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A STUDY ON FINANCIAL STRENGTH AND INVESTMENT PERFORMANCE OF ASIAN PAINTS LIMITED

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Abstract
Financial Strength and Investment Performance of Asian Paints Limited aims to analyze the financial health and investment potential of one of India's leading paint manufacturing companies. Asian Paints Limited has consistently been a market leader in the Indian paint industry with strong brand equity and Pan-India presence. The study evaluates the company's financial strength using key financial tools such as Ratio Analysis, Profitability Analysis, Liquidity Analysis, Solvency Analysis and Comparative Balance Sheet analysis for a period of five years from 2019-20 to 2023-24.

The investment performance of the company is assessed through market-related indicators such as Earnings Per Share (EPS), Price Earnings Ratio (P/E Ratio), Return on Equity (ROE), Dividend Yield, and Net Asset Value trend. The data for the study is collected from secondary sources including annual reports of Asian Paints, NSE and BSE websites, and other financial databases. The findings of the study reveal that Asian Paints maintains a strong financial position with consistent revenue growth, efficient working capital management, and high profitability margins compared to industry averages. The investment analysis shows that the company has delivered stable and positive returns to its investors in the long term, making it a preferred stock for long-term investors, though short-term fluctuations are influenced by raw material price volatility and market conditions. The study concludes that Asian Paints Limited is financially sound and remains a fundamentally strong company for investment, and provides suggestions to improve cost efficiency and sustain growth in a competitive market.

Keywords:
Financial Strength, Investment Performance, Ratio Analysis, Profitability, Asian Paints Limited.

INTRODUCTION OF THE STUDY

Finance is the lifeblood of every business organization. The financial strength of a company determines its ability to survive, grow, and compete in the market in the long run. Financial analysis is the process of evaluating the financial position and performance of a company through its financial statements like Profit and Loss Account and Balance Sheet. Investment performance analysis is equally important as it helps investors to understand the return, risk, and growth potential of a company before making investment decisions.

A company with strong financial fundamentals will generally provide better and consistent returns to its investors. The Indian paint industry is one of the fastest growing industries in India, valued at over Rs. 70,000 crores. It is driven by growth in construction, real estate, automotive and industrial sectors. Among the players, Asian Paints Limited is the undisputed market leader with more than 50% market share in the organized decorative paint segment. This study attempts to analyze the financial strength and investment performance of Asian Paints Limited to understand how efficiently the company manages its finances and how rewarding it has been for its shareholders.

Types of Finance

The three main types of finance are personal finance, corporate finance, and public finance.

1. Personal Finance

Personal finance is the management of an individual’s or household’s income, expenses, investments, and obligations, such as income tax. Individuals often work with a

personal banker, investment advisor, accountant, mortgage broker, and other professionals to manage their financial situation.

2. Corporate Finance (Business)

From a business perspective, corporate finance is the management of a company's funding and its revenue sources, capital structure, and profit and loss (P&L) statement. Financial professionals employed by companies are responsible for managing the companies' capital and financial performance. These roles include accountants, financial analysts, finance managers, and executives, such as the Chief Financial Officer (CFO).

Examples of Finance Activities

- Investing personal or client money in stocks, bonds, or guaranteed investment certificates (GICs).
- Borrowing money from institutional investors by issuing bonds on behalf of a public company.

Types of Investments

1. Savings Accounts

Savings accounts are one of the most common types of investment. They are low-risk ways to put money in a bank account while earning interest on This option is more suitable for beginners who have just started their investment journey and are looking to save money every month or a lump sum of money at once. However, they do not guarantee high returns over time.

2. Fixed Deposit (FD)

Fixed Deposits (FDs) are among the most favored traditional investments in India. You can deposit a fixed amount in your bank and receive guaranteed returns

Objectives of Investment

Helps grow your savings over time, providing a financial buffer for future needs like retirement or unexpected expenses.

Some investments offer tax advantages, reducing your overall tax burden.Moreover, investing helps hedge against inflation, ensuring your money retains its purchasing power.

Difference Between Savings and Investment

Savings

Savings are like keeping water in a bottle, i.e., safe, accessible and ready whenever you're thirsty. It's the portion of your income you set aside for short-term requirements or exigencies, usually parked in a bank account or FD. Savings have high liquidity and minimal risk. But they don't grow your wealth much.

Investment

Investments are the same as planting seeds in a garden, you do not see results overnight. But over time, they grow into something bigger. Here, you allocate funds in financial instruments (i.e., mutual funds, stocks, bonds or ULIPs) with the motive of building wealth over the long term.

Investment plans in India work

Short-term Investment Plans

Short-term investment plans are usually held for a few months up to three years and are well-suited for meeting near-term financial requirements. They offer quick access to funds while focusing on capital preservation and stable returns. Common options involve FDs, liquid funds and other low-risk instruments.

Long-term Investment Plans

Long-term investment plans are tailored for periods generally surpassing five years and are aligned with major financial goals, i.e., retirement, wealth creation or children's higher education. They involve equities and mutual funds, which offer higher growth potential over time.

Start investing as a beginner

Starting your investment journey begins with a plan, not a product. Before making an investment, takes time to assess your financial goals, income, expenses and prevailing savings. This clarity assists you in understanding how much you can invest comfortably and consistently.

Set clear goals

Investing in could be buying a home, funding education, or planning retirement. Clear goals give your investments direction and purpose. They assist you in choosing suitable investment options, determine how long to stay invested and allocate funds in an effective manner.

Factors to Consider Before Investing

Investing is not just about chasing the highest returns; it's about making choices that match well with your goals, comfort level and future plans. Think of it as mapping out a road trip: you require being aware of where you are going, how long the journey will take and what you will need along the way.

Zeroing in on the best investment option

Short-term goal – For instance, four-wheeler purchase in three years - debt mutual fund

Long-term goal – For instance, purchasing a flat in 10 years - equity funds or stocks

Save on taxes with long-term investment products

Some investments grow your wealth as well as lower your tax bill. Instruments (i.e.,

Asset type	Risk level	Returns potential	Liquidity	Suitable for
PPF	Low	Moderate	Low (15-year lock-in)	Long-term wealth and retirement savings
Equity (Stocks/Equity MFs)	High	High	High (but market-dependent)	Long-term growth and beating inflation
ULIP	Moderate-High	Moderate-High	Low (five-year lock-in)	Dual benefit of insurance plus investment
Real Estate	Moderate	Moderate-High	Low (time to sell)	Wealth creation and long-term asset holding
FDs	Low	Low-Moderate	High (premature withdrawal possible)	Capital safety and short-term parking

ELSS, PPF, ULIPs and NPS) qualify for tax deductions (as per Section 80C), making them prudent and efficient productsfor investors.

Investments as Per Life Stages

Your investment journey is not static in nature; it evolves with your life. The appropriate plan at the age of 25 may not be suitable for you at 50. Here is how your requirements and choices can adapt at each life stage:

First job

You have just started earning. This is the right time to plant the seeds of wealth. Begin with small investible amount. Opt for investment options such as ELSS or any suitable equity mutual funds for long-term growth. Add basic term insurance to safeguard the financial future of your family. Even ₹2,000 invested a month can grow significantly over long time.

Retirement

Here is when your focus shifts from wealth creation to wealth preservation and income generation. Zero in on money-back policies, ULIP-related retirement plans or pension schemes that endow a regular payout while

keeping you insured. Wondering, what's the aim here? It is basically to maintain your lifestyle with zero need for depending on others.

History

The company was started in a garage in Gaiwadi, Girgaon, Mumbai by four Jain friends Champaklal Choksey, Chimanlal Choksi, Suryakant Dani and Arvind Vakil, in February 1942. During World War II and the Quit India Movement of 1942, a temporary ban on paint imports left only foreign companies and Shalimar Paints in the market. Asian Paints took up the market and reported an annual turnover of ₹23 crore in 1952 but with only 2% PBT margin. By 1967, it became the leading paints manufacturer in the country.

In 2002, Asian Paints acquired a 60% stake in Egyptian paint manufacturer SCIB Chemicals for ₹24.5 crore (US$5.04 million).It also acquired a 50.1% stake in the SGX-listed Berger International Singapore, which had operations in 11 countries across Southeast Asia, West Asia, the Caribbean, China and Malta, for US$20.8 million. Later that year, it entered the Bangladesh market by incorporating a joint venture with Confidence Group.

In 2022, Asian Paints acquired a 49% stake in the Indian decorative lighting company White Teak for ₹180 crore (US$22.9 million), before buying another 11% the following year.

Corporate structure

Ownership

The families of the four founders (Choksey, Choksi, Dani and Vakil) together held the majority shares of the company. But disputes started over the global rights in 1990s when the company expanded beyond India. ChampaklalChoksey died in July 1997 and his son Atul took over. After failed collaboration talks with the British company Imperial Chemical Industries, Choksey family's 13.7% shares were mutually bought by the remaining three families and Unit Trust of India. As of 2008, the Choksi, Dani and Vakil families hold a share of 47.81%.[9] AshwinsDani, the non-executive director of Asian Paints, died on 28 September 2023 at the age of 79. As per the Forbes list of India's 100 richest tycoons, dated 9 October 2024, Dani family is ranked 36th with a net worth of $8.1 billion.

Shareholding pattern

As of 12 August 2024

Category of Shareholder	Shareholding
Promoter Group	52.63%
FII	15.27%
DII	12.36%
Public	19.68%
Others	0.06%
Total	**100%**

Manufacturing locations

The company along with its subsidiaries have 27 manufacturing facilities across 15 countries serving customer globally in over 60 countries.

S. No.	Country	Number of manufacturing plants	Location/operating brand
1	India	10	Ankleshwar & Sarigam (Gujarat), Patancheru (Telangana), Kasna (UttarPradesh), Sriperumbudur (TamilNadu), Rohtak (Haryana), Khandala &Taloja (Maharashtra), Mysuru (Karnataka), Visakhapatam (Andhra Pradesh)
2	Sri Lanka	2	Asian Paints Causeway
3	Nepal	2	Asian Paints
4	Bangladesh	2	Asian Paints
5	Indonesia	1	Asian Paints
6	Fiji	1	Apco Coatings &Taubmans

REVIEW OF LITRETURE

According to Choksi (2012), a study by Cap Gemini Consulting, Asian Paints, with a $10.6 billion US annual revenue, is the biggest paint manufacturer in India. Asian Paints directly holds a 40 percent showcase share within the enhancing paints industry. Our company does approximately 80% of its commerce in India, which has the fastest-growing coatings showcase within the world.

According to Kotler (2018), a person's satisfaction is determined by how well or poorly they feel a product performs in comparison to their expectations. The assessment of contentment is predicated on every encounter an individual has with a specific business concerning the merchandise it provides, the sales procedure, and the after-sale assistance

Sonawane (2016) conducted a research study titled "Examining the Influence of Competition on Marketing Strategies." The study focused on electronic retailing, which encompasses both television and internet platforms. The primary objective was to understand how companies effectively motivate individuals to engage in specific actions, such as picking up the phone or visiting a website, ultimately leading to a purchase.

ENVIRONMENT

SUSTAINABLE OPERATIONSENERGY

Metric	Baseline value	Performance 2025-26	Target 2030
Reduction in specific electricity consumption per KL of finished product (KWh/KL)	116 FY 2013-14	87.3 25%	54.4 53%
Renewable electricity in total electricity consumed across factories	0.1 FY 0.2 2013-14	56.5	100
PRODUCT STEWARDSHIP(Metric)	Baseline value	Performance 2025-26	Target 2030
Greenhouse Gases (GHGs) footprint reduction through formulation optimization (tCO2e)	3,700 FY 2020-21	139,013 Cumulative reduction from FY 2022-23	120,000 Cumulative reduction from FY 2022-23
Renewable/bio-based raw materials in product offerings(%)	6.5 FY 2020-21	7 7.7% Increase in renewable content	30% Increase in renewable content
Lead and heavy metalsfree paint	100% Products free of lead and added heavy metals FY 2020-21	100% Architectural coatings free of lead and heavy metals	100%$ Architectural coatings to be lead and heavy metals-free
Minimizing/eliminating the use of CMR* raw materials (Kg/KL) *CMR stands for carcinogenic, mutagenic and reprotoxic substances	19.9 with styrene FY 2020-21 4.5 Without styrene FY 2020-21	23.2 17% 3.8 15%	25% reduction
WATER NEUTRALITY			
Metric	Baseline value	Performance 2025-26	Target 2030
Reduce specific non-process water intensity (KL/KL)	0.97 FY 2013-14	0.44 54%	0.24 75%
Water replenishment as a percentage of freshwater consumption (%)	0.1 FY 2013-14	589	600

RESULT

Environmental Performance

The environmental performance of Asian Paints demonstrates significant progress towards sustainable operations. The company has established measurable targets for energy efficiency, renewable electricity, product

stewardship, water neutrality, waste reduction and emission reduction. The performance indicators for 2025–26 show that several environmental initiatives have already achieved substantial progress against their baseline values.

Energy Efficiency

The specific electricity consumption per kiloliter of finished product decreased from 116 kWh/KL in FY 2013–14 to 87.3 kWh/KL in 2025–26, representing a 25% reduction. The company has set a target of reducing this further to 54.4 kWh/KL by 2030, equivalent to a 53% reduction from the baseline.

Product Stewardship

The company's product stewardship initiatives indicate a strong focus on reducing the environmental impact of its products. The cumulative reduction in greenhouse gas emissions through formulation optimization reached 139,013 tCO_2e in 2025–26, compared with the baseline of 3,700 tCO_2e. The target for 2030 is a cumulative reduction of 120,000 tCO_2e from FY 2022–23.

Social Performance and Stakeholder

The social performance of Asian Paints focuses on customers, communities, employees, water stewardship and the creation of an equitable and inclusive workplace. The 2025–26 results demonstrate strong performance in several social indicators.

Customer and Community Relationships

The company reported 700 Start/community sites during 2025–26, against a target of 1,000 sites by 2030. These initiatives indicate an effort to strengthen relationships with customers and communities.

The company's Net Promoter Score (NPS) was 73.6, which is higher than the 2030 target of 70. This suggests a strong level of customer satisfaction and positive customer advocacy.

Under world-class governance, the company has committed to becoming a leader in ESG assessments. This demonstrates that governance is being treated as an important part of long-term sustainability and corporate responsibility.

CONCLUSION

Based on the 2025–26 performance indicators, the study concludes that Asian Paints has made substantial progress in implementing its ESG and sustainability objectives. The company has demonstrated strong environmental performance through improved energy and water efficiency, increased renewable electricity usage, effective product stewardship and water replenishment initiatives. Its social performance is also positive, with high customer satisfaction, expanded community training and healthcare programmes, strong employee

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