



# Performance Analysis Of Selected Paint Companies In India

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## Abstract

Given the strong competitiveness of today's business environment, maximizing profit is the primary goal of any organization. Profit is simply the surplus income earned when a company's revenue exceeds its expenditures. To fully assess an organization's financial performance, it is necessary to examine its profitability trends over a specific time period. Financial analysis serves as a valuable tool for investors, stakeholders, and industry analysts to make informed decisions regarding investments and collaborations with the respective companies. A variety of methodologies and instruments are available in the discipline of financial accounting to measure an organization's performance. This research looks into the financial performance of certain paint firms in India, using ratio analysis and statistical approaches to analyze the data. The research spans a five-year period, from 2019 to 2023. The study's findings reveal that Asian Paints and Berger Paints are leaders in the paint industry, showcasing strong financial performance, profitability, and efficiency. However, Nerolac Paints has room for improvement, particularly in profitability and efficiency aspects.

Keywords- Performance Evaluation, Ratio Analysis, DU Pont Analysis.

## 1.INTRODUCTION

The paint industry has played a pivotal role in transforming surfaces, beautifying spaces, and providing protection for various applications. Over the years, this industry has witnessed exponential growth and remarkable advancements, positioning it as a critical component of the global economy. This introduction provides an in-depth overview of the paint industry, with a focus on three prominent players - Asian Paints, Berger Paints, and Nerolac Paints, along with key milestones and developments that have shaped their trajectories. The paint industry's historical evolution and modern-day innovations highlight its significance in transforming spaces and protecting surfaces. Asian Paints, Berger Paints, and Nerolac Paints stand as beacons of success and resilience in this competitive landscape. Through a comparative analysis of these companies, this report aims to provide comprehensive insights into their financial performance, profitability, liquidity, solvency, and efficiency. By understanding the strengths and areas for improvement of each company, investors, stakeholders, and industry observers can make informed decisions and gain a holistic view of the paint industry's prospects.

## Overview of the Paint Industry

The history of the paint industry dates back to ancient times, with the use of naturally derived pigments and resins for decorative and protective purposes. However, it was in the late 19th and early 20th centuries that the paint industry underwent significant transformations, driven by industrialization and technological advancements. The introduction of synthetic pigments and the development of durable coatings marked a turning point for the industry.

### Asian Paints: From Humble Beginnings to Global Leadership

Established in 1942 by Champaklal Choksey, Chimanlal Choksi, Suryakant Dani, and Arvind Vakil, Asian Paints began its journey as a small partnership firm in Mumbai, India. Over the years, the company expanded its product range and geographical presence, becoming India's leading paint manufacturer. In 1967, Asian Paints went public and got listed on the Bombay Stock Exchange, symbolizing its growth and progress. With a vision to be a global player, Asian Paints started its international operations in 1975 by setting up a manufacturing unit in Jamaica. Since then, the company has continuously expanded its footprint in various countries across Asia, the Middle East, Africa, and the Caribbean. Asian Paints' commitment to innovation, sustainable practices, and customer-centricity has been instrumental in establishing it as one of the largest and most successful paint companies worldwide.

### Berger Paints: Over a Century of Steady Growth and Innovation

Berger Paints, one of the oldest paint companies, traces its roots back to 1760 when Lewis Berger, a German national, began manufacturing paints in the United Kingdom. The company's journey in India commenced in 1923, when it set up its first manufacturing unit in Kolkata. Berger Paints (India) Limited was officially incorporated in 1923, and in 1983, it became a public limited company. Over the years, Berger Paints has expanded its product range to include decorative, industrial, and protective coatings. The company's commitment to research and development has led to the introduction of technologically advanced products, catering to diverse customer needs. Berger Paints' strategic acquisitions and collaborations have further strengthened its position in the Indian and global markets, reflecting its steady growth and commitment to innovation.

### Nerolac Paints: A Growing Presence in the Paint Industry

Nerolac Paints, part of the Kansai Nerolac Paints Limited, commenced its operations in India in 1920, making it one of the pioneers in the Indian paint industry. Initially known as Gahagan Paints and Varnish Co. Ltd., the company was later acquired by Kansai Paints, a Japanese multinational, in 2006. Under the ownership of Kansai Paints, Nerolac Paints expanded its product portfolio and manufacturing capabilities, enabling it to cater to both decorative and industrial segments. The company's focus on quality, value-driven products, and expanding its distribution network has contributed to its growing presence in India and other Asian countries.

## 2.Objective of the Study

The primary objective of this study is to conduct a comprehensive financial performance analysis of the paint industry, focusing on the companies Asian Paints, Berger Paints, and Kansai Nerolac Paints. The analysis aims to provide a deep understanding of each company's financial health, operational efficiency, and profitability trends over the five-year period from 2019 to 2023.

## 3.Research Methodology

To conduct the financial analysis of Asian Paints, Berger Paints, and Nerolac Paints, data was collected from reputable financial websites such as **Money Control and Yahoo Finance**. These sources provide accurate and up-to-date financial information. Several financial ratios were chosen to assess the financial performance, profitability, liquidity, solvency, and efficiency of the three paint companies.

Ratio analysis is used as a financial analysis technique for extracting crucial financial data from a company's financial statements. It provides a short and comprehensive snapshot of a company's financial performance and health by assessing several financial ratios such as liquidity, profitability, solvency, and efficiency ratios.

These ratios provide critical information about a company's capacity to satisfy short-term obligations, produce profits, manage debt, and utilize its assets efficiently. In summary, ratio analysis is used as a tool for distilling complex financial data into relevant insights that aids in overall financial situation assessment.

Data collected from the financial websites was organized and analyzed using Microsoft Excel. The Excel spreadsheet allowed for efficient data management and calculation of the selected financial ratios. Each company's financial ratios were calculated for the most recent fiscal year available. The calculated financial ratios for Asian Paints, Berger Paints, and Nerolac Paints were then comparatively analyzed. A side-by-side comparison of the ratios allowed for identifying patterns, trends, and variations among the companies. The goal was to gain a better understanding of the companies' relative financial positions and performance.

The interpretation of the financial ratios involved a qualitative analysis of the results. Key findings were identified, focusing on the strengths and weaknesses of each company. The interpretation aimed to provide meaningful insights into the financial health and performance of the paint companies.

Various financial tools were employed to enrich the analysis. The DuPont Analysis helped to decompose the Return on Equity (ROE) into its constituent components, such as Profit Margin, Asset Turnover, and Financial Leverage. Additionally, the calculation of Beta ( $\beta$ ) helped gauge the companies' market risk and volatility relative to the market index.

#### 4.Literature Review

The major goal of financial reports is to provide information on a company's financial status, operational performance, changes in corporate governance, and cash flow. (Almagtome et al., 2019). Financial reports' main objective is to give interested parties a thorough insight of a company's financial situation, operational performance, changes in corporate governance, and cash flow management. Through balance sheets, income statements, these reports give a snapshot of the company's financial stability, profitability, and efficiency. They also describe the company's proficiency in managing cash flow.(Davies, 2018).

Financial reports help investors, creditors, regulators, and other interested parties to monitor the overall health of the organisation by attaining these goals (Naji Ali et al., 2019). A firm's valuation is influenced by a variety of factors, including financial decisions, investment strategy, capital structure, growth trajectory, and company size. Among these characteristics, the company's financial performance is critical for prospective investors when contemplating equity investments. As a result, an unshakable commitment to maintaining and improving financial performance is required (Pascareno & Siringoringo, 2016).

Financial performance is a multidimensional notion. According to Ranjbar et al., (2017), it is the unit's ability to efficiently use its resources to develop outputs that are aligned with its objectives and meet the needs of its stakeholders. Stephen, (2019) define financial performance in a broader sense as a snapshot of a firm's financial status at a certain point in time or over a specified period, incorporating many aspects of its operational prowess. It reflects the convergence of activities that result in the facility, and it assesses the amount to which these activities contribute to value creation and effectiveness in deploying existing financial resources while achieving financial goals with low financial outlays.

Financial performance is an important tool for managers because it allows them to scrutinise a company's operational behaviour and ensure that its strategic trajectory is aligned with the imperatives of survival and competitiveness. According to (Fung, 2014), a thorough knowledge of the financial situation becomes difficult in the absence of critical data and information. Simultaneously, for those who rely on financial reports, this data is a vital resource for determining both the organization's strengths and risks. Furthermore, it enables stakeholders to use this financial performance data to make better educated decisions. Investors, in particular, profit significantly from a thorough understanding of financial success, which manifests in the attainment of numerous goals (Buckley et al., 2017). Elshandidy et al., (2018) underline the potential benefits of maintaining an informed voluntary disclosure system. The advantages include increased credibility, better investor relations, access to more liquid markets, greater pricing and decision-making capabilities, reduced perceived risk and reputational enhancement, and a potentially lower cost of capital.

While annual reports are widely acknowledged as an important source of information for decision-making (Solomon et al., 2000) they are not the only way for corporations to publish risk information. A increasing body of research emphasises the necessity of using quantitative methods such as Ratio Analysis, in addition to annual reports, to acquire a more thorough view of a company's risk profile and financial health.

According to Dewi et al., (2019) high-quality financial statements are helpful when they provide complete and understandable information without aiming to deceive readers. This characteristic of financial reporting guarantees that stakeholders have a precise and reliable understanding of a company's financial status, assisting them in making decisions.

An effective management system must be built on a solid foundation of high-quality accounting data. The fundamental building block for determining a company's present financial and asset condition, as well as for tracking shifts and trends in particular criteria, is accounting data. As a result, organised accounting and internal audit systems are crucial parts of modern management systems, with the data produced within these systems serving as their main building block (Pelekh et al., 2020)

## 5.DATA ANALYSIS AND DISCUSSION

### COMPARATIVE RATIO ANALYSIS

#### LIQUIDITY RATIOS

Liquidity is a ability of a company to fulfil its short-term liabilities. Liquidity ratios are financial measurements that examine a company's capacity to satisfy its short-term financial obligations using accessible liquid assets that can be turned into cash quickly and without considerable loss of value. These ratios reveal a company's short-term financial health, ability to fund current expenses, and ability to withstand unanticipated financial crises. The liquidity ratios used in this study are Current Ratio and Liquid Ratio.

**Current Ratio:** The current ratio evaluates a company's capacity to use its current assets to cover its short-term liabilities. Better short-term liquidity is indicated by a larger current ratio.

**Quick Ratio:** Since inventory might not be readily convertible to cash, the quick ratio, also known as the acid-test ratio, is a stricter liquidity measurement that removes inventory from current assets.

Liquidity ratios		2019	2020	2021	2022	2023
Current ratio	Asian paint	1.47	1.73	2.03	2.00	2.09
	Berger paint	1.69	1.52	1.71	1.42	1.40
	Kansai Nerolac Paints	2.44	2.71	2.56	2.44	2.52
Quick ratio	Asian paint	0.86	0.96	1.39	1.19	1.31
	Berger paint	0.88	0.77	0.92	0.61	0.62
	Kansai Nerolac Paints	1.27	1.61	1.60	1.21	1.38
Solvency Ratios						





#### Asian Paints:

**Current Ratio:** The current ratio of Asian Paints ranges from 1.47 to 2.09 over the provided period. This indicates that the company has sufficient current assets to cover its short-term liabilities, suggesting a healthy liquidity position.

**Quick Ratio:** The quick ratio of Asian Paints is between 0.86 and 1.39, which is generally above 1. This indicates that the company has enough quick assets (excluding inventory) to meet its short-term obligations.

#### Berger Paints:

**Current Ratio:** The current ratio of Berger Paints ranges from 1.40 to 1.71, indicating that the

company's current assets are generally sufficient to cover its short-term liabilities. However, the current ratio is relatively lower than that of Asian Paints, suggesting a slightly weaker liquidity position.

**Quick Ratio:** The quick ratio of Berger Paints is between 0.61 and 0.92, which is generally below 1. This suggests that the company's quick assets may be relatively lower, and it relies more on inventory to meet short-term obligations.

#### Kansai Nerolac Paints:

**Current Ratio:** The current ratio of Kansai Nerolac Paints ranges from 2.44 to 2.71, indicating a strong liquidity position. The company has ample current assets to cover its short-term liabilities, and its current ratio is higher than that of both Asian Paints and Berger Paints.

**Quick Ratio:** The quick ratio of Kansai Nerolac Paints is between 1.21 and 1.61, which is generally above 1. This indicates that the company has sufficient quick assets to meet its short-term obligations without relying heavily on inventory.

#### Comparison:

Among the three companies, Kansai Nerolac Paints consistently shows the highest current and quick ratios, indicating the strongest liquidity position.

Asian Paints also maintains a healthy liquidity position, with current and quick ratios in the moderate to high range.

Berger Paints has relatively lower current and quick ratios compared to its peers, suggesting a slightly weaker liquidity position.

## SOLVENCY RATIOS

Solvency is the ability of a company to fulfill its long-term liabilities.

Solvency Ratios Analysis:

#### a. Debt to Equity Ratio:

The debt-to-equity ratio calculates how much of a company's funding is provided by equity and debt. reduced financial leverage and reduced risk are both indicated by a lower debt to equity ratio. It tells how much proportion of business owned by external long-term lenders.

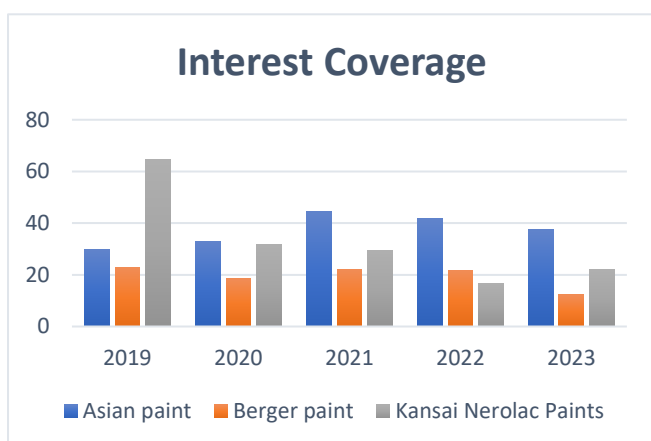
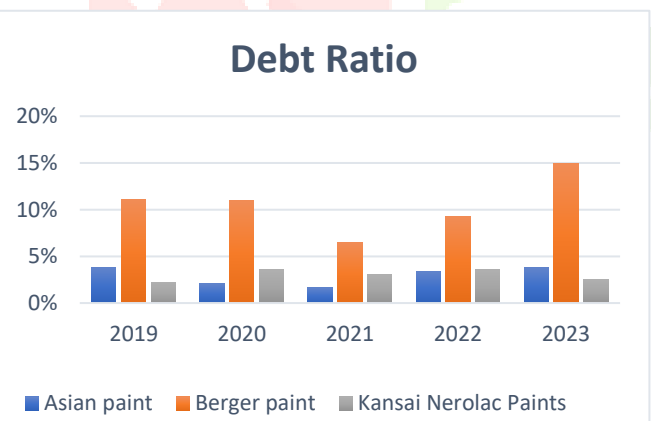
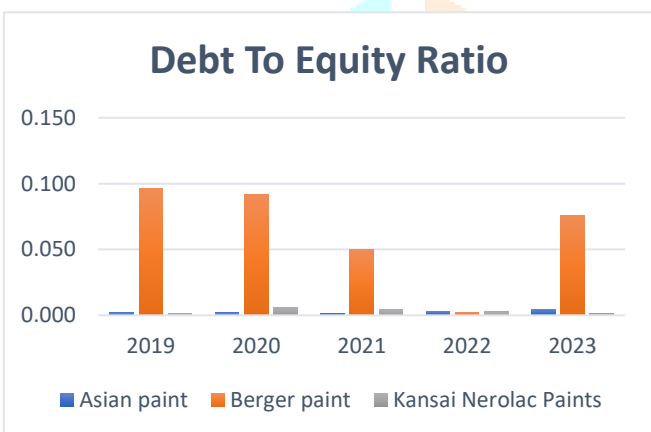
#### b. Debt Ratio (%):

The percentage of a company's assets that are financed by debt is shown by the debt ratio. A lower debt ratio signifies more cautious financing and lesser financial risk.

**c. Interest Coverage Ratio:**

A company's capacity to pay its interest commitments out of its earnings before interest and taxes (EBIT) is measured by its interest coverage ratio. An organization's ability to service its interest payments is suggested by a higher interest coverage ratio.

Solvency Ratios		2019	2020	2021	2022	2023
<b>Debt to equity</b>	Asian paint	0.002	0.002	0.001	0.003	0.005
	Berger paint	0.097	0.091	0.050	0.003	0.076
	Kansai Nerolac Paints	0.001	0.006	0.004	0.003	0.001
<b>Debt ratio (%)</b>	Asian paint	4%	2%	2%	3%	4%
	Berger paint	11%	11%	6%	9%	15%
	Kansai Nerolac Paints	2%	4%	3%	4%	3%
<b>Interest Coverage Ratio</b>	Asian paint	30	33	44	42	37
	Berger paint	23	18	22	22	12
	Kansai Nerolac Paints	65	32	29	17	22
<b>Efficiency Ratios</b>						



**Company Analysis:**

**a. Asian Paints:**

The debt-to-equity ratio of Asian Paints is very low, ranging from 0.001 to 0.005. This indicates that the company relies significantly on equity financing and has minimal debt, making it less risky in terms of solvency.

The debt ratio of Asian Paints ranges from 2% to 4%, which is very low, signifying a conservative financing structure and a stable financial position.

The interest coverage ratio of Asian Paints is consistently high, ranging from 30 to 44. This indicates the company has a strong ability to cover its interest expenses from its operating profits.

**b. Berger Paints:**

The debt-to-equity ratio of Berger Paints ranges from 0.003 to 0.097. While the ratio is generally higher than that of Asian Paints, it is still relatively low, suggesting the company has a balanced financing mix.

The debt ratio of Berger Paints ranges from 6% to 15%, indicating moderate financial leverage and a relatively stable financial position.

The interest coverage ratio of Berger Paints varies but is generally reasonable, ranging from 12 to 23, suggesting the company can comfortably meet its interest obligations.

### c. Kansai Nerolac Paints:

The debt-to-equity ratio of Kansai Nerolac Paints is quite low, ranging from 0.001 to 0.006. This indicates the company relies mostly on equity

financing and has minimal debt, making it financially stable.

The debt ratio of Kansai Nerolac Paints ranges from 2% to 4%, which is low, indicating a conservative financial structure and good solvency.

The interest coverage ratio of Kansai Nerolac Paints is consistently high, ranging from 17 to 65, indicating a strong ability to meet its interest obligations.

## EFFICIENCY RATIOS

Efficiency, in a business context, refers to the ability of an organization to utilize its resources effectively to achieve its objectives and maximize output while minimizing input. It is a measure of how well a company uses its resources (such as capital, labor, time, and materials) to produce goods or services.

### Asset Turnover Ratio:

The asset turnover ratio gauges how effectively a business generates sales income from all of its assets. Better asset utilization and efficiency are indicated by a greater asset turnover ratio.

### Inventory Turnover Ratio:

The inventory turnover ratio determines how frequently a company's stock is sold and replaced over a given time frame. An increased inventory turnover ratio denotes effective inventory control.

### Inventory (Holding) Days:

The number of days it takes for a business to sell all of its inventory is measured in inventory days. Lower inventory days suggest a quicker turnover of the stock and better inventory control.

### Receivable Turnover Ratio:

The ratio of accounts receivable to total revenue reveals how successfully a business collects money from its clients. A higher ratio of outstanding to total receivables shows effective receivables management.

### Average Collection Period:

The average collection period measures how long it typically takes a business to collect its accounts receivable. Receivables are collected more quickly when the collection periods are lower.

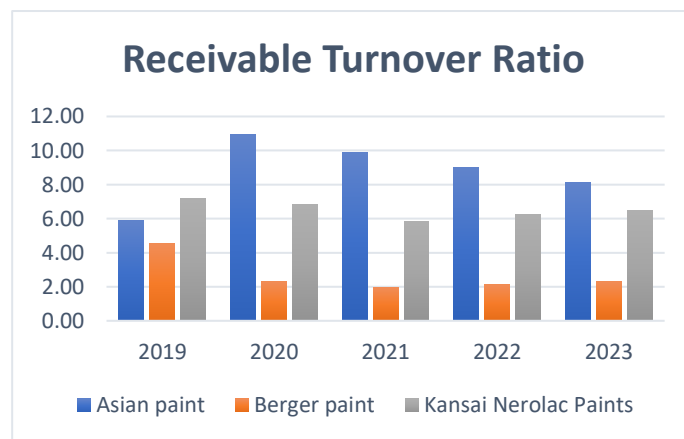
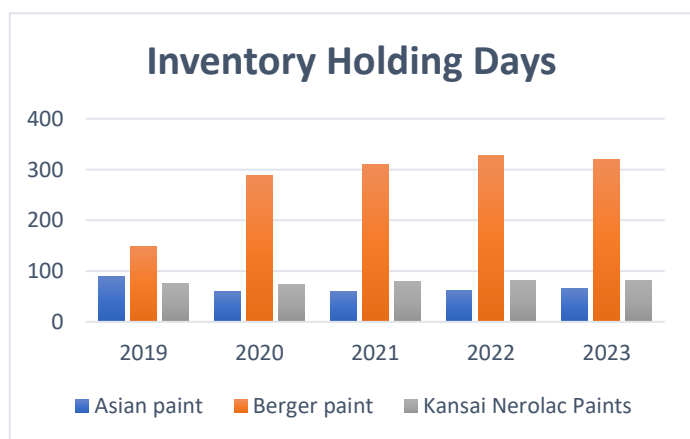
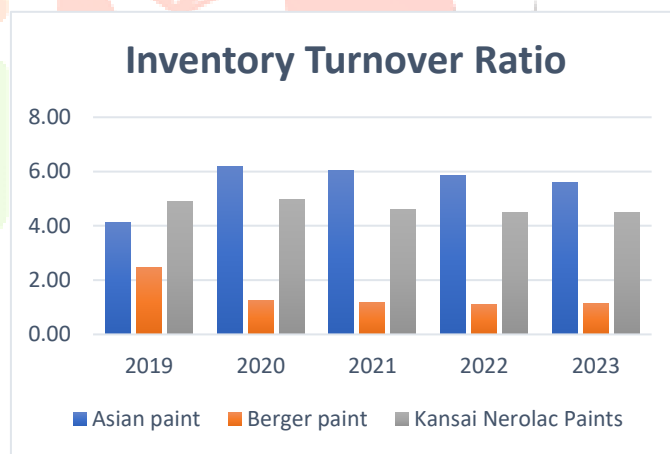
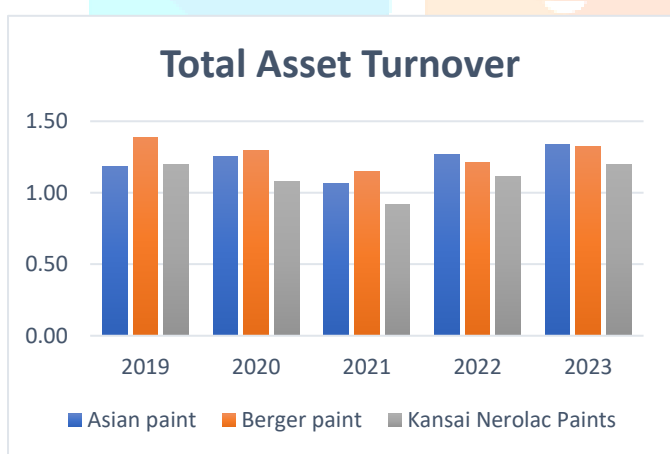
### Payable Turnover Ratio:

The payable turnover ratio gauges the speed at which a business pays its vendors. A higher ratio of outstanding payables reflects effective payables management.

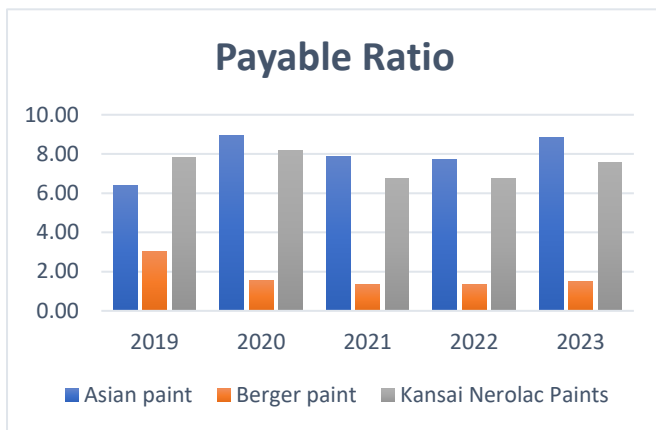
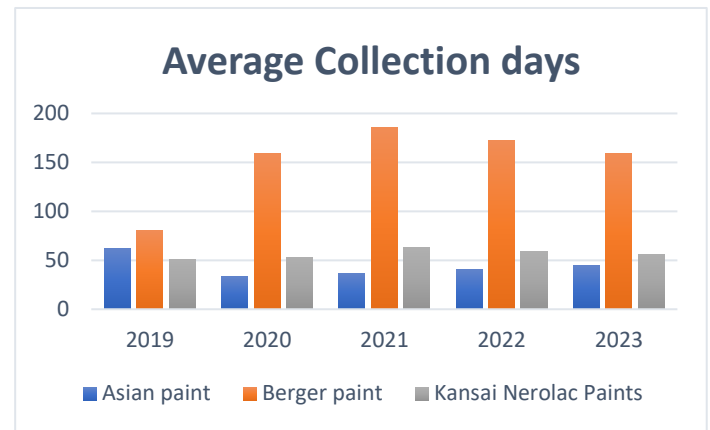
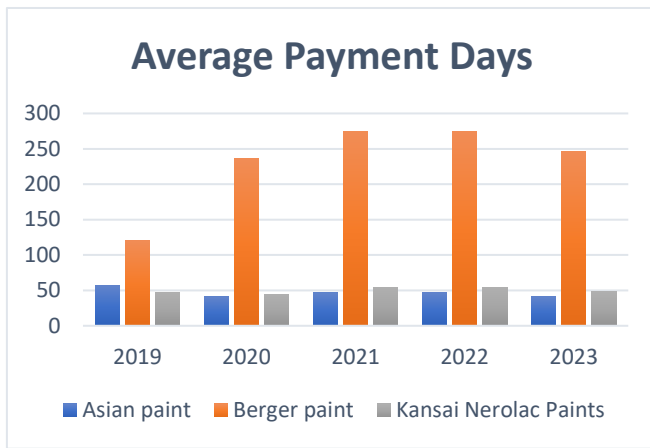
### Average Payment Period:

The average payment period shows how many days on average it takes for a business to pay its suppliers. Lower payment intervals indicate quicker supplier payments.

Efficiency Ratios		2019	2020	2021	2022	2023
Total Asset turnover ratio	Asian paint	1.18	1.25	1.07	1.27	1.34
	Berger paint	1.39	1.30	1.15	1.21	1.33
	Kansai Nerolac Paints	1.20	1.08	0.92	1.12	1.20
Inventory turnover ratio	Asian paint	4.11	6.18	6.04	5.85	5.58
	Berger paint	2.46	1.27	1.18	1.11	1.14
	Kansai Nerolac Paints	4.88	4.98	4.60	4.51	4.49
Inventory (holding) days	Asian paint	89	59	60	62	65
	Berger paint	149	288	310	328	320
	Kansai Nerolac Paints	75	73	79	81	81
Receivable turnover ratio	Asian paint	5.88	10.92	9.88	8.99	8.11
	Berger paint	4.51	2.30	1.97	2.11	2.30
	Kansai Nerolac Paints	7.18	6.85	5.82	6.21	6.47
Avg Collection Period	Asian paint	62	33	37	41	45
	Berger paint	81	159	186	173	159
	Kansai Nerolac Paints	51	53	63	59	56
Payable turnover ratio	Asian paint	6.38	8.92	7.87	7.72	8.84
	Berger paint	3.03	1.54	1.33	1.33	1.48
	Kansai Nerolac Paints	7.82	8.19	6.76	6.75	7.56
Avg Payment Period	Asian paint	57	41	46	47	41
	Berger paint	120	237	274	275	247
	Kansai Nerolac Paints	47	45	54	54	48







#### Berger Paints:

- Berger Paints has a slightly higher asset turnover ratio than Asian Paints, indicating good asset utilization.
- The inventory turnover ratio is moderate, suggesting reasonable inventory management.
- The inventory holding days are higher than Asian Paints, indicating slightly slower inventory turnover.
- The receivable turnover ratio is lower, suggesting that the company may take a bit more time to collect payments from customers.
- The average collection period is relatively higher, indicating a longer time to collect receivables compared to Asian Paints.
- Berger Paints has a lower payable turnover ratio, indicating a longer payment cycle to suppliers.
- The average payment period is higher, showing slower payments to suppliers compared to Asian Paints.

#### Kansai Nerolac Paints:

- Kansai Nerolac Paints has a lower asset turnover ratio than Asian Paints and Berger Paints but still demonstrates efficient asset utilization.
- The inventory turnover ratio is consistent and relatively high, indicating efficient inventory management.
- The company's inventory holding days are moderate, reflecting a reasonable inventory turnover period.

#### Company Analysis:

##### Asian Paints:

- Asian Paints has a relatively high asset turnover ratio, indicating efficient use of its total assets to generate sales revenue.
- The company's inventory turnover ratio is consistently above 4, showing efficient inventory management.
- Asian Paints has a moderate inventory holding period, reflecting good inventory turnover and management.
- The receivable turnover ratio is relatively high, indicating efficient collection of payments from customers.
- The company has a low average collection period, implying quick collection of receivables.
- Asian Paints also has a high payable turnover ratio, showing efficient management of payables.
- The company's average payment period is relatively low, indicating timely payments to suppliers.

- The receivable turnover ratio is relatively high, suggesting efficient collection of payments from customers.
- The average collection period is lower than Berger Paints, indicating faster collection of receivables.
- Kansai Nerolac Paints has a higher payable turnover ratio, showing efficient management of payables compared to Berger Paints.
- The average payment period is relatively lower, indicating faster payment to suppliers compared to Berger Paints.

## SUMMATION

- Asian Paints shows overall efficient asset utilization, inventory management, and collection of receivables.
- Berger Paints has slightly lower asset turnover and receivable turnover ratios, indicating slightly slower asset utilization and collection of payments.
- Kansai Nerolac Paints demonstrates efficient inventory management and collection of receivables but has a lower asset turnover ratio compared to Asian Paints and Berger Paints.

## PROFITABILITY RATIOS

Profitability, in the context of business and finance, refers to the ability of a company to generate earnings or profit from its business activities. It measures the company's ability to generate a surplus of revenues over expenses, which is a key indicator of its financial health and success.

### Operating Margin (EBIT) %:

Earnings before interest and taxes, or EBIT, are used to calculate operating margin, which is the proportion of operational income to total sales. It illustrates the business' capacity to manage operating expenses and turn a profit from its primary activities.

### Gross Profit Margin:

The proportion of revenue that exceeds the cost of goods sold (COGS) is known as gross profit margin. It shows how profitable the company's primary production processes are.

### EBITDA Margin:

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) margin quantifies the proportion of EBITDA to total revenue. It gives information about the business' operating profitability before taking interest, taxes, and non-cash expenses into consideration.

## NET PROFIT MARGIN

The amount of income left over as profit after all costs have been paid is indicated by the financial metric known as net profit margin, which is stated as a percentage. It shows how successfully a business turns a profit from its sales. Better profitability is indicated by larger margins, whilst lower margins signify higher expenses in relation to sales.

### Return on Equity (ROE)

A financial statistic called return on equity (ROE) gauges a company's capacity to make money in relation to the equity of its shareholders. It shows how successfully a business generates profits using the equity staked by its owners.

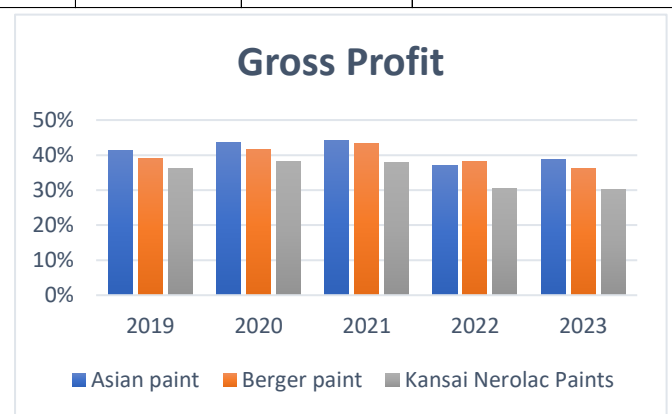
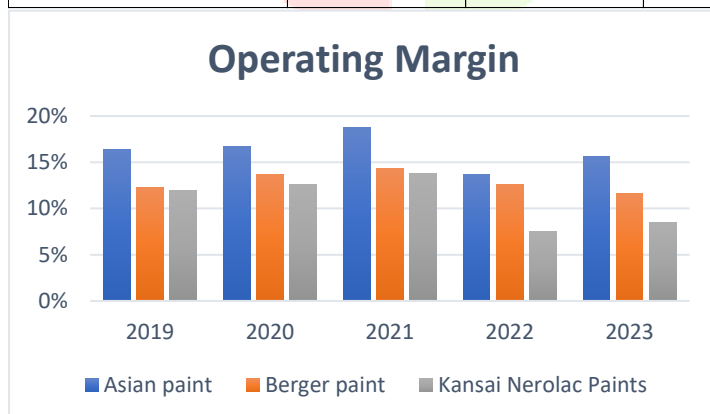
### Return on Assets (ROA)

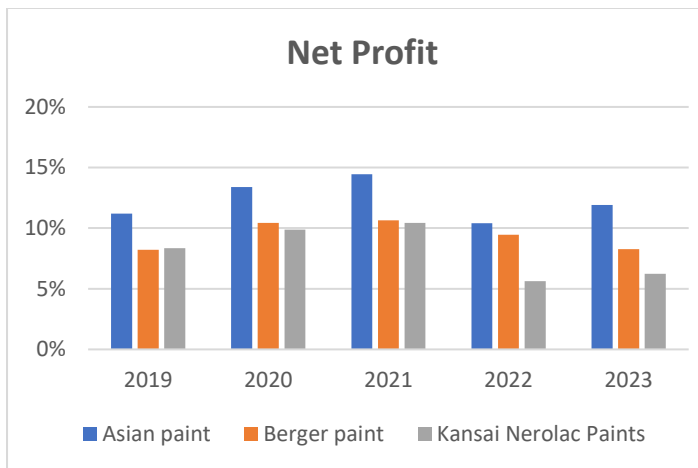
A financial statistic called return on assets (ROA) gauges a company's capacity to make a profit from all of its assets. It shows how effectively a business uses its resources to produce profits.

### Return on Capital Employed (ROCE)

A financial ratio known as ROCE assesses a company's profitability in relation to the total amount of capital used to support its activities. It demonstrates how successfully a business produces profits using the capital it uses, which includes both equity and debt.

Profitability Ratios		2019	2020	2021	2022	2023
Operating Margin (EBIT) %	Asian paint	16%	17%	19%	14%	16%
	Berger paint	12%	14%	14%	13%	12%
	Kansai Nerolac Paints	12%	13%	14%	8%	8%
Gross Profit Margin	Asian paint	41%	44%	44%	37%	39%
	Berger paint	39%	41%	43%	38%	36%
	Kansai Nerolac Paints	36%	38%	38%	30%	30%
EBITDA Margin	Asian paint	20%	21%	22%	17%	18%
	Berger paint	15%	17%	17%	15%	14%
	Kansai Nerolac Paints	13%	13%	14%	7%	8%
Net Profit Margin	Asian paint	11%	13%	14%	10%	12%
	Berger paint	8%	10%	11%	9%	8%
	Kansai Nerolac Paints	8%	10%	10%	6%	6%
ROE (Return one equity)	Asian paint	23%	27%	25%	22%	26%
	Berger paint	20%	25%	21%	21%	19%
	Kansai Nerolac Paints	13%	14%	13%	9%	10%
ROA (return on asset)	Asian paint	13%	17%	15%	13%	16%
	Berger paint	11%	14%	12%	11%	11%
	Kansai Nerolac Paints	10%	11%	10%	6%	7%
ROCE (return on capital employed)	Asian paint	29%	30%	29%	27%	31%
	Berger paint	26%	27%	25%	25%	25%
	Kansai Nerolac Paints	18%	17%	16%	11%	13%





### Company Analysis:

#### Asian Paints:

- With a consistently higher operating margin ranging from 14% to 19%, Asian Paints demonstrates strong control over its operating costs and efficient revenue generation from its core operations. This indicates effective management of production, distribution, and administrative expenses.
- Asian Paints consistently maintains a higher gross profit margin, ranging from 36% to 44%. This indicates the company's strong ability to manage its production costs efficiently, ensuring a healthy difference between revenue and the cost of goods sold.
- Asian Paints consistently maintains the highest EBITDA margin, ranging from 17% to 22%. This indicates that the company is adept at generating operational earnings before accounting for interest, taxes, and non-cash expenses.
- Maintain the consistent trend of net profit margin improvement. Continue focusing on cost management and efficiency to ensure sustainable profitability.
- Consider periodic reviews of pricing strategies to balance profitability with customer demand and market competition.

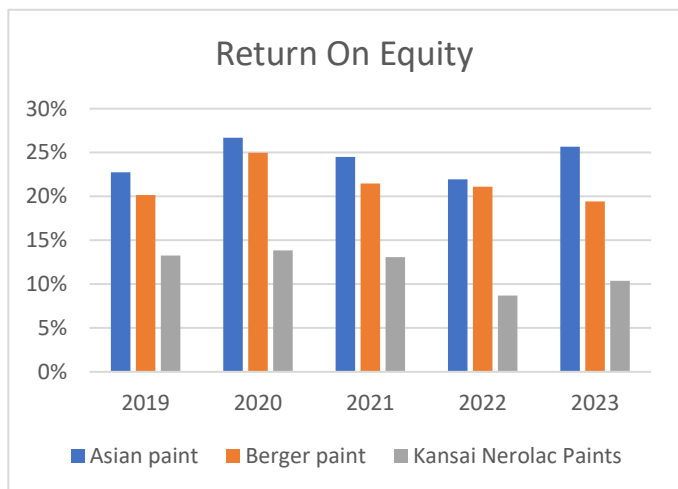
#### Berger Paints:

- The operating margin for Berger Paints ranges from 12% to 14%. While it is lower than Asian Paints, it still reflects the company's ability to generate earnings from its operations.
- Berger Paints: Berger Paints' gross profit margin ranges from 36% to 43%. While slightly lower than Asian Paints, it still demonstrates effective cost management in its production processes.
- Berger Paints' EBITDA margin ranges from 14% to 17%. Although lower than Asian Paints, it still reflects the company's ability to generate strong operational earnings.
- Aim to gradually increase the net profit margin by optimizing operational costs and refining production processes.
- Explore avenues to enhance customer value, potentially allowing for pricing adjustments that positively impact profitability.

#### Kansai Nerolac Paints:

- Kansai Nerolac Paints also maintains an operating margin ranging from 8% to 14%. While it's on par with Berger Paints, the company might consider optimizing its operational efficiency to potentially increase this margin.
- Kansai Nerolac Paints has a gross profit margin ranging from 30% to 38%. While the margin is competitive, the company could focus on refining production processes to further improve this metric.
- Kansai Nerolac Paints has an EBITDA margin ranging from 7% to 14%. While competitive, the company could explore st Focus on enhancing operational efficiency to improve net profit margin. Implement cost-effective strategies while maintaining product quality and market presence.
- Focus on enhancing operational efficiency to improve net profit margin. Implement cost-effective strategies while maintaining product quality and market presence.

- Consider innovative approaches to expand revenue streams and improve the bottom line



**Return on Equity (ROE)**

**Asian Paints:** Shows some variation but maintains a relatively strong ROE over the years, indicating effective utilization of equity capital.

**Berger Paints:** Demonstrates a consistent ROE with minor fluctuations, reflecting stable equity profitability.

**Kansai Nerolac Paints:** Exhibits a relatively stable but lower ROE compared to the other two.

companies, suggesting room for improvement in equity efficiency.

**Return on Assets (ROA):**

**Asian Paints:** Displays consistent and competitive ROA, indicating effective utilization of assets to generate earnings.

**Berger Paints:** Maintains a relatively stable ROA, slightly lower than Asian Paints.

**Kansai Nerolac Paints:** Shows a lower but stable ROA, with room for enhancement in asset efficiency.

**Return on Capital Employed (ROCE):**

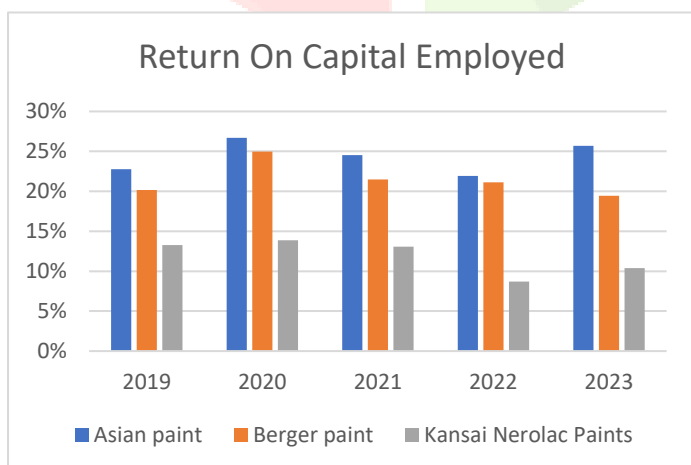
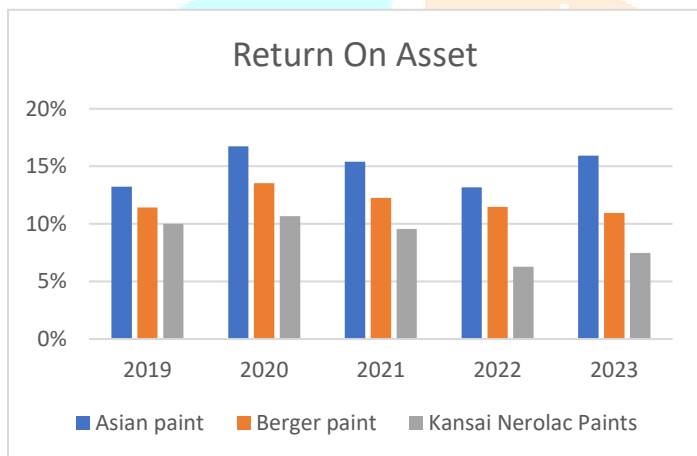
**Asian Paints:** Maintains a consistently high ROCE, indicating the company's ability to generate returns from its invested capital.

**Berger Paints:** Demonstrates a stable ROCE with minor fluctuations, reflecting effective capital utilization.

**Kansai Nerolac Paints:** Shows a stable but comparatively lower ROCE, suggesting the company could explore strategies to enhance capital efficiency.

**Comparison:**

**Asian Paints:** Leads in all three ratios, showcasing efficient utilization of equity, assets, and capital.





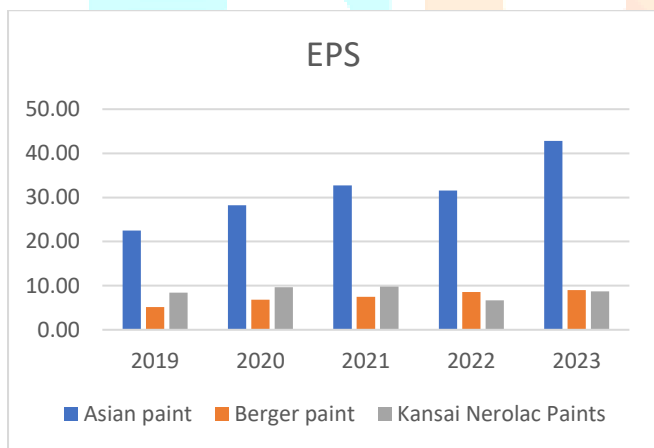
**Berger Paints:** Maintains competitive ratios, reflecting stable and effective utilization of resources.

**Kansai Nerolac Paints:** While showing stability, the company could focus on improving its ratios, especially ROE and ROCE, to enhance profitability from equity and capital.

In summary, Asian Paints consistently demonstrates superior performance in terms of ROE, ROA, and ROCE. Berger Paints and Kansai Nerolac Paints also show reasonable performance, but there is potential for further improvement, particularly in the utilization of equity and capital.

**MARKET RATIOS**

Market Ratios		2019	2020	2021	2022	2023
EPS	Asian paint	22.48	28.20	32.73	31.59	42.81
	Berger paint	5	7	7	9	9
	Kansai Nerolac Paints	8	10	10	7	9
Book value per share	Asian paint	98.73	105.61	133.51	143.99	166.72
	Berger paint	25	27	35	40	46
	Kansai Nerolac Paints	63.39	69.78	75.21	76.68	84.13

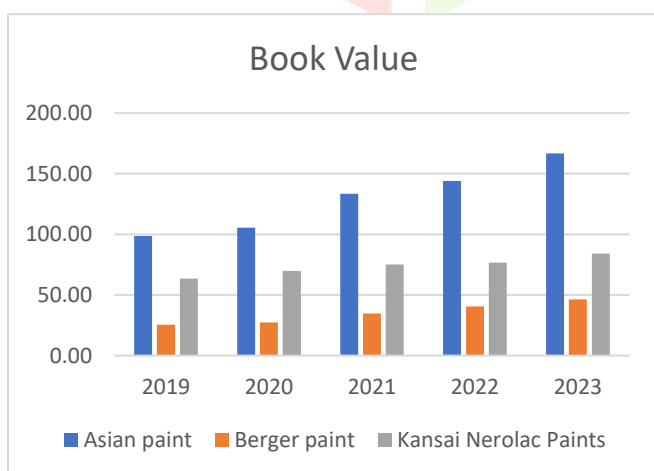


**Earnings Per Share (EPS) Analysis:**

**Asian Paints:** The EPS has been consistently increasing from 2019 to 2023, showing strong and steady profitability growth over the years.

**Berger Paints:** The EPS has shown minor fluctuations but remains relatively stable over the years.

**Kansai Nerolac Paints:** The EPS has fluctuated slightly but has not shown significant growth during the period.



**Book Value Per Share Analysis:**

**Asian Paints:** The book value per share has consistently increased, indicating the company's strong asset base and financial health.

**Berger Paints:** The book value per share has also increased consistently, but at a lower rate compared to Asian Paints.

**Kansai Nerolac Paints:** The book value per share has shown steady growth, but it is lower than that of Asian Paints and Berger Paints.

## DU PONT ANALYSIS

The DuPont analysis breaks down the ROE into three components: Net Profit Margin, Asset Turnover Ratio, and Equity Multiplier.

**Net Profit Margin:** The company's profitability is shown by the **Net Profit Margin**, which shows how much profit the business makes from its sales.

**The asset turnover ratio:** This ratio gauges how effectively a business generates revenue from its assets.

**The equity multiplier:** It shows the company's financial leverage and how much debt it has taken on to finance its assets.

DuPont Analysis can also be applied to Return on Assets (ROA), breaking it down into its component parts to understand the underlying factors contributing to a company's profitability relative to its total assets. The DuPont formula for ROA is as follows:

$$\text{ROA} = (\text{Net Profit Margin}) \times (\text{Asset Turnover})$$

**Net Profit Margin (NPM):** Measures the company's profitability by expressing net income as a percentage of total revenue. It shows how much profit the company generates from each dollar of sales.

**Asset Turnover (AT):** Measures the company's efficiency in utilizing its assets to generate revenue. It indicates how much revenue the company generates for each dollar of assets.

Just like in the case of ROE, DuPont Analysis for ROA can help investors and management identify areas for improvement and understand the key drivers of the company's profitability and operational efficiency. It enables a more in-depth evaluation of a company's financial performance beyond just looking at the ROA as a standalone metric.

### Key points to consider about DuPont Analysis:

**Holistic Perspective:** DuPont Analysis provides a holistic view of a company's performance by considering multiple factors impacting ROE.

**Comparative Analysis:** It enables the comparison of a company's financial performance with its industry peers or across different industries.

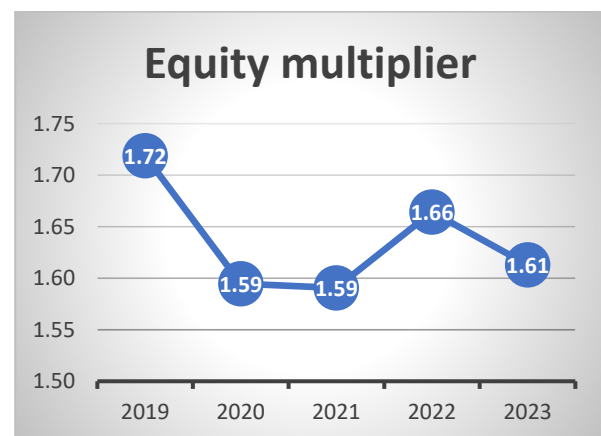
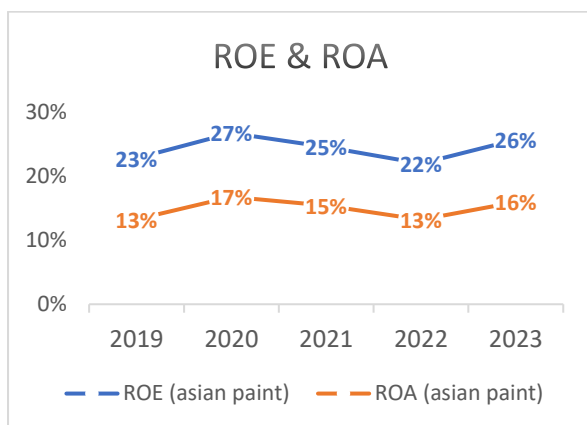
**Diagnosis Tool:** DuPont Analysis helps identify strengths and weaknesses in a company's financial structure and operations.

**Financial Strategy:** The analysis can guide management in formulating strategies to improve ROE and overall financial health.

**Limitations:** While DuPont Analysis is valuable, it may not provide a complete picture of a company's financial health. It is essential to consider other financial ratios and qualitative factors in conjunction with DuPont Analysis.

**ASIAN PAINTS**

<b>DU PONT ANALYSIS (ASIAN PAINT)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
ROE (asian paint)	23%	27%	25%	22%	26%
Net profit margin	11%	13%	14%	10%	12%
Asset Turnover Ratio	1.18	1.25	1.07	1.27	1.34
Equity multiplier	1.72	1.59	1.59	1.66	1.61
ROA (asian paint)	13%	17%	15%	13%	16%
Net profit margin	11%	13%	14%	10%	12%
Asset Turnover Ratio	1.18	1.25	1.07	1.27	1.34



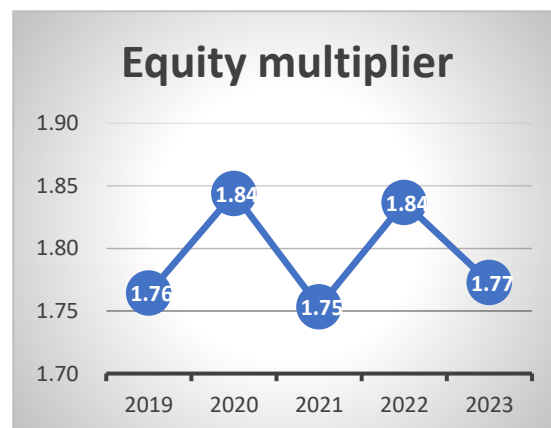
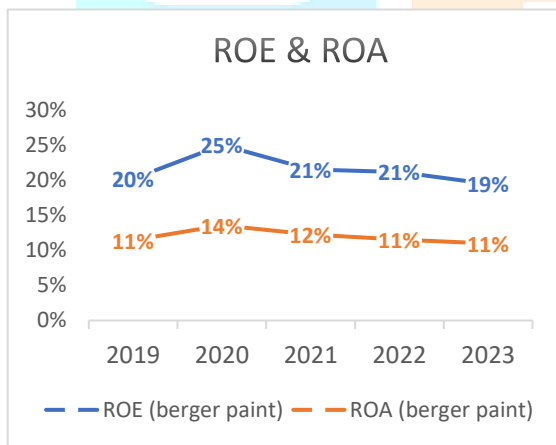
**ANALYSIS**

- The ROE for Asian Paints fluctuates over the years, with the highest ROE of approximately 27% in 2020 and the lowest ROE of about 22% in 2022.
- The improvement in ROE from 2019 to 2020 is mainly driven by higher Net Profit Margin and Asset Turnover Ratio.

- The ROE in 2021 remains relatively stable, despite a slight decline in Net Profit Margin and Asset Turnover Ratio.
- The increase in ROE in 2023 is primarily due to improved Net Profit Margin and Asset Turnover Ratio.

**BERGER PAINT**

DU POINT ANALYSIS (BERGER PAINT)	2019	2020	2021	2022	2023
ROE (berger paint)	20%	25%	21%	21%	19%
Net profit margin	8%	10%	11%	9%	8%
Asset Turnover Ratio	1.39	1.30	1.15	1.21	1.33
Equity multiplier	1.76	1.84	1.75	1.84	1.77
ROA (berger paint)	11%	14%	12%	11%	11%
Net profit margin	8%	10%	11%	9%	8%
Asset Turnover Ratio	1.39	1.30	1.15	1.21	1.33



### ANALYSIS

The ROE for Berger Paints fluctuates over the years, with the highest ROE of approximately 25% in 2020 and the lowest ROE of about 19% in 2023.

The increase in ROE from 2019 to 2020 is mainly driven by higher Net Profit Margin and Equity Multiplier.

The ROE in 2021 and 2022 remains relatively stable, despite fluctuations in the components.

The decline in ROE in 2023 is primarily due to a decrease in Net Profit Margin and a slightly lower Equity Multiplier.

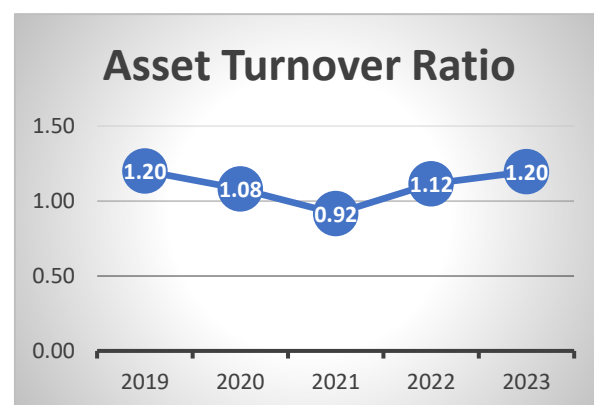
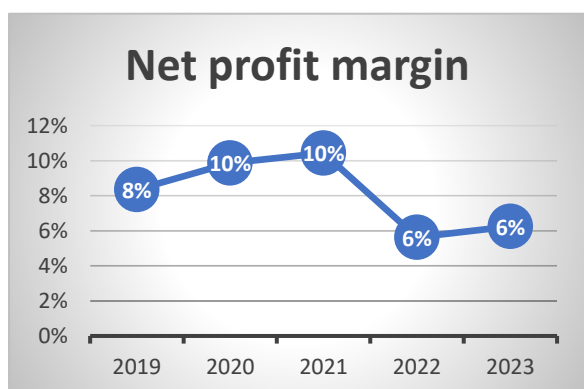
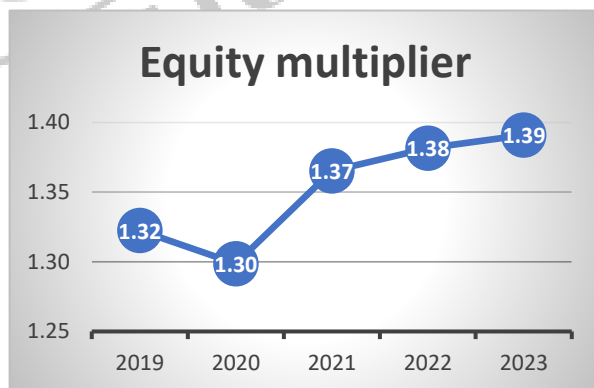
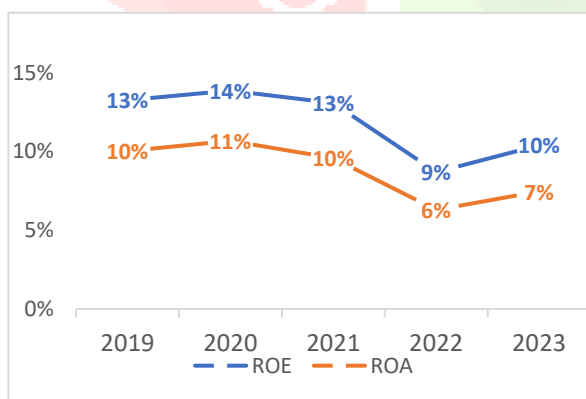
### RETURN ON ASSET (ROA)

In some years, the impact of NPM and Asset Turnover seems to counterbalance each other. For example, in 2022, the ROA declined despite a higher Asset Turnover of 1.21 because the NPM decreased to 9%. This indicates that both factors need to be considered together to understand the overall impact on ROA.

Stable Asset Turnover: Over the years, Asset Turnover remained relatively stable, with minor fluctuations, while NPM showed variation.

### Kansai Nerolac Paints

DU POINT ANALYSIS (NEROLAC)	2019	2020	2021	2022	2023
ROE	13%	14%	13%	9%	10%
Net profit margin	8%	10%	10%	6%	6%
Asset Turnover Ratio	1.20	1.08	0.92	1.12	1.20
Equity multiplier	1.32	1.30	1.37	1.38	1.39
ROA	10%	11%	10%	6%	7%
Net profit margin	8%	10%	10%	6%	6%
Asset Turnover Ratio	1.20	1.08	0.92	1.12	1.20





## ANALYSIS

- The **ROE** for Kansai Nerolac Paints fluctuates over the years, with the highest ROE of approximately 14% in 2020 and the lowest ROE of about 9% in 2022.
- The changes in ROE are mainly influenced by fluctuations in Net Profit Margin, Asset Turnover Ratio, and Equity Multiplier.
- "Kansai Nerolac Paints shows relatively stable performance in terms of Net Profit Margin and Equity Multiplier over the years. However, the Asset Turnover Ratio experiences more significant fluctuations.

### RETURN ON ASSET (ROA)

- Overall Trend: The trend of ROA shows fluctuations over the five-year period. ROA

starts at 10% in 2019, increases to 11% in 2020, declines to 10% in 2021, and then drops further to 6% in 2022, and slightly recovers to 7% in 2023.

- Net Profit Margin (NPM): The NPM, which represents the company's profitability, shows fluctuations in line with ROA. Higher NPM in 2020 (10%) and 2021 (10%) corresponds to the higher ROA in those years, while lower NPM in 2022 (6%) and 2023 (6%) is aligned with the declining ROA in those years.
- Asset Turnover Ratio: The Asset Turnover Ratio, which reflects the efficiency of asset utilization, also follows a similar trend to ROA. The decline in Asset Turnover Ratio in 2020 (1.08) and 2021 (0.92) coincides with the corresponding decline in ROA during those year.

## CASH FLOW STATEMENT

### ASIAN PAINTS

CASH FLOW OF ASIAN PAINTS (in Rs. Cr.)	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
NET PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS AND TAX	3,311.90	3,628.26	4,304.35	4,187.72	5,688.83
Net CashFlow From Operating Activities	<b>2,469.54</b>	<b>3,038.15</b>	<b>3,683.35</b>	<b>986.49</b>	<b>4,193.43</b>
Net Cash Used In Investing Activities	<b>-944.49</b>	<b>-521.42</b>	<b>-547.79</b>	<b>-321.69</b>	<b>-1,274.64</b>
Net Cash Used From Financing Activities	<b>-1,117.46</b>	<b>-2,871.46</b>	<b>-650.4</b>	<b>-1,807.61</b>	<b>-2,140.05</b>
Foreign Exchange Gains / Losses	26.7	3.51	7.25	4.94	-7.7
Adjustments On Amalgamation Merger Demerger Others	0	0	0	0	0
NET INC/DEC IN CASH AND CASH EQUIVALENTS	434.29	-351.22	2,492.41	-1,137.87	771.04
Cash And Cash Equivalents Begin Of Year	845.68	1,279.97	928.75	3,421.16	2,283.29
Cash And Cash Equivalents End Of Year	1,279.97	928.75	3,421.16	2,283.29	3,054.33

### Net Cash Flow from Operating Activities:

The company consistently generated positive cash flows from its operating activities over the years. There was a significant increase in cash generated from operating activities from Mar-19 to Mar-21, indicating improved operational efficiency and profitability. However, there was a notable decrease in operating cash flow in Mar-22, which could be attributed to various factors such as changes in working capital or business operations. The operating cash flow saw a substantial rebound in Mar-23, reaching a significantly higher level than in previous years, indicating strong operational performance and profitability.

**Net Cash used in Investing Activities:**

The company has been consistently investing cash in its investing activities. There were fluctuations in the cash used in investing activities over the years, possibly due to different investment decisions and capital expenditures. The cash used in investing activities reached a peak negative value in Mar-21, suggesting a significant amount of investments made during that year.

**Net Cash used from Financing Activities:**

The company has consistently used cash in its financing activities. There were fluctuations in the cash used from financing activities, which could be related to debt repayments, dividends, or other financing decisions. The highest negative value in cash used from financing activities was in Mar-20, possibly indicating a significant debt repayment or dividend payout during that year.

**Net Increase/Decrease in Cash and Cash Equivalents:**

The company's net cash and cash equivalents increased in Mar-19 and Mar-21, indicating positive cash flow outcomes. There was a substantial decrease in net cash and cash equivalents in Mar-20, indicating a challenging year in terms of cash generation. The net cash and cash equivalents decreased again in Mar-22, but this trend reversed in Mar-23 with a positive increase.

**Foreign Exchange Gains/Losses:**

The company experienced foreign exchange gains in most years, contributing positively to its cash flow from operating activities.

**Overall Observations:**

Asian Paints has generally exhibited a positive trend in generating cash from operating activities, indicating strong operational performance. Fluctuations in cash flows from investing and financing activities suggest varying investment and financing decisions over the years. There were challenging years (Mar-20 and Mar-22) with decreased net cash flow, which could be due to industry or economic factors. The substantial increase in net cash flow from operating activities in Mar-23 indicates a strong recovery and improved financial performance.

**BERGER PAINTS**

CASH FLOW OF BERGER PAINTS INDIA (in Rs. Cr.)	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
NET PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS AND TAX	770.60	883.16	978.62	1,122.29	1,162.34
Net CashFlow From Operating Activities	<b>561.67</b>	<b>724.64</b>	<b>795.76</b>	<b>566.5</b>	<b>975.97</b>
Net Cash Used In Investing Activities	<b>-409.05</b>	<b>-223.37</b>	<b>-456.7</b>	<b>-521.29</b>	<b>-600.25</b>
Net Cash Used From Financing Activities	<b>-179.14</b>	<b>-479.42</b>	<b>-281.76</b>	<b>-78.13</b>	<b>-362.85</b>
Foreign Exchange Gains / Losses	0	0	0	0	0
Adjustments On Amalgamation Merger Demerger Others	0	0	0	0	0
NET INC/DEC IN CASH AND CASH EQUIVALENTS	-26.52	21.85	57.3	-32.92	12.87
Cash And Cash Equivalents Begin of Year	83.59	57.07	78.92	136.22	103.3
Cash And Cash Equivalents End Of Year	57.07	78.92	136.22	103.3	116.17

**Net Cash Flow from Operating Activities:**

The company consistently generated positive cash flows from its operating activities over the years. There was a consistent upward trend in net cash flow from operating activities from Mar-19 to Mar-21, indicating improved operational efficiency and profitability. The cash flow from operating activities decreased in Mar-22, suggesting potential challenges or changes in operational dynamics. The company experienced a recovery in cash flow from operating activities in Mar-23, reaching a level higher than in previous years.

**Net Cash Used in Investing Activities:**

The company consistently used cash in its investing activities. There were fluctuations in the cash used in investing activities, reflecting different investment decisions and capital expenditures. The highest negative value in cash used in investing activities was in Mar-22, indicating significant investment decisions during that year.

**Net Cash Used from Financing Activities:**

The company consistently used cash in its financing activities. There were fluctuations in the cash used from financing activities, which could be related to debt repayments, dividends, or other financing decisions. The highest negative value in cash used from financing activities was in Mar-20, possibly indicating a significant debt repayment or dividend payout during that year.

**Net Increase/Decrease in Cash and Cash Equivalents:**

The company's net cash and cash equivalents showed fluctuations, but the trend remained positive in most years. There was a decrease in net cash and cash equivalents in Mar-22, suggesting potential challenges in generating sufficient cash flow. The trend reversed again in Mar-23, with a positive increase in net cash and cash equivalents.

**Foreign Exchange Gains/Losses:**

There were no recorded foreign exchange gains or losses in the provided cash flow statement data.

**Overall Observations:**

Berger Paints India has generally exhibited a positive trend in generating cash from operating activities, indicating stable operational performance. Fluctuations in cash flows from investing and financing activities suggest varying investment and financing decisions over the years. There were challenging years (Mar-22) with decreased net cash flow, which could be due to industry or economic factors. The positive increase in net cash flow from operating activities in Mar-23 indicates a strong recovery and improved financial performance.

**Kansai Nerolac Paints**

CASH FLOW OF KANSAI NEROLAC PAINTS (in Rs. Cr.)	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
NET PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS AND TAX	696.79	666.96	712.45	476.41	634.89
Net CashFlow From Operating Activities	<b>99.92</b>	<b>595.07</b>	<b>645.87</b>	<b>24.77</b>	<b>408.25</b>
Net Cash Used In Investing Activities	<b>88.45</b>	<b>-376.22</b>	<b>-452.84</b>	<b>249.54</b>	<b>-226.91</b>
Net Cash Used From Financing Activities	<b>-222.89</b>	<b>-140.69</b>	<b>-274.16</b>	<b>-309.31</b>	<b>-132.6</b>
Foreign Exchange Gains / Losses	0	0	0	0	0
Adjustments On Amalgamation Merger Demerger Others	0	0	0	0	0
NET INC/DEC IN CASH AND CASH EQUIVALENTS	-34.52	78.16	-81.13	-35	48.74
Cash And Cash Equivalents Begin of Year	61.32	26.8	104.96	23.83	-11.17
Cash And Cash Equivalents End Of Year	26.8	104.96	23.83	-11.17	37.57

**Net Cash Flow from Operating Activities:**

The company's net cash flow from operating activities varied over the years. There was a significant increase in net cash flow from operating activities from Mar-19 to Mar-20, indicating improved operational efficiency and profitability. The cash flow from operating activities continued to increase in Mar-21, suggesting sustained improvement in operational performance. The company experienced a substantial decrease in net cash flow from operating activities in Mar-22, indicating potential challenges or changes in operational dynamics. The cash flow from operating activities rebounded in Mar-23, reaching a level higher than in the previous year.

**Net Cash Used in Investing Activities:**

The company used cash in its investing activities in most years. There were fluctuations in the cash used in investing activities over the years, reflecting different investment decisions and capital expenditures. The highest negative value in cash used in investing activities was in Mar-22, indicating significant investment decisions during that year.

**Net Cash Used from Financing Activities:**

The company consistently used cash in its financing activities. There were fluctuations in the cash used from financing activities, which could be related to debt repayments, dividends, or other financing decisions. The highest negative value in cash used from financing activities was in Mar-19, possibly indicating significant debt repayments or other financing transactions.

**Net Increase/Decrease in Cash and Cash Equivalents:**

The company's net cash and cash equivalents showed fluctuations over the years. There was a decrease in net cash and cash equivalents in Mar-21, suggesting potential challenges in generating sufficient cash flow.

**Foreign Exchange Gains/Losses:**

There were no recorded foreign exchange gains or losses in the provided cash flow statement data.

**Overall Observations:**

Kansai Nerolac Paints exhibited varying levels of cash generation from operating activities, with improvements seen in certain years. Fluctuations in cash flows from investing and financing activities suggest varying investment and financing decisions over the years. There were challenging years (Mar-22) with decreased net cash flow, which could be due to industry or economic factors. The positive increase in net cash flow from operating activities in Mar-23 indicates a recovery and improved financial performance.

**6. CONCLUSION****Financial Performance:**

Revenue Growth: Over the five-year period, Asian Paints consistently demonstrated robust revenue growth, showcasing its market leadership. Berger Paints and Kansai Nerolac Paints also displayed steady revenue increases, indicating their competitiveness. Asian Paints maintained a strong profitability margin, with a noteworthy net profit margin. Berger Paints and Kansai Nerolac Paints also exhibited respectable profitability, albeit at slightly lower levels. Asian Paints stood out with its significant cash and cash equivalents, showcasing strong liquidity management. Kansai Nerolac Paints and Berger Paints, while maintaining solid financial positions, held comparatively lower cash reserves, possibly reflecting different approaches to cash management. Both Kansai Nerolac Paints and Berger Paints effectively reduced their long-term borrowings in the latest year, positively impacting their debt-to-equity ratios. Asian Paints, on the other hand, increased its long-term borrowings, potentially to fuel growth initiatives. Management Strategies of all three companies invested in tangible assets, signaling their commitment to expanding operational capacities. Asian Paints, with the highest non-current investments, potentially maintains a more diverse investment portfolio.

Asian Paints has displayed an impressive performance in terms of revenue growth and profitability. The company consistently achieved significant revenue growth, with total revenue steadily increasing over the years. Asian Paints maintained robust gross profit margins, reflecting its effective cost management and pricing strategies. Despite increased operating expenses, including employee benefits and other costs, the company managed them efficiently, maintaining stable EBITDA and EBIT margins. Additionally, low finance

costs contributed to Asian Paints' healthy profitability, with net profit margins consistently on the rise. This indicates not only sustained profitability but also an ability to adapt to market conditions effectively.

Berger Paints exhibited a commendable financial performance as well. The company demonstrated consistent revenue growth, with total revenue steadily increasing over the five-year period. Gross profit margins remained stable, showing effective control over material costs. Operating expenses, including employee benefits and other expenses, increased in line with revenue growth, and Berger Paints managed them efficiently. EBITDA and EBIT margins displayed stability, reflecting steady operational performance. Although finance costs increased slightly over the years, Berger Paints maintained a consistent net profit margin, indicating stable and reliable profitability.

Kansai Nerolac Paints, while experiencing growth, did so at a slightly slower pace compared to its peers. The company demonstrated revenue growth, albeit at a more gradual rate. Gross profit margins remained relatively stable, indicating control over material costs. Operating expenses, including employee benefits and other expenses, increased in line with revenue but were managed efficiently. EBITDA and EBIT margins showed some fluctuations but generally remained stable. Kansai Nerolac Paints maintained low and stable finance costs. The net profit margin experienced fluctuations over the years, with a decrease in 2022, followed by a rebound in 2023.

In conclusion, the analysis of the financial performance of three prominent paint companies, namely Asian Paints, Berger Paints, and Kansai Nerolac Paints, over a five-year period reveals intriguing insights into their Return on Equity (ROE) and Return on Asset (ROA). Asian Paints demonstrated fluctuating ROE, with its highest point in 2020 and the lowest in 2022, driven by variations in Net Profit Margin (NPM) and Asset Turnover Ratio. Berger Paints exhibited a similar pattern in ROE, with its peak in 2020 and a decline in 2023, primarily attributed to shifts in NPM and Equity Multiplier. Kansai Nerolac Paints, on the other hand, showed a relatively stable performance in terms of NPM and Equity Multiplier over the years, with fluctuations in Asset Turnover Ratio affecting its ROE. Furthermore, the analysis of Return on Asset (ROA) highlighted the intricate interplay between NPM and Asset Turnover Ratio, emphasizing the need to consider both factors together for a comprehensive understanding of a company's overall financial health. These findings underscore the importance of closely examining these components and industry-specific factors when evaluating the financial performance of companies in the paint sector.

All three paint companies demonstrated revenue growth and effective cost management during the five-year period. Asian Paints stood out with its consistent high revenue growth and profitability. Berger Paints showcased steady growth and stability in profitability. Kansai Nerolac Paints exhibited growth with some fluctuations in profitability. The performance of these companies underscores their ability to manage operations effectively, adapt to market dynamics, and maintain competitive positions in the paint industry.

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