

Berger Paints India Ltd

Berger Paints is the second largest player in the domestic decorative paints industry. It has 11 manufacturing facilities which is spread across India and abroad. The company holds a sustained performance with 5 years CAGR of 10.2% in revenues and 14.5% in profit.

During 1QFY19 also the company's sales increased by 15.7% to ₹1,716cr. This growth was aided by price hike as well as rise in volumes pushed by tier -2 & 3 cities. The company further focuses on these cities, which derives demand for the company core revenue earning product – decorative paints. During the quarter EBITDA margin also widened by 163bps supported by lower raw material cost on account of fall in crude oil prices.

On the balance sheet front also the company has managed its financials well with reducing debt burden each year. Debt-equity ratio has been brought down to 0.2x in FY19 from 0.6x in FY14. It also delivers strong ROE of 21.3% and trades at 13.4x of its book value. The company also pays attractive dividend averaging to 35%. Hence, BUY.

BUY

CMP ₹366

Stock Info

Sector	Paints/Varnish
Market Cap (₹ cr)	35,548
Beta	0.8
52 Week High / Low	373/260
Avg. Daily Volume	44,163
Face Value (₹)	1
BSE Sensex	36,093
Nifty	10,705
Reuters Code	BRGR.BO
Bloomberg Code	BRGR IN

Shareholding Pattern (%)

Promoters	75.0
MF / Banks / Indian FIs	4.0
FII / NRIs / OCBs	9.6
Indian Public / Others	11.4

Abs. (%)	3m	1yr	3yr
Sensex	(7.7)	(2.8)	26.0
BERGEPAIN	15.8	22.2	38.9

Jaikishan Parmar

022 – 3935 7600 Ext: 6810

jaikishan.parmar@angelbroking.com

Research Team Tel: 022 - 39357600

 E-mail: research@angelbroking.com

 Website: www.angelbroking.com

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Disclosure of Interest Statement

Berger Paints Ltd

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)