

10 December 2019

The Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, 5th floor
Plot No C/1, G Block,
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400051

Sub: Clarification regarding consolidated Limited Review Report

Dear Sir,

Please note that while submitting the quick results, the last page of the consolidated limited review report was inadvertently missed.

We, therefore, submit herewith the complete consolidated limited review report alongwith the results for the quarter ended 30 September 2019.

Please let us know if any further clarification required in this regard.

Thanking you,

Yours Faithfully
For Akzo Nobel India Limited



R Guha
Company Secretary

Encl : a/a

Price Waterhouse Chartered Accountants LLP

To
The Board of Directors
Akzo Nobel India Limited
DLF Epitome
Building No. 5, Tower A,
20th Floor, DLF Cyber City Phase III,
Gurugram – 122002
Haryana, India

1. We have reviewed the unaudited consolidated financial results of Akzo Nobel India Limited (the “Parent”) and its subsidiary (the parent and its subsidiary hereinafter referred to as the “Group”) for the quarter and the six months ended 30 September 2019, which are included in the accompanying Statement of Consolidated Unaudited Financial Results for the quarter and six months ended 30 September 2019, the unaudited consolidated statement of assets and liabilities as on that date and the consolidated statement of cash flows for the six months ended on that date (the “Statement”). The Statement is being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”), which has been initialled by us for identification purposes. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 30 September 2018 and the corresponding period from 1 April 2018 to 30 September 2018, as reported in these financial results have been approved by the Parent’s Board of Directors, but have not been subjected to review.
2. This Statement, which is the responsibility of the Parent’s Management and has been approved by the Parent’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.
4. The Statement includes the results of the following entities:
 - Akzo Nobel India Limited (Parent)
 - ICI India Research & Technology Centre (Subsidiary Company)



Price Waterhouse Chartered Accountants LLP, Building No. 8, 7th & 8th Floor, Tower - B, DLF Cyber City
Gurgaon - 122 002
T: +91 (124) 4620000, 3060000, F: +91 (124) 4620620

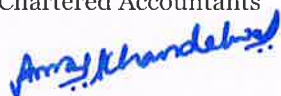
Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial results of the subsidiary included in the consolidated unaudited financial results, whose interim financial results reflect total assets of Rs. 8.1 million and net assets of Rs. 7.1 million as at 30 September 2019 and total revenues of Rs. 2.2 million and Rs. 5.2 million, total net profit/ (loss) after tax of Rs. Nil and Rs. Nil and total comprehensive income/ loss of Rs. Nil and Rs. Nil for the quarter ended 30 September 2019 and for the period from 1 April 2019 to 30 September 2019 respectively, and cash outflows (net) of Rs. 2.5 million for the period from 1 April 2019 to 30 September 2019, as considered in the consolidated unaudited financial results. According to the information and explanations given to us by the management, these interim financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants



Anurag Khandelwal
Partner
Membership Number: 078571

UDIN: 19078571AAAABR4132
Place: Gurugram
Date: 8 November 2019

Akzo Nobel India Limited

Registered Office : Geetanjali Apartment, 1st Floor, 8-B Middleton Street, Kolkata -700071

CIN: L24292WB1954PLC021516

Statement of Consolidated Unaudited Financial Results for the quarter and six months ended 30 September 2019

Particulars	Quarter ended			Half year ended		(Rs. in Million)
	30 September 2019	30 June 2019	30 September 2018	30 September 2019	30 September 2018	For the year ended 31 March 2019
	(Unaudited)	(Unaudited)	(Refer Note 1)	(Unaudited)	(Refer Note 1)	(Audited)
1 Income from operations						
(a) Revenue from operations	6,338.2	7,196.9	7,138.0	13,535.1	14,294.9	29,183.5
(b) Other income	66.8	79.4	80.8	146.2	172.2	422.2
Total income from operations	6,405.0	7,276.3	7,218.8	13,681.3	14,467.1	29,605.7
2 Expenses						
(a) Cost of materials consumed	2,621.2	3,782.5	3,709.9	6,403.7	7,559.1	14,990.0
(b) Purchase of stock-in-trade	735.3	345.7	621.8	1,081.0	994.6	2,065.3
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(9.6)	(186.9)	(260.5)	(196.5)	(343.3)	(143.8)
(d) Employee benefits expense	648.0	690.5	675.5	1,338.5	1,426.9	2,656.1
(e) Finance costs	28.1	25.3	4.7	53.4	13.6	44.5
(f) Depreciation and amortisation expense	203.6	202.0	153.0	405.6	301.8	651.6
(g) Other expenses	1,615.3	1,531.3	1,739.3	3,146.6	3,281.1	6,192.7
Total expenses	5,841.9	6,390.4	6,643.7	12,232.3	13,233.8	26,456.4
3 Profit from operations before exceptional items and tax(1-2)	563.1	885.9	575.1	1,449.0	1,233.3	3,149.3
4 Exceptional Items - Income	-	-	4.5	-	4.5	6.5
5 Profit before tax from operations (3+4)	563.1	885.9	579.6	1,449.0	1,237.8	3,155.8
6 Tax expense						
(a) Current tax (net)	61.7	369.7	226.2	431.4	474.8	1,098.0
(b) Deferred tax	8.9	(55.2)	(14.1)	(46.3)	(39.6)	(52.2)
7 Profit for the period from operations (5-6)	492.5	571.4	367.5	1,063.9	802.6	2,110.0
8 Other comprehensive (expense)/income, net of income tax from operations						
(A) (i) Items that will not be reclassified to profit or loss	(18.2)	(43.0)	(0.5)	(61.2)	(8.6)	(110.4)
(ii) Income tax relating to items that will not be reclassified to profit or loss	4.6	15.0	0.2	19.6	3.0	37.9
(B) (i) Changes in fair value of FVOCI equity instruments	-	-	-	-	-	1.8
(ii) Income tax relating to fair value of equity instruments	-	-	-	-	-	(0.6)
(C) (i) Items that will be reclassified to profit or loss	-	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
9 Total comprehensive income for the period	478.9	543.4	367.2	1,022.3	797.0	2,038.7
10 Paid - up equity share capital (Shares of Rs 10 each)	455.4	455.4	455.4	455.4	455.4	455.4
11 Earnings per share (of Rs. 10 each) (not annualised) from operations:						
(a) Basic	10.81	12.55	8.01	23.36	17.35	45.96
(b) Diluted	10.81	12.55	8.01	23.36	17.35	45.96



Akzo Nobel India Limited

Registered Office : Geetanjali Apartment, 1st Floor, 8-B Middleton Street, Kolkata -700071
CIN: L24292WB1954PLC021516

Consolidated statement of Assets and Liabilities as at 30 September 2019

Particulars	(Rs. in Million)	
	As at 30 September 2019	As at 31 March 2019
	(Unaudited)	(Audited)
A ASSETS		
1 Non-current assets		
(a) Property, plant & equipment	5,762.0	5,214.4
(b) Capital work-in-progress	255.7	169.1
(c) Intangible assets	79.8	86.9
(d) Financial assets		
(i) Investments	809.2	777.9
(ii) Other bank balances	5.8	5.6
(iii) Loans	93.6	70.1
(e) Deferred tax assets	96.9	31.0
(f) Other non-current assets	526.2	522.1
Total non-current assets	7,629.2	6,877.1
2 Current assets		
(a) Inventories	4,356.0	3,918.9
(b) Financial assets		
(i) Investments	-	2,994.6
(ii) Trade receivables	3,553.4	4,440.0
(iii) Cash & cash equivalents	1,370.1	332.9
(iv) Bank balances other than (iii) above	2,113.1	291.9
(v) Loans	40.8	37.1
(vi) Other financial assets	69.8	65.3
(c) Other current assets	1,007.2	1,346.1
(d) Current tax assets (net)	911.7	674.8
Total current assets	13,422.1	14,101.6
Total Assets	21,051.3	20,978.7
B EQUITY AND LIABILITIES		
1 Equity		
(a) Equity Share capital	455.4	455.4
(b) Other Equity	10,611.7	10,907.0
Total equity	11,067.1	11,362.4
Liabilities		
2 Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	649.4	29.3
(ii) Other financial liabilities (other than those specified in item (i) above)	177.6	142.4
(b) Provisions	649.8	579.2
(d) Other non-current liabilities	35.8	20.5
Total non-current liabilities	1,512.6	771.4
3 Current liabilities		
(a) Financial liabilities		
(i) Borrowings	123.3	-
(ii) Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises	27.9	34.8
- Total outstanding dues of creditors other than micro enterprises and small enterprises	5,516.2	6,028.7
(iii) Other financial liabilities (other than those specified in item (ii) above)	1,027.8	920.7
(b) Provisions	286.8	314.3
(c) Other current liabilities	1,489.6	1,546.4
Total current liabilities	8,471.6	8,844.9
Total liabilities	9,984.2	9,616.3
Total equity and liabilities	21,051.3	20,978.7



Akzo Nobel India Limited

Registered Office : Geetanjali Apartment, 1st Floor, 8-B Middleton Street, Kolkata -700071

CIN: L24292WB1954PLC021516

Consolidated Statement of Cash Flows

(Rs in Million)

Particulars	For the six months ended 30 September 2019	For the six months ended 30 September 2018
	Unaudited	Unaudited/Unreviewed
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from	1,449.0	1,237.8
Adjustments for:		
Depreciation and amortisation expense	405.6	301.8
Loss on write-off of property, plant and equipment (net)	-	0.9
Exceptional income	-	4.5
Provision for inventory obsolescence	2.1	53.9
Provision for bad and doubtful debts/advances (including write offs)	55.2	50.2
Government grant income	(6.2)	(6.8)
Interest income	(56.3)	(4.8)
Interest income from financial assets at amortised cost - Bonds	(31.4)	(28.7)
Net fair value gain/(loss) on investments measured at FVTPL	138.6	31.0
Gain on sale of investments	(191.0)	(164.9)
Finance costs	53.4	13.7
Operating Profit / (Loss) before working capital changes	1,819.0	1,488.6
Movements in working capital:		
(Increase) / Decrease in inventories	(439.1)	(905.8)
(Increase) / Decrease in trade receivables	909.7	254.1
(Increase) / Decrease in loans	(27.0)	2.6
(Increase) / Decrease in other financial assets	5.8	(2.3)
(Increase) / Decrease in other assets	309.2	38.1
(Decrease) / Increase in trade payables	(517.2)	161.0
(Decrease) / Increase in other financial liabilities	159.6	177.3
(Decrease) / Increase in provisions	(18.5)	24.8
(Decrease) / Increase in other liabilities	(41.1)	(152.5)
Net cash generated from operations	2,160.4	1,085.9
Income tax paid (net)	(665.5)	(449.9)
Net cash inflow from operating activities (A)	1,494.9	636.0
B CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment	(321.3)	(184.2)
Payments for purchase of investments	(2,930.0)	(7,500.0)
Proceeds from sale of investments	5,976.4	10,518.6
Government grant received	-	35.4
Fixed deposits and current account balances with banks (Earmarked)	(1,821.3)	(107.5)
Interest received	9.9	4.3
Net cash (outflow) / inflow from investing activities (B)	913.7	2,766.6
C CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(1,093.0)	(1,002.0)
Dividend distribution tax paid	(225.0)	(206.0)
Payment towards buy back of shares	-	(2,376.6)
Interest paid	(53.4)	(8.4)
Net cash (outflow) from financing activities (C)	(1,371.4)	(3,593.0)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	1,037.2	(190.4)
Cash and cash equivalents at the beginning of the period	332.9	688.6
Cash and cash equivalents at the end of the period	1,370.1	498.2

Notes:

(i) The statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 Statement of Cash Flows.



Consolidated Unaudited Financial Results for the quarter and six months ended 30 September 2019

Notes:

1. This statement has been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 8 November 2019. The figures for the quarter and six months ended 30 September 2018 have not been subjected to limited review by the statutory auditors.
2. Exceptional items reported during the quarter ended 30 September 2018 and year ended 31 March 2019 represent divestment provisions no longer required written back.
3. Effective April 1, 2019, the Group (Parent & its Subsidiary) has adopted Ind AS 116 'Leases' using the modified retrospective transition method and, accordingly, the comparatives for earlier periods presented have not been restated. The Group has chosen to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.
On transition to Ind AS 116, the Group recognised right-of-use assets amounting to Rs. 669 Mn and lease liability amounting to Rs. 654 Mn. During the current quarter and six months ended 30 September 2019, the reported adjustments to following line items are as under:

Particulars	Rs. In Million	
	Quarter ended 30 September 2019	Six months ended 30 September 2019
Increase in Depreciation	41.8	82.8
Increase in Finance Cost	14.7	28.7
Decrease in Other Expense	47.9	100.9
Decrease in Profit Before Tax	8.6	10.6

4. The Company has chosen to exercise the option of lower tax rate of 25.17% (inclusive of surcharge & cess) under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 effective 1 April 2019. Consequent to this change, the tax balances have been remeasured at this reduced rate of 25.17%, which has resulted in reversal of current tax recognised in the previous quarter of Rs. 99.8 Mn and deferred tax asset (net) of Rs. 31.9 Mn during the quarter and six months ended 30 September 2019.
5. The Group operates in single segment viz. Coatings. Therefore, separate segment disclosures under the provisions of Ind AS 108 have not been given in respect of Consolidated Financial Results for the quarter and six months ended 30 September 2019.
6. Previous period figures have been regrouped/ reclassified, wherever necessary, to make them comparable to the current period figures.

Gurugram
8 November 2019



Rajiv Rajgopal
Managing Director