

# Asian Paints Limited

CMP : Rs 1467.75

July 24, 2018

## Net profit up 30%

Asian Paints consolidated revenue from operations has risen by 15.5 % to Rs 4398.59 crore from Rs 3809.79 crore. Profit before depreciation, interest, tax and other income (PBDIT) for the group increased by 31.4 % to Rs 874.44 crore from Rs 665.38 crore. Profit before Tax (PBT) increased by 29.7 % to Rs 848.28 crore from Rs 654.27 crore. Net Profit after minority interest increased 30.6 % to Rs 558.02 crore as compared to Rs 427.44 crore in the previous corresponding period..

Standalone revenue from operations increased 16.2% to Rs 3706.24 crore from Rs 3188.73 crore. PBDIT for the quarter increased 38.2 % to Rs 824.83 crore from Rs 596.99 crore. Net Profit on a Standalone basis increased 35.4% to Rs 542.63 crore from Rs 400.86 crore.

"The Decorative paint business in India registered good double digit volume growth in the current quarter helped to an extent by the low base of the previous year. The GST rate reduction from 28% to 18% on paints is a welcome move and should help demand from the small consumers. The Company is taking steps to pass on the benefit of this rate reduction to the consumers. However, we are seeing a continuous increase in raw material prices and expect an inflation of almost 10% in the second quarter. We have passed on only a part of this impact through the cumulative 3.3% price increases taken in March 2018 and May 2018 and should have ideally looked at a further price increase. However, we may need to defer it due to the GST rate reduction.

In the Industrial business, good demand conditions in the General Industrial and Auto Refinish segment helped performance of the Automotive coatings JV (PPG-AP). While the Industrial Coatings JV (AP-PPG) saw good growth across both protective coatings as well as powder coatings segment.

Overall, International Operations faced challenging conditions with issues like forex unavailability, difficult weather conditions impacting business performance. Both the businesses in the Home Improvement category viz. the Kitchen (Sleek) and Bath (Ess Ess) business, registered strong growth in the quarter." **said K.B.S. Anand, Managing Director & CEO, Asian Paints Limited.**

## Consolidated Quarterly Performance

For quarter ended June 2018, net sales rose 15% to Rs 4390.27 crore compared to corresponding previous year period. The company operating margins rose 250 bps to 19.9%. As a result operating profit growth grew 31% to Rs 874.44 crore. Cost of raw material consumed as a percentage of net sales (net of stock adjustment) fell 30 bps to 53%, purchase of stock in trade fell 20 bps to 5.6%, employee benefit expense fell 50 bps to 6.7% and other expense decreased 140 bps to 15.6%.

Other income of the company fell 21% to Rs 61.65 crore. Interest cost increased 10% to Rs 8.77 crore. Depreciation remained flat at Rs 90.5 crore. PBT as a result rose 30% to Rs 836.82 crore. The effective tax rate fell to 33.1% compared to 33.5% owing to which the company's PAT rose 30% to Rs 559.85 crore. Considering share of profit of associate net profit increased 30% to Rs 571.31 crore.

## Consolidated year ended Performance

For year ended March 2018, net sales rose 12% to Rs 16824.55 crore compared to corresponding previous year period. The company operating margins fell 800 bps to 19%. As a result operating profit growth was 7% to Rs 3197.61 crore. Cost of raw material consumed as a percentage of net sales (net of stock adjustment) rose 10 bps to 51.5%, purchase of stock in trade rose 40 bps to 5.8%, employee benefit expense rose 10 bps to 6.7% while other expense decreased 50 bps to 16.9%

Other income of the company fell 16% to Rs 220.62 crore. Interest cost increased 17% to Rs 35.07 crore. Depreciation increased 8% to Rs 360.47 crore. PBT as a result rose 5% to Rs 3022.69 crore. The effective tax rate rose to 34.4% compared to 32.7% owing to which the company's PAT rose 2% to Rs 1981.73 crore. Considering share of profit of associate net profit increased 2% to Rs 2027.52 crore.

## INDEX DETAILS

|                 |          |
|-----------------|----------|
| SENSEX          | 36825.10 |
| NIFTY (S&P CNX) | 11134.30 |

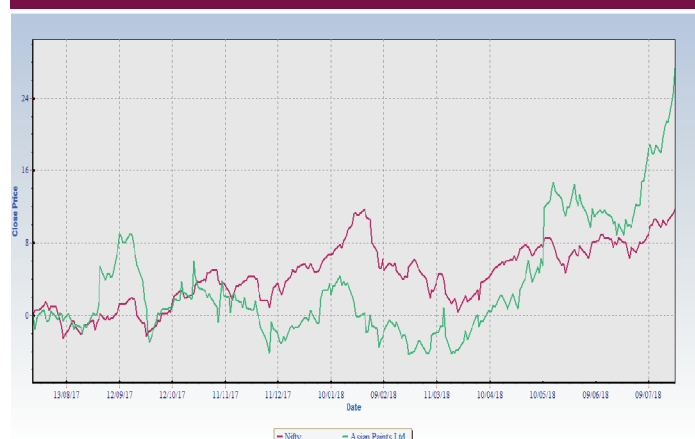
## SCRIP DETAILS

|                       |                             |
|-----------------------|-----------------------------|
| Industry              | Furniture,Furnishing,Paints |
| Mkt Cap (Rs in Crore) | 140685.55                   |
| Book Value (Rs)       | 81.30                       |
| Free Float (%)        | 47.21                       |
| Avg Vol Weekly (NSE)  | 1331040                     |
| 52 Week H/L (NSE)     | 1475.00 / 1082.00           |
| Dividend Yield (%)    | 0.59                        |
| BSE Code              | 500820                      |
| NSE Code              | ASIANPAINT                  |

## SHAREHOLDING PATTERN(%)

| PARTICULARS | LATEST QUARTER | PREVIOUS QUARTER |
|-------------|----------------|------------------|
| Promoters   | 52.79          | 52.79            |
| FIIIs       | 14.65          | 15.08            |
| DIIIs       | 11.87          | 11.70            |
| Others      | 20.69          | 20.43            |
| Totals      | 100            | 100              |

## Price Comparison with Sensex



## Asian paints Consolidated results

| Particulars                  | Q1FY19  | Q1FY18  | Var (%) | FY18     | FY17     | Var (%) |
|------------------------------|---------|---------|---------|----------|----------|---------|
| Net Sales                    | 4390.27 | 3815.22 | 15      | 16824.55 | 15061.99 | 12      |
| OPM (%)                      | 19.9    | 17.4    |         | 19       | 19.8     |         |
| OP                           | 874.44  | 665.37  | 31      | 3197.61  | 2986.42  | 7       |
| Other Income                 | 61.65   | 78.34   | -21     | 220.62   | 262.43   | -16     |
| PBDIT                        | 936.09  | 743.71  | 26      | 3418.23  | 3248.85  | 5       |
| Interest                     | 8.77    | 7.96    | 10      | 35.07    | 29.99    | 17      |
| PBDT                         | 927.32  | 735.75  | 26      | 3383.16  | 3218.86  | 5       |
| Depreciation                 | 90.5    | 90.52   | 0       | 360.47   | 334.79   | 8       |
| PBT                          | 836.82  | 645.23  | 30      | 3022.69  | 2884.07  | 5       |
| Tax                          | 276.97  | 216.04  | 28      | 1040.96  | 943.29   | 10      |
| PAT                          | 559.85  | 429.19  | 30      | 1981.73  | 1940.78  | 2       |
| Share of profit of associate | 11.46   | 9.02    | 27      | 45.79    | 49.61    | -8      |
| Net profit                   | 571.31  | 438.21  | 30      | 2027.52  | 1990.39  | 2       |
| EPS (Rs)*                    | 23.8    | 18.3    |         | 20.7     | 20.2     |         |

## Asian paints Standalone results

| Particulars  | Q1FY19  | Q1FY18  | Var (%) | FY18     | FY17     | Var (%) |
|--------------|---------|---------|---------|----------|----------|---------|
| Net Sales    | 3706.24 | 3202.88 | 16      | 14167.86 | 12647.11 | 12      |
| OPM (%)      | 22.3    | 18.6    |         | 20.6     | 21.1     |         |
| OP           | 824.83  | 596.99  | 38      | 2920.5   | 2670.84  | 9       |
| Other Income | 68.86   | 86.14   | -20     | 277.5    | 300.17   | -8      |
| PBDIT        | 893.69  | 683.13  | 31      | 3198     | 2971.01  | 8       |
| Interest     | 4.76    | 4.29    | 11      | 21.06    | 18.86    | 12      |
| PBDT         | 888.93  | 678.84  | 31      | 3176.94  | 2952.15  | 8       |
| Depreciation | 78.96   | 75.75   | 4       | 311.11   | 295.43   | 5       |
| PBT          | 809.97  | 603.09  | 34      | 2865.83  | 2656.72  | 8       |
| Tax          | 267.34  | 202.23  | 32      | 971.03   | 855      | 14      |
| PAT          | 542.63  | 400.86  | 35      | 1894.8   | 1801.72  | 5       |
| EPS (Rs)*    | 22.6    | 16.7    |         | 19.8     | 18.8     |         |

## NOTES :-

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