Akzo Nobel India Limited

AkzoNobel

11 August 2014

The Secretary
National Stock Exchange of India Ltd,
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (E)
Mumbai – 400 051
Fax # 022 26598237/8

Dear Sir,

Un-audited Financial Results

This is to inform you that the Board of Directors of Akzo Nobel India Limited in its meeting held today has approved the Un-audited Financial Results of the Company for the quarter ended 30 June 2014.

Copy of the Un-audited Financial Results and the Press Release issued by the Company today are attached herewith.

Yours faithfully,
For Akzo Nobel India Limited

R Guha
Company Secretary
Camp: Kolkata

Encl: as above.

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20th Floor, DLF Cyber City, Phase III
Gurgaon - 122 002
Haryana, India

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Registered Office : Geetanjali Apartment, 1st Floor, 8B Middleton Street, Kolkata - 700 071 CIN: L24292WB1954PLC021516

Akzo Nobel India Limited

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

Statement of unaudited Financial Results for the quarter ended 30 June 2014

(Rs. million)

PART I

	Particulars	Quarter ended 30 June 2014 (Unaudited)	Quarter ended 31 March 2014 (Unaudited)	Quarter ended 30 June 2013 (Unaudited)	Year ended 31 March 2014 (Audited)
1	**Income from operations**				
	(a) Net sales (net of excise duty)	6,279.3	6,012.8	5,615.5	23,717.1
	(b) Other operating income	131.7	103.4	120.9	462.0
	Total income from operations (net)	**6,411.0**	**6,116.2**	**5,736.4**	**24,179.1**
2	**Expenses**				
	(a) Cost of materials consumed	3,081.6	3,007.3	2,794.5	11,726.5
	(b) Purchase of stock-in-trade	506.7	732.4	491.0	2,204.1
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	79.2	(287.4)	(60.1)	(146.1)
	(d) Employee benefits expense	509.5	463.5	488.1	1,938.9
	(e) Depreciation and amortisation expense (Refer to note 3)	133.1	116.7	97.8	436.7
	(f) Other expenses	1,569.2	1,567.2	1,532.8	6,537.5
	Total expenses	**5,879.3**	**5,599.7**	**5,344.1**	**22,697.6**
3	**Profit from operations before other income, finance costs and exceptional items (1-2)**	**531.7**	**516.5**	**392.3**	**1,481.5**
4	Other income	291.7	225.5	101.7	566.9
5	**Profit from ordinary activities before finance costs and exceptional items (3+4)**	**823.4**	**742.0**	**494.0**	**2,048.4**
6	Finance cost	6.3	1.8	3.7	14.7
7	**Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**817.1**	**740.2**	**490.3**	**2,033.7**
8	Exceptional items -income [Refer to note 4]	26.7	-	-	-
9	**Profit from ordinary activities before tax (7+8)**	**843.8**	**740.2**	**490.3**	**2,033.7**
10	Tax expense	292.0	193.5	142.2	531.5
11	**Net profit from ordinary activities after tax (9-10)**	**551.8**	**546.7**	**348.1**	**1,502.2**
10	Paid - up equity share capital (ordinary shares of Rs 10/- each)	466.6	466.6	466.6	466.6
11	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year				7,996.6
12	**Basic and diluted Earnings per share (of Rs. 10 each) (not annualised)**	**11.83**	**11.72**	**7.46**	**32.18**

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Select information for the quarter ended 30 June 2014

PART II

Particulars	Quarter ended 30 June 2014 (Unaudited)	Quarter ended 31 March 2014	Quarter ended 30 June 2013 (Unaudited)	Year ended 31 March 2014 (Audited)
A PARTICULARS OF SHAREHOLDING				
1 Public shareholding				
- Number of shares	12,615,979	12,615,979	12,615,979	12,615,979
- Percentage of shareholding	27.04%	27.04%	27.04%	27.04%
2 Promoter and Promoter Group Shareholding				
a) Pledged/ Encumbered				
- Number of shares	-	-	-	-
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-
- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-
b) Non-encumbered				
- Number of shares	34,044,335	34,044,335	34,044,335	34,044,335
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%
- Percentage of shares (as a % of the total share capital of the company)	72.96%	72.96%	72.96%	72.96%

B PARTICULARS OF INVESTOR COMPLAINTS

	Quarter ended 30 June 2014
Pending at the beginning of the quarter	-
Received during the quarter	1
Disposed of during the quarter	1
Remaining unresolved at the end of the quarter	-

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Segment wise Revenue, Results and Capital Employed
For the quarter ended 30 June 2014

(Rs. million)

	Quarter ended			Year ended
	30 June 2014	31 March 2014	30 June 2013	31 March 2014
	(Unaudited)			(Audited)
1 Segment Revenue				
a) Coatings	6,136.8	5,864.0	5,506.7	23,242.9
b) Others	274.2	252.2	229.7	936.2
Total income from operations (net)	**6,411.0**	**6,116.2**	**5,736.4**	**24,179.1**
2 Segment Results [Profit before interest and tax from each segment]				
a) Coatings	529.8	490.0	404.3	1,472.9
b) Others	29.2	28.3	31.4	103.0
Total	559.0	518.3	435.7	1,575.9
Finance Cost	6.3	1.8	3.7	14.7
Other un-allocable income net of (un-allocable expenditure)	264.4	223.7	58.3	472.5
	817.1	740.2	490.3	2,033.7
Exceptional items - income	26.7	-	-	-
Profit before tax	**843.8**	**740.2**	**490.3**	**2,033.7**

3 Capital Employed (Segment Assets - Segment Liabilities)	As at 30 June 2014	As at 30 June 2013	As at 31 March 2014
a) Coatings	6,444.7	5,411.6	6,665.2
b) Others	679.2	683.3	644.9
Unallocated	1,873.0	5,305.4	1,167.4
Total	**8,996.9**	**11,400.3**	**8,477.5**

Note :

- Segment Revenue, Results and Capital Employed figures include the respective amounts identifiable to each of the segments. Other un-allocable items in Segment Results include income from investment of surplus funds of the Company and unallocable corporate expenses.
-"Unallocated' in Capital Employed includes un-allocable corporate assets, liabilities and investments.

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Akzo Nobel India Limited
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Unaudited Financial Results for the quarter ended 30 June 2014

Notes:

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 11 August 2014.

2. The Statutory Auditors of the Company have reviewed the financial results for the quarter ended 30 June 2014. An unqualified report has been issued and the same is being filed with the Bombay Stock Exchange and National Stock Exchange, which is also available on the Company website www. Akzonobel.com/in.

3. During the quarter ended 30 June 2014, according to Schedule II of the Companies Act, 2013, the management based on an internal evaluation have reassessed the remaining estimated useful life of fixed assets, with effect from 1 April 2014. Accordingly, the useful life of certain assets required a change from the previous estimates. Had the Company continued with the previously assessed useful lives, depreciation charge for the quarter ended 30 June 2014 would have been lower by Rs. 10.6 million. Further, based on transitional provision provided in note no. 7 (b) of Schedule II, an amount of Rs. 32.2 million has been adjusted against retained earnings.

4. Consequent on receipt of provisional approval from authorities, the Company during the quarter ended 30 June 2014 has re-assessed the provision with regard to liability on Sales of Catalyst business and the net impact has been disclosed as an exceptional item. Consequential tax impact of the transfer, if any, will be recognised in the period in which the transfer is consummated.

5. Profit after tax (PAT) for the quarter at Rs 551.8 million was higher than the corresponding quarter of the previous year's PAT of Rs 348.1 million, aided by phasing of Mutual Fund maturities.

6. During the quarter ended 30 June 2014, the Company has paid Commission amounting to Rs. 3.6 million to its Non-Executive Directors for the year ended 31 March 2014, which is subject to approval of the shareholders at the Annual General Meeting to be held on 11 August 2014.

7. Previous year/ period figures have been regrouped/ reclassified, wherever necessary, to make them comparable to the current year/ period figures.

Per our report attached
For **B S R & Associates LLP**

Chartered Accountants
Firm Registration Number: 116231W / W-100024

Rakesh Dewan
Partner
Membership No.: 095037

Kolkata
11 August 2014

For and on behalf of the Board of Directors of
Akzo Nobel India Limited

Jayakumar Krishnaswamy
Managing Director

Kolkata
11 August 2014

B S R & Associates LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
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Review report to the Board of Directors of Akzo Nobel India Limited

1 We have reviewed the accompanying statement of un-audited financial results ('the Statement') of Akzo Nobel India Limited ('the Company') for the quarter ended 30 June 2014, attached herewith, being submitted by the Company pursuant to the requirement of clause 41 of the Listing agreement issued by the Securities and Exchange Board of India("Listing Agreement"), except for the disclosures regarding "Public Shareholding" and "Promoter and Promoter Group Shareholding", which have been traced from disclosures made by the management and have not been reviewed by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors on 11 August 2014. Our responsibility is to issue a report on these financial results based on our review.

2 We conducted our review in accordance with the Standard on Review Engagement (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 financial results are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We attention that causes us to believe that the accompanying statement of un-audited financial results, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 116231W / W-100024

Rakesh Dewan
Partner
Membership number: 092212

Place: Gurgaon
Date: 11 August 2014

Press Release

AkzoNobel India announces Q1 results for FY 2014-15

Business performance highlights

Q1 FY 2014-15

Total revenue at 641 crore rupees; an increase of 12%

Revenue and Profits grow double digit

Kolkata, August 11, 2014

Today, the Board of Directors of AkzoNobel India Limited approved the unaudited financial results for the quarter ended June 30, 2014.

Performance highlights

Q1FY 2014-15 *versus* Q1 FY 2013-14:

- ✓ **Total revenue is** at **641** crore rupees as compared to **574** crore rupees of the corresponding quarter of the previous year; a **QoQ growth** of **12%**
- ✓ **Operating Profit** is at **53** crore rupees as compared to **39** crore rupees of the corresponding quarter of the previous year; a **QoQ growth** of **36%**
- ✓ **Profit after tax (PAT)** is at **55** crore rupees as compared to **35** crore rupees of the corresponding quarter of the previous year; a **QoQ growth** of **59%,** aided by phasing of Mutual Fund maturities.

Comments

Jayakumar Krishnaswamy, Managing Director, AkzoNobel India:

"AkzoNobel India has been able to kickstart the fiscal year with favorable results in its first quarter. The strong business performance has resulted in a12% increase in our revenues. Moreover, the profit from business has improved by 36% over the corresponding quarter of the last year on account of consistent cost management initiatives in addition to a solid revenue growth."

AkzoNobel

*"The last few months have been eventful. In April this year, one of our Decorative paint products, **Dulux Superclean**, was accorded the 'Product of the Year', within the paints category. In July this year, we opened an Agrochemicals lab for our Surface Chemistry business and inaugurated a production facility for our packaging coatings business. We will continue to invest in our people, brands, products and process capabilities."*

About AkzoNobel India:
Present in India for 60 years and a significant player in the paints industry. Over the years, it has witnessed sustained expansion, growth and transformation. In 2008, Akzo Nobel N.V. became owner of the entire equity share capital of Imperial Chemical Industries Ltd., by virtue of which the company became a member of the AkzoNobel Group.

AkzoNobel India manufactures and markets a wide range of coatings covering Decorative paints, Protective coatings and Specialty chemicals. We provide solutions to many industries and sectors including automotive, consumer electronics, power, aviation, shipping and leisure craft, construction, oil and gas, water and waste water, food and beverages, etc.We supply industries and consumer with innovative products and are passionate about developing sustainable answers for our customers. Our portfolio includes well-known brands such as Dulux, Sikkens, International and Interpon. Our employee strength is close to 1900.

AkzoNobel India has manufacturing sites, offices and distribution network spread across the country. All manufacturing facilities have state-of-art environmental management system. Its commitment to Health, Safety, Environment & Security (HSE&S) has been amongst the best in class globally, with due care being taken to protect the people and the environment.

Company Contacts:
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Safe Harbour Statement:
This press release contains statements which address such key issues as Akzo Nobel's growth strategy, future financial results, market positions, product development, products in the pipeline, and product approvals. Such statements should be carefully considered, and it should be understoodthat many factors could cause forecasted and actual results to differ from these statements. These factors include, but are not limited to, price fluctuations, currency fluctuations, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues, and legislative, fiscal, and other regulatory measures.