



# International Journal of Multidisciplinary Research in Science, Engineering and Technology

*(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)*



**Impact Factor: 8.206**

**Volume 9, Issue 3, March 2026**



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# Decoding Financial Performance: A Multidimensional Study of Asian Paints Ltd

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**ABSTRACT:** Financial performance analysis is an important tool to measure the efficiency and profitability of the business organization. The main objective of this study is to analyse the financial performance of Asian Paints Ltd using multidimensional approaches. The research methodology adopted for this study is to use the DuPont formula, trend analysis, and competitor analysis to measure the profitability and efficiency of the organization over the period of five years from FY 2021 to FY 2025. The secondary data required for this study has been collected from the published annual reports and reliable sources. The results obtained through the application of the DuPont formula indicate that the organization operates with a low-margin and high-volume strategy and the shareholders benefit due to the efficient use of assets and the use of an equity-based capital structure. Competitor Analysis reveals the strong market leadership enjoyed by Asian Paints Ltd vis-à-vis Berger Paints and Kansai Nerolac, based on their relative efficiency of operations, strong brand names, and their network of operations. The study reveals that Asian Paints Ltd is financially strong and has good prospects of sustaining its growth, but constant efforts must be made to manage costs and competitive strategies under the dynamic market scenario.

**KEYWORDS:** Financial Performance, DuPont Analysis, Trend Analysis, Competitor Analysis, Asian Paints Ltd

## I. INTRODUCTION

Financial performance analysis is an important tool for understanding the operational efficiency of an organization. Financial performance analysis is an important tool for understanding the operational efficiency of an organization, as it helps stakeholders such as investors, creditors, management, etc., understand the way the company is using its resources to generate profits for the shareholders.

The Indian paint industry has grown rapidly due to increased urbanization, infrastructure development, etc. The Indian paint industry has grown rapidly due to increased urbanization, infrastructure development, etc. Asian Paints Ltd, being the leader in the Indian paint industry, has maintained its presence in the industry by introducing innovative products, an extensive distribution network, etc. However, the increasing competition, fluctuating raw material costs, etc., pose a threat to the profitability of the company.

In this study, we are going to focus on evaluating the financial performance of Asian Paints Ltd using a multi-dimensional framework. Unlike other studies that use financial ratios as tools of financial analysis, in this study we are going to use Du Pont analysis, trend analysis, and competitor analysis in order to have a comprehensive understanding of the financial dynamics of the company. Changing consumer preferences have posed a challenge on profitability.

## II. PROBLEM STATEMENT

Asian Paints Ltd. operates as the market leader in the Indian paint industry; however, its long-term financial sustainability warrants closer examination due to **volatile raw material prices, fluctuating market demand, and intensifying competition**. Traditional ratio analysis alone is insufficient to capture the complexity of these challenges or to evaluate performance across multiple financial dimensions.



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To address this gap, the study adopts a **comprehensive financial analysis framework**, incorporating DuPont analysis, trend analysis, and peer benchmarking to assess profitability, efficiency, and financial stability in a holistic manner. The central research question guiding the study is:

How effectively is Asian Paints Ltd. performing across key financial dimensions, and what do these results indicate about its future growth and financial stability?

### III. RESEARCH METHODOLOGY

The study will be of a descriptive and analytical nature and will purely depend on secondary data. Financial data will be collected from various published financial reports of Asian Paints Ltd and reliable financial sites such as Moneycontrol and Screener. The study will cover five financial years from FY 2021 to FY 2025.

Tools of analysis will include Du Pont analysis, trend analysis, ratio analysis, and competitor analysis. Data will be properly organized and analyzed and interpreted in such a manner that it will help us draw meaningful conclusions regarding the financial condition of the company.

### IV. OBJECTIVES OF STUDY

- A. To study the financial performance of Asian Paints Ltd using different methods like trend analysis, DuPont analysis, so that we get a complete and clear picture of how the company is doing.
- B. To understand what factors are driving the company's profitability and operational performance by analysing its long-term financial patterns and key efficiency ratios.
- C. To compare Asian Paints Ltd with other major companies in the paint industry in order to identify where it is strong, where it is weak, and how it stands against its competitors.

### V. REVIEW OF LITERATURE

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### VI. FINDINGS

#### I. Financial Performance Summary of Asian Paints Ltd.

The DuPont analysis indicates that Asian Paints Ltd. follows a low-margin, high-volume strategy, with shareholder value driven primarily by efficient asset utilization and a conservative capital structure rather than high profit margins. Profitability peaked in FY 2024 due to improved cost control but declined in FY 2025 amid rising costs and competitive pressure. Asset turnover has remained largely stable, reflecting operational efficiency, though a marginal decline in recent years points to ongoing capacity expansion. The company's stable equity multiplier highlights its low reliance on debt and minimal financial risk.

#### II. Findings On Trend Analysis

Trend analysis shows steady growth in revenues and assets, supported by disciplined working capital management, despite short-term fluctuations in profits.

#### III. Findings On Competitor Analysis

Competitor analysis confirms Asian Paints' market leadership in the Indian paint industry, outperforming Berger Paints and Kansai Nerolac in profitability and Return on Equity. Its strong distribution network and brand equity provide a significant competitive advantage, even as industry competition intensifies with new entrants.



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### VII. SUGGESTIONS

To sustain performance, Asian Paints should focus on improving cost efficiency across raw materials, logistics, and energy to protect margins. Better utilization of newly added capacity can help reverse the slight decline in asset turnover. Enhanced inventory management practices can reduce holding costs without compromising service levels. While maintaining its conservative capital structure, the company may selectively use low-cost debt to support growth and improve ROE. Continued emphasis on liquidity discipline, product innovation, and brand strengthening will be essential to preserve its leadership position in a more competitive market.

### VIII. CONCLUSION

Based on the study, it is concluded that Asian Paints Ltd is a financially stable and efficient company. The DuPont formula suggests that the company's shareholder values are more influenced by asset efficiency and proper financial management rather than profit margin management. Trend analysis also shows that the company is growing steadily in terms of revenue and asset management. Competitor analysis also reveals that Asian Paints Ltd is the market leader in the Indian market. Though there is stiff competition and cost management is a problem, the company is ready to grow with proper strategic management and financial management.

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