

EXECUTIVE SUMMARY

Overview:

Akzo Nobel India Ltd, the Indian subsidiary of Dutch multinational AkzoNobel N.V., began its journey with the acquisition of Imperial Chemical Industries (ICI) in 2008. After rebranding, it retained popular ICI brands like Dulux, a leader in the Indian paint market. Over time, the company expanded its product range to include chemicals and industrial coatings, establishing multiple manufacturing facilities across India. With sustainability and innovation, Akzo Nobel India has embraced digital technologies to stay competitive, focusing on customer satisfaction, and strengthening its market position through strategic partnerships.

Segment-wise Performance:

1. Decorative Paints:

- Steady growth driven by new product launches and innovations.
- Focused on urban markets and large projects.
- Introduced Dulux Assurance, India's first paint warranty program. Also, expanded distribution to over 5,000 towns.
- Strong success with Dulux Weather shield and Sadolin PU, offering durable and colorful options.

2. Performance Coatings:

- Achieved strong double-digit growth in automotive, marine, and protective coatings.
- Launched sustainable products like Interpon D3020 and Resicoat EL.
- Targeted growing sectors like electric vehicles and infrastructure and expanded presence in architecture and infrastructure with innovative coatings.

Financial Highlights:

- **Revenue:** ₹3,961.6 Cr, up 4% from ₹3,802.1 Cr in 2022-23.
- **Profit Before Tax:** ₹573.1 Cr, a 26% increase from last year.
- **Profit After Tax:** ₹426.7 Cr, up from ₹335.1 Cr in 2022-23.
- **Profitability:** Reflects the strong increment from 13.8% to 16% in profitability.
- **Dividend:** The total dividend for the year was ₹75 per share.

Key Risks

Volatility in raw material prices: Solvents, pigments, resins, latex, monomers and titanium dioxide are the key raw materials for Akzo. Titanium dioxide is one of the key raw materials in paints. While the company can pass-forward most such price volatilities to customers (more so in case of decorative paints) through occasional price hikes, they could be with a lag and could distort margins in certain quarters.

Growth linked to GDP: The volume growth rate of paint industry has been a multiplier of GDP growth and so, any slowdown in GDP growth will impact the sector's growth.

Possible reduction in margins in case of successful increase in mass and economy paints sales:

Akzo has largely been luxury paints player and has the highest market share (after Asian Paints) in luxury paints. However, the demand for mass and economy paints is far higher in India and management has guided that it would increase its focus on mass and economy paints.

FUNDAMENTAL ANALYSIS

Balance Sheet

PARTICULARS	2020	2021	2022	2023	2024
Total Assets	2,326	2,530	2,592	2,741	2,904
+ Current Assets	1,550	1,748	1,760	1,868	1,922
+ Non Current Assets	775.50	782.30	831.20	872.30	982.30
Total Liabilities	1,088	1,242	1,332	1,424	1,574
+ Current Liabilities	947.70	1,105	1,184	1,264	1,424
+ Non Current Liabilities	140.10	137.30	148.30	160.30	150.50
Total Equity	1,238	1,288	1,260	1,316	1,330
Common Stock	45.50	45.50	45.50	45.50	45.50
Preferred Stock	0.00	0.00	0.00	0.00	0.00
Other Equity Total	1,193	1,243	1,214	1,271	1,284
Total Common Shares Outstanding	4.55	4.55	4.55	4.55	4.55
Debt To Equity	0.03	0.05	0.05	0.05	0.05
Book Value	271.82	282.88	276.55	289.03	292.02

- The company has consistently grown its assets, suggesting positive business expansion and investment.
- Minimal Debt: The company appears to rely primarily on equity financing, which can be a positive sign as it reduces interest expense and financial risk.
- The rise in the current assets over the years have shown a healthy liquid position for the company making it able to meet its short term obligations and capture new business opportunities.

Income Statement

PARTICULARS	2020	2021	2022	2023	2024
+ Revenue	2,699	2,445	3,171	3,830	3,997
+ Expenses	2,371	2,166	2,807	3,374	3,424
EBITDA	411.50	364.00	457.20	552.50	667.80
EBIT	332.50	288.50	381.30	470.00	585.50
Profit Before Tax	323.20	278.20	366.80	455.90	573.00
Net Profit	237.40	207.60	290.10	335.10	426.60
Financial Ratios					
Operating Profit Margin	15.46%	15.03%	14.52%	14.53%	16.86%
Net Profit Margin	8.92%	8.57%	9.21%	8.81%	10.77%
Earning Per Share (Diluted)	52.13	45.60	63.70	73.58	93.68
Dividends Per Share	14.00	50.00	75.00	65.00	65.00

- The company has shown steady revenue growth over a period of 5 years although the sales dropped during the covid era.
- The operating profit margin has been promising and stable suggesting control over the operating expenses
- The EBITDA has increased steadily suggesting strong operational performance and cash flow generations

Cashflow Statements

PARTICULARS	2020	2021	2022	2023	2024
Opening Cash Balance	33.30	254.50	139.10	145.00	314.70
+ Cash Flow From Operating Activities	374.10	283.20	121.40	486.20	485.50
+ Cash Flow From Investing Activities	4.40	-224.90	230.40	-14.80	-87.10
+ Cash Flow From Financing Activities	-157.30	-173.70	-345.90	-301.70	-439.40
Closing Cash Balance	254.50	139.10	145.00	314.70	273.70
Net Change In Cash	221.20	-115.40	5.90	169.70	-41.00

- The negative cashflow from investing activities in most years has shown capital expenditure likely to be in expansion of the business, new acquisitions or projects.
- The negative cash flows from financing activities in all years suggest that the company has been financing its operations and growth through debt or equity issuances.
- Fluctuating Cash Flows: The volatility in cash flows from investing and financing activities could create uncertainty in the company's future cash position.

MANAGEMENT OVERVIEW

Rajiv Rajgopal – Managing Director & CEO:

Rajiv Rajgopal leads AkzoNobel India as the Managing Director and CEO. With a strong background in strategic leadership, he is responsible for steering the company's growth, managing operations, and implementing business strategies tailored to the Indian market.

Debarati Sen – Chief Financial Officer (CFO):

Debarati Sen oversees the financial health of AkzoNobel India. As CFO, she manages financial planning, reporting, and risk management, ensuring the company's financial stability and supporting its strategic goals.

Amrita Sanyal – Head of Sales & Marketing:

Amrita Sanyal leads the Sales & Marketing division, focusing on market expansion, brand building, and customer engagement. She is pivotal in driving the company's market presence and growth across India.

Anuj Jain – Director of Operations:

Anuj Jain is responsible for the efficiency and effectiveness of AkzoNobel India's operations. He manages the manufacturing processes, supply chain, and overall production, ensuring that the company meets its quality and delivery standards.

Sushil Kumra – Head of Human Resources:

Sushil Kumra heads the HR department, where he focuses on talent acquisition, employee development, and maintaining a strong organizational culture. His role is crucial in ensuring that the company attracts and retains top talent.

Richa Singh – Head of Legal & Compliance:

Richa Singh oversees all legal and compliance matters for AkzoNobel India. She ensures that the company operates within the legal frameworks and adheres to corporate governance standards.

Varun Chhabra – Head of Sustainability & CSR:

Varun Chhabra leads the sustainability and corporate social responsibility efforts. He is responsible for driving initiatives that promote environmental stewardship and social impact, aligning with AkzoNobel's global commitment to sustainability.

This management team is central to AkzoNobel India's strategic operations, driving growth and ensuring the company's alignment with global standards and objectives.

INDUSTRY ANALYSIS

Market evaluation:

- length: valued at USD 15-20 billion, with a projected CAGR of 10-12%.
- Segments: frequently divided into ornamental paints and commercial paints.

Trends:

- Sustainability: upward push in f6ba901c5019ebe39975adc2eb223bef paints with low VOC content material.
- Innovation: improved use of virtual color mixing and superior utility technologies.

Consumer choices: increase in demand for top class, excessive-performance paints.

Key gamers:

AkzoNobel India:

- brands: Dulux, Sikkens.
- recognition: Sustainability and innovation with a sturdy nearby presence.

Asian Paints:

- market leader: sizable variety of decorative and industrial paints.
- approach: customer support, distribution network, innovation.

Berger Paints:

- function: leading participant with a numerous product portfolio.
- method: expanding product range and improving customer experience.

Nerolac Paints:

- affiliation: part of Kansai Paints institution.
- attention: Sustainable merchandise and superior technology.

Challenges and Opportunities:

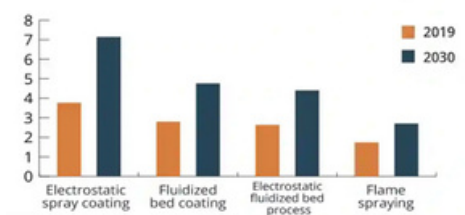
Demanding situations:

- raw material prices: Volatility in expenses.
- Regulatory Compliance: Adhering to environmental and protection standards.
- extreme opposition: From each home and worldwide brands.

Possibilities:

- rising Markets: increase capacity in smaller cities and rural areas.
- Innovation: improvement of advanced, sustainable merchandise.
- authorities initiatives: Supportive guidelines and infrastructure improvement.

2022-2030, market revenue will
ACCELERATE
at a CAGR of **5.0%**



India Paints And Coatings Market Leaders

- 1 Asian Paints
- 2 Berger Paints India Limited
- 3 Kansai Nerolac Paints Limited
- 4 Nippon Paint Holdings Co., Ltd
- 5 Akzo Nobel N.V.

Market Concentration



SWOT ANALYSIS

Strengths:

1. Price Momentum:

- The price momentum is strong across short-term, medium-term, and long-term moving averages.
- This increase in price captures sustained investor confidence and positive market sentiment.

2. Return on Capital Employed (RoCE):

- There has been marked improvement in RoCE in the past two years.
- RoCE indicates an effective use of capital to generate profits.

3. Return on Equity (ROE):

- There is increased ROE. Hence, good utilization of shareholders' funds.
- It is indicative of the company's ability to generate returns on equity investments.

Opportunities:

1. Growth Shift:

- A shift from negative to positive growth has taken place in sales and profits.
- Strong price momentum supports continued growth potential.

2. Relative Strength Index (RSI):

- The RSI reflects sustained strength in the price.
- Further upward movement in price is indicative of its possibility.

Weaknesses

1. Mutual Fund Holdings:

- The mutual fund holdings have contracted in the last quarter.
- This may indicate potential institutional decline in faith in the future of the company.

2. Net Cash Flow:

- The net cash flow is reducing, this induces liquidity.
- This may create problems in sustaining operational efficiency and funding growth in the future.

Threats

1. Rising Costs:

- Costs have increased year-over-year, especially in long-term projects.
- May squeeze the profitability and overall financial health of the company.



PEER COMPARISON

Asian Paints is the market leader in terms of market capitalization: This is indicated by the highest value of ₹3,02,291.18 Cr in the industry. The strong market position and investing confidence is shown by this.

Berger Paints and Kansai Nerolac are moderate alternatives: In comparison to Asian Paints, Berger Paints and Kansai Nerolac have much lower capitalizations but both possess quite high P/E ratios of 57.52 and 35.50 respectively, which implies a constant earning habit.

Indigo Paints has balanced growth potential: Indigo Paints offers both an impressive P/E ratio at 48.43 alongside a mid-range 7.65 P/B making it the best choice for investors aiming at balanced growth together with value stocks.

Shalimar Paints Is Struggling With Profitability: The negative P/E ratio of -12.53 shows how unprofitable Shalimar Paints is currently meaning that they are financially challenged as suggested by the lower market cap which means they are much smaller than competitors in the industry.

Retina Paints Is Overestimated By A Long Shot: It is too much estimated among its counterparts having a 161.32 P/E Ratio, hence, making it riskier due to low Market capitalization of ₹119.19 Cr.

MCON Rasayan Shows Steady Performance: MCON Rasayan is creating an appearance of stable performance in the recent past with no significant price fluctuations and moderate P/E ratio of 52.77, which is almost equal to Retina Paints market cap.

Price Variations Among Peers: The prices of these stocks are wide apart, as Asian Paints is the costliest stock while Retina Paints and MCON Rasayan amongst lower players; thus, they indicate different investment opportunities depending on risk appetite.

Stable Highs for Established Players: Companies like Asian Paints, Berger Paints and Kansai Nerolac have relatively stable 52-week highs suggesting their more established position in the market compared to Shalimar Paints or even Retina Paints whose price history has been more volatile in nature.

COMPANY	PRICE	P/E	P/B	MKT. CAP	52W L	52W H
Asian Paints	₹3,158.95 (+0.25%)	59.51	16.14	₹3,02,291.18Cr	2,670.10	3,422.95
Berger Paints	₹579.60 (+0.61%)	57.52	12.48	₹67,120.71Cr	439.00	679.75
Kansai Nerolac	₹299.85 (+0.62%)	35.50	4.31	₹24,077.64Cr	251.85	357.30
Indigo Paints	₹1,453.80 (+0.32%)	48.43	7.65	₹6,899.89Cr	1,250.00	1,605.00
Shalimar Paints	₹135.48 (-0.27%)	-12.53	3.19	₹1,136.38Cr	132.10	224.15
Retina Paints	₹85.00 (-0.58%)	161.32	5.39	₹119.19Cr	0.00	85.00
MCON Rasayan ...	₹187.85 (0.00%)	52.77	7.56	₹118.42Cr	105.35	244.35

TECHNICAL ANALYSIS

All Time High	3,578.80	Open	3,467.15	TTM EPS	94.71	High	3,484.50
All Time Low	49.00	Previous Close	3,467.15	See historical trend	(+17.17% YoY)	Low	3,430.05
20D Avg Volume	28,144	Volume	8,009	TTM PE	36.59	UC Limit	4,160.55
20D Avg Delivery(%)	46.77	Value (Lacs)	277.52	See historical trend	(High PE)	LC Limit	2,773.75
Book Value Per Share	291.77	VWAP	3,461.07	P/B	11.88	52 Week High	3,578.80
Dividend Yield	2.16	Beta	0.58	See historical trend	(High P/B)	52 Week Low	2,267.00
		Mkt Cap (Rs. Cr.)	15,780	Sector PE	51.01	Face Value	10

Price Trends: Akzo Nobel India has shown an overall upward trend, with key support levels around ₹1,800 and resistance near ₹2,600. The stock consistently trades above its 200-day moving average, indicating long-term strength.

Volume: Significant price movements are typically accompanied by higher trading volumes during earnings releases or major announcements, confirming the trend's strength.

RSI: The RSI oscillates between 30 and 70, with values above 70 indicating overbought conditions (potential corrections) and below 30 indicating oversold conditions (buying opportunities).

MACD: Positive crossovers on the MACD suggest bullish momentum, while negative crossovers signal potential bearish phases.

In conclusion, Akzo Nobel India Ltd. has solid technical indicators that show steady price growth backed by steady momentum and volume trends.

Weekly Chart

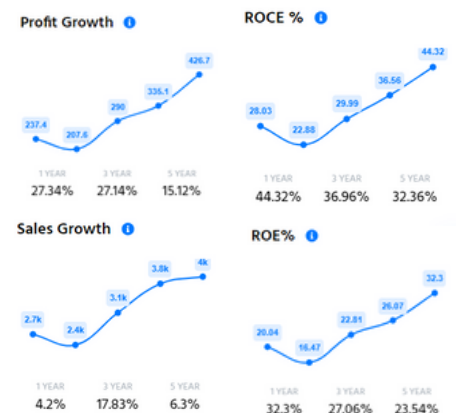


Moving averages

Moving Averages

Days	EMA
5	2,998.78
10	2,793.17
20	2,604.12
50	2,334.43
100	2,038.25
200	1,542.73

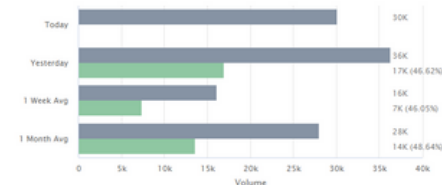
Ratios



Volume analysis

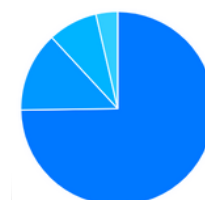
Price Performance	
1 Week	9.90%
1 Month	22.72%
3 Months	38.93%
YTD	35.19%
1 Year	30.24%
3 Years	60.14%

Volume Analysis



Share Holding pattern

Share Holding Pattern



Promoter Pledging %

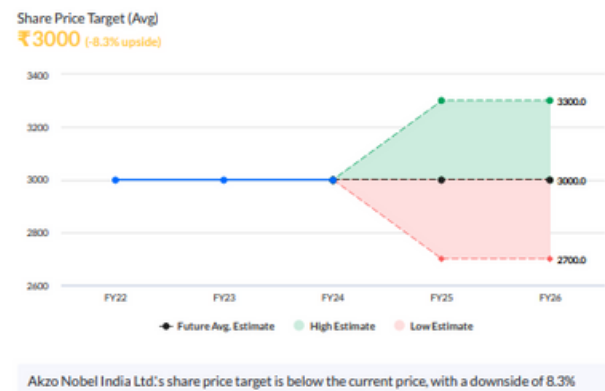
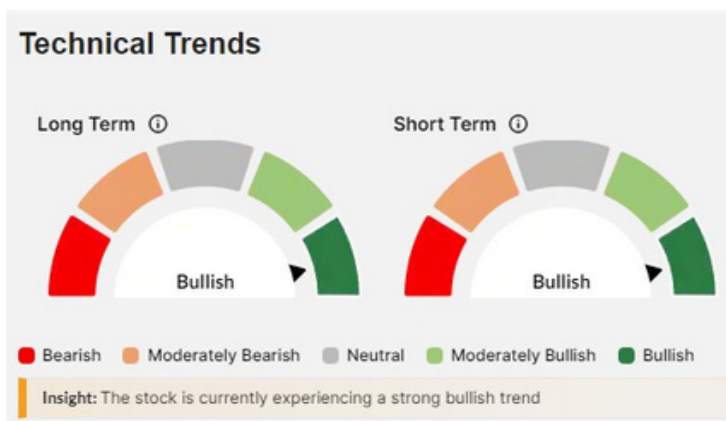
DATE	PROMOTER %	PLEDGE %
Jun 2024	74.76	0
Mar 2024	74.76	0
Dec 2023	74.76	0
Sep 2023	74.76	0
Jun 2023	74.76	0

CONCLUSION

Despite the covid era AkzoNobel continued to deliver double digit profitability for the fifth year in a row which is a testament to its resilient business model and strategic priorities. Growth was mainly driven by product launches with innovative advancements in their Dulux professional range with **65% raw material** sustainably sourced and **33% of their portfolio comprising of EPD**.

This approach coupled with their product innovation will support their long term goal. By focusing on innovation, customer centric strategies, and leveraging its strengths company is well positioned to capitalize on the anticipated growth opportunities and company's solid return ratio shows demonstrate proficient administration and operational effectiveness.

Although the price momentum, ROE, has increased with a **positive growth shift** AkzoNobel needs to closely monitor their net cash flow and address rising cost for future growth opportunities.



In order to successfully compete with market leaders, AkzoNobel should work to strengthen its position in the market and its financial performance. The dominance of Asian paints is pretty evident AkzoNobel needs to work on product innovation, market expansion and cost reduction.

Stocks of AkzoNobel seems to be in strong position indicators being **upward price trend, bullish signals** from **RSI and MACD** suggests possibility of further price growth.