

Margin trajectory continue; +16% volume growth in Q4

APNT's Q4FY23 print was mixed; though 16% volume growth YoY was ahead of our estimates, consol. revenue/EBITDA/PAT grew 11.3%/29.2%/29.6%. APNT reported 3-year CAGR value/volume at 25.6%/22.8% in Q4. Given strong painting season, revenues were influenced by, (1) higher growth in T1/T2 vs rural markets, (2) premium & luxury range, (3) waterproofing range, (4) strong project/institutional business, and (5) distribution reach (1.5L). International business grew 10% CC, yet industrial JVs PPG-AP/ AP-PPG grew 8%/17% driven by price realisations. Gross margin zoomed to 42.4% (+379bp) settling EBITDA margins at 21.2% (+293bp) despite higher employee cost/other expenses by 14.1%/16.7% and ad-spends (3.5% of sales). With Rs20bn capex, APNT planned to add capacity of 2.5 Lac KL in FY24. Management retains double digit volume growth aspiration (1.5x GDP growth) and balancing EBITDA margins ~18-20% band, yet said to pass on benefits arising from lowering inflation. With strong margin trajectory we increased earnings marginally and retain BUY, with a revised DCF-based TP of Rs3,700 (implied 60.8x FY25E EPS).

Double digit volume growth trend continue led economy emulsions and projects business

Q4FY23 consolidated revenue grew to Rs87.8bn (+11.3%) YoY driven by 16% volume growth in domestic decorative segment. Management attributed better performance to, (1) higher growth in T1/T2 vs rural markets, (2) better mix of premium & luxury range, (3) waterproofing range, (4) strong project/institutional business, and (5) distribution reach (1.5L). International business grew 10% CC driven by Africa & Middle East, while Asia struggled due to macro and currency headwinds. With better price realisation Industrial JVs PPG-AP/ AP-PPG 8%/17%. Our channel checks indicate dealers stocked up inventory, (1) anticipating strong demand conditions, (2) achieve annual incentives, and (3) exponential growth in waterproofing/wood finishes segment. Home Improvement (4% sales) - Kitchen/Bath declined -21%/-10% due to subdued demand in retail channel, while Home Décor play (42 stores) offering complete range of home solution expect to contribute 10% of revenues in FY26. Newly acquired 'White Teak' and 'Weatherseal' business reported FY23 revenues at Rs1.1bn (+89%) and Rs246mn (+94%) expect to reach 8-10% of revenues driven by retail network expansion in three years.

Margin trajectory to continue; FY23 ended with strong performance

With 4% deflation in input prices, Q4FY23 gross margin zoomed to 42.4% (+379bp) settling EBITDA margins at 21.2% (+293bp) despite higher employee cost/other expenses by 14.1%/16.7% and ad-spends (3.5% of sales). APNT said to pass on benefits arise from falling input prices, yet maintained balancing its margins in ~18-20% band. With Rs20bn capex, APNT planned to add capacity of 2.5 Lac KL in FY24, including addition of VAM/VAE and white cement projects. In FY23 revenue/EBITDA/PAT grew 18.5%/30.3%/32.6% led by domestic decorative volume/value growth of 14%/20%, 3-year CAGR volume/value at 19%/20.7%.

Investment thesis, valuation and risks

We expect APNT to emerge as a strong player, moving from *share of surface* to *share of space inside home* in line with its core strategy: (1) upgrade volumes using innovations in economy/luxury emulsions, (2) grow project/institutional business, (3) expand waterproofing business, (4) grow rural reach & (5) gain volume market share, yet maintain margins. We believe it is a structural growth story, capturing demand across segments and town class. APNT announced final dividend of Rs21.2/share (total Rs25.6 in FY23). Considering better margin trajectory, we increased earnings for FY24E/FY25E by 1.4%/2.9% and retain BUY, with a revised DCF-based TP of Rs3,700 (implied 60.8x FY25E EPS). Key risks to our call include weak demand conditions, rise in crude oil prices, rising competition & currency depreciation.

Financial and valuation summary

YE Mar (Rs mn)	4QFY23A	4QFY22A	YoY (%)	3QFY23A	QoQ (%)	FY23A	FY24E	FY25E
Revenues	87,873	78,927	11.3	86,367	1.7	344,886	398,428	448,066
EBITDA	18,648	14,433	29.2	16,114	15.7	62,598	75,092	87,054
EBITDA margin (%)	21.2	18.3	293bp	18.7	250bp	18.2	18.8	19.4
Adj. Net profit	12,831	9,898	29.6	10,971	17.0	42,615	50,080	58,341
Adj. EPS (Rs)	13.4	10.3	29.6	11.4	17.0	44.4	52.2	60.8
EPS growth (%)						33.2	17.5	16.5
PE (x)						70.7	60.2	51.7
EV/EBITDA (x)						47.9	40.0	34.5
PBV (x)						18.9	16.8	15.0
RoE (%)						28.6	29.5	30.6
RoCE (%)						25.0	26.8	28.1

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

Market Data

Bloomberg:	APNT IN
52 week H/L:	3,590/2,560
Market cap:	Rs2917.3bn
Shares Outstanding:	959.2mn
Free float:	48.4%
Avg. daily vol. 3mth:	999,252
Source: Bloomberg	

Changes in the report

Rating:	BUY, Unchanged
Target price:	Rs3,700 from Rs3,501, up by 6%
EPS:	FY24E: Rs52.2; up 1.4% FY25E: Rs60.8; up 2.9%
Source: Centrum Broking	

Shareholding pattern

	Mar-23	Dec-22	Sep-22	Jun-22
Promoter	52.6	52.6	52.6	52.6
FIIIs	17.0	18.1	18.6	18.5
DIIIs	9.1	8.3	8.0	7.7
Public/other	21.3	21.0	20.8	21.2

Source: BSE

Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q4FY23	Actual Q4FY23	Variance (%)
Revenue	91,160	87,873	(3.6)
EBITDA	17,503	18,648	6.5
EBITDA margin %	19.2	21.2	202bp
Other Income	880	1,055	19.9
Interest	(352)	(389)	10.5
Depreciation	(2,150)	(2,202)	2.4
PBT	15,881	17,112	7.8
Tax	(4,208)	(4,514)	7.3
Rep. PAT	11,672	12,597	7.9
Adj. PAT	11,672	12,831	9.9

Source: Bloomberg, Centrum Broking



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Thesis Snapshot

Estimate revision

YE Mar (Rs mn)	FY24E New	FY24E Old	% chg	FY25E New	FY25E Old	% chg
Revenue	398,428	401,963	(0.9)	448,066	444,862	0.7
EBITDA	75,092	74,191	1.2	87,054	85,106	2.3
EBITDA margin %	18.8	18.5	39bp	19.4	19.1	30bp
Adj. PAT	50,080	49,363	1.5	58,341	56,706	2.9
Diluted EPS (Rs)	52.2	51.5	1.4	60.8	59.1	2.9

Source: Centrum Broking

Asian Paints versus NIFTY 50

	1m	6m	1 year
APNT IN	14.0	2.8	2.8
NIFTY 50	2.7	(0.3)	15.7

Source: Bloomberg, NSE

Key assumptions

Y/E Mar	FY24E	FY25E
Volume growth	15.0	9.0
Price/ Mix Growth	6.2	4.0
Gross Margin	40.7	41.0
Employee costs as % of Sales	6.3	6.2
Other expenses as % of Sales	15.6	15.3
Tax rate	27.0	27.0

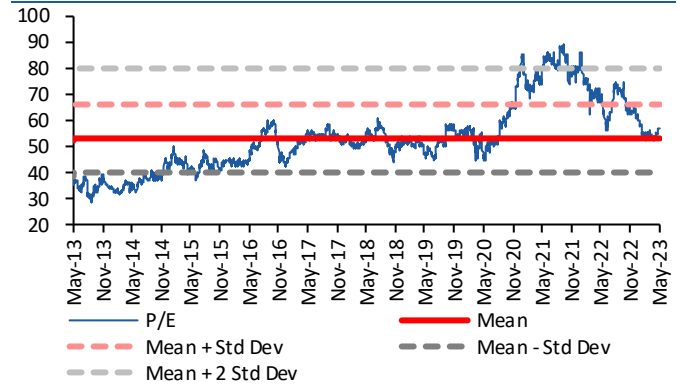
Source: Centrum Broking

Valuations

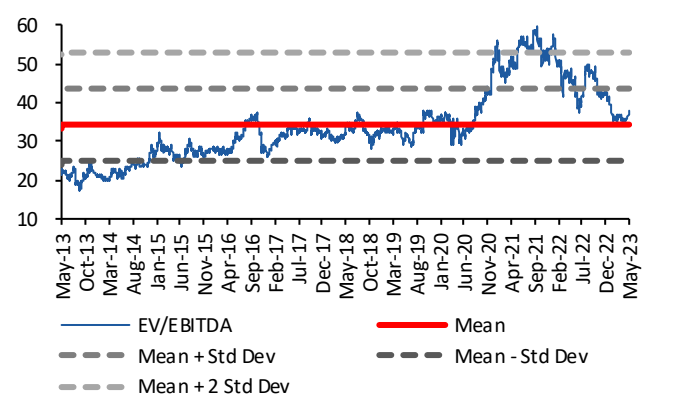
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Valuations	Rs/share
DCF-based target price (Rs)	3700
WACC (%)	11.0
Terminal growth (%)	6.0

P/E mean and standard deviation



EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

Peer comparison

Company	Mkt Cap	CAGR (FY23-25E)				P/E (x)			EV/EBITDA (x)			RoE		
	(Rs bn)	Sales	EBITDA	EPS	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	
Asian Paints	3,010.2	14.0	17.9	19.2	71.6	60.2	51.7	47.9	40.0	34.5	28.6	29.5	30.6	
Berger Paints India	618.5	11.7	18.3	21.0	45.3	52.8	46.5	27.2	33.6	29.8	21.3	23.9	23.8	
Kansai Nerolac Paints	221.1	11.5	22.6	25.6	52.7	33.4	28.9	32.1	20.9	18.3	11.1	13.6	14.4	
Akzo Nobel India	112.4	11.9	13.6	15.1	26.8	29.9	26.2	16.7	18.9	16.9	24.6	27.6	28.8	

Source: Company, Centrum Broking

Exhibit 1: Key concall takeaways and metrics

Centrum Quarterly Monitor	Q3FY23	Q4FY23	Our Comments
Demand Environment	Management continue to believe double digit volume growth and confirmed that falling commodity inflation to result in margins trajectory in Q4, while expect gross margins to reach to 38-40% band	Management continue to believe double digit volume growth and confirmed that falling commodity inflation to result in margins trajectory in Q1FY24	We believe organised paint industry benefited from distribution in rural markets. Further, product innovation to fuel growth in Tier 2/3/4 markets in rural and semi-urban areas
Decorative Business	Moderate growths registered in most of the areas	Double-digit growth on decorative business on the back of strong volume	We believe the company's focus to address the bottom-of-pyramid is likely to continue driving growth in decorative paints, going forward
Industrial Business	PPG-AP increased by 24.0% to Rs5.1bn driven by recovery in auto demand whereas PBT stood at Rs0.9bn. AP-PPG (General Industrial) grew 24.0% to Rs2.6bn led by across business segments whereas PBT of AP-PPG has stood at Rs0.2bn during the quarter	PPG-AP increased by 8.0% to Rs4.2bn driven by recovery in auto demand whereas PBT margin stood Rs2.9bn. AP-PPG grew 122.0% to Rs0.5bn led by across business segments whereas PBT of AP-PPG has stood at Rs0.3bn	Strong recovery in the economy is likely to boost capex in infra and industry. We expect uptake in economic activities and sustained demand for automobiles to aid industrial business for APNT
International Business	International business grew 2.1% to Rs7.8bn whereas PBT stood at Rs0.37bn Vs Rs0.1bn last year same quarter. Business condition remained challenging in Asian markets however strong growth has witnessed in Middle-East & Africa	International business grew 10.0% on cc basis led by strong growth in Africa & Middle East	We believe sequential recovery will be underway as economic operations inch back to normalcy. However, Sri Lanka is expected to remain challenging while Ethiopia and Egypt are expected to return to growth in the medium term
Key Interventions	Launched 4 new products in Q3FY23 and currently 48 clear differentiated products from Asian Paints with no comparable product offerings from competition	The company has not added any products in decorative side while 24 products have launched in waterproofing segment	The company is talking about more engines to propel growth. Getting patents and innovation are the key growth drivers
On Margins and Exceptional Items	Commodity inflation is easing out which could give boost to the top line however uncertain geopolitical environment could derail the growth	Gross/EBITDA margin in the range of 39-40/18-20% respectively, going forward	We expect gradual recovery in demand along with sequentially margin improvement

Source: Company Data, Centrum Broking

Conference call highlights

Overall

- During the quarter, volume grew 16.0% whereas value up by 11.3% to take 3-year CAGR on 22.8/25.6% respectively; some pent up demand has been observed on revenue due to Diwali festival on Q3
- On Decorative business, double digit volume (16.0%) has recorded on the back of strong demand in rural and urban areas
- T1 & T2 cities have given slight edges over T3 & T4 while on 3 year CAGR prospective both have done similar growth
- Product mix was led by economy and waterproof range while in Waterproofing new areas like admixtures and B2B flooring have observed strong growth
- Premium & Luxury range has picked up compare to last 2 quarters
- 1.7 lac customers have been provided through service like Safe Painting Service and Trusted Contractor Service
- As per management, market size of paint stands at Rs700-750bn while APNT covers 45-48% market share, is expected to reach Rs1000bn in next 5 years with an CAGR of 12%
- Unorganised stands at 30-35% of total market and it would continue to do for next 3-5 years
- Waterproofing market stands at Rs60-70bn which contributes double digit on total sales
- Lighting business (No2 player in the market) stood at Rs1.0bn for full year while management expect to 50% revenue growth in FY24, total TAM stands at Rs11bn as on FY23
- For FY24, management expects demand would be in the range of 1.1-1.5x of GDP growth and inflation would be stable
- Further, management would give more focus would be Industrial Business and further building on Home Décor business
- NPD contributes 10% of revenue as on FY23
- Current utilisation stands at 75% and management expects to add 2.5lac KL p.a by FY24 with a capex of Rs20-23bn
- To support the distribution, management has added 40 warehouses in last 3 years and increased size from avg. 1 lakh sq. ft to 1.5 lakh sq. ft
- Lighting/Furnishing business EBITDA margin stands at 18-20/10-15% respectively, overall Home Décor EBITDA in the range of 14-16%
- Management spends 3.5% on sales as advt. expenses for the full year
- Non-auto business stands at Rs10bn with an EBITDA margin of 6%
- Management has offered Kitchen components, Bath & Sanitary, Tiles, Furnishing, Designer wall paper, UPVC doors etc.
- Adding more than 15-20k retail points taking AP presence across 1,60,000 retail points, management expect to add 10-15k by FY24

Business segment commentary

- **Projects Business:** In Q4, the projects business saw good growth (15-20% contributes on top line) led by strong demand from government factories, which led to good performance in ad mixtures, membranes and waterproofing segments
- **Home Décor:** Home décor is expected to reach ~8-10% over the next three years while 42 stores have been functional. Management expects to add 30+ stores over 60 cities in next 3 years

- White Teak generated revenue of Rs.350.8mn whereas Weather Seal's Revenue stood at Rs.90.6mn led by strong network and expand network beyond south India
- Kitchen business sales increased by 6.0% to Rs4.2bn whereas on EBITDA front loss came to Rs280mn; continue to impacted by slow demand
- More focus on expanding reach & driving premiumisation
- Management is working towards profitable growth via building scale
- Bath fittings business grew 15.0% to Rs4bn whereas EBITDA stood at Rs.40.0mn profit; recovery of PBT with the help of lower rm prices
- PPG-AP (Auto refinishes and marine paints) increased by 8.0% to Rs4.2bn driven by recovery in auto demand whereas PBT margin stood Rs2.9bn
- AP-PPG (General Industrial) grew 122.0% to Rs0.5bn led by across business segments whereas PBT of AP-PPG has stood at Rs0.3bn during the quarter; improved sales mix coupled with softening raw material led to improve margins
- **International Business:** International business grew 10.0% on cc basis led by strong growth in Africa & Middle East; Business condition remained challenging in Asian markets mainly in Srilanka, Nepal & Bangladesh
- Management keep focus on Prelux categories which would support margin
- Africa (+11%) & Middle east (+25%), south pacific (+3%) grew whereas Asia (-21%) & dropped top line
- During the quarter, Company has charged Rs0.24bn towards devaluation of fx

Revenue growth and margin outlook

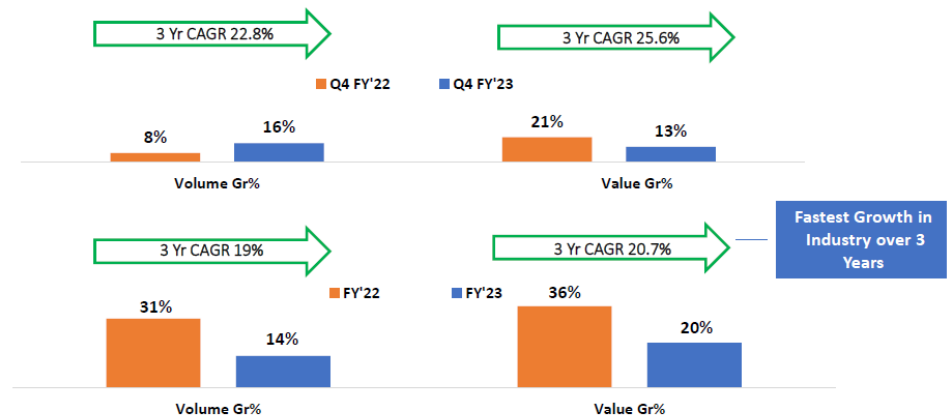
- Management indicated that demand condition would be better and expect double digit growth for FY24
- RM prices is expected to be stable while improvement of product mix would help APNT to improve margin, going forward
- Gross Margin improved by 379 bps to 42.4% on the back of lower commodities price (TiO2 and crude oil derivatives); 4% deflation on YoY
- EBITDA improved by 29.2% to Rs18.6bn where in Other expenses/Employee cost increased by 16.7%/14.1% respectively; EBITDA Margin came at 21.2% (+293bp)
- Management believe, some price correction would happen on the back of lower rm cost as last 18 months' price has increased significantly
- Management expects gross margins to reach to 38-39% band whereas EBITDA would be 18-20% band
- Management believe, no major disruption would have seen in medium term on the back of new entrance players like Grasim, JSW and Pidilite in the market

FY23 performance

- FY23 revenues increased by 18.5% to Rs344.8bn while gross margins expanded to 38.6% (+155bp) YoY despite volatile and higher raw material and packaging material prices; volume growth at 14% YoY (3-year CAGR volume/value 16%/18%)
- EBITDA grew by 30.3% to Rs62.6bn, EBITDA margin at 18.2% (+164bp) whereas PAT grew by 32.6% to Rs42.4bn
- Volume/Value grew by 14/20% respectively whereas on 3-year CAGR basis, volume grew 19.0% whereas value up by 20.7%
- Non-Auto Industrial Business crossed Rs10bn sales in FY23 while International Business grew double digit on CC basis
- Management has declared Rs25.65/share for FY23 with a pay-out of 60%

Exhibit 2: Double digit volume growth continued

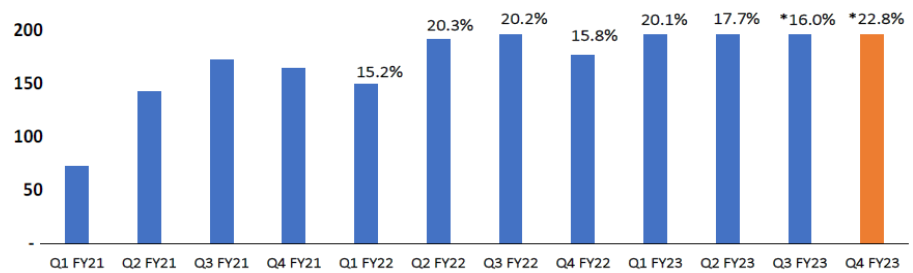
Double-digit value growth in Q4 – led by volume with benefit of price increases now wearing off
Full year double-digit delivery despite flattish Q3



Source: Company Data, Centrum Broking

Exhibit 3: Continued Volume and value growth trajectory

Consistent double-digit volume growth trend on 3 yr CAGR basis



Quarterly Representation of Volumes Sold on Base of Q1 FY19 as 100
*% represents 3 Year Compounded Growth Rate

Source: Company Data, Centrum Broking

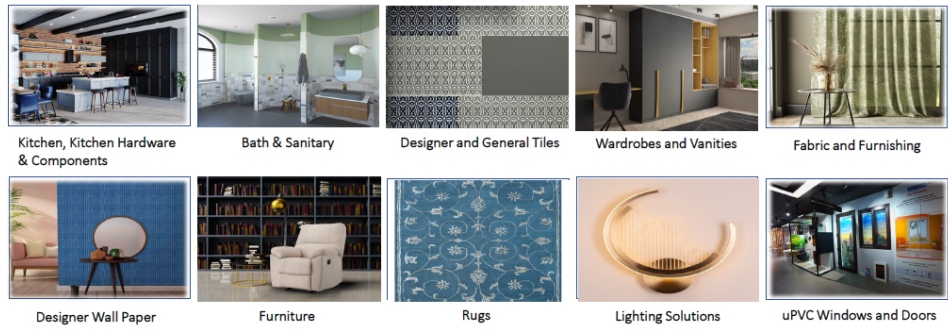
Exhibit 4: Home Décor segment – target double revenue in next 3-4 years



Source: Company Data, Centrum Broking

Exhibit 5: Home Décor offerings in new spaces

Sizing-up Our Home Décor Offerings



Beautiful Home Stores: 42 stores now functional
 Beautiful Homes Services: now 11 cities
 BeautifulHomes.com: ~50 Lakh visitors & over 5 Lakh Instagram followers

Committed to Home Décor Revenue Contribution of 8-10% of Deco Business FY'26

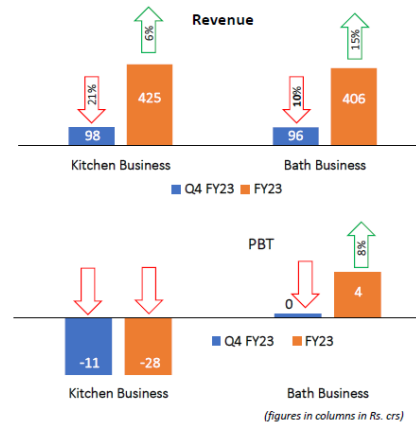
Source: Company Data, Centrum Broking

Exhibit 6: Kitchen and Bath business

Focused on Strengthening Kitchen & Bath Business

- Kitchen Business**
- Continued to be impacted by slow retail demand
 - Focusing on expanding reach & driving premiumization
 - Working towards building scale to enable profitable growth

- Bath Business**
- Subdued retail demand; Continued to see positive traction in Projects segment
 - Recovery at PBT to breakeven level on back of softening raw material prices



Source: Company Data, Centrum Broking

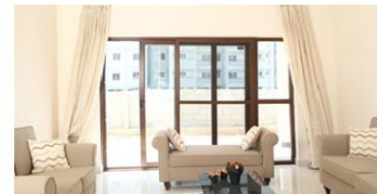
Exhibit 7: Home Décor performance

Adding to our Story of Beautiful Homes...



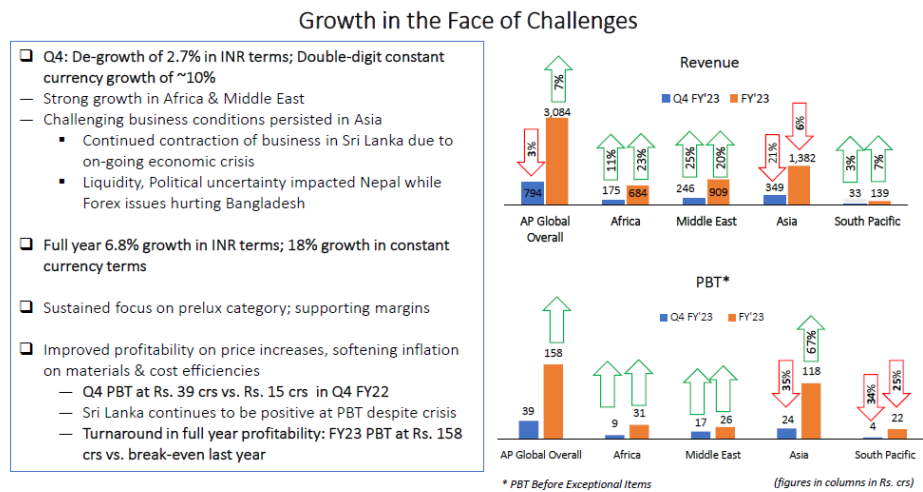
- White Teak – Offering Decorative & Designer Lighting solutions**
- Net Sales of Rs. 35.8 crs in Q4; Full year sales at Rs. 108.5 crs - 89% growth
 - Gaining from increasing retail footprint & synergies with Beautiful Homes

- Weatherseal (uPVC Windows and Doors)**
- Net Sales of Rs. 9.6 crs in Q4; Full year sales at Rs. 24.6 crs – 94% growth
 - Driving synergies with AP network, expanding presence beyond the existing Southern India footprint



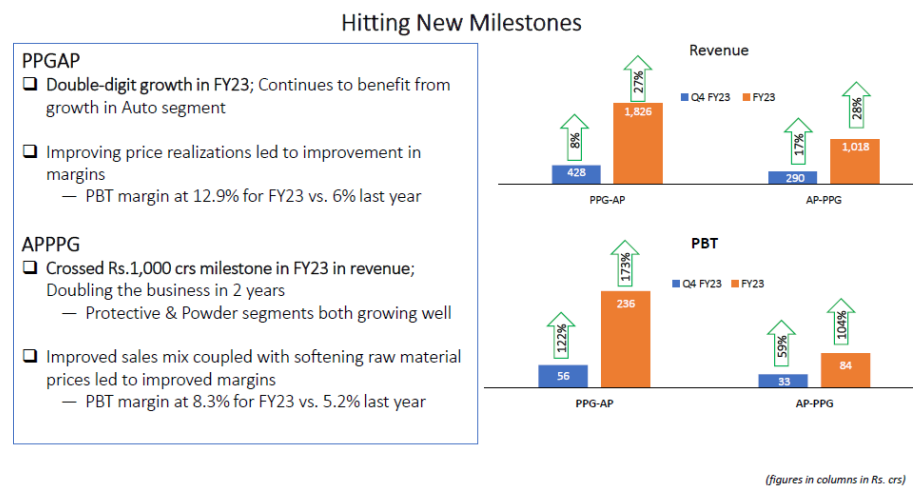
Source: Company Data, Centrum Broking

Exhibit 8: Despite currency headwinds, International business grew strongly



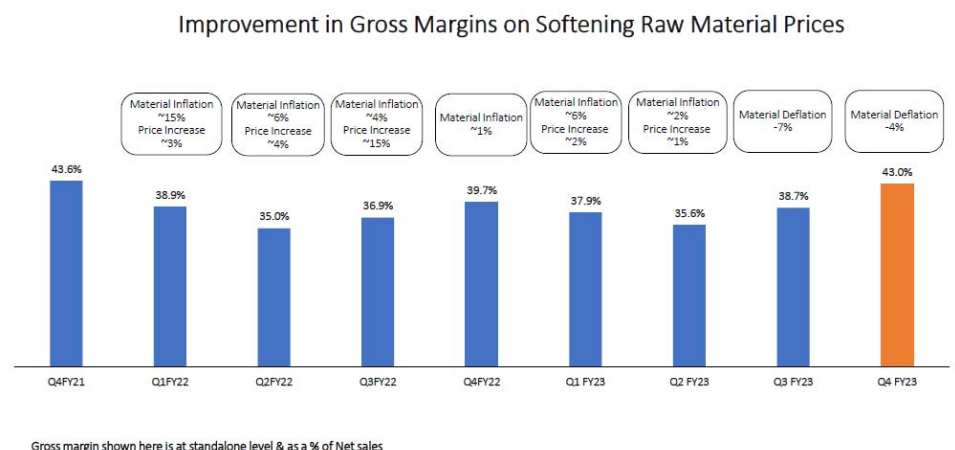
Source: Company Data, Centrum Broking

Exhibit 9: Industrial business improved on Y-o-Y with strong recovery in Auto OE



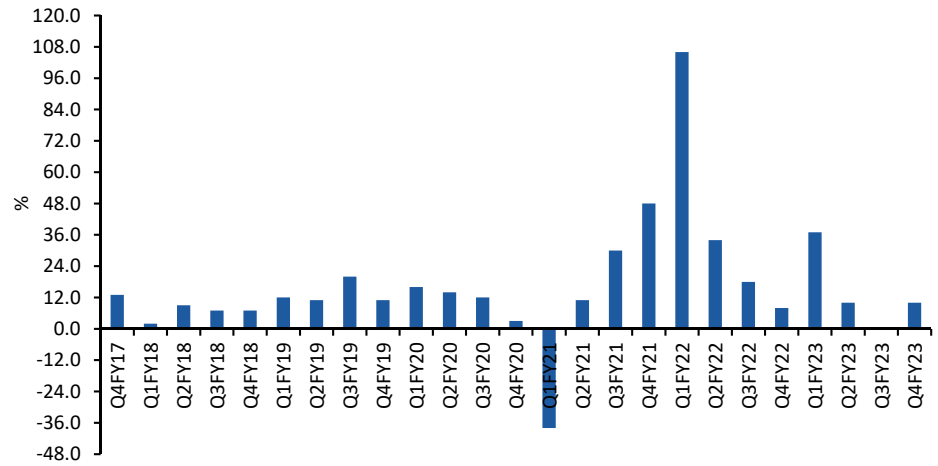
Source: Company Data, Centrum Broking

Exhibit 10: Inflation has started coming down



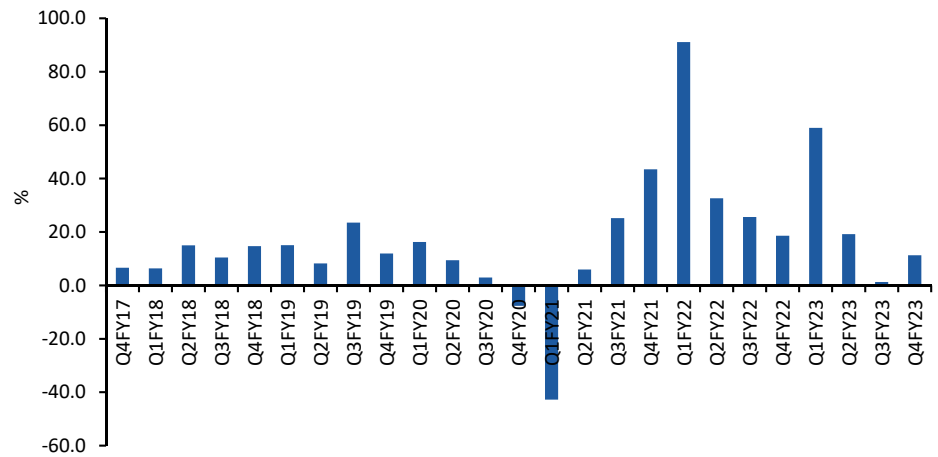
Source: Company Data, Centrum Broking

Exhibit 11: Quarterly volume growth trend



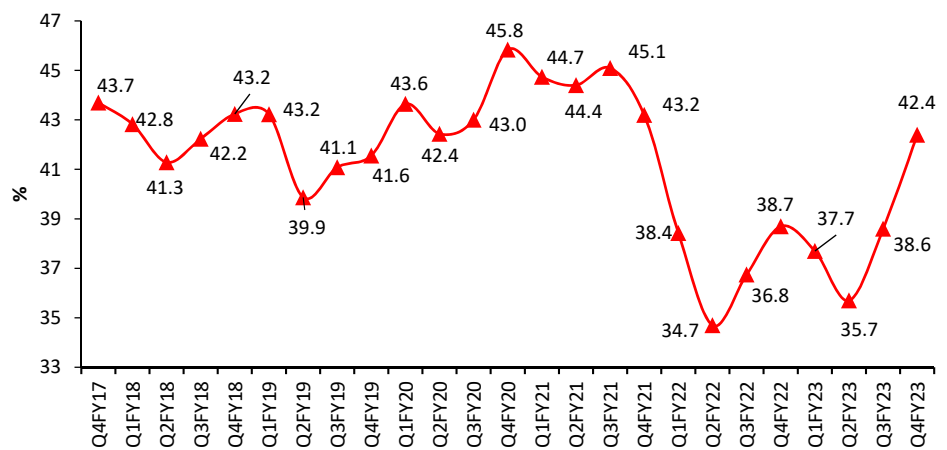
Source: Company Data, Centrum Broking

Exhibit 12: Quarterly revenue growth trend (consolidated)



Source: Company Data, Centrum Broking

Exhibit 13: Quarterly gross margin trend



Source: Company Data, Centrum Broking

Exhibit 14: Quarterly Financials - Consolidated

Particulars (Rs mn)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Net Sales	55,854	70,960	85,272	78,927	86,069	84,576	86,367	87,873
Total Income	55,854	70,960	85,272	78,927	86,069	84,576	86,367	87,873
Accretion to Stocks in trade & work in progress	(6,529)	(7,262)	3,816	(3,275)	(3,116)	(6,453)	4,583	1,889
Raw Material Consumed	34,261	45,705	40,845	41,735	46,103	49,250	38,159	39,793
Purchase of Stock-in-Trade	6,657	7,861	9,273	9,921	10,632	11,559	10,315	8,850
Employee Expenses	4,321	4,415	4,557	4,574	4,896	5,126	5,038	5,220
Other Exp	8,008	11,196	11,359	11,540	11,995	12,816	12,158	13,473
Operating Profit (Core EBITDA)	9,136	9,045	15,423	14,433	15,560	12,277	16,114	18,648
Depreciation	(2,006)	(2,028)	(2,079)	(2,051)	(2,081)	(2,157)	(2,141)	(2,202)
EBIT	7,130	7,017	13,344	12,382	13,479	10,120	13,974	16,446
Interest	(215)	(239)	(275)	(226)	(288)	(354)	(414)	(389)
Other Income	896	1,382	718	804	990	955	866	1,055
Other Excep. Items (restructuring, asset sales etc)	-	(141)	(598)	(1,157)	(242)	-	0	-247
Profit Before Tax	7,811	8,019	13,189	11,803	13,939	10,721	14,426	17,112
Tax	(2,043)	(2,211)	(3,624)	(3,151)	(3,706)	(2,903)	(3,811)	(4,514)
Tax rate (%)	26.2	27.6	27.5	26.7	26.6	27.1	26.4	26.8
Profit After Tax	5,768	5,809	9,565	8,651	10,233	7,817	10,614	12,351
Add/(Less) - Share in the profit/(loss) of associates	(25)	102	150	89	128	221	357	234
PAT attributable to Consolidated Group	5,743	5,911	9,715	8,741	10,360	8,038	10,971	-
Adjusted PAT for the group	5,743	6,052	10,313	9,898	10,602	8,038	10,971	12,584
Growth (%)								
Net Sales	91.1	32.6	25.6	18.7	54.1	19.2	1.3	11.3
EBITDA	88.7	(28.5)	(13.7)	9.5	70.3	35.7	4.5	29.2
Adj. PAT	161.5	(29.0)	(18.5)	13.8	84.6	32.8	6.4	29.6
Margin (%)								
Gross Margin	38.4	34.7	36.8	38.7	37.7	35.7	38.6	42.5
EBITDA	16.4	12.7	18.1	18.3	18.1	14.5	18.7	21.2
EBIT	12.8	9.9	15.6	15.7	15.7	12.0	16.2	18.7
PAT (reported before minority interest)	10.3	8.2	11.2	11.0	11.9	9.2	12.3	14.1

Source: Company Data, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	217,108	291,013	344,886	398,428	448,066
Operating Expense	120,972	183,008	211,565	236,074	264,402
Employee cost	15,408	17,867	20,281	25,258	28,002
Others	32,192	42,103	50,442	62,004	68,609
EBITDA	48,536	48,036	62,598	75,092	87,054
Depreciation & Amortisation	7,913	8,164	8,580	9,136	11,996
EBIT	40,623	39,873	54,018	65,956	75,058
Interest expenses	916	954	1,445	1,516	1,427
Other income	3,031	3,800	3,865	4,968	7,182
PBT	42,737	42,719	56,439	69,408	80,814
Taxes	10,976	11,029	14,762	18,740	21,820
Effective tax rate (%)	25.7	25.8	26.2	27.0	27.0
PAT	31,761	31,689	41,676	50,668	58,994
Minority/Associates	286	316	939	(587)	(653)
Recurring PAT	32,047	32,005	42,615	50,080	58,341
Extraordinary items	0	(1,157)	(489)	0	0
Reported PAT	32,047	30,848	42,126	50,080	58,341

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	7.4	34.0	18.5	15.5	12.5
EBITDA	16.6	(1.0)	30.3	20.0	15.9
Adj. EPS	18.6	(0.1)	33.2	17.5	16.5
Margins (%)					
Gross	44.3	37.1	38.7	40.7	41.0
EBITDA	22.4	16.5	18.2	18.8	19.4
EBIT	18.7	13.7	15.7	16.6	16.8
Adjusted PAT	14.8	10.6	12.2	12.6	13.0
Returns (%)					
ROE	27.9	24.0	28.6	29.5	30.6
ROCE	25.0	21.5	25.0	26.8	28.1
ROIC	27.4	24.3	27.7	28.5	28.1
Turnover (days)					
Gross block turnover ratio (x)	2.7	3.5	3.7	3.2	2.9
Debtors	37	41	45	46	46
Inventory	108	99	107	103	102
Creditors	83	75	67	61	63
Net working capital	111	107	103	89	82
Solvency (x)					
Net debt-equity	(0.2)	(0.1)	(0.1)	0.0	0.0
Interest coverage ratio	53.0	50.3	43.3	49.5	61.0
Net debt/EBITDA	(0.6)	(0.3)	(0.3)	(0.1)	(0.1)
Per share (Rs)					
Adjusted EPS	33.4	33.4	44.4	52.2	60.8
BVPS	133.5	144.0	166.7	187.4	209.9
CEPS	41.7	41.9	53.4	61.7	73.3
DPS	5.2	18.4	20.2	31.5	38.3
Dividend payout (%)	15.6	57.1	46.0	60.4	63.0
Valuation (x)					
P/E	94.1	94.2	70.7	60.2	51.7
P/BV	23.5	21.8	18.9	16.8	15.0
EV/EBITDA	61.5	62.5	47.9	40.0	34.5
Dividend yield (%)	0.2	0.6	0.6	1.0	1.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	959	959	959	959	959
Reserves & surplus	127,104	137,156	158,963	178,782	200,357
Shareholders fund	128,063	138,116	159,922	179,741	201,316
Minority Interest	4,229	3,875	4,537	5,124	5,776
Total debt	10,848	15,869	19,326	18,065	17,565
Non Current Liabilities	2,231	2,226	3,163	3,653	4,109
Def tax liab. (net)	4,013	3,228	3,348	3,348	3,348
Total liabilities	149,384	163,314	190,296	209,931	232,114
Gross block	80,366	82,953	94,191	122,742	152,079
Less: acc. Depreciation	(24,807)	(30,191)	(38,771)	(47,907)	(59,903)
Net block	55,559	52,762	55,420	74,835	92,176
Capital WIP	1,830	4,264	10,196	10,196	10,196
Net fixed assets	60,415	59,455	67,901	87,315	104,656
Non Current Assets	8,176	7,938	6,999	8,085	9,093
Investments	14,697	10,668	15,647	15,647	15,647
Inventories	37,986	61,530	62,106	70,657	77,004
Sundry debtors	26,022	38,714	46,369	53,295	59,628
Cash & Cash Equivalents	38,779	30,450	35,408	26,787	25,274
Loans & advances	11,972	15,335	15,928	18,401	20,693
Other current assets	5,507	5,494	5,540	6,400	7,197
Trade payables	33,787	41,643	36,354	42,544	48,458
Other current liab.	19,538	23,930	30,588	35,336	39,738
Provisions	844	697	742	857	964
Net current assets	66,096	85,253	97,668	96,802	100,636
Total assets	149,384	163,314	190,296	209,931	232,114

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	43,044	41,877	56,888	69,408	80,814
Depreciation & Amortisation	7,913	8,164	8,580	9,136	11,996
Net Interest	165	(125)	237	298	148
Net Change – WC	(2,065)	(27,952)	(7,721)	(8,351)	(5,899)
Direct taxes	(10,797)	(11,757)	(14,943)	(18,740)	(21,820)
Net cash from operations	36,834	9,865	41,934	51,751	65,238
Capital expenditure	(2,543)	(4,987)	(12,734)	(28,551)	(29,337)
Acquisitions, net	0	0	0	0	0
Investments	(3,679)	973	1,448	0	0
Others	743	797	(3,183)	1,218	1,279
Net cash from investing	(5,478)	(3,217)	(14,469)	(27,333)	(28,058)
FCF	31,356	6,648	27,466	24,418	37,180
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	1,412	4,100	785	(1,262)	(500)
Dividend paid	(4,994)	(17,628)	(19,361)	(30,262)	(36,766)
Interest paid	(2,923)	(3,150)	(3,977)	(1,516)	(1,427)
Others	0	(1,399)	1,153	0	0
Net cash from financing	(6,504)	(18,076)	(21,400)	(33,039)	(38,693)
Net change in Cash	24,852	(11,428)	6,065	(8,621)	(1,513)

Source: Company, Centrum Broking

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Asian Paints



Source: Bloomberg

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