

October 22, 2021



asianpaints

**Current Price:** ₹3003.5

## STOCK DATA

|            |            |
|------------|------------|
| BSE Code   | 500820     |
| NSE Symbol | ASIANPAINT |
| Reuters    | ASPN.BO    |
| Bloomberg  | APNT IN    |

## VALUE PARAMETERS

|                                      |                 |
|--------------------------------------|-----------------|
| 52 W H/L(Rs)                         | 3504.05/2056.25 |
| Mkt. Cap.(Rs Cr)                     | 288095.06       |
| Latest Equity(Subscribed)            | 95.92           |
| Latest Reserve (cons.)               | 12406.69        |
| Latest EPS (cons.) -Unit Curr.       | 33.93           |
| Latest P/E Ratio -cons               | 88.52           |
| Latest Bookvalue (cons.) -Unit Curr. | 130.34          |
| Latest P/BV - cons                   | 23.04           |
| Dividend Yield -%                    | 0.59            |
| Face Value                           | 1               |

## SHARE HOLDING PATTERN (%)

| Description as on        | % of Holding<br>30/06/2021 |
|--------------------------|----------------------------|
| Foreign                  | 21.94                      |
| Institutions             | 7.26                       |
| Govt Holding             | 0.04                       |
| Non Promoter Corp. Hold. | 5.49                       |
| Promoters                | 52.79                      |
| Public & Others          | 12.48                      |

## Consolidated Financial Result

In Cr.

| Particulars                            | Qtr Ended | Qtr Ended | Var (%) |
|--|-----------|-----------|---------|
|  | Jun. 21   | Jun. 20   |         |
| Net Sales                              | 7,096.01  | 5,350.23  | 33      |
| OPM (%)                                | 12.80     | 23.70     |         |
| OP                                     | 904.45    | 1,265.20  | -29     |
| Other Inc.                             | 138.2     | 82.63     | 67      |
| PBIDT                                  | 1,042.65  | 1,347.83  | -23     |
| Interest                               | 23.86     | 20.51     | 16      |
| PBDT                                   | 1,018.79  | 1,327.32  | -23     |
| Depreciation                           | 202.75    | 193.58    | 5       |
| PBT                                    | 816.04    | 1,133.74  | -28     |
| Share of Profit/(Loss) from Associates | 10.2      | 11.78     | -13     |
| PBT before EO                          | 826.24    | 1145.52   | -28     |
| Taxation                               | 221.07    | 293.62    | -25     |
| PAT                                    | 605.17    | 851.9     | -29     |
| Minority Interest (MI)                 | 9.21      | 21.53     | -57     |
| Net profit                             | 595.96    | 830.37    | -28     |
| EPS (Rs.)                              | 6.21      | 8.66      |         |

### Asian Paints Q2FY22, Sales up 33%, OP down 29%, below estimates

Asian Paints consolidated net sales increased 32.63% to Rs 7096.01 crore in Q2FY22 compared to Q2FY21. Sales of Paints segment has gone up 31.89% to Rs 6,901.72 crore (accounting for 97.25% of total sales). Sales of Home Improvement segment rose 66.37% to Rs 195.24 crore (accounting for 2.75% of total sales). Operating profit margin has declined from 23.65% to 12.75%, leading to 28.51% decline in operating profit to Rs 904.45 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 48.66% to 58.43%. Purchase of finished goods cost rose from 7.66% to 10.05%. Employee cost decreased from 6.97% to 5.64%. Other expenses rose from 13.45% to 14.31%.

Other income rose 67.25% to Rs 138.2 crore. PBIDT fell 22.64% to Rs 1042.65 crore. Provision for interest rose 16.33% to Rs 23.86 crore. PBDT fell 23.24% to Rs 1018.79 crore. Provision for depreciation rose 4.74% to Rs 202.75 crore. Profit before interest, tax and other unallocable items (PBIT) has slumped 27.95% to Rs 848.53 crore. PBIT of Paints segment fell 28.46% to Rs 845.43 crore (accounting for 99.63% of total PBIT). PBIT of Home Improvement reported profit of Rs 3.10 crore compared to loss of Rs 4.19 crore. PBIT margin of Paints segment fell from 22.58% to 12.25%. PBIT margin of Home Improvement segment rose from negative 3.57% to 1.59%. Overall PBIT margin fell from 22.01% to 11.96%. Profit before tax down 28.02% to Rs 816.04 crore. Share of profit/loss was 13.41% lower at Rs 10.2 crore. Provision for tax was expense of Rs 221.07 crore, compared to Rs 293.62 crore. Effective tax rate was 26.76% compared to 25.63%. Minority interest decreased 57.22% to Rs 9.21 crore. Net profit attributable to owners of the company decreased 28.23% to Rs 595.96 crore.

Promoters' stake was 52.79% as of 30 September 2021, compared to 52.79% as of 30 September 2020. Promoters pledged stake was 9.03% as of 30 September 2021, compared to 11.86% as of 30 September 2020.

## Consolidated Segment Results

In Cr.

|                              | Quarter ending Sep. 21 | Quarter ending Sep. 20 | Var.(%) |
|------------------------------|------------------------|------------------------|---------|
| <b>Sales</b>                 |                        |                        |         |
| Paints                       | 6,901.72               | 5,232.88               | 32      |
| Home Improvement             | 195.24                 | 117.35                 | 66      |
| Total Reported Sales         | 7,096.96               | 5,350.23               | 33      |
| Less: Inter segment revenues | 0.95                   | 0                      | -       |
| Net Sales                    | 7,096.01               | 5,350.23               | 33      |
| <b>PBIT</b>                  |                        |                        |         |
| Paints                       | 845.43                 | 1,181.81               | -28     |
| Home Improvement             | 3.1                    | -4.19                  | LP      |
| Total PBIT                   | 848.53                 | 1,177.62               | -28     |
| Less : Interest              | 0.2                    | 0.25                   | -20     |
| Add: Other un-allocable      | -22.09                 | -31.85                 | -31     |
| PBT                          | 826.24                 | 1,145.52               | -28     |

### Management comments

**Amit Syngle, Managing Director & CEO of Asian Paints Limited.,** "The domestic Decorative business continued to move ahead on its high growth trajectory with an unprecedented 34% volume growth in the quarter and a strong compounded growth rates over the last 2 years. The Industrial Coatings business also registered strong double digit revenue growth led by robust demand for Protective Coatings and uptick in the automotive sector. The Home Improvement business continued to scale up in a significant manner registering its highest quarterly revenues, aided by strong alignment with the Projects business. Performance in the International Business was a mixed bag with good growth in the South Asian markets while markets in Middle East & Africa were sluggish with challenges around Covid and forex availability. Steep inflation seen in raw material prices, since the beginning of this calendar year, has been phenomenal and has impacted gross margins across all businesses in the quarter. We have taken a series of price increases and would look at further price increase to mitigate the impact of this persistently high inflation and are confident that we should be able to turn this around strongly in the coming quarter. All the businesses continue to engage in some ground-breaking work to enhance customer engagement and advance the value proposition of its various product and service offerings, further enlarging the organization's value creation potential".



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