

CMP INR 3,374

Bloomberg Code	APNT IN
No of share O/S (in Cr)	95.91
Market Cap (in Rs Cr)	3,23,595
Face Value (in Rs)	1.0
Dividend Yield (%)	0.76
<u>52 Wk High/Low (in Rs)</u>	<u>3,590/2,686</u>

Shareholding (%)	
Promoters	52.63
Institutional	27.50
Government	0.05
Public	19.82
<u>Total</u>	<u>100.0</u>

Key result highlights:

- Consolidated Net Sales increased by 6.7% to ₹ 9,153.8 crores from ₹ 8,578.9 crores.
- Improvement in gross margins by 530 basis points in Q1 FY'24 as compared to Q1 FY'23.
- PBDIT increased by 36.3% to ₹ 2,121.3 crores from ₹ 1,556.0 crores.
- PBDIT Margin as % to Net Sales improved to 23.2% from 18.1% in the corresponding period of the previous year and 21.3% in Q4 FY'23.
- Profit before exceptional items and tax increased by 47.1% to ₹ 2,105.0 crores from ₹ 1,430.8 crores.
- Net Profit after minority interest increased by 52.5% to ₹ 1,550.4 crores from ₹ 1,016.9 crores.
- The operating margin expanded to 23.2% from 18.1% a year ago, and 21.3% a quarter ago.

Updates apart from financials

- Home Décor benefitted from high growth trajectory in fabrics, decorative lighting, UPVC windows & doors; focused on scaling up Kitchen & Bath
- Sustained double-digit revenue growth trajectory in Industrial Business
- On 23 June 2023, the Company has further acquired 11% stake of White Teak from its existing shareholders for a cash consideration of ₹ 53.8 crores. This is part of the staggered buyout plan and consequently, White Teak has become a subsidiary.

VERTICAL PERFORMANCE

Asian Paints Ltd is primarily engaged in the business of 'Paints and Home Decor'.

- International business: Sales decreased by 1.4% to ₹ 695.1 crores from ₹ 705.2 crores on the back of economic uncertainty, forex crisis and liquidity issues in key markets of Asia and Africa. In constant currency terms, sales increased by 3.8%. PBT before exceptional items was ₹ 26.5 crores as against ₹ 37.9 crores in the corresponding period of previous year.
- Home Décor business:
 - i. Bath Fittings business: Sales decreased by 28.2% to ₹ 84.7 crores from ₹ 118.0 crores on the back of high base in the last year due to price increases. PBDIT loss was ₹ 0.8 crores against profit of ₹ 4.2 crores in the corresponding period of the previous year.
 - ii. Kitchen business: Sales decreased by 12.0% to ₹ 96.0 crores from ₹ 109.0 crores on the back of high base in the last year due to price increases. The business achieved PBDIT break-even with PBDIT of ₹ 0.7 crores as against a loss of ₹ 4.0 crores in the corresponding period of previous year
 - iii. White Teak and Weatherseal: Sales at White Teak increased by 28.4% to ₹ 26.0 crores. Sales at Weatherseal more than doubled to ₹ 9.8 crores. Both these recent acquisitions are gaining from synergies with the Asian Paints network.
- Industrial business:
 - i. APPPG: Sales increased by 21.6% to ₹ 294.2 crores from ₹ 242.0 crores. PBT was ₹ 39.2 crores as against ₹ 12.0 crores in the corresponding period of previous year.
 - ii. PPGAP: Sales increased by 13.3% to ₹ 471.9 crores from ₹ 416.4 crores. PBT was ₹ 82.0 crores as against ₹ 32.0 crores in the corresponding period of previous year.

Concall Highlights:

- In Q1, the company achieved impressive results, driven by a robust double-digit volume growth of approximately 10%.
- The economy and premium segments are currently experiencing significant growth, but the luxury category is facing challenges and may need to consider price reductions if required.
- Notably, rural growth has shown improvement and nearly matched the growth rate of the urban market during Q1.
- The company anticipates maintaining a stable EBITDA margin within the range of 18% to 20%.
- Moreover, in Q1, the company successfully expanded its retail presence by adding approximately 6,000 new retail points, bringing the total retail touchpoints to around 160,000. This achievement surpasses the earlier guidance of adding 10,000 to 15,000 retail points for the entire FY24.

Financial Summary

Figures in Cr	Q1FY24	Q1FY23	YoY (%)	Q4FY23	QoQ (%)	FY23	FY22	YoY(%)
Net Sales	9,182.31	8,606.94	6.7	8,606.94	6.7	34,489	29,101	18.5
Raw material cost	5,241	5,361	-2.2	5,053	3.7	21,157	18,660.8	
<i>Raw Material To Sales (%)</i>	<i>57.1</i>	<i>62.3</i>		<i>58.7</i>		<i>61.3</i>	<i>64.1</i>	
Employee Cost	545.68	489.59	11.5	522.04	4.5	2,028.07	1,786.67	13.5
<i>Employee Cost To Sales (%)</i>	<i>5.9</i>	<i>5.7</i>		<i>6.1</i>		<i>5.9</i>	<i>6.1</i>	
Other Expenses	1,274.95	1,199.50	6.3	1,347.32	6.3	5,044.18	4,210.25	19.8
<i>Other Expenses To Sales (%)</i>	<i>13.9</i>	<i>13.9</i>		<i>15.7</i>		<i>14.6</i>	<i>14.5</i>	
EBITDA	2,152	1,545	39.3	1,863	15.5	6,305	4,719	33.6
<i>EBITDA Margin (%)</i>	<i>23.4</i>	<i>17.9</i>		<i>21.7</i>		<i>18.3</i>	<i>16.2</i>	
Depreciation	198.32	208.1	-4.7	220.17	-9.9	858.02	816.36	5.1
<i>Depreciation To Sales (%)</i>	<i>2.2</i>	<i>2.4</i>		<i>2.6</i>		<i>2.5</i>	<i>45.7</i>	
EBIT	1,954	1,336	46.2	1,643	18.9	5,447	3,903	39.5
<i>EBIT Margin (%)</i>	<i>21.3</i>	<i>15.5</i>		<i>19.1</i>		<i>15.8</i>	<i>218.5</i>	
Other Income	197.07	98.97	99.1	105.48	86.8	386.48	380.01	1.7
Interest	45.75	28.75	59.1	38.91	17.6	144.45	95.41	51.4
Interest Coverage Ratio (X)	43	46		42		38	41	-7.8
<i>Interest Cost to Sales (%)</i>	<i>0.5</i>	<i>0.3</i>		<i>0.5</i>		<i>0.4</i>	<i>0.3</i>	
Profit Before Tax	2,104.96	1,406.62	49.6	1,709.85	23.1	5,688.83	4,187.72	35.8
<i>PBT Margin (%)</i>	<i>22.9</i>	<i>16.3</i>		<i>19.9</i>		<i>16.5</i>	<i>14.4</i>	
Tax	530.12	370.59	43.0	451.44	17.4	1,493.50	1,102.91	35.4
<i>Tax Rate (%)</i>	<i>25.2</i>	<i>26.3</i>		<i>26.4</i>		<i>26.3</i>	<i>25.6</i>	
Profit After Tax	1,574.84	1,036.03	52.0	1,258.41	25.1	4,195.33	3,084.81	36.0
<i>PAT Margin (%)</i>	<i>17.2</i>	<i>12.0</i>		<i>14.6</i>		<i>12.2</i>	<i>10.6</i>	
Adjusted EPS	16.2	10.6	52.5	12.9	25.6	42.8	31.6	35.5

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