



## FINANCIAL PERFORMANCE ANALYSIS OF SELECTED PAINT COMPANIES IN INDIA: A TEN YEAR EMPIRICAL STUDY

**M. Manjurani\* & M. Visalatchi\*\***

\* Assistant Professor, Department of Commerce, Thavathiru Santhalinga Adigalar Arts, Science and Tamil College, Perur, Coimbatore, Tamil Nadu, India

\*\* Research Scholar, Department of Commerce, Thavathiru Santhalinga Adigalar Arts, Science and Tamil College, Perur, Coimbatore, Tamil Nadu, India

**Cite This Article:** M. Manjurani & M. Visalatchi, "Financial Performance Analysis of Selected Paint Companies in India: A Ten Year Empirical Study", *International Journal of Interdisciplinary Research in Arts and Humanities*, Volume 11, Issue 2, July - December, Page Number 6-10, 2026.

**Copy Right:** © DV Publication, 2026 (All Rights Reserved). This is an Open Access Article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium provided the original work is properly cited.

**Type of Review:** Peer Reviewed as per |C|O|P|E| Guidance.

**Disclaimer:** The scholarly papers reviewed and published by DV Publication, India, reflect the views and opinions of their respective authors and do not necessarily represent the views or opinions of DV Publication. The publisher disclaims any responsibility for any harm, loss, or damage resulting from the use of the published content by any party.

**DOI:** <https://doi.org/10.5281/zenodo.21139411>

### **Abstract:**

The Indian paint industry has witnessed sustained growth over the past decade due to rapid urbanisation, infrastructure expansion, rising disposable incomes, and increasing consumer preference for branded and premium decorative products. At the same time, paint companies face challenges such as volatile raw material prices, intense competition, rising marketing expenditure, and growing sustainability requirements. In this context, financial performance analysis becomes essential to assess the stability, efficiency, and long-term viability of firms operating in the industry. The present study examines the financial performance of selected paint companies in India over a period of ten years. Analytical tools such as ratio analysis, descriptive statistics, percentage analysis, trend analysis, correlation, regression, multiple regression, time series analysis, and panel data techniques are employed to evaluate financial performance comprehensively. Market leaders demonstrate strong liquidity positions, stable solvency, and consistent profitability, supported by efficient working capital management and robust distribution networks. In contrast, mid-sized and niche players exhibit higher variability in financial indicators.

**Key Words:** Financial Performance, Paint Industry, Liquidity, Solvency, Profitability, Operational Efficiency, India

### **Introduction:**

Finance is the backbone of all economic and business activities, providing the necessary resources for production, distribution, and expansion. Efficient financial management enables firms to achieve an optimal balance between liquidity, solvency, and profitability, ultimately leading to wealth maximisation. Financial performance reflects how effectively an organisation utilises its financial resources to generate revenue and sustain growth over time.

No business can survive in the long run without adequate profitability, as profit serves as the ultimate indicator of operational success and economic efficiency. Financial performance analysis involves the systematic examination and interpretation of financial statements to identify a firm's strengths and weaknesses. It helps evaluate managerial efficiency, financial stability, and the firm's capacity to meet both short-term and long-term obligations. Indicators such as revenue from operations, operating income, cash flows, asset utilisation, and return ratios are commonly used to assess financial health. When analysed collectively, these measures provide a comprehensive picture of a company's overall performance.

The Indian paint industry represents one of the most dynamic segments of the manufacturing sector. Driven by growth in housing, infrastructure development, industrial expansion, and changing consumer lifestyles, the industry has transformed from a fragmented market into a highly competitive and brand-driven sector. Decorative paints dominate the market, followed by industrial coatings used in automotive, marine, and engineering applications. Despite favourable demand conditions, paint companies face financial pressure due to fluctuations in crude-oil-based raw material prices, increased competition, and higher marketing and distribution costs.

In such a competitive environment, analysing the financial performance of paint companies becomes essential to understand their liquidity strength, solvency stability, profitability potential, and operational efficiency. A long-term analysis provides deeper insights into how firms respond to economic fluctuations, policy changes, and market disruptions. Although earlier studies have examined individual paint companies or short-term performance trends, there is limited research offering a comprehensive multi-company and multi-year financial evaluation of the Indian paint industry. The present study seeks to fill this gap by systematically analysing the financial performance of selected paint companies in India over a ten-year period using advanced financial and statistical tools.

### **Overview of the Indian Paint Industry:**

The paint industry is one of the oldest manufacturing industries, evolving from the use of natural pigments in ancient civilisations to a technologically advanced, innovation-driven sector in the modern economy. In the contemporary industrial environment, paints are no longer limited to decorative purposes but serve critical functional roles such as surface protection, corrosion resistance, durability enhancement, and environmental safety. The industry integrates advances in chemistry, material science, environmental engineering, and consumer aesthetics to deliver high-performance coating solutions.

The Indian paint industry has emerged as one of the fastest-growing segments within the manufacturing and chemical sectors. Rapid urbanisation, expansion of housing and infrastructure projects, growth in the real estate sector, and increasing disposable income levels have significantly contributed to rising paint consumption across the country. Over the last two decades,

the industry has transformed from a largely unorganised and fragmented structure into a well-structured, brand-driven, and technology-oriented market dominated by a few large domestic and multinational players.

The industry is broadly classified into two major segments: decorative paints and industrial paints. Decorative paints account for the largest share of the market and include interior and exterior wall paints, emulsions, distempers, enamels, primers, wood finishes, texture coatings, and designer surfaces. Demand for decorative paints is closely linked to housing construction, renovation cycles, urban lifestyle changes, and seasonal factors such as festivals and marriage seasons.

The industrial paint segment includes automotive coatings, protective coatings, marine paints, powder coatings, and specialised industrial coatings used in manufacturing plants, infrastructure projects, and heavy engineering industries. Technological innovation has become a key driver of growth in the Indian paint industry. Companies invest significantly in research and development to introduce low-VOC, water-based, eco-friendly, anti-fungal, and weather-resistant coatings.

Digital transformation has further reshaped the industry through the adoption of automated tinting machines, colour visualisation tools, AI-based shade selection systems, and organised retail formats. These advancements have enhanced customer experience, improved operational efficiency, and strengthened brand loyalty.

Competition in the Indian paint industry is intense, with major players such as Asian Paints, Berger Paints, Kansai Nerolac, and Akzo Nobel commanding significant market share, while emerging companies like Indigo Paints and Sirca Paints focus on niche and premium segments. Global companies such as Nippon Paint and Jotun bring international expertise and advanced coating technologies into the Indian market. This competitive environment compels firms to continuously improve product quality, distribution reach, cost efficiency, and financial performance.

Given its strong linkage with housing, infrastructure, automotive, and industrial development, the paint industry plays a vital role in India's economic growth. As the industry continues to expand and evolve, analysing the financial performance of paint companies becomes crucial for understanding their operational strength, competitive positioning, and long-term sustainability.

#### **Importance of Financial Performance Analysis:**

Financial performance analysis is a vital tool for evaluating the overall health and efficiency of business organisations. It provides a systematic approach to assess how effectively a firm utilises its financial resources to generate profits, manage risks, and sustain long-term growth. In the paint industry, where firms operate under conditions of intense competition, fluctuating raw material prices, and increasing technological investment, financial performance analysis becomes particularly significant.

One of the primary objectives of financial performance analysis is to measure profitability. Profitability indicators reveal a firm's ability to generate adequate returns from its operations and investments. In the paint industry, profitability is influenced by factors such as raw material costs, production efficiency, pricing strategies, and marketing expenditure. Analysing profitability ratios helps determine whether paint companies are able to maintain margins and achieve sustainable growth in a competitive market.

Liquidity analysis is another critical component of financial performance evaluation. Liquidity reflects a company's capacity to meet its short-term obligations and manage working capital efficiently. Paint companies deal with large inventories and extend credit to dealers and distributors, making liquidity management essential for smooth operations. Inadequate liquidity can lead to operational disruptions, delayed payments, and financial stress. Therefore, analysing liquidity ratios helps assess short-term financial stability.

Financial performance analysis also plays a crucial role in assessing solvency, which indicates a firm's long-term financial stability and its ability to meet long-term obligations. Paint companies often invest heavily in manufacturing facilities, research and development, and distribution networks, requiring long-term financing. Solvency analysis helps evaluate capital structure, financial risk, and the firm's capacity to sustain growth without excessive reliance on debt.

Operational efficiency analysis examines how effectively a company utilises its assets and manages its operations. Efficiency ratios provide insights into inventory management, asset utilisation, and working capital productivity. In the paint industry, efficient inventory turnover and asset utilisation are essential due to the wide product range and extensive distribution networks. Improved efficiency contributes directly to enhanced profitability and financial stability.

Financial performance analysis serves as a decision-making tool for management, investors, creditors, and policymakers. It helps identify strengths and weaknesses, supports strategic planning, facilitates investment decisions, and enhances understanding of industry-wide financial trends. In a dynamic and competitive industry like paints, systematic financial performance analysis is indispensable for achieving long-term sustainability.

#### **Statement of the Problem:**

One of the major issues faced by paint companies is the volatility in raw material costs, particularly petroleum-based inputs such as resins, solvents, and pigments. Fluctuations in crude oil prices and global supply chain disruptions directly affect production costs and profitability. While some companies are able to manage these fluctuations through efficient cost control, pricing strategies, and economies of scale, others experience financial stress and declining margins. This disparity raises concerns regarding the financial stability and resilience of paint companies.

Another problem is the lack of comprehensive and comparative financial performance studies covering a broad range of paint companies in India. The present study seeks to address the problem of inadequate long-term, multi-company financial performance analysis in the Indian paint industry. By examining liquidity, solvency, profitability, and operational efficiency of selected paint companies over a ten-year period, the study aims to provide a systematic and empirical understanding of financial performance patterns and identify key determinants influencing the financial strength and sustainability of paint companies in India.

#### **Objectives of the Study:**

The present study has been undertaken with the following specific objectives:

- To examine the liquidity position of selected paint companies in India.
- To analyse the profitability performance of the paint companies over the study period.

- To assess the operational efficiency of the selected paint companies using appropriate financial ratios.

### **Scope of the Study:**

The scope of the present study is confined to the financial performance analysis of selected paint companies operating in India. The study focuses on ten major paint companies representing a mix of large domestic firms, multinational subsidiaries, mid-sized companies, and niche players. These companies have been selected based on their market relevance, operational scale, and availability of consistent financial data.

The study covers a period of ten years, which allows for the identification of long-term financial trends, cyclical movements, and structural changes within the industry. The scope includes the application of ratio analysis, descriptive statistics, percentage analysis, trend analysis, correlation, regression, multiple regression, time series analysis, and panel data techniques to ensure a comprehensive evaluation. The study is based entirely on secondary data collected from audited annual reports, financial statements, company websites, and reputed financial databases.

### **Review of Literature:**

The existing body of literature on financial performance analysis in manufacturing industries, particularly in the paint and coatings sector, highlights the significance of key financial determinants such as capital structure, liquidity management, profitability, and operational efficiency. Several studies have emphasized that financial performance is largely influenced by the firm's ability to balance risk and return while maintaining efficient resource utilization. Recent studies have focused extensively on capital structure and its impact on financial performance. Sundar (2025) and Raghavan and Nambiar (2023) found that firms maintaining lower or optimal levels of financial leverage tend to achieve higher profitability and financial stability. These studies highlight that excessive reliance on debt increases financial risk and adversely affects performance, whereas a balanced debt-equity mix enhances long-term sustainability. This is particularly relevant in the paint industry, where fluctuations in raw material costs demand financial resilience.

Profitability determinants have also been widely examined in the literature. Baskaran (2025) identified cost control, production efficiency, and strong distribution networks as critical factors influencing profitability in paint and allied industries. Similarly, Ravi (2021) observed that market leaders with economies of scale and strong brand positioning consistently outperform smaller firms in terms of revenue and profit growth. These findings indicate that both internal efficiency and external market positioning play crucial roles in determining financial success. Liquidity and working capital management have emerged as another major area of focus in financial performance studies. Kumar et al. (2024) and Kavitha and Balaji (2021) established that efficient management of working capital components such as inventory, receivables, and payables significantly improves both liquidity and profitability. Their findings suggest that firms maintaining adequate liquidity are better equipped to sustain operations and achieve stable financial performance, especially in industries with high inventory requirements like paints.

Operational efficiency and asset utilization have also been identified as key drivers of financial performance. Meena and Joseph (2024) demonstrated that firms with higher asset turnover ratios and efficient cost management achieve superior profitability. In addition, Lakshmi and Devi (2022) highlighted the importance of inventory management in reducing costs and improving operational efficiency. These studies collectively emphasize that efficient utilization of resources directly contributes to improved financial outcomes.

Cost control and financial discipline have further been emphasized in recent research. Suresh et al. (2022) found that firms implementing structured cost management strategies achieve higher profit margins and better financial stability. The study indicates that effective cost control is particularly important in industries facing input cost volatility, such as the paint sector. The literature reveals that financial performance is a multidimensional concept influenced by a combination of capital structure decisions, liquidity management, operational efficiency, and market positioning. While prior studies have examined these factors individually, there is limited research integrating all these dimensions into a comprehensive, multi-company, and long-term analysis. The present study attempts to bridge this gap by providing a holistic evaluation of financial performance in the Indian paint industry over a ten-year period using advanced analytical techniques.

### **Research Methodology:**

The present study adopts a descriptive and analytical research design to examine the financial performance of selected paint companies in India. The descriptive approach is used to present the financial structure, trends, and performance patterns of the companies, while the analytical approach enables a detailed evaluation of financial ratios and statistical relationships among key variables. Since the study relies entirely on numerical financial data obtained from published sources, it is empirical in nature. The study is based exclusively on secondary data collected from audited annual reports of the selected paint companies, including balance sheets, profit and loss accounts, and cash flow statements. Additional data were obtained from stock exchange filings, company websites, and reputed financial databases such as CMIE Prowess, Moneycontrol, Screener, and Statista. The use of authenticated secondary data ensures reliability, consistency, and comparability across companies and over the study period.

A purposive sampling technique has been adopted to select the sample companies. Ten paint companies operating in India were chosen based on their market presence, availability of continuous financial data, and representation of both domestic and multinational firms. The selected companies include major market leaders, industrial coating specialists, emerging players, and niche brands, thereby providing a comprehensive representation of the Indian paint industry.

The period of the study covers ten years, which allows for the identification of long-term financial trends, structural changes, and cyclical variations. This time horizon supports the application of advanced analytical tools such as time series analysis and panel data analysis.

For analytical purposes, various financial and statistical tools have been employed. Ratio analysis is used to evaluate liquidity, solvency, profitability, and operational efficiency. Descriptive statistics and percentage analysis help summarise financial data and identify growth patterns. Correlation analysis is applied to examine the relationship between financial variables, while regression and multiple regression analyses are used to assess the impact of liquidity, solvency, and efficiency on profitability. Time series and panel data techniques strengthen the analysis by capturing both temporal and cross-sectional

variations. Data processing and analysis were carried out using Microsoft Excel and SPSS to ensure accuracy and clarity of results.

#### **Analysis and Interpretation:**

The financial performance analysis of selected paint companies over the study period reveals significant variations in asset base, profitability, liquidity, capital structure, and operational efficiency. The analysis based on descriptive statistics, ratio analysis, and comparative evaluation provides meaningful insights into the financial strength and stability of the companies.

The analysis of total assets indicates that market leaders such as Asian Paints and Akzo Nobel India maintain a strong and expanding asset base, reflecting their dominant market position and continuous investment in capacity expansion and distribution networks. However, companies like Nippon Paint and Indigo Paints exhibit higher variability in asset growth, suggesting aggressive expansion strategies combined with fluctuations in financial structuring. In contrast, firms such as Jotun India and Akzo Nobel demonstrate relatively stable asset growth, indicating consistent financial planning and controlled expansion.

The profitability analysis based on net income shows that most companies maintain positive earnings, with firms like Sirca Paints India and Akzo Nobel India recording higher average profitability. However, the presence of negative earnings in companies such as Shalimar Paints highlights operational inefficiencies and financial instability. High variability in earnings among firms like Indigo Paints indicates inconsistent performance, whereas companies such as Asian Paints and Berger Paints demonstrate stable and sustained profitability over the years.

The analysis of net sales reflects a consistent upward trend across most companies, driven by increasing demand in housing, infrastructure, and industrial sectors. Akzo Nobel India leads in terms of sales performance, followed by Berger Paints and Asian Paints, indicating strong market penetration and brand dominance. Emerging companies such as Indigo Paints show gradual growth, though accompanied by higher variability, suggesting evolving market presence and competitive positioning.

Equity share capital analysis reveals that most companies maintain stable capital structures with minimal variation over the years. Akzo Nobel India exhibits complete stability in equity, while Jotun India maintains the highest equity base. However, firms like Nippon Paint and Snowcem Paints show significant variations, indicating restructuring and capital expansion activities. This suggests differences in financing strategies adopted by firms in the industry.

The debt analysis indicates varying levels of financial leverage among the companies. Sirca Paints India and Nippon Paint India show higher reliance on external borrowings, while companies such as Indigo Paints and Snowcem Paints follow conservative financing policies with minimal debt. A notable observation is the reduction of debt in Nippon Paint over time, indicating improved financial management and repayment capacity. High variability in debt levels across companies reflects differences in risk-taking behavior and capital structure decisions.

Liquidity analysis based on cash balances and current assets shows that most companies maintain adequate liquidity levels to meet short-term obligations. Companies like Sirca Paints India and Nippon Paint India hold higher cash reserves, although with significant fluctuations, indicating dynamic cash management practices. On the other hand, companies such as Jotun India exhibit stable liquidity with lower variability, reflecting efficient working capital management. The analysis of current assets and current liabilities indicates that most companies maintain a balanced working capital position. Akzo Nobel India shows the strongest working capital position, while companies such as Nippon Paint experience negative working capital in recent years, indicating potential liquidity constraints. The presence of high variability in working capital among certain firms highlights inconsistent short-term financial management.

Inventory analysis reveals that companies such as Nippon Paint and Akzo Nobel India maintain higher inventory levels, reflecting large-scale operations and extensive product portfolios. However, high fluctuations in inventory indicate inefficiencies in stock management and demand forecasting. In contrast, companies like Asian Paints demonstrate relatively stable inventory levels, suggesting efficient inventory control practices. The ratio analysis further supports these findings by highlighting differences in liquidity, profitability, and efficiency across companies. Most firms maintain a current ratio above unity, indicating satisfactory short-term solvency. However, companies such as Nippon Paint show lower and unstable liquidity positions, suggesting potential financial stress. Profitability ratios such as return on assets and return on equity indicate that leading firms effectively utilize their resources, whereas weaker firms exhibit inconsistent or negative returns. The analysis reveals that market-leading companies such as Asian Paints, Berger Paints, and Akzo Nobel India demonstrate strong financial performance characterized by stable growth, efficient operations, and balanced financial structures. In contrast, smaller and emerging firms exhibit higher variability in performance, reflecting challenges in managing growth, costs, and financial resources. The study highlights that efficient working capital management, controlled leverage, and operational efficiency are key determinants of financial performance in the paint industry.

#### **Results and Discussion:**

The financial performance analysis of the selected paint companies reveals significant variations across firms and over the study period. The results obtained from ratio analysis, descriptive statistics, trend analysis, and statistical techniques highlight differences in liquidity management, solvency strength, profitability levels, and operational efficiency. These variations reflect differences in company size, market positioning, cost structures, and strategic focus within the Indian paint industry.

Liquidity analysis indicates that most of the selected paint companies maintained satisfactory short-term financial positions during the study period. Market-leading companies exhibited stable current and quick ratios, suggesting efficient working capital management and the ability to meet short-term obligations without financial strain. These firms benefited from strong cash flows, efficient inventory control, and disciplined receivables management. In contrast, certain mid-sized and niche players displayed fluctuations in liquidity ratios, indicating occasional working capital pressures arising from inventory accumulation and extended dealer credit.

Solvency analysis shows that the majority of the selected companies followed conservative capital structures with moderate reliance on long-term debt. Leading firms maintained favourable debt-equity and interest coverage ratios, reflecting low financial risk and strong capacity to service long-term obligations. Companies with higher leverage experienced increased interest

burdens, which affected profitability during periods of rising input costs and economic uncertainty. Overall, the solvency position of established paint companies was relatively stronger compared to smaller firms, highlighting the importance of retained earnings and internal financing in sustaining long-term stability.

Profitability analysis reveals that market leaders consistently achieved higher profit margins, return on assets, and return on equity throughout the study period. Their superior performance can be attributed to economies of scale, strong brand equity, efficient production systems, and extensive distribution networks. Emerging and niche companies exhibited improving profitability trends in certain years, driven by premium product offerings and focused market strategies, although their performance remained more volatile compared to established firms.

Operational efficiency analysis indicates that efficient inventory management and asset utilisation played a critical role in determining financial performance. Companies with higher inventory turnover and asset turnover ratios demonstrated better profitability and liquidity positions. Inefficiencies in inventory handling and asset utilisation were associated with increased costs and reduced margins.

Correlation and regression results indicate a significant relationship between operational efficiency and profitability, suggesting that improvements in efficiency directly enhance earnings performance. Liquidity and solvency variables also exhibited meaningful associations with profitability, confirming that balanced financial management contributes to sustainable performance. Panel data and time series analysis further revealed that financial performance improved over time for most companies, despite short-term disruptions caused by raw material price volatility and economic shocks.

#### **Conclusion:**

The present study provides a comprehensive evaluation of the financial performance of selected paint companies in India over a ten-year period. By applying a combination of financial ratios and advanced statistical tools, the study offers valuable insights into liquidity, solvency, profitability, and operational efficiency within the industry. The findings indicate that financial performance varies significantly across companies, reflecting differences in scale, market dominance, and financial strategies.

Market-leading paint companies exhibit strong financial stability, consistent profitability, and efficient resource utilisation, supported by robust distribution networks and brand strength. In contrast, mid-sized and niche firms face greater financial variability, although some demonstrate growth potential through innovation and premium product strategies. The study confirms that operational efficiency, prudent liquidity management, and balanced capital structures are key determinants of profitability and long-term sustainability in the paint industry. The research contributes to existing literature by offering a long-term, multi-company financial performance analysis of the Indian paint industry using an integrated analytical framework.

#### **References:**

1. Sundar, R. (2025). Capital structure stability and financial performance of Indian paint companies. *Journal of Financial Management and Analysis*, 38(1), 45-60.
2. Baskaran, K. (2025). Determinants of profitability in paint and allied chemical industries. *Asian Journal of Accounting and Finance*, 12(2), 101-118.
3. Kumar, S., Rajesh, P., & Mani, V. (2024). Liquidity management and financial performance in Indian paint companies. *International Journal of Business Research*, 14(3), 75-90.
4. Meena, S., & Joseph, T. (2024). Operational efficiency and profitability analysis in the paint industry. *Journal of Commerce and Management Studies*, 9(2), 55-70.
5. Aravind, K. (2023). Market share and brand influence on financial performance of paint companies. *International Journal of Marketing and Financial Studies*, 11(1), 30-48.
6. Raghavan, S., & Nambiar, V. (2023). Financial leverage and its impact on profitability: Evidence from manufacturing industries. *Journal of Corporate Finance Studies*, 7(2), 120-137.
7. Lakshmi, R., & Devi, P. (2022). Inventory management practices and financial performance in the paint industry. *International Journal of Accounting and Financial Analysis*, 8(4), 88-102.
8. Suresh, M., Kumar, D., & Anand, R. (2022). Cost control measures and financial performance in paint companies. *Journal of Cost and Management Accounting*, 10(3), 66-80.
9. Ravi, K. (2021). Profitability trends in Indian paint companies: A longitudinal study. *Indian Journal of Finance and Economics*, 15(2), 40-55.
10. Kavitha, M., & Balaji, S. (2021). Liquidity and profitability relationship in manufacturing industries: A study with reference to paint companies. *International Journal of Financial Research*, 13(1), 25-39.