

Performance of Paint and Coating Industry in India – An Analytical Study

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Abstract: *The study is an effort to measure the financial strength of paint and coating industry by applying DuPont model. The analysis based on ROI and ROE helps to recognise the functional efficiency of the select companies and its contribution to the economic growth and development. For this purpose, top three companies based on market capitalisation are chosen for the study. The data have been collected for a period of five years from 2019-2020 to 2023-2024 from the annual reports and other published sources. Statistical tools viz., descriptive analysis and compared means states the significance level of performance during the study period. The results reveal that among the select paint and coating companies' Asian paints has been found with better performance in terms of ROE and ROI.*

Keywords: Painting and coating industry, Return on Equity, Return on Investment, DuPont Analysis.

I. INTRODUCTION

The paint and coating firms in India is one of the fast-growing industry due to key economic growth drivers and contributions by urbanisation and infrastructure development, Real Estate and Housing, Automotive Industry, Government Initiatives -housing development, Consumer Preferences in the modern era, Organized Sector Dominance, Raw Material Costs, Technological Advancements and Industry Structure makes the industry the key player in the economic development and expansion. The industry includes all the manufacturers, wholesalers and retailers who sell paints, stains, other coatings and who manufacture and sell sundries for the market. The market share and growth of the industry is found to Rs 1110 billion in the 2024 and it's also estimated to a rapid growth of Rs.2640 billion by 2033. The industry is expected to reach Rs. 1.3 trillion by 2025 with the growth rate of CAGR, 12-15 per cent. As the industry contributes for high economic growth and development, the study is an effort to analyse the performance of the top three paint and coating companies in India.

II. REVIEW OF LITERATURE

Yadaiah and Appa Rao (2023), has analysed the financial performance of pharmaceutical companies in India for the period of ten years from 2013-14 to 2022-23 by applying DuPont model. The secondary data for the analysis have been collected from the published financial statements, journals and websites. The statistical tools applied in the study are mean variance, correlation and T-test to find the relationship between the variables. The results of the research study state that among the select pharmaceutical companies, Aurobindo Pharma has performed better, compared to other companies in terms of ROE and ROA which are the major elements of DuPont analysis. **Srinivasan and Rajarajeswari(2021)** in their study have analysed the financial performance of select public and private sector banks in India (State Bank of India, Canara Bank, Bank of India & ICICI Bank, HDFC Bank, Axis Bank) with the application of Dupont model analysis to measure the efficiency of the select banks taking into account five years of data from the year 2012-2013- to 2016-2017. The data are collected from annual reports and other sources of published reports from the websites. The results of the study conclude that from the select public sector banks, Canara bank has better performance and from select private banks, ICICI bank has performed the best in terms of Net Profit Margin, Net Interest Margin and Leverage ratios. It is recommended that to reach for better performance the banks have to increase their operating profits, increase the sales, better use of debts and control of cost with best financial strategies. **Bhagyalakshmi &**



Saraswathi (2019) have analysed the financial performance of select ten automobile companies listed in NSE using simple random sampling techniques, for a period of five years from 2012-2013 to 2016-2017. The data for the study have been collected from the annual reports of the select automobile companies. To evaluate the performance the DuPont model with the statistical tools has been applied in the study to find the impact of the Return on Assets and Equity Multiplier on Return on Equity. The results of the analysis reveals that there is positive relationship among all the select variables except the equity multiplier. It is also found that there is significant difference prevails among the performance of the select companies in terms of ROA and ROE. **Musaed (2019)**, has measured the performance of Kuwaiti banks for period of six years from 2011-2012 to 2016-2017 by applying the modified DuPont model of financial analysis based on the ROE model. The major elements of the model are net profit margin, total asset turnover, and the equity multiplier. The study has analysed ten banks based on their market capitalisation and which is also listed at Kuwait stock exchange market. It is observed from the results that in terms of original Dupont model which focus on ROA, National bank of Kuwait was found at the top compared to other banks. On the other side applying modified DuPont model, Ahli United bank was found to be the best performer among the select banks in terms of ROE. **Christina Sheela and Karthikeyan (2012)**, have evaluated the financial performance of top three pharmaceutical companies in India for a period of ten years from 2002-2003 to 2011-2012. The researchers have applied the DuPont model to measure the ratios of ROE and ROA to find the year-by-year changes in the operating financial performance which states the earning capacity of the select firms. The results of the analyses reveal that Cipla company has best performance compared to Dr. Reddy's Laboratories and Ranbaxy.

III. METHODOLOGY

Sampling Design

To achieve the objectives of the study top three painting and coating companies in India are chosen based on the market capitalisation on 07th March, 2025 with the continuous data for five years (2020-2024) for the analysis.

Sources of Data

The information needed for the research study have been gathered through secondary sources, namely, annual reports, published data from money control.com, journals and respective company's website.

Period of Study

The study on financial performance of select companies were taken with an aim to explore the operating financial position and status of efficiency created during the period 2020-2024 applying the DuPont Model.

DuPont Analysis Ratios

The DuPont analysis computes variables from the income statement and balance sheet to determine a firm's return on equity (ROE) & return on Investment (ROI).

The formula is as follows:

ROE = Profit Margin (Net Profit/Sales) X Asset Turnover (Sales/Total Assets) X Equity Multiplier (Total Assets/Total Equity)

ROI = Assets Turnover (Operating Income X Total Assets) X Profit Margin (EBIT X Operating Income)

Results and Interpretations

By applying the components of DuPont Model (ROE and ROI) the performance measure of the select companies are analysed. The results that follow state the financial position and strength of the select companies from the research study. Table 1 shows the ROE and ROI computed for the Asian paints for five years.

Table: 1 ROE and ROI of Asian Paints

1.a Return on Equity

Year	Total Assets	Common Stock Equity	Financial Leverage	NPM	TAT	ROA	ROE
2023-2024	25,981.90	18,425.09	1.41	17.24	1.68	28.96	40.84
2022-2023	22,529.84	15,585.56	1.45	13.63	1.93	26.31	38.027
2021-2022	19,908.33	13,349.09	1.49	12.44	1.90	23.64	35.25



2020-2021	17,582.67	12,091.10	1.45	16.48	1.54	25.38	36.91
2019-2020	13,587.62	9,453.29	1.44	15.43	1.83	28.24	40.58
Mean	19918.07	13780.83	1.45	15.04	1.78	26.50	38.32
Std.Dev	4720.17	3413.04	0.03	1.99	0.16	2.15	2.39
t-value	9.44	9.03	109.89	16.92	24.29	27.49	35.73
Sig (2-tailed)	0.001	0.001	0.000	0.000	0.000	0.000	0.000

Source: Annual Reports

It is observed from table 1.a, that the mean value of ROE of Asian paints stood at 38.32 and the std.dev at 2.39. The t-value was found to be 35.73 and it is significant at 1 per cent level of significance(0.000).

1.b Return on Investment

Year	Operating Income	Total Assets	Assets Turnover	EBIT	Operating Income	Profit Margin	ROI
2023-2024	30,850.12	25,981.90	1.19	7,005.04	30,850.12	0.28	0.27
2022-2023	30,078.40	22,529.84	1.34	5,489.60	30,078.40	0.18	0.24
2021-2022	25,188.51	19,908.33	1.27	4,247.87	25,188.51	0.17	0.21
2020-2021	18,516.86	17,582.67	1.05	4,089.67	18,516.86	0.22	0.23
2019-2020	17,194.09	13,587.62	1.27	3,446.23	17,194.09	0.20	0.25
Mean	24365.60	19918.07	1.22	4.60	24.00	0.19	0.24
Std.Dev	6344.30	4720.17	0.11	1.52	6.28	0.025	0.021
t-value	8.59	9.44	25.39	6.78	8.54	18.04	25.52
Sig (2-tailed)	0.001	0.001	0.000	0.002	0.001	0.000	0.000

Source: Annual Reports

Table 1.b states, that the mean value of ROI of Asian paints stood at 0.24 and the std.dev at 0.021. The t-value was found to be 25.52 and it is significant at 1 per cent level of significance (0.000).

Table: 2 ROE and ROI of Berger Paints

2.a Return on Equity

Year	Total Assets	Common Stock Equity	Financial Leverage	NPM	TAT	ROA	ROE
2023-2024	7,581.66	5,005.24	1.51	10.14	1.98	20.08	30.41
2022-2023	7,400.09	4,295.19	1.72	8.74	1.91	16.69	28.76
2021-2022	6,625.90	3,763.89	1.76	9.68	1.81	17.52	30.84
2020-2021	5,368.08	3,279.61	1.63	11.3	1.76	19.88	32.55
2019-2020	4,342.70	2,625.04	1.65	12.28	2	24.56	40.63
Mean	6263.69	3793.79	1.66	10.43	1.89	19.75	32.64
Std.Dev	1383.11	915.19	0.09	1.39	0.10	3.06	4.67
t-value	10.13	9.27	39.25	16.83	40.39	14.41	15.64
Sig (2-tailed)	0.001	0.001	0.000	0.000	0.000	0.000	0.000

Source: Annual Reports



It is depicted from table 2.a, that the mean value of ROE of Berger paints stood at 32.64 and the std.dev at 4.67. The t-value was found to be 15.64 and it is significant at 1 per cent level of significance (0.000).

2.b Return on Investment

Year	Operating Income	Total Assets	Assets Turnover	EBIT	Operating Income	Profit Margin	ROI
2023-2024	10,002.93	7,581.66	1.32	1,367.46	10,002.93	0.14	0.18
2022-2023	9,470.62	7,400.09	1.28	1,102.72	9,470.62	0.12	0.15
2021-2022	7,740.93	6,625.90	1.17	1,005.19	7,740.93	0.13	0.15
2020-2021	6,021.41	5,368.08	1.12	933.38	6,021.41	0.16	0.17
2019-2020	5,691.69	4,342.70	1.31	905.42	5,691.69	0.16	0.21
Mean	7785.52	6263.69	1.24	1062.83	7.40	0.14	0.17
Std.Dev	1952.86	1383.11	0.08945	186.58	2.07	0.02	0.02
t-value	8.92	10.13	30.99	1.64	7.98	17.59	15.96
Sig (2-tailed)	0.001	0.001	0.000	0.177	0.001	0.000	0.000

Source: Annual Reports

It is observed from table 2.b, that the mean value of ROI of Berger paints stood at 0.17 and the std.dev at 0.02. The t-value was found to be 15.96 and it is significant at 1 per cent level of significance (0.000).

Table: 3 ROE and ROI of Kansai Nerolac Paints

3.a Return on Equity

Year	Total Assets	Common Stock Equity	Financial Leverage	NPM	TAT	ROA	ROE
2023-2024	7,224.80	5,653.12	1.28	15.99	1.31	20.95	26.77
2022-2023	6,075.13	4,607.38	1.32	6.86	1.54	10.56	13.93
2021-2022	5,395.72	4,170.93	1.29	6.29	1.43	8.99	11.64
2020-2021	5,209.12	4,080.93	1.28	11.32	1.15	13.02	16.62
2019-2020	4,592.44	3,786.87	1.21	10.83	1.31	14.19	17.21
Mean	5699.44	4459.85	1.28	10.26	1.35	13.54	17.23
Std.Dev	1003.24	728.97	0.04	3.92	0.15	4.61	5.78
t-value	12.70	13.68	72.87	5.85	20.59	6.57	6.67
Sig (2-tailed)	0.000	0.000	0.000	0.004	0.000	0.003	0.003

Source: Annual Reports

Table 3.a shows, that the mean value of ROE of Nerolac paints stood at 17.23 and the std.dev at 5.78. The t-value was found to be 6.67 and it is significant at 1 per cent level of significance (0.003).



3.b Return on Investment

Year	Operating Income	Total Assets	Assets Turnover	EBIT	Operating Income	Profit Margin	ROI
2023-2024	7,393.30	7,224.80	1.02	923.57	7,393.30	0.12	0.13
2022-2023	7,081.02	6,075.13	1.17	650.36	7,081.02	0.09	0.11
2021-2022	5,948.90	5,395.72	1.10	516.51	5,948.90	0.09	0.09
2020-2021	4,690.00	5,209.12	0.90	725.33	4,690.00	0.15	0.14
2019-2020	4,943.17	4,592.44	1.08	683.6	4,943.17	0.14	0.15
Mean	6011.28	5699.44	1.05	699.87	6011.28	0.12	0.12
Std.Dev	1219.10	1003.24	0.099	147.50	1219.10	0.03	0.02
t-value	11.03	12.70	23.60	10.61	7.96	9.08	12.53
Sig (2-tailed)	0.000	0.000	0.000	0.000	0.001	0.001	0.000

Source: Annual Reports

It is observed from table 3.b, that the mean value of ROI of Nerolac paints stood at 0.12 and the std.dev at 0.02. The t-value was found to be 12.53 and it is significant at 1 per cent level of significance (0.000).

IV. FINDINGS

It is quite interesting to find that the analysis and interpretation by applying the DuPont Model, the select paint and coating companies' efficient performance during the study period from 2019-2020 to 2023-2024. Among the select three companies, Asian paints have been found to be the better performer compared to other two paints companies based on ROE and ROI.

V. CONCLUSION

The financial position and its operating capacities are the key factors to predict the profitability and productivity of any firm. On the other hand, ROE and ROI is the best indicator to measure the efficiency of the companies. To improve the Return on Equity and Return on Investment the companies have to focus more on its operating profit, debt management and increased sales through maximum utilisation of assets and other resources with minimum cost. These financial strategies create more profit and attracts more investors. The study is a small effort to analysis the performance of the paint and coating industry in India, taking into account the ROE and ROI as the major component in measuring the performance. From the above analysis it is understood among the select companies in the study, Asian paints have been found with the highest ROE and ROI, followed by Berger paints and Nerolac paints. The results would be useful to the investors, policy cum decision makers and researchers to develop more insights for a complete analysis of the painting and coating industry in India.

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