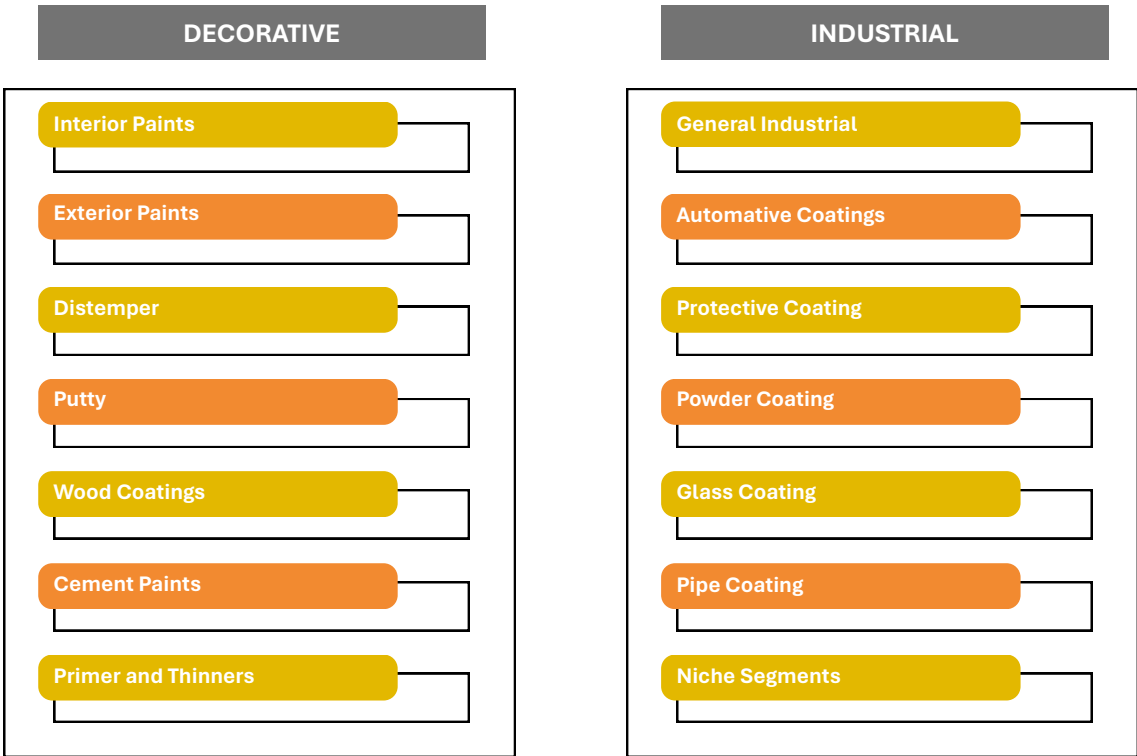
Birla Opus

Birla Opus has achieved a significant market share of approximately **6.8%** by **March 2025**. Launched in **February 2024** with a **Rs 10,000 crore investment**, Birla Opus has rapidly scaled up, with **five operational plants** contributing **1,096 million liters per annum (MLPA)** and a **sixth plant in Kharagpur** set to add **236 MLPA** by Q1 FY26, making it the **second-largest** player by installed capacity. The company's aggressive strategy, including **5-7% lower dealer pricing**, volume-linked discounts (e.g., "1L extra per 10L"), and free tinting machines, has driven its growth, with products available in over **5,500 towns** and a target of **50,000 dealers** by FY25-end.

Components Of Paint Industry In India

The decorative paint segment includes multiple categories depending on the **nature of the surface** like interior wall paints, exterior wall paints, wood finishes, enamels as well as **ancillary products** like primers, putties etc.

Industrial segment too has various sub-segments which are targeted by **market players** by **offering innovative products** fulfilling different requirements of **manufacturing** and **infra projects**



Global and Indian Market Position (2025)

Global Market Position

Asian Paints is a significant player in the global paints and coatings industry, particularly in the decorative coatings segment. Key aspects of its global standing include:

Ranking and Scale: Asian Paints is consistently **ranked among the top 10** decorative coating companies globally, as noted in its 2023-24 Annual Report. Globally, it is the **seventh largest** in the decorative paints segment, as per the same source.

Geographical Presence: The company operates in **15 countries** with **27 manufacturing facilities worldwide**, serving consumers in over **60 countries** through subsidiaries like Asian Paints Berger, Apco Coatings, SCIB Paints, Taubmans, Causeway Paints, and Kadisco Asian Paints.

Revenue and Market Focus: In the 2022-23 financial year, Asian Paints reported **global revenue of USD 4.20 billion (INR 344.886 billion)**, with 90% of sales from architectural/decorative coatings and the remainder from industrial and automotive coatings.

Indian Market Position

Asian Paints is the undisputed leader in the Indian paints and coatings market, particularly in the decorative segment, but its market share has faced pressure from new entrants in 2025. Key details include:

Market Share: As of 2025, Asian Paints holds a 52%–55% market share in the organized Indian paints and coatings market, down from 59% in 2023.

Market Size and Growth: The Indian paints and coatings market is estimated at USD 10.46 billion (INR 90,058 crore) in 2025, projected to reach USD 16.37 billion by 2030 with a CAGR of 9.38%, driven by urbanization, infrastructure projects, and demand for sustainable coatings.

Distribution Network: Asian Paints boasts the largest dealer network in India, with over 70,000 dealers and 6 lakh retailers, compared to Berger Paints' 25,000 dealers, giving it unmatched market penetration.

Financial Performance: In FY25, Asian Paints reported:

- **Revenue:** INR 33,797.36 crore, a 4.48% decline from INR 35,382.12 crore in FY24.
- **Net Profit:** INR 3,667.23 crore, down 33% from INR 5,460.23 crore in FY24, reflecting competitive pressures and rising costs.

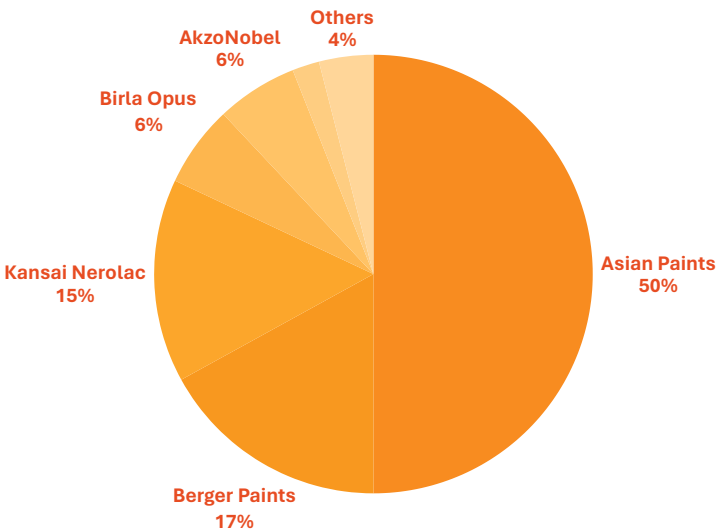
Market Capitalization: INR 215,627.66 crore as of June 2025. Despite these declines, the company maintains strong fundamentals, with a ROCE of 37.5% and a promoter holding of 52.63%.

Global and Indian Market Position (2025)

Competitive Landscape:

- **Key Competitors:** Berger Paints (18%–18.6% share), Kansai Nerolac (15%–17%), AkzoNobel (7%), and new entrant Birla Opus (6.8%) are the primary challengers.
- **New Entrants:** Grasim’s Birla Opus, launched in February 2024 with an INR 10,000 crore investment, has rapidly captured market share, reaching 6.8% by Q4 FY25 through aggressive pricing, a 50,000-dealer network, and a capacity of 1,096 million liters per annum.
- **Impact:** Increased competition has led to price cuts, higher promotional spending, and margin compression, with CareEdge projecting industry operating margins to fall to 14% by FY26 from 18% historically.

Market Share (2025)



Impact of Brent Crude Prices on the Paints and Coatings Industry

Brent crude price volatility **significantly affects the global paints and coatings industry**, as **50–60% of raw material costs are petroleum-derived**. The following sections detail the impact across cost structures, profitability and competitive dynamics.

Cost Structure and Profitability

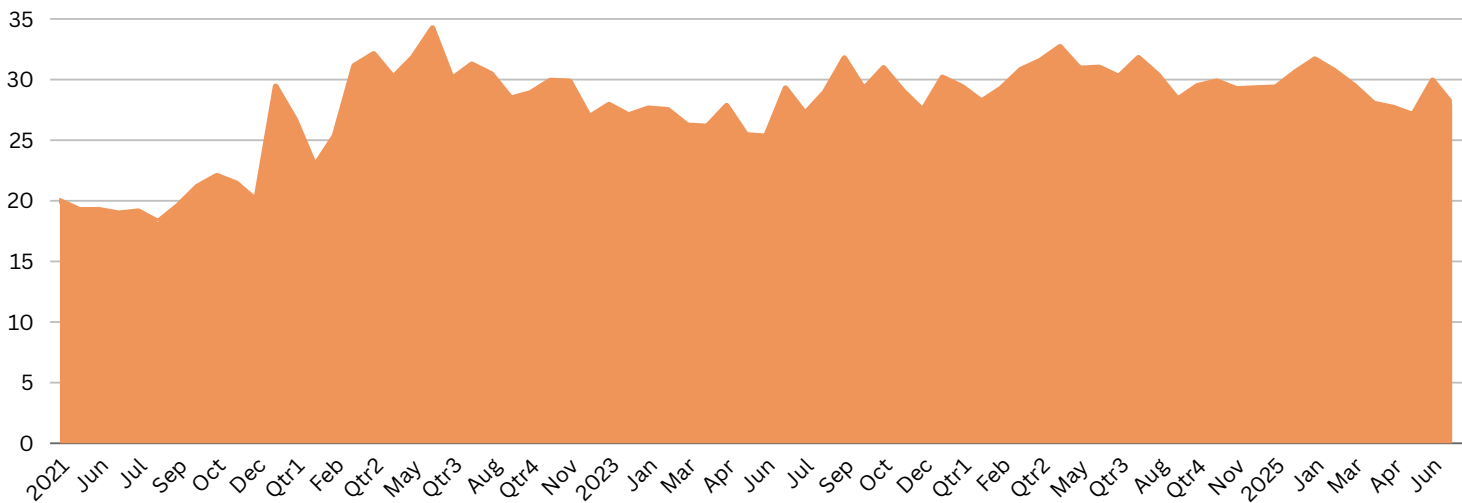
Petroleum-based raw materials constitute **50–60% of input costs**, with **25–30% directly linked to crude oil prices**. A USD 10 increase in Brent crude prices raises manufacturing costs by approximately 3%, **squeezing gross margins by 180–200 basis points (bps)**. In Q3 FY25 (October–December 2024), Brent’s rise to USD 81–82 per barrel led to a **350–400 bps drop in EBITDA margins for major players** like Asian Paints, PPG Industries, and AkzoNobel, as price hikes lagged behind cost increases. For instance, Asian Paints reported a 33% profit decline to INR 3,667.23 crore in FY25, driven by raw material cost pressures and competitive pricing. Conversely, **Brent’s fall to USD 58.83** in May 2025 offered temporary relief, **potentially boosting earnings by 7–10% per 10% input cost reduction**, though companies often passed on savings through discounts to maintain market share.

The industry’s **reliance on imported raw materials**, such as TiO2 and solvents, **exacerbates cost pressures**, particularly in regions like India, where the **rupee’s depreciation** to 86.34 against the USD in June 2025 **increased import costs**. **Packaging costs**, driven by tinsplate and plastic resins, are also affected, with **supply chain disruptions** from the 2021–2023 crisis **and ongoing geopolitical tensions adding to expenses**. Industry-wide operating margins are projected at **16–18% in 2025, down from historical 18–20%**, due to crude-driven cost pressures and competitive dynamics.

Pricing and Demand Dynamics

Paint companies face challenges in passing on cost increases **due to intense competition and consumer price sensitivity**. In 2024–2025, global players implemented **low single-digit price hikes (2–3%)**, insufficient to offset cost spikes from **USD 80+ Brent prices**. In 2022, **price increases of up to 22% led to volume declines**, as seen with Asian Paints’ **-0.5% volume growth in Q2 FY25**. New entrants, such as Birla Opus in India, have intensified price wars, forcing incumbents to offer higher dealer discounts and increase marketing spend, further compressing margins. **Demand remains robust in construction** (e.g., India’s USD 128.64 billion infrastructure budget for 2025–26) and automotive sectors, but **crude price spikes dampen volume growth by raising end-product prices**, particularly in price-sensitive emerging markets.

Average Price of Brent Crude Over the Years (2021-25)



Supply Chain and Geopolitical Risks

The industry’s reliance on imported crude derivatives makes it **vulnerable to supply chain disruptions**. The 2021–2023 global supply chain crisis, compounded by the **Russo-Ukrainian War and Middle East tensions**, continues to affect **raw material availability**, particularly for TiO2 and resins. Potential **disruptions in the Strait of Hormuz** could further **escalate costs**, as 20% of global oil supply is at risk. **Currency fluctuations**, such as the Indian rupee’s weakening, amplify import cost pressures, impacting emerging markets disproportionately. Companies are **mitigating these risks through local sourcing of non-crude materials** (e.g., limestone) and **investing in supply chain technologies to improve efficiency**.

Impact of Brent Crude Prices on Asian Paints

The paints and coatings industry, including Asian Paints, relies on petroleum-based raw materials such as titanium dioxide (TiO₂), solvents, resins (e.g., alkyd, acrylic), and additives like phthalic anhydride, pentaerythritol, and methyl methacrylate, which **account for 55–60% of input costs**. Brent crude, a global oil price benchmark, directly influences these costs, as **India imports over 80% of its crude oil, making Asian Paints vulnerable to price volatility**. In 2025, Brent crude prices fluctuated significantly, impacting the company's cost structure, margins, and strategic decisions.

Brent crude price volatility has a profound impact on Asian Paints, **influencing its cost structure, pricing strategy, profitability, competitive positioning, and stock performance**. Brent crude price fluctuations in 2025, ranging from **USD 58.83 to USD 82 per barrel**, significantly impact Asian Paints, **with 55–60% of its input costs tied to petroleum derivatives**. Rising prices squeeze margins, limit pricing power, and depress stock performance, while falling prices offer relief often offset by competitive discounts. Geopolitical risks and currency fluctuations add complexity, but Asian Paints' strategic responses—**sustainable innovation, capacity expansion, and diversification**—mitigate some challenges. As India's paints market grows at **9.38% CAGR**, Asian Paints remains well-positioned, but investors must weigh crude-driven risks against its robust fundamentals for informed equity research decisions.

Key Global Factors Affecting the Paint Industry (2025)

1. Economic Growth and Urbanization

Global economic growth and rapid urbanization—particularly in emerging economies such as India and China—remain **key drivers** of the paints and coatings industry. **Increased infrastructure and construction activities** are **expected to sustain demand**, especially in the Asia-Pacific region, which constitutes a **major share of global consumption**. However, **growth in developed economies is subdued**, and inflationary pressures may affect discretionary spending on home improvement products.

2. Raw Material Price Volatility

The industry remains highly sensitive to fluctuations in **Brent crude oil prices**, as petroleum derivatives constitute a **significant portion of raw material inputs**. Price volatility **directly impacts production costs and margins**. Although periods of crude price correction may offer temporary relief, intense competition often limits the ability to retain margin gains, thereby necessitating robust cost management strategies.

3. Environmental Regulations and Sustainability Trends

Increasingly stringent environmental regulations and the **growing demand for sustainable products** are **accelerating the industry's transition toward low-VOC, water-based, and bio-based coatings**. **Compliance with global and local standards** has become critical, particularly in regulated markets such as the EU and the U.S. Larger companies are leveraging this shift to strengthen their brand positioning, while smaller players face adaptation challenges due to increased R&D and compliance costs.

4. Technological Advancements and Innovation

Technological innovation is **enhancing product performance and operational efficiency across the value chain**. Developments in nanotechnology, AI-driven formulation optimization, and digital customer engagement tools are differentiating market leaders. While these advancements **support long-term competitiveness**, they **require sustained capital investment** and **may pressure short-term profitability**.

5. Geopolitical and Supply Chain Disruptions

Ongoing geopolitical tensions and **global supply chain disruptions continue to pose significant risks to raw material availability and logistics**. Key dependencies on imports, especially for titanium dioxide and solvents, expose the industry to trade barriers and currency volatility. Companies are **increasingly localizing supply chains** and **investing in digital logistics management** to mitigate these risks.

6. Competitive Dynamics and Market Consolidation

The industry is witnessing **intensified competition and increasing consolidation**. Incumbents are **facing pressure from new entrants and regional players**, leading to **price wars and elevated marketing expenditure**. **Strategic mergers** and acquisitions are being pursued **to achieve economies of scale**, expand market reach, and improve cost efficiencies, though **integration risks remain a concern**.

7. Consumer Preferences and Lifestyle Trends

Evolving consumer preferences—driven by an emphasis on personalization, premiumization, and environmental consciousness—are **reshaping demand dynamics**. There is growing interest in high-performance, aesthetically appealing, and eco-friendly products. While these trends support value growth in mature markets, price sensitivity in emerging markets necessitates a balanced portfolio strategy.

Company Overview

About Asian Paints

Asian Paints is the largest home decor company in India. The 80-year-old company has major brands like Asian Paints, Apco, etc. under its umbrella. The company is into wall paints, wall coverings, waterproofing, texture painting, wall stickers, mechanized tools, adhesives, modular kitchens, sanitaryware, lightings, soft furnishings, and uPVC windows. The company has 17 manufacturing facilities outside and 18 within India, with over 1,60,000 retail touchpoints. It operates 60 Beautiful Home stores and has over 2,67,000 business influencers and a supplier base of more than 21,000.

Brand portfolio

Asian Paints operates a diverse portfolio of brands across decorative, industrial, and home décor segments. These brands cater to varied markets and geographies, reinforcing its leadership in the global coatings industry.



Strategic Approach

- **Colour Catalogue**

Asian Paints colour catalogue offers an extensive range of shades for your wall painting projects. This comprehensive tool helps you visualize different colours and finishes, making it easier to choose the perfect paint for transforming your home.

- **Colour Inspiration Zone**

The Colour Inspiration Zone by Asian Paints provides creative ideas and trends for your wall painting efforts. It's designed to inspire and guide you in painting your home, helping you discover unique and stylish wall colour combinations that bring your vision to life.

- **Budget Calculators**

Asian Paints Budget Calculators are essential for planning your wall painting expenses. These tools help you estimate the cost of painting, waterproofing, and interior design for your home, ensuring you can achieve your desired look without exceeding your budget.

Manufacturing Facilities

The company has 17 manufacturing facilities outside India and 18 manufacturing facilities within India. It also has 28 outsourced processing centers. Additionally, it has an installed paints capacity of ~22 Lakh KLPA.



Paint manufacturing locations in India
(Installed capacity/ annum)

Note: Map not to scale

DECORATIVE COATINGS

- | | |
|---|---|
| 1. Rohtak, Haryana
4,00,000 KL | 5. Patancheru, Telangana
80,000 KL |
| 2. Kasna, Uttar Pradesh
80,000 KL | 6. Visakhapatnam, Andhra Pradesh
3,00,000 KL |
| 3. Ankleshwar, Gujarat
1,30,000 KL | 7. Mysuru, Karnataka
3,00,000 KL |
| 4. Khandala, Maharashtra
3,00,000 KL | 8. Sriperumbudur, Tamil Nadu
1,40,000 KL |

CHEMICAL

9. Cuddalore, Tamil Nadu
8,760 MT

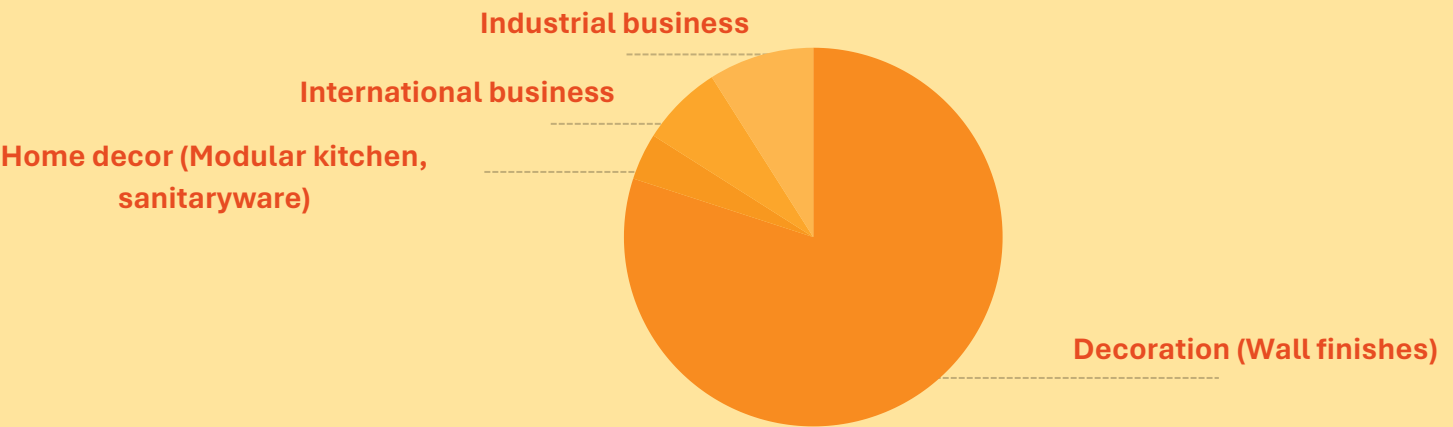
INDUSTRIAL COATINGS

10. Sarigam, Gujarat
(Facility of Subsidiary company)
7,200 MT
11. Taloja, Maharashtra
14,000 KL

Business Segments

SEGMENTAL CONTRIBUTION TO REVENUE

Asian Paints has strategically diversified its operations across four core business segments—each contributing uniquely to its leadership in the global paints and décor industry. From wall finishes to industrial coatings and home solutions, the company delivers value across markets and geographies.

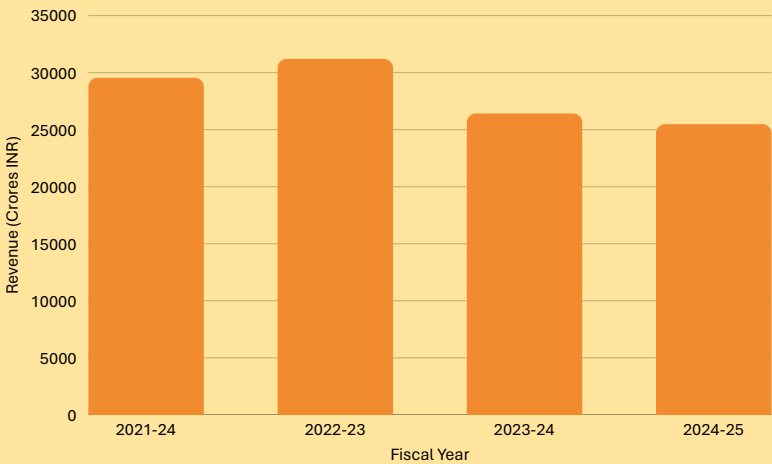


1. Decorative Business

Asian Paints is India’s leading paint and décor company offering a wide range of products and services along with the largest-of-its-kind painting service in the world.

Products and Services offered include:

- Interior Wall finishes
- Exterior Wall finishes
- Waterproofing
- Wood finishes
- Enamels
- Adhesives
- Tools
- Undercoats

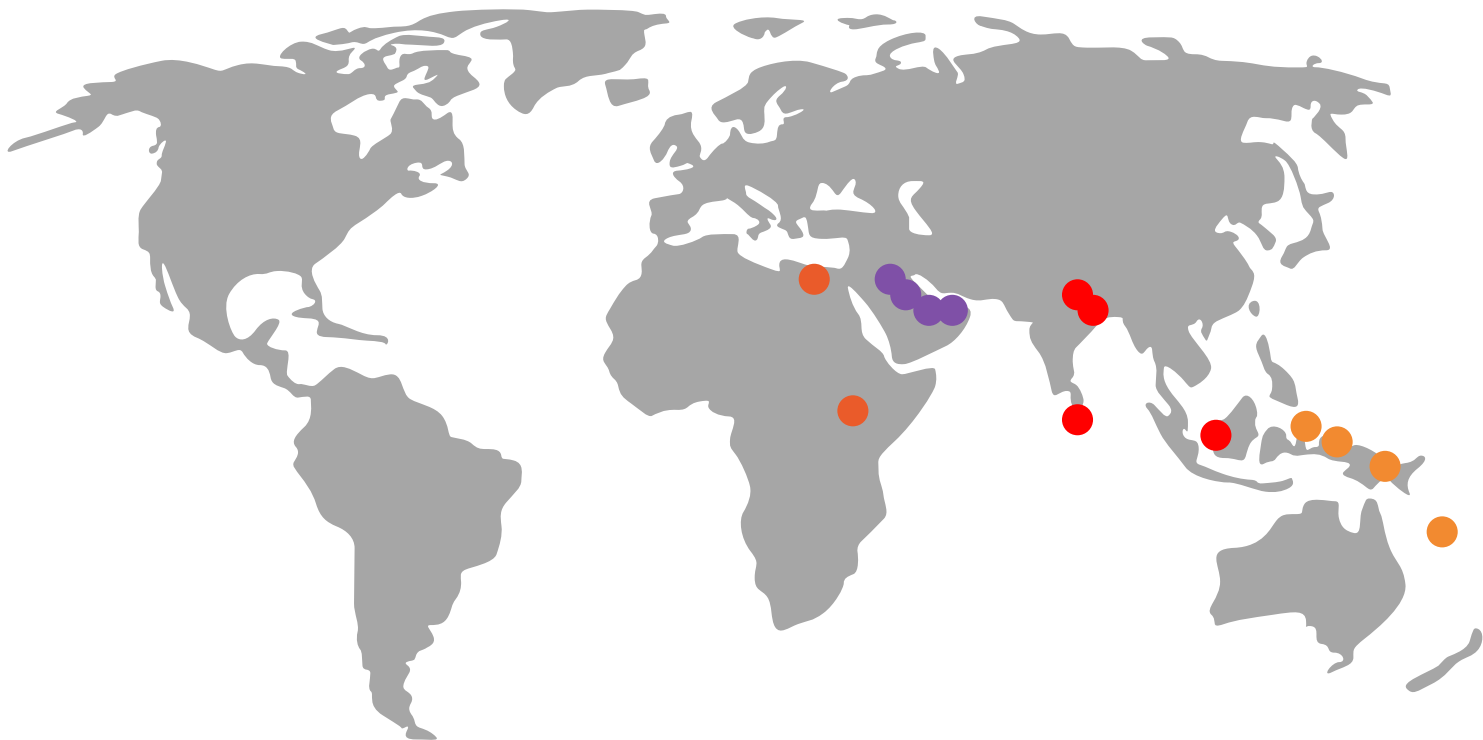


Asian Paints Decorative Business Revenue

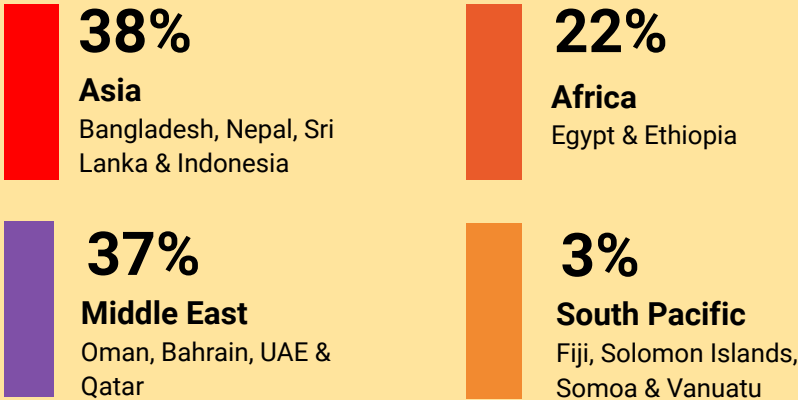
Business Segments

2. International Business

Taking forward the legacy of Asian Paints to cater to a wide cross-section of customers across geographies and bring delight to millions of households. The company operates in 14 countries spanning across 4 regions globally, serving 60+ countries.



Region-wise revenue from international operations (%)



Business Segments

3. Home Décor Business

The company has an expansive offering to provide a complete one-stop home décor solution to customers

Products & Services include:

- Modular Kitchens and wardrobes
- Bath Fittings and sanitaryware
- Decorative Lightings
- uPVC windows and doors
- Wall coverings
- Furniture
- Fabric & Furnishings
- Rugs

4. Industrial Business

Provider of high-quality custom-formulated products for the automotive and industrial business

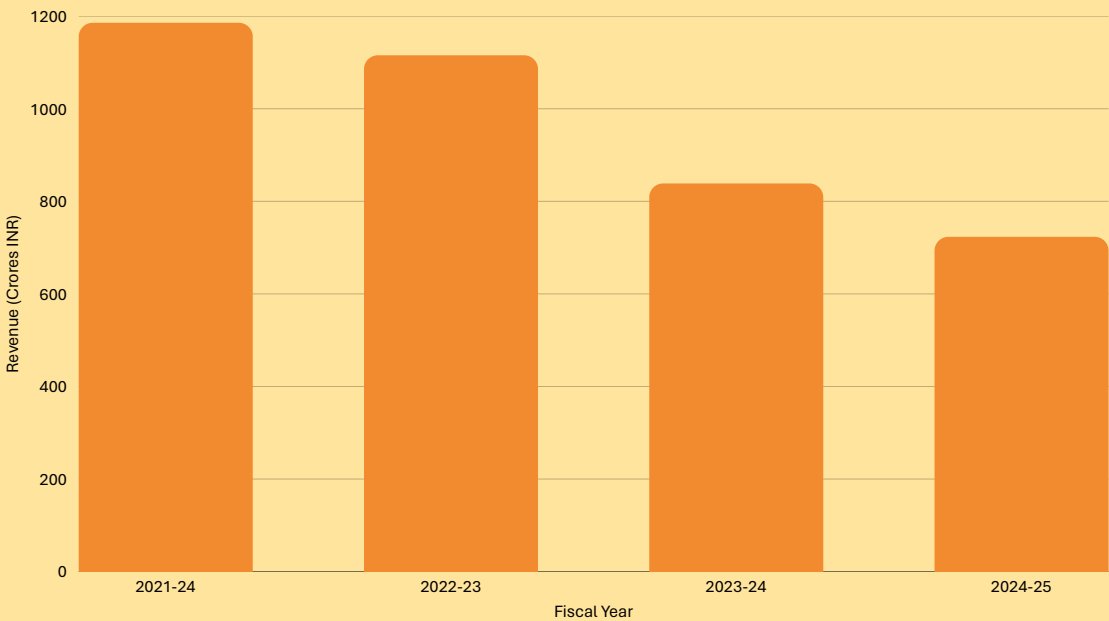
Entities with product category and related services

PPG Asian Paints Pvt. Ltd. (PPG-AP)

- Automotive (OEM & refinish), General industrial, Packaging & Marine

Asian Paints PPG Pvt. Ltd. (AP-PPG)

- Industrial protective coatings, powder coatings, floor coatings and road markings



Asian Paints Industrial Business Revenue

Financials and Valuations

Income Statement

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Sales	14271.49	15061.99	16824.55	19240.13	20211.25	21712.79	29101.28	34488.59	35494.73	33905.62	38449.51	41109.16	43776.11	46435.77	49095.43
Change (%)	-	5.54%	11.70%	14.36%	5.05%	7.43%	34.03%	18.51%	2.92%	(4.48%)	13.40%	6.92%	6.49%	6.08%	5.73%
COGS	9413.84	9732.66	11194.17	12905.81	13158.02	14035.07	20590.57	23766.7	23009.99	22741.27	25894.06	27709.06	29529.02	31344.01	33159.01
COGS % Sales	65.96%	64.62%	66.53%	67.08%	65.10%	64.64%	70.75%	68.91%	64.83%	67.07%	67.35%	67.40%	67.45%	67.50%	67.54%
Gross Profit	4857.65	5329.33	5630.38	6334.32	7053.23	7677.72	8510.71	10721.89	12484.74	11164.35	12555.44	13400.11	14247.09	15091.75	15936.42
Gross Margins (%)	34.04%	35.38%	33.47%	32.92%	34.90%	35.36%	29.25%	31.09%	35.17%	32.93%	12.46%	6.73%	6.32%	5.93%	5.60%
Operating Profit	2725	2994	3204	3765	4157	4856	4804	6260	7585	6006	7287.354	7776.508	8267.003	8756.157	9245.312
OPM (%)	19.00%	20.00%	19.00%	20.00%	21.00%	22.00%	17.00%	18.00%	21.00%	18.00%	19.00%	19.00%	19.00%	19.00%	19.00%
Selling and General Expenses	2132.61	2335.57	2426.37	2569.38	2896.41	2822.12	3707.1	4462.05	4899.76	5158.14	5268.177	5623.681	5980.16	6335.665	6691.17
S&G Expenses % Sales	14.94%	15.51%	14.42%	13.35%	14.33%	13.00%	12.74%	12.94%	13.80%	15.21%	13.70%	13.68%	13.66%	13.64%	13.63%
EBITDA	2725.04	2993.76	3204.01	3764.94	4156.82	4855.6	4803.61	6259.84	7584.98	6006.21	7287.268	7776.428	8266.929	8756.09	9245.25
EBITDA Margins (%)	19.09%	19.88%	19.04%	19.57%	20.57%	22.36%	16.51%	18.15%	21.37%	17.71%	18.95%	18.92%	18.88%	18.86%	18.83%
Interest	49	37.33	41.47	110.47	102.33	91.63	95.41	144.45	205.17	227.02	216.6833	236.2836	255.9377	275.538	295.1383
Depreciation	275.58	334.79	360.47	622.14	780.5	791.27	816.36	858.02	853	1026.34	1113.963	1195.518	1277.296	1358.851	1440.406
Earnings Before Tax	2400.46	2621.64	2802.07	3032.33	3273.99	3972.7	3891.84	5257.37	6526.81	4752.85	5956.621	6344.627	6733.695	7121.701	7509.706
EBT % Sales	16.82%	17.41%	16.65%	15.76%	16.20%	18.30%	13.37%	15.24%	18.39%	14.02%	15.49%	15.43%	15.38%	15.34%	15.30%
Taxes	844.49	943.29	1040.96	1098.06	854.85	1097.6	1102.91	1493.5	1790.08	1393.36	1605.455	1686.536	1767.838	1848.919	1930
Effective Tax Rate	35.18%	35.98%	37.15%	36.21%	26.11%	27.63%	28.34%	28.41%	27.43%	29.32%	26.95%	26.58%	26.25%	25.96%	25.70%
Net Profit	1555.97	1678.35	1761.11	1934.27	2419.14	2875.1	2788.93	3763.87	4736.73	3359.49	4351.166	4658.091	4965.857	5272.782	5579.707

Balance Sheet

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Net Worth	6,525.00	7,604.00	8,410.00	9,471.00	10,130.00	12,806.00	13,812.00	15,992.00	18,728.00	19,400.00
Equity Capital	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00
Reserves	6,429.00	7,508.00	8,314.00	9,375.00	10,034.00	12,710.00	13,716.00	15,896.00	18,632.00	19,304.00
Total Borrowings	323.00	560.00	533.00	1,320.00	1,118.00	1,093.00	1,587.00	1,933.00	2,474.00	2,290.00
Long term Borrowings	73.00	41.00	28.00	19.00	19.00	15.00	45.00	76.00	54.00	260.00
Short term Borrowings	231.00	504.00	492.00	597.00	321.00	334.00	731.00	896.00	1,053.00	604.00
Lease Liabilities	-	-	-	693.00	764.00	745.00	811.00	960.00	1,367.00	1,427.00
Other Borrowings	20.00	15.00	13.00	11.00	15.00	-	-	-	-	-
Other Liabilities	3,711.00	4,241.00	4,820.00	5,459.00	4,889.00	6,456.00	7,560.00	7,854.00	8,698.00	8,665.00
Non controlling int	384.00	375.00	328.00	361.00	404.00	423.00	388.00	454.00	695.00	659.00
Trade Payables	1,565.00	1,923.00	2,160.00	2,394.00	2,137.00	3,379.00	4,164.00	3,635.00	3,831.00	3,848.00
Advance from Customers	12.00	17.00	16.00	13.00	29.00	41.00	76.00	108.00	154.00	173.00
Other liability items	1,750.00	1,925.00	2,316.00	2,690.00	2,320.00	2,613.00	2,932.00	3,657.00	4,017.00	3,985.00
Total Liabilities	10,559.00	12,405.00	13,763.00	16,249.00	16,138.00	20,355.00	22,958.00	25,779.00	29,901.00	30,355.00
Fixed Assets	3,416.00	3,304.00	3,732.00	6,497.00	6,272.00	5,859.00	5,519.00	5,770.00	7,147.00	9,220.00
Land	429.00	408.00	586.00	605.00	640.00	644.00	644.00	804.00	1,126.00	1,050.00
Building	923.00	931.00	957.00	2,402.00	2,257.00	2,249.00	2,325.00	2,883.00	3,390.00	4,136.00
Plant Machinery	1,793.00	1,980.00	2,157.00	4,006.00	4,208.00	4,340.00	4,531.00	4,825.00	5,422.00	7,576.00
Equipments	97.00	119.00	200.00	221.00	241.00	243.00	253.00	270.00	298.00	325.00
Furniture n fittings	49.00	59.00	72.00	88.00	94.00	99.00	113.00	146.00	175.00	203.00
Vehicles	11.00	14.00	27.00	47.00	43.00	38.00	32.00	36.00	40.00	39.00
Intangible Assets	339.00	276.00	468.00	512.00	505.00	476.00	345.00	422.00	850.00	827.00
Other fixed assets	103.00	128.00	238.00	261.00	293.00	302.00	294.00	289.00	321.00	328.00
Gross Block	3,744.00	3,914.00	4,705.00	8,141.00	8,282.00	8,392.00	8,538.00	9,676.00	11,622.00	14,484.00
Accumulated Depreciation	275.00	610.00	973.00	1,592.00	2,010.00	2,533.00	3,019.00	3,814.00	4,381.00	4,945.00
CWIP	107.00	258.00	1,405.00	210.00	140.00	183.00	426.00	1,020.00	2,698.00	1,254.00
Investments	2,712.00	2,652.00	2,141.00	2,569.00	2,019.00	4,737.00	3,248.00	4,262.00	4,588.00	4,725.00
Other Assets	4,324.00	6,192.00	6,485.00	6,974.00	7,707.00	9,577.00	13,765.00	14,728.00	15,468.00	15,156.00
Inventories	1,998.00	2,627.00	2,658.00	3,150.00	3,390.00	3,799.00	6,153.00	6,211.00	5,923.00	6,719.00
Trade receivables +	1,187.00	1,447.00	1,731.00	1,907.00	1,795.00	2,602.00	3,871.00	4,637.00	4,889.00	4,314.00
Cash Equivalents	424.00	801.00	405.00	445.00	783.00	611.00	864.00	844.00	1,084.00	782.00
Loans n Advances	9.00	14.00	13.00	16.00	12.00	11.00	8.00	12.00	17.00	22.00
Other asset items	705.00	1,303.00	1,678.00	1,456.00	1,727.00	2,555.00	2,869.00	3,024.00	3,555.00	3,319.00
Total Assets	10,559.00	12,405.00	13,763.00	16,249.00	16,138.00	20,355.00	22,958.00	25,779.00	29,901.00	30,355.00

Financials and Valuations

Ratios															
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Basic (INR)															
Profitability and Growth Ratios															
OPM	19.00%	20.00%	19.00%	20.00%	21.00%	22.00%	17.00%	18.00%	21.00%	18.00%	21.33%	6.71%	6.31%	5.92%	5.59%
Sales Growth	4.82%	5.54%	11.70%	14.36%	5.05%	7.43%	34.03%	18.51%	2.92%	(4.48%)	13.40%	6.92%	6.49%	6.08%	5.73%
Gross Profit Growth	34.04%	35.38%	33.47%	32.92%	34.90%	35.36%	29.25%	31.09%	35.17%	32.93%	12.46%	6.73%	6.32%	5.93%	5.60%
EBITDA Growth	-	9.86%	7.02%	17.51%	10.41%	16.81%	(1.07%)	30.32%	21.17%	(20.81%)	21.33%	6.71%	6.31%	5.92%	5.59%
PAT Growth	0.00%	7.87%	4.93%	9.83%	25.07%	18.85%	(3.00%)	34.96%	25.85%	(29.08%)	29.52%	7.05%	6.61%	6.18%	5.82%
EPS Growth	0.00%	7.87%	4.93%	9.83%	25.07%	18.85%	(3.00%)	34.96%	25.85%	(29.08%)	(100.00%)	0.00%	0.00%	0.00%	0.00%
Return Ratios															
Dividend Payout	46.23%	58.87%	47.38%	52.07%	47.58%	59.55%	65.86%	65.37%	67.43%	70.81%	-	-	-	-	-
RoCE%	35.77%	32.57%	31.79%	29.13%	30.02%	29.24%	25.89%	30.14%	31.75%	22.96%	28.46%	30.34%	32.22%	34.10%	35.98%
RoE%	23.85%	22.07%	20.94%	20.42%	23.88%	22.45%	20.19%	23.54%	25.29%	17.32%	22.43%	24.01%	25.60%	27.18%	28.76%
Turnover Ratios															
Debtor Turnover Ratio	12.02x	10.41x	9.72x	10.09x	11.26x	8.34x	7.52x	7.44x	7.26x	7.86x	1.27x	1.35x	1.44x	1.53x	1.62x
Fixed Asset Turnover	4.18x	4.56x	4.51x	2.96x	3.22x	3.71x	5.27x	5.98x	4.97x	3.68x	30.65x	32.77x	34.90x	37.02x	39.14x
Capital Turnover Ratio	2.19x	1.98x	2.00x	2.03x	2.00x	1.70x	2.11x	2.16x	1.90x	1.75x	1.98x	2.12x	2.26x	2.39x	2.53x
Working Capital Ratios															
Debtor Days	30	35	38	36	32	44	49	49	50	46	288	270	253	239	226
Payable Days	144	159	157	154	136	168	134	121	138	139	12	11	10	10	9
Inventory Days	51	64	58	60	61	64	77	66	61	72	184	172	162	152	144
Solvency ratio															
Interest Coverage Ratio	291.25x	403.48x	405.70x	174.17x	197.51x	236.96x	305.01x	238.76x	173.00x	149.35x	28.49x	27.85x	27.31x	26.85x	26.44x

Cash Flow Statement

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Profit from operations	2848.00	3056.00	3274.00	3861.00	4380.00	4970.00	4957.00	6460.00	7929.00	6390.00
Receivables	-146.00	-475.00	-483.00	-205.00	160.00	-849.00	-1326.00	-834.00	-362.00	282.00
Inventory	202.00	-629.00	-39.00	-492.00	-251.00	-409.00	-2354.00	-56.00	315.00	-805.00
Payables	142.00	501.00	442.00	287.00	-241.00	1143.00	644.00	-539.00	269.00	-160.00
Other WC items	0.00	0.00	0.00	0.00	0.00	-92.00	242.00	657.00	-212.00	114.00
Working capital changes	198.00	-603.00	-80.00	-410.00	-331.00	-206.00	-2795.00	-772.00	10.00	-570.00
Direct taxes	-802.00	-925.00	-1081.00	-982.00	-1011.00	-1080.00	-1176.00	-1494.00	-1835.00	-1396.00
Cash from Operating Activity	2243.00	1527.00	2113.00	2470.00	3038.00	3683.00	986.00	4193.00	6104.00	4424.00
Fixed assets purchased	-817.00	-684.00	-1426.00	-1151.00	-404.00	-282.00	-551.00	-1446.00	-2496.00	-1830.00
Fixed assets sold	15.00	17.00	17.00	17.00	37.00	28.00	40.00	26.00	5.00	10.00
Investments purchased	-282.00	-153.00	-320.00	-573.00	-25.00	-140.00	0.00	-146.00	-212.00	-1.00
Investments sold	205.00	357.00	362.00	733.00	134.00	272.00	207.00	446.00	240.00	421.00
Interest received	15.00	32.00	39.00	40.00	65.00	73.00	77.00	87.00	135.00	155.00
Dividends received	69.00	74.00	38.00	40.00	27.00	8.00	15.00	56.00	129.00	136.00
Investment in group cos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-180.00	0.00	0.00
Redemp n Canc of Shares	0.00	0.00	141.00	0.00	0.00	0.00	0.00	0.00	0.00	38.00
Acquisition of companies	0.00	0.00	-525.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other investing items	-70.00	-324.00	118.00	-24.00	-353.00	-500.00	-105.00	-126.00	-350.00	130.00
Cash from Investing Activity	-866.00	-681.00	-1556.00	-918.00	-518.00	-541.00	-317.00	-1282.00	-2548.00	-941.00
Proceeds from shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00
Proceeds from borrowings	8.00	271.00	10.00	243.00	18.00	155.00	418.00	254.00	101.00	415.00
Repayment of borrowings	-119.00	-58.00	-54.00	-26.00	-279.00	-14.00	-8.00	-25.00	-98.00	-428.00
Interest paid fin	-40.00	-36.00	-35.00	-106.00	-101.00	-89.00	-94.00	-142.00	-191.00	-203.00
Dividends paid	-764.00	-947.00	-1218.00	-1049.00	-2121.00	-499.00	-1763.00	-1936.00	-2551.00	-3140.00
Financial liabilities	0.00	0.00	0.00	-180.00	-179.00	-203.00	-221.00	-256.00	-286.00	-325.00
Other financing items	66.00	13.00	-82.00	0.00	-209.00	0.00	-140.00	-36.00	41.00	-72.00
Cash from Financing Activity	-849.00	-756.00	-1379.00	-1117.00	-2871.00	-650.00	-1808.00	-2140.00	-2982.00	-3753.00
Net Cash Flow	528.00	90.00	-822.00	434.00	-351.00	2492.00	-1138.00	771.00	573.00	-270.00

Governance Analysis



1. Mr. R. Seshasayee

Designation: Non-Executive Chairman / Independent Director

Mr. R. Seshasayee is a Chartered Accountant with extensive leadership experience. Former Managing Director of Ashok Leyland (1998-2011) and Non-Executive Chairman of IndusInd Bank (2007-2019). He served as Independent Director and Chairman of Infosys Limited (2015-2017). His expertise spans automotive, banking, and corporate governance across multiple prestigious board positions.



2. Mr. Manish Choksi

Designation: Non-Executive Vice Chairman

Mr. Manish Choksi joined Asian Paints in 1992, rising through Sales, IT, Supply Chain, and International Business functions. Former President-International Business, he spearheaded IT solutions and global expansion initiatives. A recognized IT leader, he served as Chairman of INDUS (SAP users network) and maintains advisory roles with IBM and SAP, while actively investing in startups.



3. Mr. Amit Syngle

Designation: Managing Director & Chief Executive Officer

Mr. Amit Syngle holds BE (Mechanical) and MBA degrees, joining Asian Paints in 1990. With 30+ years across Sales, Marketing, Supply Chain, and R&D, he became MD & CEO in April 2020. He transformed the company from 'share of surface' to 'share of space' strategy, driving home décor expansion and innovation with 90+ product launches.



4. Mr. Malav Dani

Designation: Non-Executive Director

Mr. Malav Dani joined Asian Paints as Manager-Quality in 2005, appointed as Non-Executive Director in 2013. He serves as CSR Committee Chairman and Managing Director of Hitech Corporation Limited. A GE alumna with Six Sigma Black Belt certification, he's Chairman of Indian American International Chamber of Commerce and recipient of multiple entrepreneurship awards.



5. Ms. Amrita Vakil

Designation: Non-Executive Director

Ms. Amrita Vakil began her career at Asian Paints in 2003 in Human Resources, later joining Frost & Sullivan as Senior HR Executive for five years. She managed HR operations across India and Middle East offices before pursuing her passion in hospitality sector. She's also an active angel investor with particular interest in startup investments.

Governance Analysis



6. Mr. Milind Sarwate

Designation: Independent Director

Mr. Milind Sarwate is a Chartered Accountant, Cost Accountant, and Company Secretary with 38 years of experience. Founder & CEO of Increate Value Advisors, he provides governance and capability-building advice. Former CFO at Marico and Godrej, he's received multiple CFO awards and serves on various listed company boards with audit committee expertise.



7. Ms. Nehal Vakil

Designation: Non-Executive Director

Ms. Nehal Vakil holds a Bachelor of Arts in Finance from Michigan State University. She started at Asian Paints in 1999 in Finance function, monitoring budgets and financial reports. Currently Director in-charge of Vikatmev Containers Limited operations, she manages family business investments and works with wealth advisors on investment strategies and portfolio optimization.



8. Mrs. Ireena Vittal

Designation: Independent Director

Mrs. Ireena Vittal holds B.Sc. (Electronics) from Osmania University and PGDM from IIM Calcutta. A former McKinsey & Co. partner for sixteen years, she's recognized for growth strategy expertise in emerging markets. She serves consumer companies, government institutions, and public organizations on digital strategy, marketing, and sustainable development initiatives across multiple sectors.



9. Mr. Soumitra Bhattacharya

Designation: Independent Director

Mr. Soumitra Bhattacharya is a Chartered Accountant with 39 years of corporate experience, including 28 years with Bosch Group. Former Managing Director of Bosch Limited and Regional President for India, he's currently Non-Executive Chairman of Bosch Limited and CEO of Indian Foundation for Quality Management, focusing on quality excellence and innovation initiatives.



10. Dr. Gopichand Katragadda

Designation: Independent Director

Dr. Gopichand Katragadda holds Ph.D. in Electrical Engineering from Iowa State University. Founder and CEO of Myelin Foundry (AI company), former Group CTO of Tata Sons and ex-Chairman of GE India Technology Centre. With 35 years in IT industry, he's authored innovation book "SMASH" and holds multiple patents with extensive research publications.

Governance Analysis



11. Mr. Varun Berry

Designation: Independent Director

Mr. Varun Berry holds BE (Mechanical) from Punjab Engineering College and MBA from Panjab University. Currently Vice Chairman and Managing Director of Britannia Industries Limited and Chairman of Go First. With 38+ years at premier companies like Hindustan Unilever and PepsiCo, he specializes in leading startups, turnarounds, and growth businesses across India and overseas.



12. Mr. Ashish Choksi

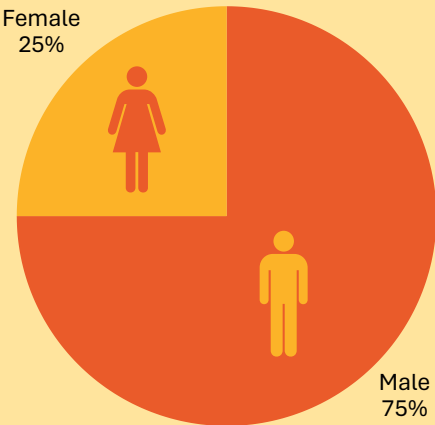
Designation: Additional and Non-Executive Director

Mr. Ashish Choksi holds Bachelor of Arts in Economics from University of Michigan. He started at Asian Paints in 1992 as Supply Chain Executive in Industrial Paints Division, later joining Ricinash Renewable Materials as Managing Director & CEO in 1997. He specializes in oleochemicals manufacturing (green chemistry) and serves on boards of various family-run businesses.

Board Diversity Policy

The Board Diversity Policy, approved on March 26, 2015, is a cornerstone of Asian Paints’ governance framework. It promotes diversity in gender, age, educational background, ethnicity, professional experience, skills, and knowledge, recognizing that a varied board enhances decision-making and sustainability. The Nomination and Remuneration Committee (NRC) oversees board composition, recommending appointments to align with this policy, and periodically reviews its effectiveness.

While the policy does not explicitly mandate a minimum number of women directors, it emphasizes gender as a key diversity factor. As an example, the current board, as of May 26, 2025, includes three women directors: Ms. Amrita Vakil, Ms. Nehal Vakil, and Mrs. Ireena Vittal, out of 12 total directors, representing approximately 25%.



Board Composition

Sustainability Analysis

1. Environmental Sustainability:

a) Carbon Emission Reduction & Energy Efficiency

- Asian Paints has achieved a 75% reduction in greenhouse gas (GHG) emissions intensity (Scope 1 and 2) since FY 2013–14, a significant step towards **carbon neutrality**.
- The company sources 65.8% of its electricity from renewable energy, primarily solar and wind power, at plants in Maharashtra, Tamil Nadu, Gujarat, and Andhra Pradesh.
- Investment in **energy-saving technologies** such as variable frequency drives, LED lighting, and compressed air systems has contributed to reducing electricity consumption per unit of production.
- Target to become net zero carbon emitter by 2050, aligning with global climate goals.

b) Water Management

- Asian Paints reports a **water replenishment rate** of 387%, meaning it replenishes nearly 4 times the water it consumes, through initiatives like rainwater harvesting, wastewater recycling, and zero liquid discharge plants.
- Water stewardship projects extend beyond plants to the community level, positively impacting groundwater levels in 222 villages through conservation and restoration programs.

c) Waste & Chemical Management

- Maintains a **zero hazardous waste** to landfill status at key manufacturing sites.
- Approximately 93% of generated waste is either recycled or reused.
- The company focuses on safer, eco-friendly product formulations, including low-VOC and bio-based paints under the brand “Nilaya Naturals.”
- Packaging innovation includes use of recyclable materials and optimized packaging sizes to reduce waste.

2. Social Sustainability

a) Workforce Health, Safety, and Development

- Asian Paints prioritizes **employee safety** with a zero lost-time injury rate at multiple plants.
- Over 30,000 safety training sessions conducted in FY24, reinforcing a culture of safety awareness.
- Diversity initiatives promote inclusion, with increasing female workforce participation and fair labor practices.
- Extensive employee skill development programs ensure workforce competency and engagement.

b) Community Development & CSR

- In FY 2023–24, Asian Paints invested **₹90.8 crore in CSR**, with programs spanning health and hygiene, education, water management, and vocational training.
- The Asian Paints Colour Academy has trained over 680,000 painters and contractors, creating livelihood opportunities and skill enhancement.
- The company’s water conservation and hygiene programs have directly benefited over 350,000 people, improving public health outcomes in rural areas.
- Active disaster relief** and **rehabilitation efforts** during floods and pandemics show community responsiveness.

Sustainability Analysis

3. Governance & Ethical Practices

a) Board & Risk Management

- Asian Paints' board comprises a **balanced mix** of executive and independent directors, providing oversight on sustainability goals.
- It has instituted **ESG committees** responsible for monitoring environmental impact, social initiatives, and corporate governance.
- Full compliance with SEBI Listing Obligations and Disclosure Requirements (LODR) and Indian Companies Act, ensuring transparency and accountability.

b) Ethical Conduct & Compliance

- No reported regulatory or environmental violations, reflecting **strong compliance culture**.
- Code of Conduct and Ethics training is mandatory for all employees, reinforcing integrity and transparency.
- Robust whistleblower mechanisms enable confidential reporting of ethical concerns.

c) Supply Chain ESG Management

- Through the **Samaveta initiative**, 77% of suppliers by spend are evaluated on ESG parameters, including environmental compliance, labor practices, and ethical standards.
- The company promotes responsible sourcing policies aligned with global standards, reducing supply chain risks.

4. ESG Ratings & Recognition

a) ESG Ratings

- Asian Paints has received an 'A' rating from MSCI ESG Ratings, reflecting its strong environmental management, corporate governance, and product safety initiatives.
- The company is classified as a '**Low ESG Risk**' entity by Sustainalytics, indicating strong management of material ESG issues and minimal risk of significant sustainability-related impacts.
- Ranked in the top percentile in **CRISIL's ESG** evaluation for the paints and chemicals sector, showcasing leadership in climate action, water management, and employee wellbeing.
- Regular ESG disclosures aligned with frameworks such as GRI, TCFD, and BRSR, ensuring transparency and global comparability.

b) Awards & Recognition

- Recognized among the **Top 50 Most Sustainable Companies** in India by a leading business publication in FY 2023–24.
- Recipient of "**Best ESG Initiative in Manufacturing**" award for its renewable energy and water conservation efforts.
- Acknowledged by several investors and ESG analysts for maintaining a resilient and ethical supply chain during volatile market conditions.
- Consistent appreciation from institutional investors for its comprehensive ESG roadmap and 2050 Net Zero carbon goal.

Management Commentary And Future Plans

1. Performance Overview

Asian Paints Ltd. navigated a challenging macroeconomic environment during Q4 FY2025 and the full financial year. The company reported a **volume growth of 1.8% and a value decline of 5.2%** for the fourth quarter, while FY2025 recorded a **2.5% volume growth and a 5.7% value decline**. This underperformance reflects the **subdued demand conditions** across the paint industry, especially in the decorative segment.

2. Segmental Performance

The industrial coatings business continued to demonstrate resilience, registering positive growth despite broader market challenges. In contrast, the **decorative business faced headwinds**, with urban demand remaining soft. The company's joint ventures with PPG in automotive and protective coatings delivered **6% and 11% growth respectively**, though some margin pressure was observed.

3. Margins and Profitability

Despite muted top-line growth, Asian Paints achieved significant improvement in **gross margins**, which **rose to 44.9%** in Q4 FY2025, driven by raw material deflation and improved formulation efficiencies. **PBDIT margins**, however, **declined slightly to 18.5%** (standalone) and **17.2%** (consolidated), reflecting elevated competitive intensity and increased market investments.

4. Strategic Investments and Initiatives

Asian Paints pursued aggressive backward integration with key **investments in a 2.75 lakh tonne white cement plant** in Fujairah (to be operational by June 2025) and a **Rs 3,000+ crore VAM/VAE emulsion plant** set to launch by FY2027. These initiatives are expected to enhance cost efficiency and product innovation capabilities.

5. Service and Distribution Expansion

The company's services vertical now spans over **600 cities**, supporting direct consumer engagement. Its robust distribution network of **1.69 lakh touchpoints** continues to expand, particularly in Tier 3 and Tier 4 cities, which outperformed urban areas.

6. Product Innovation and Premiumization

Asian Paints launched over **300 new products** in the past five years, contributing **14% to Q4 revenue**. It emphasized ingredient-led differentiation, incorporating advanced materials like graphene and PU serum in premium offerings. Additionally, regional packaging and **interactive QR-coded packs** helped deepen customer engagement.

Management Commentary And Future Plans

7. Home Décor and Diversification

The company advanced its integrated home décor strategy through **67 Beautiful Homes stores**, offering end-to-end solutions including **modular kitchens, lighting** (White Teak), **furnishings, and bathware**. Despite temporary setbacks in some categories, management remains committed to consolidating and growing this vertical.

8. International Business

AP Global operations saw flat performance overall, with **better results in Asia and the Middle East** offset by **devaluation challenges in Africa**. Strategic divestments (e.g., Indonesia) and impairments (e.g., White Teak, Causeway Paints) were recognized in Q4.

9. Competitive Landscape and Strategic Outlook

Increased competition, including **new entrants and aggressive pricing**, impacted Asian Paints' market dynamics. The company reiterated its commitment to value-driven offerings, innovation, and brand equity, choosing sustainable growth over price-led tactics. FY2026 guidance includes **single-digit value growth** with **maintained PBDIT margin of 18–20%**.

10. ESG and Social Impact

Asian Paints continues to deliver on its ESG commitments with progress in CO2 reduction, freshwater replenishment, and effluent control. On the social front, over **8.45 lakh individuals were trained** through the **Beautiful Homes Colour Academy**, promoting skill development and employment.

11. Future Plans

Asian Paints is strategically investing for long-term, sustainable growth through a **₹9,000 crore CapEx plan**, of which **₹3,000+ crore is allocated** to a next-generation **VAM/VAE emulsion plant**—partially operational by March–April 2026 and fully by FY27. The company is also entering the cement space with a **2.75 lakh tonne white cement plant** in Fujairah, expected to be operational by June 2025. It continues to expand its **1.69 lakh-strong distribution network** and has set up over **67 Beautiful Home stores across 53 cities**. In the luxury segment, it has launched the **1 lakh sq. ft. Nilaya Anthology** design destination in Mumbai. The company has introduced 300+ new products in the last 5 years, with innovations contributing 14% to Q4 revenue and over **130 patents filed**. For FY26, Asian Paints targets single-digit value growth and **maintains its 18–20% PBDIT margin** guidance, backed by backward integration efficiencies, premiumization, and growing demand from Tier 3/4 cities, government infrastructure projects, and the mid-to-luxury housing segment.

Weighted Average Cost of Capital (WACC) Calculation

All figures are in INR unless stated otherwise

Peer Companies

Name of the company	Country	Total Debt	Total Equity	Tax Rate ¹	Debt / Equity	Debt / Capital	Levered Beta ²	Unlevered Beta ³
Asian Paints	India	10955	218688	30%	5.01%	4.77%	0.97	0.94
Kansai Nerolac	India	1793.0	66260.0	30.00%	2.71%	2.63%	0.95	0.93
Berger Paints	India	2977.0	19707.0	30.00%	15.11%	13.12%	0.85	0.77
Akzo Nobel	India	1573.0	14763.0	30.00%	10.66%	9.63%	1.05	0.98
				Average	30.00%	8.37%	0.96	0.90
				Median	30.00%	7.83%	0.96	0.93

Cost of Debt

Pre-Tax Cost of Debt	2.07%
Tax Rate	30.00%
Post Tax Cost of Debt	1.45%

Cost of Equity

Risk Free Return	6.73%
Equity Risk Premium	9.92%
Levered Beta ⁴	0.99
Cost of Equity	16.53%

Capital Structure

		Current	Target
Total Debt	10,955.0	4.77%	7.54%
Market Capitalisation	2,18,688.0	95.23%	92.46%
Total Capitalization	2,29,643.0	100.00%	100.00%

Levered Beta

Companies Median Unlevered Beta	0.93
Target Debt / Equity	8.15%
Tax Rate	30.00%
Levered Beta	0.99

Debt / Equity	8.15%
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Weighted Average Cost of Capital

Cost of Equity	16.53%
Equity Weight	92.46%
Cost of Debt	1.45%
Debt Weight	7.54%
Weighted Average Cost of Capital	15.39%

Notes:

1. Tax Rate considered as Marginal Tax Rate for the country
2. Levered Beta is based on 5-year monthly data
3. Unlevered Beta = Levered Beta / (1 + (1 - Tax Rate) * Debt / Equity)
4. Levered Beta = Unlevered Beta * (1 + (1 - Tax Rate) * Debt / Equity)

Calculation of Intrinsic Growth Rate

Calculation Of ROIC	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Current Assets -										
Inventories	1,998.0	2,627.0	2,658.0	3,150.0	3,390.0	3,799.0	6,153.0	6,211.0	5,923.0	6,719.0
Trade receivables	1,187.0	1,447.0	1,731.0	1,907.0	1,795.0	2,602.0	3,871.0	4,637.0	4,889.0	4,314.0
Cash & Cash Eq	-	-	-	-	-	-	-	-	-	-
Loans n Advances	9.0	14.0	13.0	16.0	12.0	11.0	8.0	12.0	17.0	22.0
Other asset items	705.0	1,303.0	1,678.0	1,456.0	1,727.0	2,555.0	2,869.0	3,024.0	3,555.0	3,319.0
Total Current Assets	3,899.0	5,391.0	6,080.0	6,529.0	6,924.0	8,967.0	12,901.0	13,884.0	14,384.0	14,374.0
Current Liabilities -										
Non Controlling Interest	384	375	328	361	404	423	388	454	695	659
Trade Payables	1565	1923	2160	2394	2137	3379	4164	3635	3831	3848
Advance from Customers	12	17	16	13	29	41	76	108	154	173
Other liability items	1750	1925	2316	2690	2320	2613	2932	3657	4017	3985
Total Current Liabilities	3,711.0	4,240.0	4,820.0	5,458.0	4,890.0	6,456.0	7,560.0	7,854.0	8,697.0	8,665.0
# Net Working Capital	188.0	1,151.0	1,260.0	1,071.0	2,034.0	2,511.0	5,341.0	6,030.0	5,687.0	5,709.0
Non Current Assets										
Land	429.0	408.0	586.0	605.0	640.0	644.0	644.0	804.0	1,126.0	1,050.0
Building	923.0	931.0	957.0	2,402.0	2,257.0	2,249.0	2,325.0	2,883.0	3,390.0	4,136.0
Plant Machinery	1,793.0	1,980.0	2,157.0	4,006.0	4,208.0	4,340.0	4,531.0	4,825.0	5,422.0	7,576.0
Equipments	97.0	119.0	200.0	221.0	241.0	243.0	253.0	270.0	298.0	325.0
Furniture n fittings	49.0	59.0	72.0	88.0	94.0	99.0	113.0	146.0	175.0	203.0
Vehicles	11.0	14.0	27.0	47.0	43.0	38.0	32.0	36.0	40.0	39.0
Intangible Assets	339.0	276.0	468.0	512.0	505.0	476.0	345.0	422.0	850.0	827.0
Other fixed assets	103.0	128.0	238.0	261.0	293.0	302.0	294.0	289.0	321.0	328.0
Gross Block	3,744.0	3,915.0	4,705.0	8,142.0	8,281.0	8,391.0	8,537.0	9,675.0	11,622.0	14,484.0
Accumulated Depreciation	275.0	610.0	973.0	1,592.0	2,010.0	2,533.0	3,019.0	3,814.0	4,381.0	4,945.0
# Net Non-Current Assets	3,469.0	3,305.0	3,732.0	6,550.0	6,271.0	5,858.0	5,518.0	5,861.0	7,241.0	9,539.0
# Invested Capital	3,657.0	4,456.0	4,992.0	7,621.0	8,305.0	8,369.0	10,859.0	11,891.0	12,928.0	15,248.0
EBIT	2,449.5	2,659.0	2,843.5	3,142.8	3,376.3	4,064.3	3,987.3	5,401.8	6,732.0	4,979.9
# ROIC	66.98%	59.67%	56.96%	41.24%	40.65%	48.56%	36.72%	45.43%	52.07%	32.66%
# Calculation of Reinvestment Rate	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Net Capex	802.0	667.0	1,409.0	1,134.0	367.0	254.0	511.0	1,420.0	2,491.0	1,820.0
Change in Working Capital	-	963.0	109.0	(189.0)	963.0	477.0	2,830.0	689.0	(343.0)	22.0
EBIT	2,449.5	2,659.0	2,843.5	3,142.8	3,376.3	4,064.3	3,987.3	5,401.8	6,732.0	4,979.9
Marginal Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
EBIT(1-T)	1,714.6	1,861.3	1,990.5	2,200.0	2,363.4	2,845.0	2,791.1	3,781.3	4,712.4	3,485.9
Reinvestment		1,630.0	1,518.0	945.0	1,330.0	731.0	3,341.0	2,109.0	2,148.0	1,842.0
Reinvestment Rate		87.57%	76.26%	42.96%	56.27%	25.69%	119.70%	55.77%	45.58%	52.84%
								4 Year Average		62.52%
								4 Year Median		55.77%
# Calculation of Growth Rate	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Reinvestment Rate	-	87.57%	76.26%	42.96%	56.27%	25.69%	119.70%	55.77%	45.58%	52.84%
ROIC	66.98%	59.67%	56.96%	41.24%	40.65%	48.56%	36.72%	45.43%	52.07%	32.66%
Intrinsic Growth Rate		52.26%	43.44%	17.71%	22.88%	12.48%	43.95%	25.34%	23.74%	17.26%
								4 Year Average		28.78%
								4 Year Median		23.74%

Discounted Cashflow Valuation

Calculation of PV of FCFF	Mar-25A	Mar-26F	Mar-27F	Mar-28F	Mar-29F	Mar-30F
EBIT	5,330.1	6,595.2	8,160.7	10,097.7	12,494.4	15,460.1
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
EBIT (1-T)	3,731.1	4,616.7	5,712.5	7,068.4	8,746.1	10,822.1
Less: Reinvestment Rate	55.77%	58.40%	61.02%	63.65%	66.27%	66.27%
Free cash Flow to Firm (FCFF)	1,650.1	1,920.6	2,226.6	2,569.6	2,950.1	3,650.3
Mid Year Convention		0.5	1.5	2.5	3.5	4.5
Discounted Factor		0.931	0.807	0.699	0.606	0.525
PV of FCFF		1,787.90	1,796.24	1,796.43	1,787.26	1,916.46

Expected Growth Rate	23.74%
Terminal Growth Rate	4.50%
WACC	15.39%

Calculation of PV of FCFF		Sensitivity Analysis				
			22.00%	23.00%	23.74%	25.00%
FCFF (n+1)	4,516.71	3.00%	167.96	179.41	188.17	203.63
WACC	15.39%	4.00%	184.04	196.31	205.68	222.24
Terminal Growth Rate	4.50%	4.50%	193.19	205.91	215.64	232.82
		5.00%	203.22	216.45	226.56	244.43
Terminal Value	41,460.22	6.00%	226.48	240.87	251.88	271.34

Calculation of Equity Value per Share

PV of FCFF	9,084.30
PV of Terminal Value	21,767.36
Value of Operating Assets	30,851.65
Add: Cash	782.00
Less: Debt	10,955.00
Value of Equity	20,678.65
No of Shares	95.92
Equity Value per Share	215.58
Share price	2363
Premium	996.10%

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