Akzo Nobel India Limited

29 August 2017

The Secretary
Bombay Stock Exchange Ltd.
Market Operations Department
1st floor, New Trading Ring
Rotunda Building, P J Towers
Dalal Street, Fort
Mumbai - 400 001
Fax 022 22723121, 3719, 2037

The Secretary
National Stock Exchange of India Ltd.
Exchange Plaza, 5th floor
Plot No C/1, G Block,
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400051
Fax No 022 26598237/38

Dear Sir,

Submission of Annual Report as per Regulation 34 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015

Enclosed please find e-copy of our Annual Report for the year 2016-17 containing:

a) Audited financial statements i.e. balance sheets, profit and loss accounts, etc;
b) Consolidated financial statements audited by statutory auditors;
c) Cash flow statement presented only under the indirect method as prescribed in accounting standard, as applicable, specified in Section 133 of the Companies Act, 2013 read with relevant rules framed thereunder or as specified by the Institute of Chartered Accountants of India, as applicable;
d) Directors report;
e) Management discussion and analysis report
f) Business responsibility report describing the initiatives taken by the Company from an environmental, social and governance perspective
g) Such other disclosures specified in Companies Act, 2013 along with other requirements as specified in Schedule V of these regulations.

Thanking you,
Yours sincerely

R Guha
Company Secretary

Encl : a/a

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AkzoNobel

Akzo Nobel India Limited

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Annual Report

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This annual report reflects our commitment to creating a better tomorrow and can be accessed digitally from www.akzonobel.co.in

Inside the Report

WE CREATE **EVERYDAY ESSENTIALS** TO MAKE PEOPLE'S LIVES MORE LIVEABLE AND INSPIRING

“**Winning together** has always been a key value that has enabled your company to win as a team by effectively sharing, developing and using personal strengths.”

Chairman's Communique

As your company is stepping into the tenth year since it became part of AkzoNobel Group, I think it is appropriate to take stock of our progress over the years.

The major development happened in 2012, where in a unique way of demonstrating its commitment to India, AkzoNobel had, with your approval, merged its wholly owned entities with your company to make it an integrated coating solutions provider. 'One AkzoNobel' has since proved its power and edge in taking forward our mission to create everyday essentials for our customers. With a simplified and customer-centric organisation, prudent cost management and emphasis on operational excellence, your company has enhanced its profitability and earned the right to grow.

'Winning together' has always been a key value that has enabled your company to win as a team by effectively sharing, developing and using personal strengths. Your company has been a fertile ground for breeding top-notch leadership talent, with several senior leaders moving into larger global roles within AkzoNobel. This has indeed deepened my belief that in times to come, your company will be seen even more as an employer of choice.

I would request you to recall a thought I had shared with you a few years back:

"In the life of an organization, there are always moments which test its strength and determination to grow. Such occasions call for two attributes:

- One is the fortitude and long sightedness of those leading the organization.
- And the other equally important element is the faith of those who have invested in the organization and in the vision set out by its management."

Looking back at the performance of the company in the past 10 years, one can derive great satisfaction that both the above attributes have been well-served in the case of Akzo Nobel India, as reflected from following achievements:

- For the first time in its history, your company has grown to cross the total revenue mark of ₹ 3000 crore in a year, with profit before tax exceeding ₹ 330 crore.
- Components of the PBT have changed over the years, with the Business performance contributing 90% of the PBT – which is a significant change from where we were 5 years back, when the contribution was just 55%.
- The Total Shareholder Return (Dividend + Capital appreciation) for the past 5 years since the merger (May 2012 to May 2017) is 140% compared to the NSE Nifty Index which delivered a growth of 70% during the same period.

The above achievements recapitulate your company's ability to deploy its resources in a judicious manner to support growth, while at the same time sharing the wealth with its shareholders.

Further, during these 10 years, your company's environmental and community initiatives have been taken to a higher level to help create a sustainable future.

Looking ahead, India's long-term potential continues to be robust. We expect the positive reforms from the government like the Goods and Services Tax, predictability in tax laws, 'Make in India' campaign, social sector investment on skill development, etc will further propel the country's economic growth.

Having earned the 'right to grow' and comfortably placed in terms of resources duly supported by a conducive macro-economic environment, the time is now ripe for your company to consolidate the gains and move forward.

At this juncture, with a great sense of satisfaction and a tinge of sadness, I want to share with you my desire to retire from the Board at the forthcoming Annual General Meeting and not to seek re-election, due to other commitments. The Board has chosen Mr Amit Jain, who has been a member of the Board since 2009 (including as Managing Director during 2009-2013) as the Chairman of the Company post my retirement. I am confident that the company is in safe hands with a competent and thoroughly professional Board and management team which can take it to even greater heights on the platform built over the years with your unflinching encouragement and support.

I would like to thank all those who have been with us on this journey – our valued shareholders, loyal customers, banks, supply chain partners and all other stakeholders – for their support and faith, which made this success possible.

Nihal Kaviratne CBE

Managing Director's Statement

"Everything we do is driven by an unwavering focus towards our customers, a deeply embedded commitment to sustainability leadership, an insatiable appetite for innovation and a passionate approach towards community well-being. **The core values** of Customer Focus, Passion for Excellence, Deliver Dependably and Winning Together **form the bedrock of the organisation**."

The year gone by has been a significant one, with several challenges coming in quick succession. Weak market conditions in the early part of the year and the demonetisation of high value notes posed challenges to our growth aspirations; our continued focus on operational excellence has worked well as is evident from our results - with the company growing its revenue by 7% and PBT by 14% over 2015-16. The profitability from operations has been improving consistently in the last 3 years.

We continue to sweat our assets and invest judiciously to leverage growth opportunities. This included a Specialty Coatings production facility and colour laboratory with an investment of ₹ 3 crore and a Powder Coatings plant with a planned investment of ₹ 65 crore, besides the ongoing sustenance investments in technology and improving customer service.

During the year, we received the Globe Platinum Awards for 'Pioneering Coatings Technology', while our Chairman Mr Nihal Kaviratne CBE was awarded for 'Business Excellence' at the World Business Conclave in Hong Kong. I am delighted to dedicate the above awards to all the employees of the company and the Board members.

A key element of AkzoNobel's strategy is to achieve growth through innovation. The year saw us launch a series of new products that offered differentiated benefits to our customers:

- Velvet Touch Platinum Glo - a subtle sheen emulsion paint.
- Dulux Professional - an exclusive range for professional customers
- Dulux Stay Bright Gloss & Dulux Quick drying Primer for metal and wood substrate
- ICLA - Industrial Wood Coatings and EPI adhesives for the Furniture industry
- Wanda - in Vehicle refinishes category
- Rebar Coatings for powder coating applications
- Specialty Coatings for consumer electronics and crash Helmets
- Mono-coat product for ATM safes
- Adsee 1629 and Agrilan 788 - designed to help herbicide producers improve quality and efficiency

Digital innovation is another thrust area and is playing a vital role in all our businesses.

- Our Marine Coatings business has launched Intertrac Vision, the first ever digital tool for the shipping industry that accurately predicts the potential fuel and CO_2 emission savings.
- Our Powder Coatings business has launched 'Connect' application to support faster and more effective sales. Coupled with our Insta Match device, it further provides instant colour matching solutions to address the needs of the customers.
- The 'Design App' is the latest addition to support architects, designers and specifiers to research and create a full coatings specification using iPad.

It is a matter of great satisfaction that a significant part of the growth during the year has come from the above mentioned innovations. Growing the share of Revenue from new products and innovations will be a focus area for the company going forward.

Sustainability is at the heart of everything we do. All our sites continue to be Zero Discharge sites. In line with the country's priorities, we have made a switch to solar energy at Thane, Mohali and Bangalore sites, which is expected to reduce CO_2 emission by ~8700 tons over 15 years.

Waste generation in the company has been continuously coming down and in 2016, waste generation was reduced by 15% over 2015 level.

One of the key innovations during the year has been development of an eco-friendly solution to a leading two wheeler company, to enable switch from Liquid coatings to Powder Coatings. This will have a significant positive impact on the environment.

As part of our Human Cities initiative, we have been focussing on education of underprivileged children and skill development of youth. I am pleased to share with you that Akzo Nobel India's Parivartan program, which was instrumental in providing education to nearly 7000 children, has been showcased as part of AkzoNobel's Global Human Cities program.

Besides promoting formal education to the under-privileged children, we are also running a flagship project through AkzoNobel Paint Academy, which is aligned to the Skill India initiative of the Government of India. During the year, the AkzoNobel Paint Academy has reached a milestone of training over 500 youth, many of whom have been placed in gainful employment.

The company has also been honoured with the prestigious 'Golden Peacock Award' for Corporate Social Responsibility at the 11th International Conference on CSR in Bengaluru.

After a stint of eight years on the Board of the company, the Chairman, Mr Nihal Kaviratne CBE will be retiring later this year. He has led the company during a period of intense change, guiding us through the merger of different AkzoNobel entities and harnessing the power of 'One AkzoNobel' in India. I would like to thank Mr Kaviratne for his highly valued contribution and mentorship.

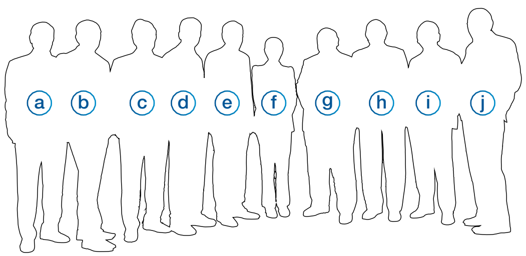
On Mr. Kaviratne's retirement, Mr. Amit Jain, Non-Executive Director (who had earlier served as Managing Director of the Company from 2009 to 2013) will be taking over as the Chairman. I am delighted to welcome Mr. Jain as the new Chairman and look forward to his valuable insights to steer the company to greater heights.

I take this opportunity to thank you all for your consistent support to enable us drive growth and innovation and delivering on our strategy.

In conclusion, let me reiterate our mission to create everyday essentials that make lives more liveable and inspiring is what leads us each day to serve our customers better.

Jayakumar Krishnaswamy

Board of Directors



a. Arabinda Ghosh, Non-Executive Director

Mr. Arabinda Ghosh was appointed as a Non-Executive Director of the Company in May 2015. He serves as the Managing Director of AkzoNobel's Surface Chemistry business globally. He brings with him a wealth of experience from his roles in Finance and General Management in several global businesses under the Performance Coating umbrella of AkzoNobel.

Mr. Ghosh has qualified as a chartered accountant while working at Deloitte in Bristol, UK.

b. Jayakumar Krishnaswamy, Managing Director

Mr. Jayakumar Krishnaswamy is the Managing Director of the Company since March 2014.

Mr. Krishnaswamy is a mechanical engineer from the Delhi College of Engineering and has over 30 years of experience across automotive and engineering sectors, as well as FMCG and cement industries. He has previously worked with companies such as Hindustan Unilever, Lafarge India, Brakes India and Eicher Tractors.

c. Arvind Uppal, Independent Director

Mr. Arvind Uppal joined the Board of the Company as a Non- Executive Director in April 2011. He is a Chemical Engineer from IIT, Delhi and holds a Master in Business Administration from the FMS, Delhi. He has also attended a programme for Executive Development at IMD, Lausanne, Switzerland.

Mr. Uppal is currently President, Whirlpool Asia Pacific and Chairman, Whirlpool of India Ltd. He has worked with Nestle for over 18 years, having joined that company as a management trainee in 1987. He is also a Director on the Boards of Tuscan Capital and Whirlpool (Australia).

d. Pradip Menon, Chief Financial Officer

Mr. Pradip Kumar Menon is the Wholetime Director and Chief Financial Officer of the Company since February 2016.

Mr. Menon is a chartered accountant and cost & management accountant with an excellent track record of over two decades in the FMCG sector. Prior to joining the Company, he was Vice-President, Finance, Global Procurement of Unilever and a member of the Global Procurement Leadership team based out of Switzerland. Before that, he was the CFO for the Unilever Gulf business during 2009-2012.

e. Raj S Kapur, Independent Director

Mr. Raj Kapur joined the Board of the Company as a Non- Executive Director in March 2014. He is a Chemical Engineer from IIT, Kanpur and a Master in Business Administration (Finance and Marketing) from the Central Michigan University, USA. He also holds a Master's degree in Polymer Engineering from Case Western University, USA.

Mr. Kapur's career spans almost 40 years of which around 35 were spent with Dow Corning. He is the founder-owner of Country Strategy Business Consultants, advising companies on their geographic expansion and market development strategies.

f. Kimsuka Narsimhan, Independent Director

Ms. Kimsuka Narsimhan joined the Board of the Company as a Non-Executive Director in January 2015. Ms. Narsimhan is the CFO of the Asia Pacific Region of Kimberly Clark, based in Singapore. A chartered and cost accountant, she has close to three decades of experience in various categories and countries, largely in the consumer goods industry, including stints in Unilever and PepsiCo.

g. Nihal Kaviratne CBE, Chairman

Mr. Nihal Kaviratne CBE is the Chairman of the Company since October 2010. He holds a Bachelor of Arts (Honours) degree with a major in Economics from Mumbai University. He has attended an Advanced Management Programme at Harvard Business School and an Advanced Executive Programme at the Kellogg School of Management, North Western University, USA. His global career has spanned more than 40 years with Unilever. He was awarded the CBE for services to business interests in the UK and for sustainable development in Indonesia.

Mr. Kaviratne serves as an Independent, Non-Executive Director of GlaxoSmithKline Pharmaceuticals, India and several Temasek linked companies. He is a Member of the Private Sector Portfolio Advisory Committee in India for the UK Government's Department for International Development (DFID), and serves on the Advisory Board of Bain & Company for SEA/Indonesia. He is also the Chairman of Caraway Pte Ltd, Singapore.

h. R Gopalakrishnan, Independent Director

Mr. R Gopalakrishnan joined the Board of the Company as a Non-Executive Director in May 1999. He holds a Bachelor of Science degree in Physics from the University of Calcutta and a B.Tech from IIT, Kharagpur. He has also attended the Advanced Management Programme of the Harvard Business School.

Mr. Gopalakrishnan is an accomplished author, an international speaker, a corporate advisor and a teacher. He also serves on the board of several companies as a non-executive director. He has worked with the Unilever Group for over 30 years in senior positions and served on the boards of several Tata Group companies.

i. Amit Jain, Non-Executive Director

Mr. Amit Jain is a business professional with three decades of experience in leadership roles across Asia & Europe. He served as the Managing Director of ICI India & Akzo Nobel India from 2009-2013 and is continuing on the Board as a Non-Executive Director since 2014.

Mr. Jain started his career in ICI. He has since served in leadership roles both in Coca-Cola across Asia and Viacom/ MTV Asia. Effective 2014, he is the Managing Director for AkzoNobel Decorative Paints business in North & Western Europe, and operates out of Amsterdam.

Mr. Jain holds a management degree from the FMS, Delhi and has attended an Advanced Management Program from the Wharton Business School. An avid reader, wildlife photographer and golfer, Mr. Jain is passionate about sustainability & wildlife conservation.

j. Dr. Sanjiv Misra, Independent Director

Dr. Sanjiv Misra, IAS (Retd.), joined the Board of the Company in May 2010. He is an alumnus of St. Stephen's College, Delhi and the Delhi School of Economics. As an Edward S Mason Fellow, he did his MPA from the John F Kennedy School of Government, Harvard University, USA and subsequently obtained his PhD from Jawaharlal Nehru University, New Delhi.

Dr. Misra has held several key positions in the central and state governments. He superannuated as a Secretary in the Finance Ministry, Government of India, in 2008, following which he was a Member of the 13th Finance Commission, a constitutional position in the Indian Government. He has represented India in various international conferences, seminars and negotiations. He also has several publications to his credit.

Dr. Misra is the Chairman of Axis Bank and a Director on the Board of Hindustan Unilever.

Akzo Nobel India at a Glance

Key figures: 2016-17

Employees
As on 31 March 2017
1902

RD & I
Laboratories
2

Production
Sites
6

₹ 31,344 million revenue

₹ 3,384 million PBT
(before exceptionals)

₹ 2,470 million PAT

Market capitalization
as on 31 March 2017
₹ 89 billion

AkzoNobel is a leading paints and coatings company and a major producer of specialty chemicals.

Headquartered in Amsterdam, the Netherlands, the company is present in more than 80 countries with over 46,000 employees.

Akzo Nobel India has been present in India for over 60 years and operates in two main areas of business: coatings and specialty chemicals.

In 2008, the Company became a member of the AkzoNobel Group. Since then, the Company has been at the forefront of cutting-edge innovation and has been supplying trusted and well-known brands like Dulux, Sikkens, International and Interpon. With an employee strength of around 1,900, Akzo Nobel India has manufacturing sites, offices and a distribution network spread across the country. All manufacturing facilities have state-of-the art environmental management systems. Its commitment to health, safety, environment & security (HSE&S) is unmatchable, with due care taken to protect people and the environment.

We believe we can only grow our business as fast as we grow our people. All of our business decisions take into account the best interests of all our stakeholders, including our employees.

Our Businesses

Coatings

Decorative Paints

AkzoNobel supplies quality products for every situation and surface, including paints, lacquers and varnishes. Our aim is to provide essential colour in people's lives. Ours is one of the leading paint brands in India. The Dulux Visualizer app, which enables users to see what a room will look like before its walls are painted, is an award-winning technological initiative that highlights our focus on innovation. We also conduct training programmes to improve painting skills available in the country.

Performance Coatings

Our product range includes high quality products that are used by customers to protect and enhance everything from ships, cars and aircraft to buildings and consumer goods. We offer essential protection that comes in all shapes and sizes, from the colourful coatings on consumer goods to fire protection coatings on a skyscraper. Our technology enables us to create coatings that offer a layer of protection from extreme climates and repetitive use. With an emphasis on caring for life, we also offer sustainable options for coatings for the food packaging industry.

Specialty Chemicals

Polymer Chemistry

AkzoNobel is a major producer of specialty chemicals used in diverse industries, ranging from infrastructure to consumer goods. We supply high quality ingredients and process aids for the manufacture of life's essentials.

Surface Chemistry

Our chemical intermediates, such as salt, chlorine, caustic soda, organic peroxides, metal alkyls and ethylene-based products, are in great demand in the polymer industry. Surfactants and ethylene-derived products cater to the oil and gas, metals and mining and agrochemical industries.

Our Brands

Dulux | Interpon POWDER COATINGS | sikkens | International | Butanox® | ELOTEX®

Kromasil® | Dissolvine® master the elements | RESICOAT® Experts in Functional Powder Coatings | Dry-Flo® SPECIALTY STARCHES | Levasil®

Performance Highlights

(₹ million)

Statement of income

7% ▲

Revenue from operations

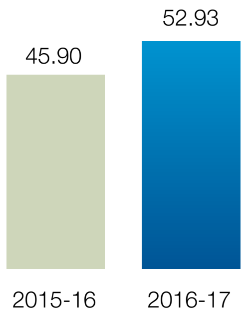
2015-16	29,347
2016-17	**31,344**

11% ▲

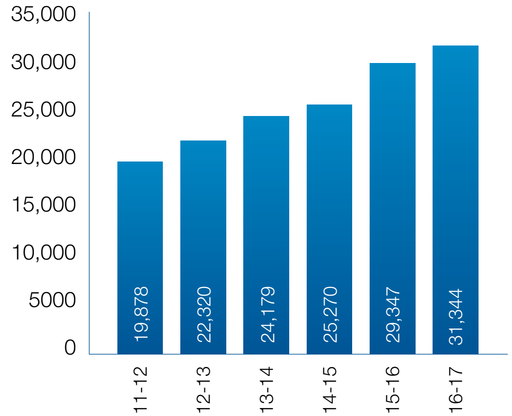
Profit before exceptional items and tax

2015-16	3,043
2016-17	**3,384**

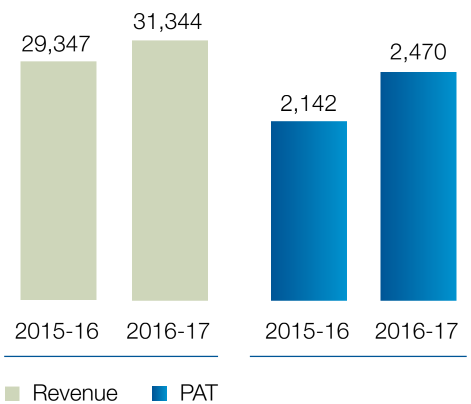
Earnings per share (In ₹)



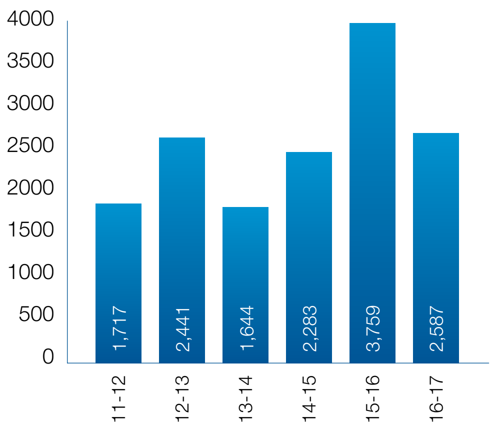
Revenue from operations



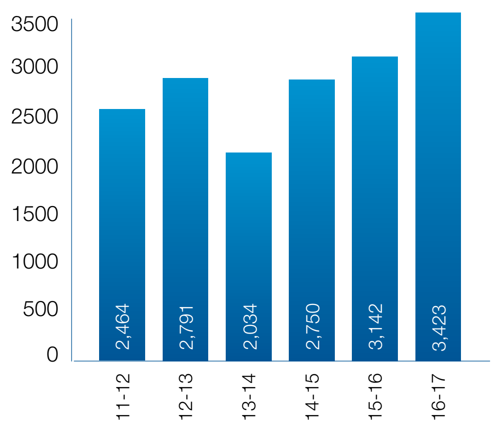
Revenue & PAT



Cash flow from operations



Profit before tax



Note: 2015-16 figures have been restated to Ind AS.

Recent Years at a Glance

Balance Sheet

(₹ million)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Assets						
Net fixed assets	3,711	4,605	5,331	5,306	5,318	5,423
Current & Non Current Investments	10,035	9,472	6,286	4,325	6,004	3,356
Current & Non Current Assets	7,751	8,233	8,580	8,575	9,112	10,057
Total Assets	**21,497**	**22,310**	**20,197**	**18,206**	**20,434**	**18,836**
Equity & Liabilities						
Equity Share Capital	479	467	467	467	467	467
Reserves	13,931	10,586	8,011	10,159	11,158	9,622
Shareholder funds	**14,410**	**11,053**	**8,478**	**10,626**	**11,625**	**10,089**
Current & Non Current Liabilities	7,317	11,454	11,327	7,058	8,426	8,652
Taxation (Net)	(230)	(197)	392	522	383	96
Total Liabilities	**7,087**	**11,257**	**11,719**	**7,580**	**8,809**	**8,748**
Total equity and liabilities	**21,497**	**22,310**	**20,197**	**18,206**	**20,434**	**18,836**

Statement of Profit and Loss

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue from operations	**19,878**	**22,320**	**24,179**	**25,270**	**29,347**	**31,344**
Other income	1,123	1,381	567	650	567	493
Total income	21,001	23,701	24,746	25,920	29,914	31,837
Depreciation & Amortisation Expense	366	386	437	526	537	565
Finance Cost	39	89	15	15	22	32
Profit before exceptional items and tax	**2,464**	**2,791**	**2,034**	**2,723**	**3,043**	**3,384**
Exceptional items	-	-	-	27	99	39
Taxation	446	603	532	887	1,000	953
Profit After Tax	**2,018**	**2,188**	**1,502**	**1,863**	**2,142**	**2,470**
Earnings per share (₹)	**42.08**	**32.18**	**39.93**	**43.32**	**45.90**	**52.93**

Equity Dividend per share (₹)	**20.00**	**80.00**	**75.00**	**20.00**	**70.00**	**22.00***
Number of Shareholders	**42751**	**39281**	**41164**	**45907**	**45417**	**45583**

* Proposed

Note: 2015-16 figures have been restated to Ind AS; 2014-15 Balance Sheet is as at 1 Apr 2015 and has been restated to Ind AS.
Prior years figures have been regrouped or reclassified where necessary.

Giving People the Winning Feeling

Human Cities is an active expression of our company purpose to create everyday essentials to make people’s lives more liveable and inspiring. Everything we do for and with society reflects our commitment to improving, energizing and regenerating urban communities across the world.

As part of our Human Cities initiative, we are committed to make a difference in the communities we operate in. We have been focussing on education of underprivileged children and skill development of youth in different parts of India.

Akzo Nobel India was awarded for its outstanding work in promoting education among children across India. The company received the prestigious Golden Peacock Award for excellence in corporate social responsibility in 2016. The award was presented in recognition of supporting and investing in the education of more than 7,000 youth in Delhi, Punjab, Madhya Pradesh, Maharashtra, Telangana and Karnataka.

Human Cities

We think combining our sense of care with our people, products and leadership in innovation, safety and sustainability, will help cities to meet the challenges they face.

Our CSR initiatives synergise with Human Cities principles, highlighting our commitment towards improving, energising and regenerating urban communities in the country.

Some highlights

Our societal programs 2017

22	Projects across 8 states	**₹ 44 million**	Invested in projects
2,000	Youth trained for employment	**30,000**	People benefited

4 inspiring Human Cities projects

1 Empowering youth through providing skill training in paints

2 Providing access to education to out of school and underprivileged children

3 Providing road safety awareness, particularly to children

4 Giving life a chance through providing shelter and care to cancer affected children

Educating the future of India

Our focus on providing education at grassroot levels continues to gain momentum with each passing year. Our flagship education project aptly named as **'Parivartan'** is a step in the right direction and is leaving its imprint in Delhi, Madhya Pradesh, Maharashtra, Telangana and Karnataka. The project provides early childhood, non-formal and remedial education to over 5000 under privileged children.

The adult literacy classes for village women under Project Parivartan has brought about social transformation in Tilori village, Gwalior. For the first time, women villagers are gaining literacy and getting knowledge about their rights and privileges. In the last one year, more than **100 village women** completed their basic literacy course successfully. Today, they are breaking many stereotypes and independently running a village resource centre which provides information and internet based value added services to the villagers.

We are especially committed to promoting girl child education. Therefore, as part of **'Disha Pari Udaan' Project**, we are supporting education of more than 1000 girls from 12 Government schools in Bengaluru.

As a part of the project, we have built toilets, library and science labs in schools to ensure availability of basic facilities to promote education for girls. The main objective is to ensure that girls are able to complete 10 years of schooling with a sound orientation on health education, sports/co-curricular activities and life skill education. In addition, we provide after school

supplementary education to improve the academic results of these students.

We support schools which **promote education for special children**. Our endeavour has been to provide an inclusive environment for learning for differently-abled children. In these schools, we have set up therapy centres to help develop their motor skills in a fun-filled manner as well as make them independent. We partner with NGOs to provide an avenue for their all-round development and encourage cultural, sporting and other activities which fast track their learning abilities.

We have partnered with the State Governments of Karnataka, Andhra Pradesh and Maharashtra to establish model **'Anganwadis'**. As a part of the initiative, we have refurbished the Anganwadi buildings, trained the teachers, helped develop innovative teaching models and have also created tools to monitor the children's health and education development.

5000 **Children enrolled under 'Parivartan' programme during 2016-17**

1000 **Girls educated under 'DishaPariUdaan' project during 2016-17**

Safety is priority

As part of **Mission Salamati: Jeevan Raksha Abhiyan**, Akzo Nobel India in association with the Government of Punjab conducted comprehensive road safety awareness programme among 5,000 school children in 34 government schools in Mohali.

In this project, students are sensitised and educated about road safety, safe behaviour and traffic rules.

The project is being run in two phases. In phase one, presentations and interactive discussions were organised with school children regarding traffic rules, safety practices and causes of road accidents. In phase two, students participated in various activities organized for them in school like extempore speech, poster making competition, etc. The project has been widely appreciated by local media and Government authorities for raising awareness on road safety at a mass scale.

5,000+ **Students and bus drivers trained under project Salamati in Mohali during 2016-17**

Enriching lives

We support various healthcare projects that attempt to make a visible and measurable impact towards improving healthcare systems for the community.

Akzo Nobel India operates in rural locations, where communities rely on limited healthcare resources. Company's **healthcare programmes** provide support to physically and mentally challenged children, community health clinics, sensitisation on mother and child health, nutrition, school health programmes, lifeskill education for adolescents. In order to ensure sustainability of health projects AkzoNobel works closely with Govt. health delivery system and conducts capacity building programmes for health workers like Accredited Social Health Activist (ASHA), Auxiliary Nurse Midwife's (ANM's) etc.

To promote and create awareness on low cost nutritional food, cooking competition was organized for women in several villages. In the vicinity of our plants and offices, we also conducted **several health camps and eye check-up camps**. The villagers were educated about good health and hygiene practices.

AkzoNobel is also currently partnering with St. Jude's for **providing hygienic accommodation** to children suffering from cancer, along with their parents. It has recently supported St. Jude's Child Care Centre to open a new center at Sewri, Mumbai. The center with 14 units can provide accommodation and care for about 160 children.

10,000 **People benefited from health care programme in 2016-17**

Empowering the youth of India

One of our noteworthy projects is the **AkzoNobel Paint Academy** which provides skill training in painting to improve employability among youth in Delhi, Kolkata, Mohali, Thane and Bengaluru. Importantly, this is also a thrust area of the Government of India under the Skill India initiative. The Academy offers skill training in Decorative Paints and Vehicle Refinish. The short term skill training in Vehicle Refinish is one of the first of its kind programme in the country which is helping hundreds of youth get skilled employment in the automobile sector. Similarly the decorative paint trainees are the new age painters who are redefining skill and occupational safety level of painting profession. **The highlight of the decorative paints training has been enrollment of girls. It's a matter of pride that out of every four students we train, one is a girl!** These skill trainings have opened up sustainable livelihood opportunities for youth as well as adding skilled labour force in the country. Last year, the AkzoNobel Paint Academy reached a milestone of training over 500 youths.

1,200 **Painters provided with skill enhancement training during 2016-17**

1,000 **Students of academy got jobs from country's leading paint contractors and automobile body shops**

Company information

Board of Directors

Mr N Kaviratne CBE	Chairman
Mr K Jayakumar	Managing Director
Mr P Menon	Wholetime Director
Mr A Ghosh	Non-Executive Director
Mr A Jain	Non-Executive Director
Mr R Gopalakrishnan	Independent Director
Mr R S Kapur	Independent Director
Dr S Misra	Independent Director
Ms K Narsimhan	Independent Director
Mr A Uppal	Independent Director

Key Managerial Personnel

Mr K Jayakumar	Managing Director
Mr P Menon	Chief Financial Officer
Mr R Guha	Company Secretary

Registered Office

Geetanjali Apartment, 1st Floor,
8-B, Middleton Street,
Kolkata 700 071, India
Tel: 033-22267462
Fax: 033-22277925

Corporate Office

DLF Epitome, Building No 5, Tower A,
20th Floor Cyber City, DLF Phase III,
Gurugram (Gurgaon) 122 002, India
Tel: 0124-2540400
Fax: 0124-2540849

Website

www.akzonobel.co.in

Email

investor.india@akzonobel.com

Corporate Identity Number (CIN)

L24292WB1954PLC021516

Registrar and Share Transfer Agent

C B Management Services (P) Ltd.
P-22, Bondel Road,
Kolkata 700 019, India
Tel: 033-40116700
Fax: 033-22870263
Email: rta@cbmsl.com

Statutory Auditors

Price Waterhouse Chartered Accountants LLP

Bankers

Citibank
Deutsche Bank
HDFC Bank
Hongkong & Shanghai Banking Corporation
ICICI Bank
Royal Bank of Scotland
Standard Chartered Bank
State Bank of India

Key Committees of the Board

Audit Committee
Dr S Misra (Chairman)
Mr A Ghosh
Mr R Gopalakrishnan
Mr A Jain
Mr R S Kapur
Ms K Narsimhan
Mr A Uppal

Nomination and Remuneration Committee
Mr R Gopalakrishnan (Chairman)
Mr A Ghosh
Mr A Jain
Mr R S Kapur
Mr N Kaviratne CBE
Dr S Misra
Mr A Uppal

Stakeholders Relationship Committee
Mr A Uppal (Chairman)
Mr K Jayakumar
Mr P Menon

CSR Committee
Mr R S Kapur (Chairman)
Mr K Jayakumar
Mr P Menon

Directors' report

Dear Members,

The Board of Directors are pleased to present their report on the business and operations of your Company along with the audited financial statements for the year ended 31 March 2017.

Business Environment

India's GDP for FY 2016-17 is expected to grow by ~7% compared to the previous year's 7.6%. Headline inflation based on Consumer Price Index was 3.8% in March 2017, versus previous year's 4.8%. Interest rates dropped significantly during the year, on account of lower inflation and excess liquidity in the banking system triggered by demonetization announced in November 2016. Forex reserves have shown growth during the year indicating confidence of international investors in India. INR has appreciated against the USD by 2% towards the end of the year, after remaining subdued for most part of the year.

Various credit rating agencies have affirmed India's rating with a positive outlook stating that the reforms initiated by the government will enable the country to improve its performance over the medium term.

Global economic activity is also seen to be picking up in tandem with a long awaited cyclical recovery in investment, manufacturing, and trade. Stronger activity and expectations of robust global demand have also resulted in commodity prices recovering from the troughs of 2016.

The year saw a limited upward movement in crude oil prices and demonetization impacting the consumption and economic activity albeit temporarily. Economic activity has since recovered to normal levels, with a modest industrial growth reported in March 2017.

Several measures have been initiated by the government to promote affordable housing, digitalization of the economy and improved tax compliance. Rollout of GST scheduled for July 2017 is expected to act as a 'Booster' to drive higher rate of economic growth. With GST replacing multiple indirect taxes, ease of doing business is expected to improve. While the future outlook on business is positive, in the short term GST implementation could be disruptive as companies reorganize their business processes to adapt to the new environment.

Finance and Accounts

The financial statements have been prepared in compliance with the Indian Accounting Standards (IndAS) which have become mandatory from 1 April 2016. Figures for the previous year have been re-stated to facilitate comparison.

As required under IndAS, the financial statements include:

- Stand alone statements of the Company, Akzo Nobel India Limited; and
- Consolidated statements of the Group including the operational results of ICI India Research and Technology Centre, on which the Company exercises effective control.

Revenue for the year at ₹ 31,344 million is 7% ahead of previous year, with contribution from all segments. EBITDA from business operations at ₹ 3,488 million grew 15% over the previous year. After considering exceptional income and tax, the net profit for the year at ₹ 2,470 million showed a growth of 15%, over previous year's ₹ 2,142 million, mainly on account of improved business performance. It was a year of record for the Company with revenue and PBT (before exceptional item) crossing ₹ 30 billion and ₹ 3.3 billion respectively.

The highlights of the performance during the year are:

(₹ million)

	Stand-alone		Consolidated	
	2016-17	**2015-16**	**2016-17**	**2015-16**
Revenue from operations	**31,344**	29,347	**31,344**	29,347
Operating profit (EBITDA)	**3,488**	3,035	**3,488**	3,035
Depreciation	**(565)**	(537)	**(565)**	(537)
Other Income net of Finance costs	**461**	545	**461**	545
Exceptional item	**39**	99	**39**	99
Profit before tax	**3,423**	3,142	**3,423**	3,142
Tax	**(953)**	(1,000)	**(953)**	(1,000)
Profit after tax	**2,470**	2,142	**2,470**	2,142

Transfer to General Reserve

The Company proposes to transfer ₹ 250 million to the General Reserve out of the net profit for the year ended 31 March 2017.

Dividend

In accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (the Listing Regulations'), the Board has formulated a Dividend Distribution Policy. The text of the policy is available on the Company's website **www.akzonobel.co.in**

Keeping in view the current year's performance and other relevant considerations, and in line with the Company's Dividend Distribution Policy, the Board is pleased to recommend a dividend of ₹ 22 per share for the financial year 2016-17, compared with the dividend of ₹ 20 per share and a special dividend of ₹ 50 per share in the previous year.

Management Discussion and Analysis

Industry structure

The Company is present in Coatings and Specialty Chemicals segments.

The Coatings segment has two main components: Decorative Paints and Performance Coatings and is served by both organised and unorganised sectors.

Decorative Paints account for a major part of the industry. The main drivers for the growth of this sector have been shortening of the repainting cycle and increased demand from smaller towns.

Performance Coatings is essentially a B2B business and is technology intensive with a diverse set of growth drivers, with strong emphasis on selling a solution rather than a product.

Product quality, performance and service levels will continue as the key differentiators in this market.

In Specialty Chemicals segment, the Company operates in Polymer Chemistry and Surface Chemistry businesses, which cater to oil & gas, personal care and agrochemical industries.

Business Performance

Coatings

Overall market for Coatings was moderately positive barring demonetization blues during the third quarter of the fiscal year. The segment recorded a revenue of ₹ 28,703 million during the year 2016-17, compared to the previous year's ₹ 27,382 million, a growth of 5%. Segment Profit, however, improved by 12% to ₹ 2,860 million, reflecting impact of cost control and productivity improvement.

Top-line growth was driven by premium as well as mass market products. Margins were impacted by drop in realisation in the previous year, which was partly mitigated by better mix, productivity improvement and value creation initiatives.

Your Company will continue to stay focused on growing ahead of the market. Positive outlook on macro-economic factors like GDP indicates a boost in revenue growth in the medium term.

Highlights of different businesses within the Coatings segment are given below:

Decorative Paints business has presence in premium as well as mass market and economy segments, with strong positioning in the premium segment. The business has launched a series of innovative new products during the year that have received encouraging response from the market. Some of them are:

- Dulux Stay Bright Gloss – a water based alternative to solvent based enamel
- Dulux Quick drying water based Primer for wood & metal substrate as an alternative to solvent based primers
- Dulux Weathershield Crack Bridging primer
- Velvet Touch Platinum Glo in the Super Premium Interior category
- Dulux Enamel Gloss Small Packs and Universal Stainers
- Dulux Weather Shield Express - a 2 coat system that eliminates the need for a primer

The business has also established itself as a manufacturing hub for Colorants and Tinters to neighbouring countries by leveraging its capacities.

Going forward, macro developments like nuclear families, availability of easy finance for housing, govt's thrust on affordable housing etc are expected to push up the per-capita consumption of Paints in the country and sustain the growth momentum in this business. However, upward trend in key RM prices and possible disruptions due to GST implementation remain a concern in the near term.

Protective Coatings business services a wide range of industrial activity like, oil & gas (including downstream expansion projects/ offshore exploration, etc), power, waste water management, mining, high value infrastructure (HVI), chemical and general industries. The major driving factors for the markets are boost in government projects and investment in infrastructure like 100 smart cities, freight and industrial corridors, 'Make in Indi' etc.

Expanding the distribution reach, duly supported by a robust cost efficient mid-tier product portfolio, is also planned for gaining market share in protective coatings market.

Industrial Coatings business of BASF India Limited, which was acquired for a consideration of ₹ 119 million during the year, has been seamlessly integrated with the existing Protective Coatings operations.

Marine Coatings business mainly deals in Biocidal Antifouling, Slime Release, Foul Release, Seastores, Cargo Hold Coatings, Cargo Tank Coatings and Universal Primers. It serves customers in Deep Sea, Dry Docks, Sea Stores, New building and Coastal docking (i.e. offshore supply, service & transport vessels and fishing, etc.) sectors.

Although the ship building industry has been affected by global economic conditions, the outlook for Indian shipping industry appears positive.

Powder Coatings market can be broadly classified under General Trade Coaters, General Industries, Automobiles, Functional, Domestic Appliances, Architectural and Information Technology. The market is highly fragmented with over 40% of the market is estimated as being serviced by unorganized sector. Work on a new powder coatings facility at the Company's Thane site is in progress.

Metal Coatings business can be broadly classified under coil coatings and packaging coatings.

Coil Coatings market is dominated by Building & Construction product category, besides Extrusion, Aluminum Composite Panels and Domestic Appliances.

Packaging coatings market can be broadly classified into Inks, beer & beverage, general line, closures and food. General line segment holds the biggest chunk of the market.

The business has also built up an export portfolio of value added products to neighbouring countries by leveraging its manufacturing capacities.

Vehicle Refinishes business is present in the Refinish segment and has a strong foothold in mid-market range of products which is served through the retail network of the Decorative Paints business.

New car/commercial vehicle companies setting up operations in India as well as expansion plans of existing companies indicate a positive growth trend for this business. The Company is also working on plans to strengthen its retail portfolio and expand distribution.

Specialty Coatings market can be broadly classified into 2-wheelers, Domestic Appliances, Consumer Electronics, Helmets, Auto Exteriors, Auto Interiors and Wireless. At present the Company is present mainly in auto interiors segment.

The Company will continue to leverage its strengths in Auto interiors segment, even as it seeks to penetrate and enter new market segments.

The business opened a first-of-its-kind Specialty Coatings production facility and colour laboratory in Noida, Uttar Pradesh.

Specialty Chemicals

This segment, recorded a turnover of ₹ 2,641 million, compared to previous year's ₹ 1,965 million, a growth of 34%. The growth is attributable mainly to a change in business model where the Company has taken up the distribution of products sourced from overseas manufacturers. Profit from the segment improved by 42% to ₹ 214 million over the previous year.

Corporate Governance

A report on Corporate Governance, along with a certificate from a practicing Company Secretary confirming compliance with the conditions of corporate governance, is attached as **Annexure I** to this report.

Responsible Care / Corporate Social Responsibility

Your Company is committed to conduct its business in a socially and environmentally responsible way for the benefit of all its stake-holders. Planet Possible is your Company's approach to sustainability, which focuses on creating more value from fewer resources across the value chain.

The company has adopted the Hoshin Kanri approach in formulating the HSE&S improvement plans. This promotes a sense of direction and alignment between different functions and / or levels of an organization, ensuring that improvement and transformation efforts are oriented to the business objectives.

Our sustainability agenda aims to create value for our customers by providing products with excellent functionality that generate resource or performance benefits ahead of competitive products.

A Business Responsibility Report is attached as **Annexure II-A**.

During the year, your Company implemented several CSR projects on its own with employee volunteers, as well as in partnership with implementing agencies. Such activities were mainly executed in the areas of health, education, skill development and environment protection. A report on the CSR activities undertaken by your Company is attached as **Annexure II-B**.

Human Resources

Your Company had cordial relations with employees across all locations during the year. The total number of employees on the rolls of the Company as at 31 March 2017 was 1902 (previous year 1830).

Information as per Section 197 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report. However, as permitted under the provisions of Section 137 of the Act, the Report and Accounts are being sent to the members excluding the statement containing the said information.

Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

The disclosures alongside are made in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name	**Status**	(i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17	(ii) Percentage increase in remuneration during 2016-17
Mr Nihal Kaviratne CBE	Non Executive	4.2	161% increase as commission was enhanced from ₹ 0.8 m to ₹ 2.3 m with approval of the Board, in order to compensate for the time and effort expended by the Chairman on company's affairs over and above what is normally expected from a non-executive chairman.
Mr Jayakumar Krishnaswamy	Managing Director	30.8	11% of fixed pay
Mr Pradip Menon	Wholetime Director	22.3	Nil
Mr R Gopalakrishnan	Non Executive – Independent	1.8	Nil
Mr Amit Jain	Non Executive	-	Nil
Mr Arabinda Ghosh	Non Executive	-	Nil
Mr Raj S Kapur	Non Executive – Independent	1.8	Nil
Dr Sanjiv Misra	Non Executive – Independent	1.7	Nil
Ms Kimsuka Narsimhan	Non Executive – Independent	1.7	Nil
Mr Arvind Uppal	Non Executive – Independent	1.6	Nil
Mr R Guha	Company Secretary	NA	10% of fixed pay

	Description	**Remarks**
(iii)	Percentage increase in the median remuneration of employees in the financial year	9%
(iv)	Number of permanent employees on the rolls of the Company	1902 as on 31 March 2017
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentage increase in base salary of non-managerial personnel was 9%, which is comparable with the increase in the managerial remuneration

It is hereby affirmed that the remuneration to managerial personnel referred to above is as per the remuneration policy of the Company.

Notes:

1. The aforesaid details are calculated on the basis of remuneration for the financial year 2016-17.
2. Remuneration to Directors includes sitting fees paid to them for the financial year 2016-17.
3. Median remuneration in the Company (on cost to company basis) for all its employees was ₹ 574,872 for the financial year 2016-17.
4. Remuneration to Directors is within the overall limits approved by the shareholders.

Conservation of Energy, Technology Absorption and Forex Earnings and Outgo

Your Company continues to use its research and development base to bring consumers new products with improved performance features and products for special applications. Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to Section 134 of the Companies Act, 2013, are given in **Annexure III** to this report.

Information Technology

Your Company continues to leverage IT for efficient management of its business operations and enhancing customer experience.

CRM has been further enhanced to help expedite resolution of customer complaints.

All efforts are on hand to make the Company's IM systems GST compliant to ensure zero business interruption on migration to the GST platform.

Internal Control Systems

Your Company has an effective risk management framework, which helps the Board to monitor the state of controls in key business processes. Your Company has well-established procedures for internal controls, commensurate with its size and operations. The organisation is appropriately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment.

The Board periodically reviews reports of compliance with all laws applicable to the Company. The Company has an IT enabled tool incorporating all applicable legal compliances which are marked to their respective owners. The compliance library is updated periodically covering all changes w.r.t. Laws/Regulations.

Policy Against Sexual Harassment

Your Company has formulated a policy for the prevention of sexual harassment within the Company. It seeks to prevent and deter acts of sexual harassment and communicate procedures for their resolution and settlement. Internal Complaints Committees have been constituted in accordance with the requirements of the law. There were no cases/ complaints reported in this regard during 2016-17. A copy of the Policy against sexual harassment has been disseminated amongst all employees and is posted on the Company website, which can be accessed from **www.akzonobel.co.in.**

Related Party Transactions (RPTs)

Your Company enters into various transactions with related parties as defined under Section 2(76) of the Companies Act, 2013. All the RPTs are undertaken in compliance with the provisions set out in Companies Act, 2013 and the Listing Regulations. Your Company has a robust process for RPTs and the transactions with Related Parties are referred to the Audit Committee for its approval at the scheduled quarterly meetings or as may be called upon from time to time along with all relevant information of such transactions.

The Policy on materiality of RPTs and dealing with RPTs as approved by the Board may be accessed on the Company's website at **www.akzonobel.co.in**.

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties, which could be considered material in accordance with the policy of the Company on materiality of RPTs.

Your Directors draw attention of the members to Note 34 to the financial statement which contains the requisite disclosures.

Loans, Guarantees & Investments

There are no loans given or guarantees issued that are covered under Section 186 of the Act read with the Rules made thereunder. Details of investments made under the said section are covered in Notes 5.1 and 8.1 of the financial statements.

Extracts of the Annual Return

As required under Section 134(3)(a) of the Act, read with the Companies (Management and Administration) Rules, 2014, an extract of the Annual return in the prescribed form is attached as **Annexure IV**.

Directors & Key Management Personnel

Mr Nihal Kaviratne CBE and Mr Amit Jain will be retiring by rotation at the forthcoming Annual General Meeting (AGM). Mr Kaviratne is not seeking re-election while Mr Jain has offered himself for re-election.

A brief resume of Mr Amit Jain, as required under regulation 36 of the Listing Regulations, is given in the notice convening the AGM.

The Board wishes to place on record its deep appreciation of the contribution of Mr Nihal Kaviratne CBE during his tenure with the Company.

Declaration by Independent Directors

The Company has received necessary declarations from each Independent Director that he/ she meets the criteria of independence, laid down in Section 149(6) of the Act and the Listing Regulations.

Auditors

Statutory Auditors

M/s Price Waterhouse Chartered Accountants LLP will retire as the Auditors of the Company at the conclusion of the forthcoming AGM and, being eligible, have offered themselves for re-appointment.

Cost Auditors

In terms of Section 148 of the Companies Act 2013, Cost Audit was conducted for the year 2016-17 by M/s. Chandra Wadhwa & Co., New Delhi. Their report for the year 2015-16 has been filed with MCA within the stipulated time.

The Board has re-appointed M/s Chandra Wadhwa & Co. New Delhi as the Cost Auditors for conducting Cost Audit for the financial year 2017-18, whose remuneration is subject to the approval of the shareholders at the AGM.

Secretarial Auditors

In terms of Section 204 of the Companies Act 2013, a Secretarial Audit was conducted for the year 2016-17 by M/s A K Labh & Co., Kolkata. Their report is appended.

The Board has re-appointed M/s A K Labh & Co., Kolkata to conduct Secretarial Audit for the financial year 2017-18.

Directors' Responsibility Statement

As required under Section 134(5) of the Companies Act 2013, the Board states that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis;

(e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

General

Your Directors state that no disclosure or reporting is required in respect of the following items, as there were no transactions on these items during the year under review:

1. The Company has issued only one class of equity shares with equal rights.
2. The Company has not issued any shares during the year, under ESOPs or Sweat Equity or otherwise.
3. The Managing Director or Wholetime Directors of the Company did not receive any remuneration or commission from any other company belonging to AkzoNobel Group or associate companies.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals, which could impact the going concern status and the Company's operations in future.
5. Your Company has not accepted any public deposits during the year, and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

Cautionary Statement

Some of the statements in this report, describing your Company's objectives and expectations expressed in good faith, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those, in the event of changes in the assumptions/ market conditions.

Acknowledgment

The Directors wish to convey their gratitude and appreciation to all the employees of your Company for their valuable contribution during the year. They also wish to place on record their appreciation of your Company's customers, shareholders, investors, bankers, agents, suppliers, distributors and other business associates for their cooperation and support.

On behalf of the Board

18 May 2017
Mumbai

N Kaviratne CBE
Chairman

Annexure I

Report on Corporate Governance

1. Company's philosophy on Corporate Governance

Your Company aspires to uphold the highest standards of corporate governance and seeks to consistently enhance and improve corporate governance performance, emphasizing transparency and embedding a sustainable culture of long-term value creation.

Your Company takes utmost care to safeguard the interests of all its stakeholders. The Board represents the shareholders' interest in terms of optimizing long-term financial returns and is committed to its responsibilities towards all the stakeholders viz. customers, employees, suppliers, regulatory bodies and the public in general. All significant issues requiring strategic direction are decided after due examination by the Board with the full participation of non-executive directors, who impart the benefit of their vast experience and skills to bring qualitative improvement to the decision-making process.

In order to make informed decisions, the Board has constituted Committees viz Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and CSR Committee, that oversee specific areas and monitor activities within their purview.

The principles and policies that guide the Company in achieving its corporate governance goals are listed on company's website **www.akzonobel.co.in**

The Company is in compliance with the requirements on corporate governance stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

2. Board of Directors

Composition

The Board composition is in conformity with the applicable provisions of the Companies Act and the Listing Regulations. The names and categories of the Directors and the number of Directorships and Committee Memberships held by them as on the date of this report are as follows:

Name of the Director	Category of Directorship in the Company	Directorship in Other Companies (Chairmanship)	Membership in specified* committees (Chairmanship)
Mr N Kaviratne CBE	Non Executive Chairman	7	1
Mr K Jayakumar	Managing Director	2	1
Mr P Menon	Wholetime Director	1	1
Mr A Ghosh	Non Executive Director	-	1
Mr A Jain	Non Executive Director	2	1
Mr R Gopalakrishnan	Independent Director	5(1)	2
Mr R S Kapur	Independent Director	-	1
Dr S Misra	Independent Director	2	2 (1)
Ms K Narasimhan	Independent Director	1	1
Mr A Uppal	Independent Director	3	3 (1)

*Specified committees include only audit and stakeholders relationship committees

Board Procedures

The Board normally meets once in a quarter to review the financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to deal with specific matters concerning your Company.

The Board Meetings are governed by a structured agenda. The agenda along with supporting material are circulated in advance before each meeting to all the Directors. At each meeting, presentations are made by the Management Team on the Company's performance, operations and any other matters sought by the Board.

The Board, inter alia, reviews annual operating and capital expenditure plans and budgets, financial statements of business segments, compliance report(s) of laws applicable to the Company, major legal and tax issues, appointment and remuneration to Directors and all relevant information in terms of Listing Regulations concerning your Company.

All Board members have access to accurate, relevant and timely information to fulfil their responsibilities. The Company has arranged for sharing information electronically in a secure manner with its board members. Board meeting agendas, presentations, minutes and other important documents and messages are shared through this platform making the board communication seamless and paperless.

All the Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures. Presentations are made at the Board and Board Committee Meetings, on business and performance of the Company, business environment, strategy and risk management. Quarterly updates on relevant statutory changes and judicial pronouncements encompassing important laws and their impact on the Company's operations, quarterly financial results, press releases and annual report are circulated to all the Directors.

Details of familiarization programmes imparted to Independent Directors is uploaded on the website of the Company and available at **www.akzonobel.co.in**.

Meetings and attendance

Given below is the consolidated list of meetings of the shareholders, Board and specified committees held during April 2016 to March 2017 and attendance details of Directors:

Name of the meeting	Meeting date
Annual General Meeting (AGM)	26 July 2016
Board	13 May 2016, 26 July 2016, 12 August 2016, 21 October 2016, 9 December 2016, 31 January 2017
Audit Committee	13 May 2016, 12 August 2016, 21 October 2016 and 31 January 2017
Stakeholders Relationship Committee (SRC)	3 March 2017
Nomination and Remuneration Committee (NRC)	30 January 2017
CSR Committee	3 May 2016, 6 October 2016 and 23 February 2017
Independent Directors Meeting	30 January 2017

Attendance details

	AGM	Board	Audit	SRC	NRC	CSR
No. of Meetings held	1	6	4	1	1	3
Directors						
Mr N Kaviratne CBE	1	4	NA	NA	1	NA
Mr K Jayakumar	1	6	NA	1	NA	3
Mr P Menon	1	6	NA	1	NA	3
Mr A Ghosh	-	2	2	NA	1	NA
Mr A Jain	1	4	3	NA	1	NA
Mr R Gopalakrishnan	1	6	4	NA	1	NA
Mr R S Kapur	1	5	4	NA	1	3
Dr S Misra	1	4	3	NA	1	NA
Ms K Narsimhan	1	6	4	NA	NA	NA
Mr A Uppal	-	3	3	1	-	NA

'NA' signifies not a member of the relevant committee or meetings held when the Director was not a member of the Board/Committee.

3. Audit Committee

Composition	
Dr S Misra (Chairman)	Independent Director
Mr A Ghosh	Non Executive Director
Mr A Jain	Non Executive Director
Mr R Gopalakrishnan	Independent Director
Mr R S Kapur	Independent Director
Ms K Narsimhan	Independent Director
Mr A Uppal	Independent Director

The members of the Committee are eminent professionals with necessary knowledge in financial, accounting and business matters. The Chairman, Managing Director, Wholetime Director, Internal Auditors and Statutory Auditors are permanent invitees to the meetings of the Committee, with the Company Secretary acting as its Secretary. Any other person / executive, when required, also attend the meetings of the Committee. Minutes of the Audit Committee meetings are circulated to all the Board members.

The terms of reference of the Committee are in alignment with the norms specified in the Listing Regulations and relevant provisions of the Companies Act, 2013.

For details of meetings of the Committee held during the year and attendance therein, please refer to para 2 above.

4. Nomination and Remuneration Committee

Composition	
Mr R Gopalakrishnan (Chairman)	Independent Director
Mr A Ghosh	Non Executive Director
Mr A Jain	Non Executive Director
Mr N Kaviratne CBE	Non Executive Director
Mr R S Kapur	Independent Director
Dr S Misra	Independent Director
Mr A Uppal	Independent Director

The purpose of this Committee is to identify persons who are qualified to become directors and recommend to the Board such candidates for appointment as Executive/ Non-Executive Directors and also for senior management positions. It will also advise the Board on the policies and framework for the remuneration and other terms and conditions of employment including commissions, perquisites and allowances for all Executive Directors of the Company.

The Company Secretary functions as the Secretary to this Committee.

For details of meetings of the Committee held during the year and attendance therein, please refer para 2 above.

Performance Evaluation of Board members

The Company has a mechanism to evaluate the performance of all Board members. The Board works with the Nomination and Remuneration Committee to lay down the evaluation criteria for the performance of all its directors. For the year 2016-17, the evaluation was done through a peer-evaluation survey in accordance with the SEBI Guidance Note on Board Evaluation dated 5 January 2017. The findings from the survey were shared with the Chairman, who in turn, held discussions with individual Board members. Individual evaluations were in line with the full board evaluation, with no Board Member receiving negative feedback on any aspect.

5. Remuneration of Directors

While remuneration of Wholetime Directors is recommended by the NR Committee, the remuneration of NEDs is recommended by the Board. The NEDs, other than Mr A Jain and Mr A Ghosh, were paid sitting fees of ₹ 20,000 per meeting for attending Board/Committee meetings, where they have been nominated as members, and Commission as approved by the Board/shareholders from time to time. The details of remuneration paid/payable to the Directors for the year 2016-17 are given below:

(₹ million)

	Fixed component a Salary and allowances	Performance linked bonus b Performance Pay	Total remuneration c (c = a+b)
Managing/Wholetime Directors			
Mr K Jayakumar	17.71	4.42	22.13
Mr P Menon	12.82	4.28	17.10
Total	**30.53**	**8.70**	**39.23**
Non-Executive Directors	**Sitting fees**	**Commission**	
Mr N Kaviratne CBE	0.10	2.30	2.40
Mr R Gopalakrishnan	0.22	0.80	1.02
Mr R S Kapur	0.26	0.80	1.06
Dr S Misra	0.16	0.80	0.96
Ms K Narsimhan	0.20	0.80	1.00
Mr A Uppal	0.14	0.80	0.94
Total	**1.08**	**6.30**	**7.38**

Notes:

a) Service contracts with the Managing Director and Wholetime Director are terminable by notice of three months.

b) No severance fee was paid to any Director during the year.

c) Performance linked bonus are made to the Managing Director and Wholetime Director(s) based on pre-agreed parameters and taking into account the recommendations of the NR Committee.

d) Currently, the Company does not have any stock option scheme, though some of the senior managers of the Company are eligible for long-term incentives, which are in the nature of share-based payments.

6. Stakeholders Relationship Committee

Composition	
Mr A Uppal (Chairman)	Independent Director
Mr K Jayakumar	Managing Director
Mr P Menon	Wholetime Director

The Company Secretary functions as the Secretary to this Committee and has been nominated as the Compliance Officer of the Company.

The Company received 13 complaints from its investors during 2016-17, all of which have been resolved and no complaint was pending as on 31 March 2017. Routine queries/service requests received from the shareholders are normally addressed within 7 days of receipt. All share transfer requests received during the year were serviced within the normal service time.

For details of meeting of the Committee held during the year and attendance therein, please refer para 2 above.

7. General Body Meetings

(i) Details of the last three Annual General Meetings of the Company are given below:

Date of AGM	Time	Venue
26 July 2016	2.00 pm	Hyatt Regency, Salt Lake City, Kolkata 700 098
14 August 2015	2.30 pm	Taj Bengal, 34-B, Belvedere Road, Kolkata 700 027
11 August 2014	2.30 pm	Kala Mandir, 48, Shakespeare Sarani, Kolkata 700 017

(ii) No Extraordinary General Meeting of the Members was held during the year 2016-17.

(iii) There was one special resolution for payment of remuneration to Non-executive Directors taken up in the 2014 AGM which was approved with requisite majority.

(iv) No Postal Ballot was conducted during the year 2016-17, nor is there any proposal pending as on date for approval as a special resolution through postal ballot.

8. Means of Communication

i.	Quarterly results	The quarterly results of the Company are published and advised to the Stock Exchanges where the Company's shares are listed.
ii.	Newspapers wherein results are normally published	Business Standard (English), Aajkal (Bengali)
iii.	Any website, where results are displayed	The results, press releases, presentations and other relevant information are displayed on the Company's website **www.akzonobel.co.in**
iv.	Whether it also displays official news releases	
v.	Presentations made to institutional investors or to the analysts	

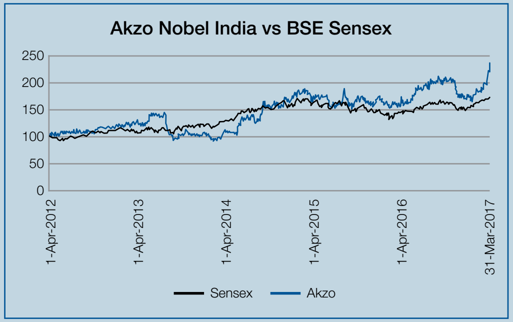
9. General Shareholder Information

i.	AGM: date, time and venue	14 August, 2017 at 1400 hours at Hyatt Regency, Salt Lake City, Kolkata 700 098	
ii.	Financial year	1 April to 31 March	
iii.	Financial calendar (Tentative)	**Quarterly / Annual Results**	**Publication on or before**
		1st quarter ending 30 June 2017	14 August 2017
		2nd quarter ending 30 September 2017	14 November 2017
		3rd quarter ending 31 December 2017	14 February 2018
		Year ending 31 March 2018	30 May 2018
iv.	Date of book closure	8 August 2017 to 14 August 2017 (both days inclusive)	
v.	Dividend payment date	On or around 30 August 2017 (after approval at the AGM)	
vi.	Listing on Stock Exchange	The Company's shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Listing fees for the period 1 April 2017 to 31 March 2018 have been paid to BSE and NSE.	
vii.	Stock code	BSE : 500710	
		NSE : AKZOINDIA-EQ	
		ISIN : INE133A01011	

viii. Market price data and stock performance during the year 2016-17

Month	BSE High (₹)	BSE Low (₹)	BSE Volume	NSE High (₹)	NSE Low (₹)	NSE Volume
April 2016	1,375	1,286	61,658	1,375	1,285	144,881
May 2016	1,540	1,309	37,156	1,546	1,303	292,510
June 2016	1,611	1,480	40,962	1,621	1,483	243,669
July 2016	1,705	1,516	48,321	1,705	1,515	302,879
August 2016	1,740	1,585	32,077	1,745	1,590	196,685
September 2016	1,725	1,590	42,958	1,729	1,580	326,861
October 2016	1,710	1,615	26,387	1,709	1,620	200,771
November 2016	1,675	1,375	28,963	1,684	1,370	205,157
December 2016	1,465	1,355	18,556	1,470	1,351	224,406
January 2017	1,459	1,328	35,612	1,464	1,328	329,038
February 2017	1,525	1,434	1,31,086	1,530	1,430	317,228
March 2017	1,916	1,510	88,685	1,925	1,500	634,124

ix. Stock performance in comparison to BSE Sensex from April 2012 to March 2017



Note: Comparison is made by anchoring the share price and Sensex at a base value of 100 as on 1 April 2012. The movements in the BSE Sensex and the Company's share price have been displayed in the graph with reference to that base.

x. Unpaid/unclaimed Dividend and related shares

In terms of the provisions of the Companies Act, the Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Amounts of unclaimed dividend as on 31 March 2017 and the due dates for transfer to IEPF are:

Financial year	Amount (₹ million)	Due date for transfer to IEPF (excluding the period allowed for remittance under Rule 3 of the IEPF Rules, 2001)
2009-10	7.1	21 July 2017
2010-11	8.6	21 July 2018
2011-12	11.6	8 August 2019
2012-13	46.4	7 August 2020
2013-14	45.1	10 August 2021
2014-15	12.8	13 August 2022
2015-16	39.6	25 July 2023

During the year, a sum of ₹ 6.3 million was remitted to the IEPF towards dividend remaining unclaimed in respect of the financial year ended 31 March 2009 within the due date.

As per Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, which have become effective from 28 February 2017, all shares in respect of which dividend has remained unpaid or unclaimed for 7 consecutive years shall be transferred to the IEPF Authority.

The Company has already sent intimation to the concerned shareholders at their latest available address individually whose shares are liable to be transferred to IEPF as well as through a Press advertisement. Full details of such shares, including the names of shareholders, Folio number or DP ID-Client ID and the number of shares have also been uploaded on the website of the Company **www.akzonobel.co.in**, with due intimation to the Stock Exchanges.

These shares will be transferred in accordance with the final notification of the Ministry of Corporate Affairs in this regard.

xi. Registrar and Share Transfer Agent

M/s C B Management Services (P) Ltd.
P-22, Bondel Road,
Kolkata 700 019

xii. Share transfer system

All requests for share transfers are processed and approved by the Seal and Share Transfer Committee, which normally meets once in every 10 to 15 days. Share transfers are registered and returned within 10 days from the date of lodgement of complete documents.

xiii. Distribution of shareholding as on 31 March 2017

Range (No. of shares)	No. of shareholders	No. of shares (000's)	% to total issued capital
1-50	29,950	547	1.2
51-500	14,290	2,027	4.3
501-5,000	1,244	1,425	3.1
5,001-50,000	72	890	1.9
50,001-1,000,000	22	6890	14.7
1,000,001 & above	5	34,882	74.8
Total	**45,583**	**46,660**	**100.0**

Shareholding Pattern as on 31 March 2017

Category of shareholders	No. of shares (000's)	%
(A) Promoter and Promoter Group	**34,044**	**73.0**
(B) Public shareholding		
(a) Mutual funds	1,872	4.0
(b) Insurance companies	1,945	4.1
(c) Foreign institutional investors	964	2.1
(d) Bodies corporate	3,631	7.8
(e) Individuals/others	4,204	9.0
Total public shareholding	**12,616**	**27.0**
Total (A) + (B)	**46,660**	**100.0**

xiv. Dematerialisation of shares and liquidity

The Company's equity shares have been notified for trading only in demat form with effect from 17 January 2000. As of 31 March 2017, 73.97% of the Company's equity shares involving 34.51 million shares have been dematerialised (No. of Demat accounts: 26,663). The Company has entered into necessary agreements with the authorised depositories NSDL & CDSL to enable smooth operation of demat mode of shareholding.

xv. Outstanding GDRs/ ADRs/warrants or any convertible instruments, conversion date and likely impact on equity

None issued/outstanding

xvi. Commodity price risk or foreign exchange risk and hedging activities

The Company's business operations are subject to commodity as well as foreign exchange risks. Commodity price risk is managed by adhering to inventory norms. Foreign exchange risk is managed through forward contracts.

xvii. Plant locations

The Company's plants are located at:

1. Plot No 9-29, Narsapur Road, Balanagar, Hyderabad, Telangana - 500 037
2. Plot No 62 P, Hoskote Industrial Area, Pilgumpa Village, Bengaluru, Karnataka - 562 114
3. Plot No. GAE-1 (Part), GAF-1 & GAF-2, Industrial Area, Ghirongi (Malanpur), Bhind, Madhya Pradesh - 477 117
4. Plot No. A-42, Phase-VIIIB, Focal Point, SAS Nagar, Mohali, Punjab - 160 059
5. Plot No.1/1, TTC. Indl. Area, Thane Belapur Road, Koparkhairne, Navi Mumbai, Maharashtra - 400 709
6. Plot No. E-19/20, MIDC Area, Mahad, Raigad, Maharashtra - 402 301

xviii. Address for correspondence

Shareholders' correspondence may be addressed to:

1. C B Management Services (P) Ltd.,
   Unit: Akzo Nobel India Limited
   P-22, Bondel Road, Kolkata 700 019
   Tel: 033-40116700
   Email: rta@cbmsl.com

   OR

2. The Company Secretary
   Akzo Nobel India Limited
   Epitome, Building No 5, Tower A,
   20th Floor, Cyber City, DLF Phase III,
   Gurgaon 122 002
   Tel: 0124-2540400
   Email: investor.india@akzonobel.com

10. Other Disclosures

a. There were no materially significant related party transactions entered into by the Company with its Promoters, Directors or the Management, their subsidiaries or relatives, etc, that may have potential conflict with the interests of the Company at large. The Directors periodically disclose their interest in different companies, which are noted by the Board. The Register of Contracts containing the transactions with companies in which Directors are interested is placed before the Board periodically.

b. There were no strictures or penalties imposed on the Company by Stock Exchanges or SEBI or any statutory authority for non-compliance of any matter related to capital markets, during the last three years.

c. The Company has adopted a Whistle Blower policy by the name 'Speak Up' under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. It is affirmed that no personnel has been denied access to the Audit Committee. A copy of the policy is posted on the website of the Company at **www.akzonobel.co.in**

d. The Policy on materiality of related party transactions can be accessed on the Company's website **www.akzonobel.co.in**

e. The Policy on related party transactions can be accessed on the Company's website **www.akzonobel.co.in**

f. The Company's business operations are subject to commodity risk. Commodity risk is not hedged but is managed by adhering to inventory norms.

g. None of the Non Executive Directors had any materially significant pecuniary relationship or transaction vis-à-vis the Company, which may have a potential conflict with the interests of the Company at large. Mr A Jain and Mr A Ghosh are entitled to remuneration and other benefits for their respective roles and responsibilities in the AkzoNobel Group.

h. All Directors have confirmed that they do not hold any shares in the Company.

i. None of the Directors are related to each other.

11. Compliance

The Company is in full compliance with all the requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the listing regulations.

12. Code of Conduct

Your Company has in place a comprehensive Code of Conduct applicable to all the employees and Non-executive Directors including Independent Directors. The Code of Conduct gives guidance and support needed for ethical conduct of business and compliance with law. Copy of the Code of Conduct is posted on the website of the Company **www.akzonobel.co.in**. This has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually. A declaration in this regard by the Managing Director is given below:

Code of Conduct Declaration

I hereby confirm that the Company has obtained affirmation from all the members of the Board and senior management personnel that they have complied with the Code of Conduct of the Company in respect of the financial year ended 31 March 2017.

Mumbai
18 May 2017

Jayakumar Krishnaswamy
Managing Director

13. Certificate of Compliance

A certificate from a practicing Company Secretary on the Company's compliance with corporate governance norms as required under Listing Regulations is appended.

14. Unclaimed Suspense Account

In terms of the listing regulations, the Company has dematerialized and kept the unclaimed shares in 'Akzo Nobel India Limited - Unclaimed Suspense Account'. Disclosure in respect of the equity shares kept in this account is given below:

(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	725 shareholders and 24,726 shares
(ii)	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	1 shareholder and 102 shares
(iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	1 shareholder and 102 shares
(iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	724 shareholders and 24,624 shares

The voting rights on these shares have been frozen till the rightful owner approaches the Company to claim the shares as per applicable regulations.

15. Discretionary Requirements

Details of compliance with discretionary requirements as specified in Part E of Schedule II of the Listing Regulations are given below:

Description		Status as on 31 March 2017
(i)	Non Executive Chairman's office and expenses	The Non Executive Chairman is reimbursed the cost of maintaining his office at Mumbai. In addition, expenses incurred by him in the performance of his duties on behalf of the Company are borne by the Company.
(ii)	Sending of half-yearly declaration of financial performance including summary of the significant events during the past six months to each household of shareholders	As the Company's quarterly financial results are published in leading newspapers and major developments are covered in the press releases (which are also posted on the Company's website), sending the half-yearly financial results to the shareholders is not considered necessary.
(iii)	Audit qualifications	There is no audit qualification in the current financial year.
(iv)	Separate posts of Chairman and CEO	The Company currently has separate persons appointed to the posts of Chairman and Managing Director
(v)	Reporting of Internal Auditor	The Internal auditor directly reports to the Audit Committee

Certificate of Compliance

To the Members of Akzo Nobel India Limited

We have examined the compliance of conditions of Corporate Governance by Akzo Nobel India Limited ('the Company') in terms of Regulation 15(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the year ended 31.03.2017.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further state such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **A. K. LABH & Co.**
Company Secretaries

(CS A. K. LABH)
Practicing Company Secretary
FCS – 4848 / CP No 3238

Place : Kolkata
Dated : 18 May 2017

Annexure II-A

Business Responsibility Report

(In terms of Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

This Business Responsibility (BR) Report follows the National Voluntary Guidelines on social, environmental and economic responsibilities of business, as notified by the Ministry of Corporate Affairs, Government of India, which laid down the following principles:

Principle #	Description
P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the well-being of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect, and make efforts to restore the environment
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L24292WB1954PLC021516
2. Name of the Company: Akzo Nobel India Limited
3. Registered address: Geetanjali Apartment, 1st Floor, 8-B, Middleton Street, Kolkata 700 071
4. Website : www.akzonobel.co.in
5. E-mail id : investor.india@akzonobel.com
6. Financial year reported: April 2016 - March 2017
7. Sectors that the Company is engaged in (industrial activity code-wise):

Code #	Description
202	Paints, varnishes, enamels or lacquers
201	Organic and inorganic chemical compounds

8. Three key products that the Company manufactures/ provides (as in balance sheet) are:
   1) Paints/Synthetic Enamels
   2) Colorants and Thinners
   3) Polymerisation Chemicals
9. Total number of locations where business activity is undertaken by the Company:
   (a) Number of International Locations Nil
   (b) Number of National Locations:

Manufacturing facilities	6
R&T Centre	1
Depots/Sales locations	76
Offices	4

10. Markets served by the Company: National and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital : ₹ 466.6 million
2. Total Turnover : ₹ 31,344 million
3. Total profit after taxes : ₹ 2,470 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax : ₹ 44 million amounting to 1.8% of PAT
5. List of activities in which expenditure in 4 above has been incurred:
   (a) Promotion of Education and eradicating malnutrition
   (b) Environment Sustainability
   (c) Skill Development
   (d) Healthcare

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies: Yes – ICI India Research and technology Centre, a not for profit company engaged in scientific research, where the Company has effective control.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company?: Yes
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?

   The Company encourages all its business partners to adopt its policies and practices.

SECTION D: BR INFORMATION

1. Details of Director responsible for BR

(a) Details of the Director responsible for implementation of the BR policy:

DIN Number	02099219
Name	Jayakumar Krishnaswamy
Designation	Managing Director

(b) Details of the BR head:

Name	Rajasekaran Guha
Designation	Company Secretary
Telephone number	0124-2540400
Email ID	investor.india@akzonobel.com

2. Principle-wise [as per National Voluntary Guidelines] BR Policy/policies (Reply in Y/N)

(a) Details of compliance (Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Code of Conduct and Whistleblower Policies	HSE&S and Sustainability Policies	Sustainability Policy	CSR Policy	Code of Conduct and Sustainability Policies	HSE&S and Sustainability Policies	Code of Conduct Policy	Sustainability and CSR Policies	HSE&S and Sustainability Policies
			All these policies are available at **www.akzonobel.co.in**							
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

All answered yes, hence not applicable.

3. Governance related to BR

The Board of Directors assess the BR performance of the Company on periodic basis.

Starting from year 2015-16 the Company publishes the information on BR which forms part of the Annual Report of the Company. The Annual Report is available on the website of the Company at **www.akzonobel.co.in**

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

For Akzo Nobel India, promoting integrity means acting in accordance with its values – responsible, excellent and innovative – wherever it does business. A key element of integrity is compliance: adherence to the law and to its internal regulations. It has zero tolerance for corruption and violation of the principles of fair competition – and where they do occur, such instances are rigorously investigated and taken to their logical conclusion.

Your Company's policies relating to ethics, bribery and corruption cover the Company as well as its external stakeholders who have business relations with the Company. It has instituted various mechanisms for receiving and resolving complaints from its stakeholders.

Your Company received 13 shareholder complaints during the past financial year, all of which have been resolved. It also received 9 cases reported through 'Speak up' (Vigil Mechanism) during the year; all of which were investigated and resolved. There were 1529 consumer complaints received by the Company of which 1407 resolved and 122 were under resolution as at the end of the financial year.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

Your Company pursues its sustainability agenda through its Planet Possible programme, which highlights its commitment to creating more value from fewer resources across the value chain. The Company also continued its innovation in order to supply sustainable products and solutions to its customers.

Your Company seeks to lead by example by improving the environmental/social performance of its products and processes, which are measured through development of eco-premium solutions.

PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

Total number of permanent employees of the Company were 1902 among which 126 were female. There were 2 regular employees with disabilities. It also has about 750 contractual/temporary workforce.

There are recognized trade unions at some of the Company's locations representing the workmen. Approximately 8% of permanent employees are members of these unions.

Your Company did not receive any complaints relating to child labour, forced labour, involuntary labour or sexual harassment in the last financial year.

Safety training related to the areas of work is mandatory for all employees. In addition, employees are encouraged to enroll for skill development training which is provided through internal or external programmes.

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED.

Identifying the stakeholders and engaging with them is critical to the Company's CSR and Health Safety Environment and Security (HSE&S) policies. The Company has broadly identified six groups covering both internal and external stakeholders as follows:

1. Employees
2. Local communities
3. Regulatory authorities
4. Customers
5. Shareholders
6. Dealers, suppliers and other business partners

Out of the above groups, local communities and contractual employees are identified as vulnerable and marginalized stakeholders. The Company has taken several initiatives to engage with these sections of the community.

Further, the Company creates social value by developing its employees and being active in the communities where it operates.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Your Company's Human Rights policy is covered in its Code of Conduct. All business partners are required to confirm adherence to the Code of Conduct of the Company. The Company did not receive any stakeholder complaint during the year 2016-17 regarding human rights.

PRINCIPLE 6: BUSINESSES SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

Your Company's environment policy applies to its employees as well as business partners in respect of the services and products received from them. The Company continues to focus its efforts on innovation in order to supply sustainable products and solutions to its customers.

Reducing the carbon footprint across the value chain is an important objective of the Company. In pursuance of its core principle of sustainability, several initiatives have been taken in the manufacturing operations to reduce energy and water consumption. Also actions have been taken to minimize VOC in the products manufactured by the Company. It has also ensured that no lead or other heavy metals are used in the production process.

Potential environmental risks are identified and reported as per the HSE&S policy. The Company regularly reviews these risks and undertakes initiatives to mitigate them.

All emissions and waste generated by the Company are within the permissible limits given by Central Pollution Control Board (CPCB) / State Pollution Control Boards (SPCB) in 2016-17. It has no pending show cause notices from CPCB or SPCB as at end of the financial year 2016-17.

PRINCIPLE 7: BUSINESSES WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

Your Company engages with the public and regulatory bodies in a responsible manner. The Company is a member of the following trade associations:

a) Confederation of Indian Industry (CII)

(b) Federation of Indian Chambers of Commerce & Industry (FICCI)

(c) Indian Paints Association (IPA)

(d) CAPEXIL

Your Company participates in various programmes of these associations and supports them with appropriate inputs for addressing industry wide issues and in evolving standards for promotion of product safety and environmental protection.

PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Your Company has specified initiatives based on its CSR and HSE&S policies to support inclusive growth and equitable development in the society.

Your Company's CSR programmes are monitored by the CSR Committee of the Board. In 2016-17, a sum of ₹ 44 million was spent on these programmes, details of which are given in the CSR Report.

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

Akzo Nobel India is a customer focused organisation and has adopted a customer centric approach. It has requisite infrastructure and personnel to receive and address customer feedbacks and complaints. During the last financial year it ensured that all customer/consumer complaints were duly addressed. The products of the Company display all information mandated by the law. Additional product information is provided through product information sheets, when required.

Your Company conducts surveys from time to time with a view to engage and assess consumer preferences, service levels and effectiveness of its promotional campaigns so that appropriate changes can be made.

Annexure II-B

Corporate Social Responsibility (CSR) Report

[Pursuant to clause (o) of sub-Section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. As a responsible corporate, your Company is firmly committed to conduct its business in a socially and environmentally responsible way for the benefit of all its stake-holders viz. shareholders, consumers, employees, and the community at large.

   The weblink of CSR policy is **www.akzonobel.com/in/system/images/AkzoNobel_CSR_Policy_tcm130-88414.pdf**

2. The CSR committee consists of three Directors including an Independent Director. The Chairman of the committee is Mr. Raj Kapur (Independent Director) and the other members are Mr. Jayakumar Krishnaswamy (Managing Director) and Mr. Pradip Menon (Wholetime Director).

3. Average net profit of the Company for last three financial years is ₹ 2,124 million, computed under Section 198 of the Act

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) is ₹ 43 million

5. Details of CSR spent during the financial year.

   (a) Total amount spent for the financial year ₹ 43.50 million

   (b) Amount unspent, if any Nil

   (c) Manner in which the amount spent during the financial year is detailed below:

(1) S. No	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (₹ million)	(6) Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ million)	(7) Cumulative expenditure up to the reporting period (₹ million)	(8) Amount spent : Direct or through implementing agency	(9) Project Synopsis
1.	Support to Sports Stadium	Promoting Sports	Mumbai (Maharashtra)	1.43	Direct Project Expenditure: 1.43	1.43	Directly	The Project refurbished and painted St. Xavier's college stadium to promote sports among college students and youth of the city.
2.	Child Care Centre for children suffering from Cancer	Preventive Health Care	Mumbai (Maharashtra)	10.80	Direct Project Expenditure: 3.60	3.60	In partnership with St. Jude's	AkzoNobel is supporting one centre of St. Jude's which is providing care for children belonging to underprivileged families in getting treatment for cancer.
3.	Vocational Skill Training Project, AkzoNobel Paint Academy	Skill Training	Delhi (Delhi) Kolkata (West Bengal), Bengaluru (Karnataka) and Mumbai (Maharashtra)	25.85	Direct Project Expenditure: 17.80	17.80	Directly	In order to promote employability among youths, AkzoNobel provided vocational skill training to 596 youth in Decorative Paints and Vehicle Refinish and linked them with employment.

(1) S. No	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (₹ million)	(6) Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ million)	(7) Cumulative expenditure up to the reporting period (₹ million)	(8) Amount spent : Direct or through implementing agency	(9) Project Synopsis
4.	Community Health & Early Childhood Education project	Promoting education and preventive Health care	Bengaluru (Karnataka)	2.91	Direct Project Expenditure: 2.29	2.29	In partnership with HLFPPT (Hindustan Latex Family Planning Promotion Trust)	In this project we are promoting early childhood education and preventive health care for 10,000 local villagers in four villages at Hoskote, Bengaluru.
5.	AkzoNobel education centre- Education project	Education	Gurugram (Haryana)	3.01	Direct Project Expenditure: 2.37	2.37	In partnership with Sakshi	In this project we are offering early childhood education, non-formal education and remedial education to 500 under privileged children of Gurgaon district.
6.	Girls Education Project	Education	Bengaluru (Karnataka)	3.29	Direct Project Expenditure: 2.40	2.40	In partnership with Plan India	The project is promoting girls education for 500 girls in Govt. schools of Bengaluru through creating better facilities at schools and making local communities sensitized about importance of girls education.
7.	Education Support	Education	Chennai (Tamil Nadu)	0.94	Direct Project Expenditure: 0.94	0.94	Directly	The project promoted non formal education for children of underprivileged communities and created play area with sports facilities. This is benefiting 200 slum children.
8.	Education project for Children	Education	Mahad, Raigarh (Maharashtra)	2.10	Direct Project Expenditure: 1.91	1.91	In partnership with Pride	The project is providing remedial education to 500 school children to improve their grades and to sensetise them on health and sanitation.
9.	Early Children Education & Health project	Education	Hyderabad (Telangana)	1.20	Direct Project Expenditure: 0.95	0.95	In partnership with Lepra India	In partnership with ICDS (Integrated Child Development Services) the project is running model Anganwadi's, facilitating to impart quality education and healthcare for 150 children.
10.	Integrated Health & Education project	Education and Health	Gwalior (Madhya Pradesh)	2.20	Direct Project Expenditure: 1.94	1.94	In partnership with Sambhav Social Services	This project is promoting education and health for children and local communities. As a part of it, an education resource center is being run which is providing after school, non-formal and digital education to children and village women who had dropped out of school.

(1) S. No	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (₹ million)	(6) Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ million)	(7) Cumulative expenditure up to the reporting period (₹ million)	(8) Amount spent : Direct or through implementing agency	(9) Project Synopsis
11.	School Road Safety Awareness project	Promoting Education	Mohali (Punjab)	1.54	Direct Project Expenditure: 1.54	1.54	In partnership with HASS	In partnership with Govt. of Punjab, Akzo Nobel India is spreading awareness on road safety in 32 schools of Mohali, covering about 5,000 children and school bus drivers.
12.	Education Project	Promoting Education	Thane (Maharashtra)	1.95	0.78	0.78	In partnership with Room to Read (NGO)	The project promotes education in five Govt. schools through improving reading habits of school children.
13.	School Infrastructure Improvement	Promoting Education	Kolkata (West Bengal)	0.43	0.43	0.43	In Partnership with Parivarikee (NGO)	The project helped in refurbishing school for street children run by Parivarikee (NGO). The initiative will help 200 school children to get education in safe and secure environment.
14.	School Infrastructure Improvement	Promoting Education	Bengaluru (Karnataka)	0.59	0.59	0.59	Directly	The project helped in creating library, science lab and separate toilet facility for girl students of B. Narayanpura Govt. school. It benefited 180 school children from the school.
15.	Others - Less than ₹ 0.5 million each	Various	Various	2.47	2.47	2.47	Directly	NA
16.	Administrative Cost (Salary, Travelling Expenses, etc.)	Various	NA	2.01	2.01	2.01	Directly	NA
				TOTAL CSR EXPENDITURE		43.50		

6. The Company has spent 2% of the average Net profit of the past 3 years computed u/s 198 of the Companies Act, 2013 towards CSR activities.
7. The CSR Committee hereby confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

Raj S Kapur
Chairman - CSR Committee
DIN 00060056

Jayakumar Krishnaswamy
Managing Director
DIN 02099219

Annexure III

Disclosure of particulars with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134 (3) (m) of the Companies Act 2013:

A. Conservation of Energy

During the year 2016-17, various energy conservation measures were implemented by the Company:

i.	Conservation measures taken	Energy saving measures adopted across all offices & factories. Continued efforts towards optimization of processes are in place. • Installation of Artic master for process chillers and Split AC's of labs, offices in one of the manufacturing units. • Installation of smart energy saver for Split AC's below 3 Ton capacity. • Timers for exhaust blowers and ventilation system • Independent light switches at metal shop floor to switch off lights during day time • LED Electrical light fittings installed to reduce power consumption
ii.	Steps taken by the Company for utilizing alternate sources of energy	The Company initiated process of open access renewable energy wheeling to utilize more Solar energy and to save power cost in parallel. Further, the Company has also invested more in solar power generation.
iii.	Capital investment on energy conservation equipment's	The Company invested about ₹ 1.8 million on energy conservation equipment during the year.

B. Absorption of technology

i.	**Efforts made towards technology absorption**	The RD&I center of the Company focusses on development of innovative products & techniques. Efforts during the year resulted in: • Improved batch cycle time • Improved yield • Better quality products
ii.	**Benefits derived as a result of the above efforts like product improvement, cost reduction, product development or import substitution**	Major Benefits derived from the above initiatives are: • Cost reduction • Quality improvement • Import substitution
iii.	**In case of imported technology, imported during the last 3 years (reckoned from the beginning of the financial year)**	No technology was imported during the last 3 years

(₹ million)

		2016-17	2015-16
iv.	**Expenditure on R&D**	**2016-17**	**2015-16**
	Capital	**0**	5
	Recurring*	**60**	108
	Total	**60**	**113**

*Excludes Royalty Charge

C. Foreign exchange earnings and outgo

(₹ million)

	2016-17	2015-16
Earnings	**930**	1,215
Outgo@	**4,161**	4,502

@ Excludes outgo on account of dividend

Outgo of foreign exchange by the Company is higher than earnings mainly on account of import of raw materials and services. Besides, the nature of the Company's product lines is such that it is not commercially viable to build a large export portfolio.

Annexure IV

EXTRACT OF ANNUAL RETURN - Form No. MGT-9

as on the financial year ended on 31 March 2017
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	: L24292WB1954PLC021516
(ii)	Registration Date	: 12 March 1954
(iii)	Name of the Company	: Akzo Nobel India Limited
(iv)	Category/Sub-Category of the Company	: Public company having share capital
(v)	Address of the Registered office and contact details :	: 8-B, Middleton Street, Kolkata – 700 071 Phone : (033) 22267462 Fax : (033) 22277925 Email : investor.india@akzonobel.com Website : www.akzonobel.co.in
(vi)	Whether listed company	: Yes
(vii)	Name, address and contact details of Registrar and Transfer Agent, if any:	: C B Management Services (P) Ltd. P–22, Bondel Road, Kolkata – 700 019 Phone : (033) 4011 6700 Fax : (033) 4011 6739, Email : rta@cbmsl.com Website : www.cbmsl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacture of paints and varnishes, enamels or lacquers	202	91.6

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Akzo Nobel NV*	09007809 (The Netherlands)	Ultimate holding Company *	72.96*	2 (46)

*Through wholly-owned subsidiaries
Note: List of Associate Companies with whom the transactions took place during the year- Refer Notes 10 and 34 to standalone financial statements

IV. SHARE HOLDING PATTERN
(Equity share capital breakup as percentage of total equity)

(i) Category-wise Shareholding

		No. of Shares held at the beginning of the year (01-04-2016)				No. of Shares held at the end of the year (31-03-2017)				% Change during the year
Sl. No.	Category of Shareholder	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Promoter**									
1	**Indian**									
(a)	Individuals/ HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government(s)	-	-	-	-	-	-	-	-	-
(c)	State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(e)	Bank/Financial Institutions	-	-	-	-	-	-	-	-	-
(f)	Others	-	-	-	-	-	-	-	-	-
	Sub Total(A)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Sl. No.	Category of Shareholder	No. of Shares held at the beginning of the year (01-04-2016) Demat	Physical	Total	% of Total Shares	No. of Shares held at the end of the year (31-03-2017) Demat	Physical	Total	% of Total Shares	% Change during the year
2	**Foreign**	-	-	-	-	-	-	-	-	-
a	NRIs-Individuals	-	-	-	-	-	-	-	-	-
b	Other-Individuals	-	-	-	-	-	-	-	-	-
c	Bodies Corporate	22,977,544	11,066,791	34,044,335	72.96	22,977,544	11,066,791	34,044,335	72.96	-
d	Bank/Financial Institutions	-	-	-	-	-	-	-	-	-
e	Any Others	-	-	-	-	-	-	-	-	-
	Sub Total(A)(2)	**22,977,544**	**11,066,791**	**34,044,335**	**72.96**	22,977,544	11,066,791	34,044,335	72.96	**-**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**22,977,544**	**11,066,791**	**34,044,335**	**72.96**	22,977,544	11,066,791	34,044,335	72.96	**-**
(B)	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds	1,880,945	27,667	1,908,612	4.09	1,844,245	27,565	1,871,810	4.01	-0.08
(b)	Bank/Financial Institutions	8,406	18,186	26,592	0.06	10,362	18,186	28,548	0.06	-
(c)	Central Government(s)	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	276	276	-	-	276	276	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	2,066,982	197	2,067,179	4.43	1,944,170	197	1,944,367	4.17	-0.26
(g)	Foreign Institutional Investors (FII)	620,765	740	621,505	1.33	41,934	740	42,674	0.09	-1.24
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	FFI	-	600	600	-	-	600	600	-	-
(j)	Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	**4,577,098**	**47,666**	**4,624,764**	**9.91**	3,840,711	47,564	3,888,275	8.33	**-1.58**

Sl. No.	Category of Shareholder	No. of Shares held at the beginning of the year (01-04-2016) Demat	Physical	Total	% of Total Shares	No. of Shares held at the end of the year (31-03-2017) Demat	Physical	Total	% of Total Shares	% Change during the year
(B) 2	**Non-institutions**									
(a)	Bodies Corporate									
i)	Indian	3,495,976	8,638	3,504,614	7.51	**3,622,887**	**8,438**	**3,631,325**	**7.78**	0.27
ii)	Overseas	-	-	-	-	**-**	**-**	**-**	**-**	-
(b)	Individuals									
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	2,681,731	1,038,775	3,720,506	7.98	**2,745,378**	**1,006,442**	**3,751,820**	**8.04**	0.06
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	284,531	-	284,531	0.61	**228,467**	**-**	**228,467**	**0.49**	-0.12
(c)	Other (specify)									
1	NRI	98,542	16,538	115,080	0.25	**112,270**	**16,352**	**128,622**	**0.28**	0.03
2	Clearing Member	24,750	-	24,750	0.05	**39,212**	**-**	**39,212**	**0.09**	0.04
3	OCB	-	-	-	-	**-**	**-**	**-**	**-**	-
4	Trust	2,070	24	2,094	0.01	**831**	**24**	**855**	**-**	-0.01
5	Foreign Portfolio Investor	313,866	-	313,866	0.67	**921,731**	**-**	**921,731**	**1.98**	1.31
6	Unclaimed Suspence Account	24,726	-	24,726	0.05	**24,624**	**-**	**24,624**	**0.05**	-
7	The Custodian of Enemy Property	1048	-	1048	-	**1,048**	**-**	**1,048**	**-**	-
	Sub-Total (B)(2)	**6,927,240**	**1,063,975**	**7,991,215**	**17.13**	7,696,448	1,031,256	872,7704	18.71	**1.58**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**11,504,338**	**1,111,641**	**12,615,979**	**27.04**	11,537,159	1,078,820	12,615,979	27.04	**-**
	TOTAL (A)+(B)	**34,481,882**	**12,178,432**	**46,660,314**	**100.00**	34,514,703	12,145,611	46,660,314	100.00	**-**
(C)	**Shares held by Custodians for GDRs & ADRs**									
	GRAND TOTAL (A)+(B)+(C)	**34,481,882**	**12,178,432**	**46,660,314**	**100.00**	34,514,703	12,145,611	46,660,314	100.00	**-**

(II) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2016) No of Shares	% of total shares of Company	% of shares Pledged/ encumbered to total shares	Shareholding at the end of the year (31-03-2017) No of Shares	% of total shares of Company	% of shares Pledged/ encumbered to total shares
1	**IMPERIAL CHEMICAL INDUSTRIES LIMITED**						
	a) At the beginning of the year	22,977,544	49.24	NIL	22,977,544	49.24	NIL
	b) Change during the year				NO CHANGE		
	c) At the end of the year				22,977,544	49.24	NIL
2	**AKZO NOBEL COATINGS INTERNATIONAL B.V**						
	a) At the beginning of the year	8,626,648	18.49	NIL	8,626,648	18.49	NIL
	b) Change during the year				NO CHANGE		
	c) At the end of the year				8,626,648	18.49	NIL
3	**AKZO NOBEL CHEMICALS INTERNATIONAL B.V.**						
	a) At the beginning of the year	2,439,847	5.23	NIL	2,439,847	5.23	NIL
	b) Change during the year				NO CHANGE		
	c) At the end of the year				2,439,847	5.23	NIL
4	**AKZO NOBEL COATINGS HOLDINGS B.V.**						
	a) At the beginning of the year	291	-	NIL	291	-	NIL
	b) Change during the year				NO CHANGE		
	c) At the end of the year				291	-	NIL
5	**PANTER B.V**						
	a) At the beginning of the year	5	-	NIL	5	-	NIL
	b) Change during the year				NO CHANGE		
	c) At the end of the year				5	-	NIL
	TOTAL	**34,044,335**	**72.96**	**NIL**	34,044,335	72.96	NIL

(iii) Change in Promoter's Shareholding (please specify if there is no change)

Sl. No.	Shareholding at the beginning of the year (01-04-2016) No of Shares	% of shares Pledged/ encumbered to total shares	Shareholding at the end of the year (31-03-2017) No of Shares	% of shares Pledged/ encumbered to total shares
1	34,044,335	72.96	34,044,335	72.96

There has been no change in Promoter's shareholding during the year.

(iii) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRS)

Sl. No.	For each of the Top 10 Shareholders	Reason	Shareholding at the beginning of the year (01-04-2016)		Cumulative Shareholding during the year (31-03-2017)	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**ASIAN PAINTS LIMITED**					
	a) At the beginning of the year		2,010,626	4.31	2,010,626	4.31
	b) Change during the year		NO CHANGE			
	c) At the end of the year				2,010,626	4.31
2	**BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.**					
	a) At the beginning of the year		834,179	1.79	834,179	1.79
	b) Change during the year					
	08-04-16	BUY	25,000	0.05	859,179	1.84
	29-04-16	BUY	2,000	-	861,179	1.85
	03-06-16	BUY	10,000	0.02	871,179	1.87
	05-08-16	BUY	40,000	0.09	911,179	1.95
	19-08-16	SALE	20,000	0.04	891,179	1.91
	02-09-16	BUY	10,000	0.02	901,179	1.93
	30-09-16	BUY	18,000	0.04	919,179	1.97
	07-10-16	BUY	10,000	0.02	929,179	1.99
	04-11-16	BUY	10,000	0.02	939,179	2.01
	25-11-16	SALE	5,000	0.01	934,179	2.00
	16-12-16	BUY	18,000	0.04	952,179	2.04
	23-12-16	BUY	2,000	-	954,179	2.04
	30-12-16	BUY	2,000	-	956,179	2.05
	06-01-17	BUY	35,000	0.08	991,179	2.12
	27-01-17	BUY	20,000	0.04	1,011,179	2.17
	03-02-17	SALE	212,000	0.45	799,179	1.71
	17-02-17	BUY	10,000	0.02	809,179	1.73
	03-03-17	BUY	16,000	0.03	825,179	1.77
	10-03-17	BUY	12,000	0.03	837,179	1.79
	17-03-17	BUY	6,000	0.01	843,179	1.81

Sl. No.	For each of the Top 10 Shareholders	Reason	Shareholding at the beginning of the year (01-04-2016) No. of Shares	% of total shares of the Company	Cumulative Shareholding during the year (31-03-2017) No. of Shares	% of total shares of the Company
	24-03-17	BUY	10,000	0.02	853,179	1.83
	31-03-17	BUY	30,000	0.06	883,179	1.89
	c) At the end of the year				883,179	1.89
3	**GENERAL INSURANCE CORPORATION OF INDIA**					
	a) At the beginning of the year		700,100	1.50	700,100	1.50
	b) Change during the year				NO CHANGE	
	c) At the end of the year				700,100	1.50
4	**THE NEW INDIA ASSURANCE COMPANY LIMITED**					
	a) At the beginning of the year		685,433	1.47	685,433	1.47
	b) Change during the year					
	02-09-16	SALE	2352	0.01	683,081	1.46
	09-09-16	SALE	408	-	682,673	1.46
	16-09-16	SALE	359	-	682,314	1.46
	23-09-16	SALE	6,477	0.01	675,837	1.45
	30-09-16	SALE	12,254	0.03	663,583	1.42
	07-10-16	SALE	24,500	0.05	639,083	1.37
	c) At the end of the year				639,083	1.37
5	**BIRLA SUN LIFE TRUSTEE COMPANY PVT LTD A/C BIRLA SIN LIFE FRONTLINE EQUITY FUND**					
	a) At the beginning of the year		436,220	0.93	436,220	0.93
	b) Change during the year					
	06-05-16	BUY	36,200	0.08	472,420	1.01
	17-06-16	BUY	21,500	0.05	493,920	1.06
	08-07-16	BUY	20,177	0.04	514,097	1.1
	26-08-16	BUY	4,600	0.01	518,697	1.11
	03-02-17	BUY	7,155	0.02	525,852	1.13
	10-02-17	BUY	44,045	0.09	569,897	1.22
	c) At the end of the year				569,897	1.22
6	**ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD.**					
	a) At the beginning of the year		430,259	0.92	430,259	0.92
	b) Change during the year					
	20-05-16	BUY	11,881	0.03	442,140	0.95
	27-05-16	BUY	9,312	0.02	451,452	0.97
	03-06-16	BUY	18,000	0.04	469,452	1.01
	10-06-16	BUY	11,600	0.02	481,052	1.03

Sl. No.	For each of the Top 10 Shareholders	Reason	Shareholding at the beginning of the year (01-04-2016) No. of Shares	% of total shares of the Company	Cumulative Shareholding during the year (31-03-2017) No. of Shares	% of total shares of the Company
	17-06-16	BUY	6,731	0.01	**487,783**	**1.05**
	30-06-16	BUY	20,000	0.04	**507,783**	**1.09**
	26-08-16	SALE	1,051	-	**506,732**	**1.09**
	02-09-16	SALE	514	-	**506,218**	**1.08**
	09-09-16	SALE	350	-	**505,868**	**1.08**
	16-09-16	SALE	350	-	**505,518**	**1.08**
	30-09-16	SALE	175	-	**505,343**	**1.08**
	07-10-16	SALE	350	-	**504,993**	**1.08**
	21-10-16	SALE	198	-	**504,795**	**1.08**
	04-11-16	SALE	198	-	**504,597**	**1.08**
	11-11-16	SALE	99	-	**504,498**	**1.08**
	25-11-16	BUY	92	-	**504,590**	**1.08**
	30-12-16	BUY	1,287	-	**505,877**	**1.08**
	27-01-17	SALE	19,863	0.04	**486,014**	**1.04**
	03-02-17	BUY	19,902	0.04	**505,916**	**1.08**
	10-02-17	BUY	23	-	**505,939**	**1.08**
	17-02-17	BUY	46	-	**505,985**	**1.08**
	24-02-17	BUY	12	-	**505,997**	**1.08**
	03-03-17	BUY	4,055	0.01	**510,052**	**1.09**
	10-03-17	BUY	13	-	**510,065**	**1.09**
	17-03-17	BUY	15	-	**510,080**	**1.09**
	24-03-17	SALE	9,790	0.02	**500,290**	**1.07**
	31-03-17	SALE	15,124	0.03	**485,166**	**1.04**
	c) At the end of the year				**485,166**	**0.92**
7	**UTI-DIVIDEND YIELD FUND**					
	a) At the beginning of the year		398,700	0.85	**398,700**	**0.85**
	b) Change during the year					
	20-05-16	SALE	9,000	0.02	**389,700**	**0.84**
	27-05-16	SALE	18,000	0.04	**371,700**	**0.80**
	10-06-16	SALE	11,700	0.03	**360,000**	**0.77**
	17-06-16	SALE	9,000	0.02	**351,000**	**0.75**
	30-06-16	SALE	27,000	0.06	**324,000**	**0.69**
	08-07-16	SALE	9,000	0.02	**315,000**	**0.68**
	19-08-16	SALE	5,400	0.01	**309,600**	**0.66**
	09-12-16	SALE	2,647	0.01	**306,953**	**0.66**
	16-12-16	SALE	5,975	0.01	**300,978**	**0.65**
	23-12-16	SALE	3,978	0.01	**297,000**	**0.64**
	c) At the end of the year				**297,000**	**0.64**

Sl. No.	For each of the Top 10 Shareholders	Reason	Shareholding at the beginning of the year (01-04-2016) No. of Shares	% of total shares of the Company	Cumulative Shareholding during the year (31-03-2017) No. of Shares	% of total shares of the Company
8	**INDIA MIDCAP (MAURITIUS) LTD. (ERSTWHILE KOTAK MAHINDRA (UK) LTD A/C INDIA MIDCAP (MAURITIUS) LTD)**					
	a) At the beginning of the year		370,895	0.79	**370,895**	**0.79**
	b) Change during the year	Reason				
	29-04-16	SALE	18,979	0.04	**351,916**	**0.75**
	13-05-16	SALE	527	-	**351,389**	**0.75**
	20-05-16	BUY	663	-	**352,052**	**0.75**
	03-06-16	BUY	19,912	0.04	**371,964**	**0.8**
	30-09-16	SALE	5,758	0.01	**366,206**	**0.78**
	07-10-16	SALE	6,188	0.01	**360,018**	**0.77**
	30-12-16	SALE	16,906	0.04	**343,112**	**0.74**
	06-01-17	SALE	3,112	0.01	**340,000**	**0.73**
	27-01-17	SALE	2,343	0.01	**337,657**	**0.72**
	03-03-17	SALE	5,830	0.01	**331,827**	**0.71**
	c) At the end of the year				**331,827**	**0.71**
9	**UTI OPPORTUNITIES FUND**					
	a) At the beginning of the year		360,000	0.77	**360,000**	**0.77**
	b) Change during the year					
	16-09-16	SALE	2,202	-	**357,798**	**0.77**
	03-02-17	SALE	6,798	0.01	**351,000**	**0.75**
	c) At the end of the year				**351,000**	**0.75**
10	**THE ORIENTAL INSURANCE COMPANY LIMITED**					
	a) At the beginning of the year		313,593	0.67	**313,593**	**0.67**
	b) Change during the year					
		SALE	8,037	0.02	**305,556**	**0.65**
		SALE	13,772	0.03	**291,784**	**0.63**
		SALE	11,511	0.02	**280,273**	**0.60**
	c) At the end of the year				**280,273**	**0.60**
11	**LIFE INSURANCE CORPORATION OF INDIA**					
	a) At the beginning of the year		221,448	0.47	**221,448**	**0.47**
	b) Change during the year		NO CHANGE			
	c) At the end of the year				**221,448**	**0.47**

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding: No. of shares at the beginning of the year (01.04.16) / end of the year (31.03.17)	Shareholding: % of total shares of the Company	Date	Increase/ (Decrease) in shareholding	Reason	Cumulative shareholding at year end 31.03.2017: No. of shares	Cumulative shareholding at year end 31.03.2017: % of total shares of the Company
Directors								
1	Mr. N Kaviratne CBE	Nil Nil	- -	**01.04.2016** **31.03.2017**	- -	**No movement during the year**	Nil Nil	- -
2	Mr. Jayakumar K							
3	Mr. P Menon							
4	Mr. A Ghosh							
5	Mr. R Gopalakrishnan							
6	Mr. A Jain							
7	Mr. R S Kapur							
8	Dr S Misra							
9	Ms K Narsimhan							
10	Mr. A Uppal							
Key Managerial Personnel								
1	Mr. Jayakumar K	Nil Nil	- -	**01.04.2016** **31.03.2017**	- -	**No movement during the year**	Nil Nil	- -
2	Mr. P Menon							
3	Mr. R Guha							

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ million)

Sl. No.	Particulars of Remuneration	Name of the Managing Director K Jayakumar	Name of the Whole-time Director P Menon	Total
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	21.47	16.48	37.95
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-		
6.	Others - Contribution to Provident and other funds	0.66	0.62	1.28
	Total	**22.13**	**17.10**	**39.23**
	Ceiling as per the Companies Act, 2013			**311.76**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

B. Remuneration to other directors:

1. Independent Directors

(₹ million)

Name of Director	Fee for attending Board/ committee meetings	Commission	Total
Mr R Gopalakrishnan	0.22	0.80	1.02
Mr Raj S Kapur	0.26	0.80	1.06
Dr Sanjiv Misra	0.16	0.80	0.96
Ms Kimsuka Narasimhan	0.20	0.80	1.00
Mr Arvind Uppal	0.14	0.80	0.94
Total (1)	**0.98**	**4.00**	**4.98**

2. Non executive Directors

(₹ million)

Name of Director	Fee for attending Board/ committee meetings	Commission	Total
Mr Nihal Kaviratne	0.10	2.30	2.40
Mr Amit Jain	-	-	-
Mr Arabinda Ghosh	-	-	-
Total (2)	**0.10**	**2.30**	**2.40**
Total (1+2)	**1.08**	**6.30**	**7.38**
Ceiling as per the Act			**31.18**

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(₹ million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel Company Secretary
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	10.07
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.04
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
6.	Others - Contribution to Provident and other funds	0.26
	Total	**10.37**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES (under the Companies Act, 2013):

During the financial year 2016-17, no penalties/ punishment/compounding of offences were levied under the Companies Act, 2013.

Secretarial Audit Report

for the financial year ended 31.03.2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Akzo Nobel India Limited
'Geetanjali Apartment', 1st Floor
8-B, Middleton Street
Kolkata – 700 071
West Bengal

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Akzo Nobel India Limited** having its Registered Office at 'Geetanjali Apartment', 1st Floor, 8-B, Middleton Street, Kolkata – 700 071, West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31.03.2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate to the size of the Company, based on the secretarial records as shown to us during the said audit and also based on the information furnished to us by the officers and the agents of the Company during the said audit.

We have followed the audit practices and processes as were appropriate to the best of our understanding to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

We have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Company during the period under scrutiny. We have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of respective committees of the Board, of the Board, of the members of the Company and of other authorities as per the provisions of various statues as mentioned hereinafter.

Wherever required we have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of compliance procedures on test basis.

Our report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

We report that, we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) Secretarial Standards (SS–1 and SS-2) as issued by The Institute of Company Secretaries of India;

(iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;

(iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has specifically complied with the provisions of the following Acts:

1. The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;
2. The Petroleum Act, 1934 and The Petroleum Rules, 2002;
3. Explosives Act, 1884
4. The Environment (Protection) Act, 1986;
5. Air (Prevention and Control of Pollution) Act, 1981; and
6. Water (Prevention and Control of Pollution) Act, 1974

to the extent of their applicability to the Company during the financial year ended 31.03.2017 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environment laws, etc.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

During the period under review, provisions of the following regulations/guidelines/standards were not applicable to the Company:

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

We further report that:

(a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place, if any, during the period under review were carried out in compliance with the provisions of the Act.

(b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(c) All decisions of the Board were carried through unanimously and there were no dissenting views.

(d) There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report:

a) The Company has acquired the Industrial Coatings Business of BASF India Limited for a consideration of ₹ 119 million effective on 15 December 2016.

b) The Company won two awards at World Business Conclave 2016.

c) The Company has inaugurated a Specialty Coatings facility in Noida, Uttar Pradesh.

For **A. K. LABH & Co.**
Company Secretaries

(CS A. K. LABH)
Practicing Company Secretary
FCS – 4848 / CP No.- 3238

Place : Kolkata
Dated :18 May 2017

Standalone Financial Statements

Independent Auditors' Report

To
The Members of
Akzo Nobel India Limited

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of Akzo Nobel India Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The comparative financial information of the Company for the year ended 31 March 2016 and

the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended 31 March 2016 and 31 March 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated 13 May 2016 and 28 May 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ('the Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the backup of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 11 (b) above that the back up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

    (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

        i The Company has disclosed the impact, if any, of pending litigations as at 31 March 2017 on its financial position in its standalone Ind AS financial statements – Refer Note 27(a).

        ii. The Company has long term contracts including derivative contracts as at 31 March 2017 for which there were no material foreseeable losses.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2017.

        iv. The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30 March 2017 is not applicable to the Company - Refer Note 38.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Mumbai
Date : 18 May 2017

Annexure to Independent Auditors' Report

Annexure A

Referred to in paragraph 11(g) of the Independent Auditors' Report of even date to the members of Akzo Nobel India Limited on the standalone financial statements for the year ended 31 March 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Akzo Nobel India Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial

reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Mumbai
Date : 18 May 2017

Annexure B

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Akzo Nobel India Limited on the standalone financial statements as of and for the year ended 31 March 2017

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 3 on Property, Plant and Equipment to the financial statements, are held in the name of the Company, except for two cases of leasehold land having gross book value of ₹ 187.5 million and net book value of ₹ 185.9 million for which lease agreements are yet to be registered in the name of the Company and one leasehold land having gross book value of ₹ 7.1 million and net book value of ₹ 4.2 million for which original agreement is not in possession of the Company.

ii. The physical verification of inventory, excluding stocks with third parties, and goods in transit has been conducted at reasonable intervals by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them.The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of excise, value added tax as at 31 March 2017 which have not been deposited on account of a dispute, are as follows:

(₹ in million)

Name of the Statute	Nature of the dues	Amount	Amount paid under protest	Assessment year for which the matter has been disputed	Forum
Income Tax Act, 1961	Income tax	91	84	2008-09, 2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	1,062	358	2004-05, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-2013	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	608	260	1994-95, 1998-99, 2002-03, 2003-04, 2005-06	High Court
The Central Excise Act, 1944	Excise Duty	2	-	2006-07 & 2007-08	Additional Commissioner/Joint Commissioner
		13	-	2000-01, 2002-03, 2004-05, 2005-06	Commissioner (Appeals)
		73	-	1991-92 to 1996-97, 2004- 05 to 2008-09	Customs Excise And Service Tax Appellate Tribunal
Service Tax	Service Tax	25	-	2012-13, 2013-14, 2014-15	Commissioner/Additional Commissioner/ Assistant Commissioner
Sales Tax Act	Sales Tax	317	34	2000-01, 2002-03 to 2015-16	Additional Commissioner/Joint Commissioner/ Deputy Commissioner/ Assistant Commissioner/ Commercial Tax Inspector
		176	5	1976-77, 1979-80, 1980-81, 1982-83 to 1999-00, 2005- 06, to 2012-13 & 2015-16	Senior Joint Commissioner of Commerce and Trade, Appellate and Revisional Board/ Additional Commissioner (Appeals)
		18	6	2004-05 to 2006-07, 2008-09 to 2011-12	Customs Excise and Service Tax Appellate Tribunal
		12	-	2005-06, 2006-07, 2012-13	High Court
		2,397	**747**		

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any money by way of initial public offer, follow-on public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. The Company has paid and provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. Matters specified in clauses (xiv), (xv) and (xvi) of paragraph 3 of the CARO, 2016 do not apply to the Company.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Mumbai
Date : 18 May 2017

Balance Sheet

All amounts are in million Indian ₹ unless otherwise stated	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Assets				
Non-current assets				
Property, plant and equipment	3	**5,076**	5,229	5,187
Capital work-in-progress	3	**232**	89	119
Intangible Assets	4	**115**	-	-
Financial assets				
(i) Investments	5.1	**663**	623	575
(ii) Other bank balances	5.2	**-**	5	5
(iii) Loans	5.3	**5**	19	20
(iv) Other financial assets	5.4	**91**	94	104
Other non-current assets	6	**633**	558	544
Total non-current assets		**6,815**	**6,617**	**6,554**
Current assets				
Inventories	7	**4,054**	3,609	3,675
Financial assets				
(i) Investments	8.1	**2,693**	5,381	3,749
(ii) Trade receivables	8.2	**4,121**	3,522	3,010
(iii) Cash and cash equivalents	8.3	**167**	407	462
(iv) Other bank balances other than (iii) above	8.4	**179**	144	139
(v) Loans	8.5	**13**	8	14
(vi) Other financial assets	8.6	**113**	194	140
Other current assets	9	**681**	552	463
Total current assets		**12,021**	**13,817**	**11,652**
Total assets		**18,836**	**20,434**	**18,206**
Equity and Liabilities				
Equity				
Equity share capital	10	**467**	467	467
Other equity	11	**9,622**	11,158	10,159
Total equity		**10,089**	11,625	10,626
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	12.1	**26**	26	26
(ii) Other financial liabilities	12.2	**114**	103	91
Provisions	13	**620**	509	574
Deferred tax liabilities (net)	14	**14**	186	147
Other non-current liabilities	15	**46**	54	55
Total non-current liabilities		**820**	**878**	**893**
Current liabilities				
Financial liabilities				
(i) Trade payables	16.1	**6,232**	5,890	4,558
(ii) Other financial liabilities	16.2	**674**	699	601
Other current liabilities	17	**720**	863	721
Provisions	13	**219**	282	432
Current tax liabilities (net)	18	**82**	197	375
Total current liabilities		**7,927**	**7,931**	**6,687**
Total liabilities		**8,747**	**8,809**	**7,580**
Total equity and liabilities		**18,836**	**20,434**	**18,206**

The notes from note no. 1 to 41 form an integral part of these financial statements.

As per our report of even date attached.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

Anurag Khandelwal
Partner
Membership No. : 078571

Date : 18 May 2017
Place : Mumbai

For and on behalf of the **Board of Directors of Akzo Nobel India Limited**
CIN : L24292WB1954PLC021516

Nihal Kaviratne CBE
Chairman
DIN : 00032473

Jayakumar Krishnaswamy
Managing Director
DIN : 02099219

Pradip Menon
Wholetime Director and CFO
DIN : 07417530

Rajasekaran Guha
Company Secretary

Date : 18 May 2017
Place : Mumbai

Statement of Profit and Loss

All amounts are in million Indian ₹ unless otherwise stated	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Income			
Revenue from operations	19	**31,344**	29,347
Other income	20	**493**	567
Total income		**31,837**	**29,914**
Expenses			
Cost of materials consumed	21	**12,745**	12,139
Purchase of stock-in-trade		**3,317**	2,667
Changes in inventories of finished products, work-in-progress and stock-in-trade	22	**(236)**	57
Excise duty		**3,095**	2,946
Employee benefits expense	23	**2,584**	2,325
Finance costs	24	**32**	22
Depreciation and amortization expense		**565**	537
Other expenses	25	**6,351**	6,178
Total expenses		**28,453**	**26,871**
Profit before exceptional items and tax		**3,384**	3,043
Exceptional items	26	**39**	99
Profit before tax		**3,423**	3,142
Tax expense			
Current tax (includes taxes of ₹ 96 relating to prior year written back)	14	**1,087**	949
Deferred tax		**(134)**	51
Profit for the year (A)		**2,470**	**2,142**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years:			
(i) Remeasurement of defined benefit plans		**110**	36)
(ii) Changes in fair value of FVOCI equity instruments		**-**	(1)
Income tax relating to these items			
Income tax relating to remeasurement of defined benefit plans		**(38)**	(12)
Income tax relating to fair value of equity shares (amount below rounding off norms)		**-**	-
Total other comprehensive income for the year (B)		**(72)**	**(23)**
Total comprehensive income for the year (A + B)		**2,398**	**2,119**
Earnings per equity share - Basic (in ₹) [Face value of ₹ 10 each]	29	**52.93**	45.90
Earnings per equity share - Diluted (in ₹) [Face value of ₹ 10 each]		**52.93**	45.90

The notes from note no. 1 to 41 form an integral part of these financial statements.

As per our report of even date attached.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

For and on behalf of the **Board of Directors of Akzo Nobel India Limited**
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DIN : 07417530

Rajasekaran Guha
Company Secretary

Date : 18 May 2017
Place : Mumbai

Date : 18 May 2017
Place : Mumbai

Cash Flow Statement

All amounts are in million Indian ₹ unless otherwise stated		For the year ended 31 March 2017	For the year ended 31 March 2016
A	**Cash flow from operating activities**		
	Profit before tax	**3,423**	3,142
	Adjustments for:		
	Depreciation and amortisation expense	**565**	537
	Loss on write-off of property, plant and equipment	**4**	9
	Exceptional Income	**(39)**	(99)
	Gain on sale of beneficial interest in residential flats	**(35)**	(100)
	Additional compensation received for land acquired by Karnataka Government	**-**	(10)
	Provision / liabilities no longer required written back	**(87)**	(6)
	Provision for inventory obsolescence	**45**	91
	Provision for bad and doubtful debts/advances	**45**	71
	Government grant income recognised	**(21)**	(21)
	Unwinding of discount on financial assets	**(7)**	(7)
	Interest income	**(103)**	-
	Interest income from financial assets at amortised cost - Bonds	**(50)**	(46)
	Net fair value gain/(loss) on investments measured at Fair Value Through Profit and Loss (FVTPL)	**161**	(118)
	Net gain on sale of non-current investments	**(107)**	(86)
	Net gain on sale of current investments	**(312)**	(145)
	Finance costs (including fair value change in financial instruments)	**32**	22
	Operating Profit / (Loss) before working capital changes	**3,514**	**3,234**
	Movements in working capital:		
	Decrease / (increase) in inventories	**(490)**	(25)
	Decrease / (increase) in trade receivables	**(647)**	(572)
	(Increase) / decrease in loans	**13**	11
	(Increase) / decrease in other financial assets	**89**	(40)
	(Increase) / decrease in other assets	**(83)**	(273)
	(Decrease) / increase in trade payables	**407**	1,332
	(Decrease) / increase in other financial liabilities	**(61)**	96
	(Decrease) / increase in provisions	**(4)**	(145)
	(Decrease) / increase in other liabilities	**(151)**	141
	Net cash generated from operations	**2,587**	**3,759**
	Income tax (paid)/received (net)	**(1,124)**	(1,127)
	Net cash from operating activities (A)	**1,463**	**2,632**

Cash Flow Statement (Contd...)

All amounts are in million Indian ₹ unless otherwise stated		For the year ended 31 March 2017	For the year ended 31 March 2016
B	**Cash flow from investing activities**		
	Purchase of property, plant and equipment	**(789)**	(393)
	Proceeds from sale of property, plant and equipment	**5**	-
	Proceeds from sale of beneficial interest in residential flats	**35**	100
	Additional compensation received for land acquired by Karnataka Government	**-**	10
	Payments for purchase of investments	**(15,270)**	(16,714)
	Proceeds from sale of investments	**18,226**	15,430
	Government Grant Received	**19**	13
	Movement in other bank balances	**(30)**	(5)
	Interest received	**25**	-
	Net cash from/ (used in) investing activities (B)	**2,221**	**(1,559)**
C	**Cash flow from financing activities**		
	Dividend paid	**(3,238)**	(928)
	Dividend distribution tax paid	**(665)**	(187)
	Interest paid	**(21)**	(13)
	Net cash from/ (used in) financing activities (C)	**(3,924)**	**(1,128)**
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(240)**	(55)
	Cash and cash equivalents at the beginning of the year	**407**	462
	Effect of Exchange Rate Changes on Cash and Cash Equivalents	*****	*
	Cash and cash equivalents at the end of the year	**167**	**407**
	Non-cash financing activities		
	- Acquisition of property, plant and equipment by means of finance lease	**29**	29
	* Amount is below rounding off norms		
	Notes:		
	(i) The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 Cash Flow Statements.		
	(ii) Amounts in brackets represent a cash outflow or a loss.		
	(iii) Components of cash and cash equivalents are as under:		
	Balances with banks		
	- In current account	**167**	407
	-Book overdraft in current accounts	**-**	-
	-Deposits with original maturity of upto 3 months	**-**	-
	Cash and cash equivalents (Refer Note 8.3)	**167**	**407**

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

For and on behalf of the **Board of Directors of Akzo Nobel India Limited**
CIN : L24292WB1954PLC021516

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Partner
Membership No. : 078571

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Chairman
DIN : 00032473

Jayakumar Krishnaswamy
Managing Director
DIN : 02099219

Pradip Menon
Wholetime Director and CFO
DIN : 07417530

Rajasekaran Guha
Company Secretary

Date : 18 May 2017
Place : Mumbai

Date : 18 May 2017
Place : Mumbai

Statement of changes in equity

for the year ended 31 March 2017

(All amounts are in million Indian ₹ unless otherwise stated)

(a) Equity share capital

	Number of Shares	Amount
As at 1 April 2015	46,660,314	467
Changes in equity share capital during 2015-16	-	-
As at 31 March 2016	46,660,314	467
Changes in equity share capital during 2016-17	-	-
As at 31 March 2017	46,660,314	467

(b) Other equity

	Reserves and surplus					Other Reserves	
Description	**Capital reserve**	**Capital redemption reserve**	**Revaluation reserve**	**General reserve**	**Retained earnings**	**Equity instrument through Other Comprehensive Income**	**Total**
Balance as at 1 April 2015	503	53	15	5,846	3,740	2	10,159
Profit for the year	-	-	-	-	2,142	-	2,142
Other Comprehensive Income	-	-	-	-	(24)	1	(23)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,118**	**1**	**2,119**
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	(1,120)	-	(1,120)
Transfer to general reserve	-	-	-	190	(190)	-	-
Balance as at 31 March 2016	**503**	**53**	**15**	**6,036**	**4,548**	**3**	**11,158**
Balance as at 1 April 2016	503	53	15	6,036	4,548	3	11,158
Profit for the year	-	-	-	-	2,470	-	2,470
Other Comprehensive Income	-	-	-	-	(72)	*	(72)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,398**	**-**	**2,398**
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	(3,931)	-	(3,931)
Transfer to general reserve	-	-	-	210	(210)	-	-
Reduction on account of sale of underlying asset	-	-	(3)	-	-	-	(3)
Balance as at 31 March 2017	**503**	**53**	**12**	**6,246**	**2,805**	**3**	**9,622**

* amount is below rounding off norms

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

For and on behalf of the **Board of Directors of Akzo Nobel India Limited**
CIN : L24292WB1954PLC021516

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DIN : 07417530

Rajasekaran Guha
Company Secretary

Date : 18 May 2017
Place : Mumbai

Date : 18 May 2017
Place : Mumbai

Background

Akzo Nobel India Limited ('the Company') was incorporated in India on 12 March 1954 as Indian Explosives Limited. A fresh certificate of incorporation consequent to the change in name to Akzo Nobel India Limited was issued by the Dy. Registrar of Companies, Kolkata on 15 February 2010 under Section 23(1) of the Companies Act, 1956. The Company is domiciled in India and is limited by shares. The registered office of the Company is situated in Kolkata (West Bengal). The Company is engaged in to the business of manufacturing, trading and selling of paints, chemicals and related products. The Company also provides research and development services and other services to the holding company and its group companies.

Note: 1 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on historical cost convention on a going concern basis, except for the following :-

- Certain financial assets and financial liabilities are measured at fair value.
- Defined benefit plans- plan assets are measured at fair value
- Share- based payments

(iii) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it satisfies the following criteria:

- it is expected to be realized in or is intended for sale or consumption in the Company's normal operating cycle.
- it is held primarily for the purpose of being traded;
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/liabilities include current portion of non-current financial assets/liabilities respectively.

All other assets/ liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

Based on the nature of the operations and the time between the acquisition of assets for processing and their realisation in cash or cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.

b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statement of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The standalone financial statements have been prepared and presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All financial information presented in the financial statements have been rounded to the nearest million as per Schedule III to the Companies Act 2013 unless otherwise stated.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as Fair Value through Other Comprehensive Income (FVOCI) are recognised in other comprehensive income.

c) Property, plant and equipment

Recognition and measurement

Freehold land is carried at historical cost. All other items Fixed Assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost comprises the purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent costs and disposal

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. Capital work-in-progress excluding capital advances includes property, plant and equipment under construction and not ready for intended use as on Balance Sheet date.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation

Depreciation on fixed assets is calculated using the straight line method (SLM) using rates determined based on management's assessment of useful economic lives of the asset. Depreciation is provided at the rates equal to or higher than those prescribed in Part C of Schedule II to the Companies Act, 2013.

Particulars	Estimated useful life (In years)
Buildings	10 - 60
Plant and Machinery	15
Plant and Machinery given under operating lease	6
Furniture and Fixtures (at stores)	3
Furniture and Fixtures (others)	10
Vehicles	5
Trucks	7
Laboratory Equipment	10
Office Equipment	5
Computer and peripherals	3 - 6

The above useful lives have been arrived at, based on technical assessment of the management, and are currently reflective of the estimated useful life of the fixed assets. The assets' residual values and useful lives are reviewed at the end of each reporting period.

Leasehold land is amortised over the period of the lease and Leasehold improvements are amortised over the lower of useful life and the period of lease including the optional period, if any, available to the Company, where it is reasonably certain at the inception of lease that such option would be exercised by the Company.

d) Impairment of assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

e) Intangible assets

(i) Customer relationships and Non-Compete fees

Separately acquired customer relationships and non compete fees are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Amortisation

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Particulars	Estimated useful life (In years)
Customer relationships	10
Non Compete fees	3

f) Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Investment in Mutual Funds and equity instruments

Investment in mutual funds and equity instruments are classified as fair value through profit or loss as they are not held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of such assets do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit and loss. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Investment in bonds

Investment in bonds are financial assets with fixed or determinable payments that are not quoted in an active market. These are classified as financial assets measured at amortised cost as they fulfill both of the following conditions:

- Such assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of such assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company recognises these assets on the date when they are originated and are initially measured at fair value plus any directly attributable transaction costs.

Trade Receivables

Trade receivables are financial assets with determinable payments that are not quoted in an active market. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits and other short-term highly liquid investments/deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdraft.

Other bank balances

Other bank balances consist of term deposits with banks, which have original maturities of more than three months. Such assets are recognised and measured at amortised cost (including directly attributable transaction cost) using the effective interest method, less any impairment losses, if any.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI for debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 – Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset, or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit and loss only when the right to receive payment is established, provided it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

g) Financial Liabilities

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method.

(ii) **Borrowings (including finance lease payables)**

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

h) Borrowing costs

Borrowing cost includes interest expense as per effective interest rate (EIR).

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale . All other borrowing costs are expensed in the period they occur.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income/ expenses as the case may be. The related asset/ liability are disclosed under other financial assets/other financial liabilities.

i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

j) Inventories

Raw materials, stores and spare parts, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Excise duty on finished products is included in the value of finished products inventory.

k) Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grant relating to the purchase of Property, Plant and equipment are included in current financial assets as accrued receivable and is credited to profit or loss on a straight line basis over the expected lives of the related assets and presented within other income.

l) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. The unwinding of the discount is recognised as finance cost. Provisions are reviewed by the management at each reporting date and adjusted to reflect the current best estimates.

m) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

n) Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus, pension, incentives etc. These are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Post-employment benefits

The Company operates the following post-employment schemes:

Defined contribution plan

Defined contribution plans are provident fund scheme, superannuation scheme and part of the pension fund scheme for eligible employees. The Company recognises contribution payable to the respective employee benefit fund as an expenditure, as and when they are due. The Company has no further payment obligations once the contributions have been made.

Defined benefit plans

Provident Fund

The Company makes specified monthly contributions towards employees' provident fund to Trusts administered by the Company for certain employees. The minimum interest payable by the provident fund trusts to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall of contribution and interest (basis the actuarial valuation), if any, as at the date of the Balance Sheet.

Gratuity & Pension

The liability or asset recognised in the balance sheet in respect of defined benefit pension fund and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligations. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

Post employment medical obligations

The Company provides post-retirement healthcare benefits to certain categories of its employees. The entitlement to these benefits is conditional on the employee retiring from the services of the Company, after completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Liability for unfunded post-retirement medical benefit is accrued on the basis of actuarial valuation as at the year end by an actuary using the Projected Unit Credit Method.

o) Other long-term employee benefit obligations

The liabilities for annual leave, pension scheme for certain employees and long service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore accrued using actuarial valuations and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit of loss.

The obligations are presented as current liabilities in the balance sheet as the Company does not have an unconditional legal and contractual right to defer settlement for a period beyond twelve months after the reporting period.

p) Share based payments

The share based payments are in the nature of cash-settled share-based payment transactions. The fair value of the share based payments is recognised as an expense with a corresponding increase in the payables on a straight line basis over the vesting period after considering the vesting conditions. Under the plan, if certain parameters are met, then employee is entitled to equivalent value of shares post the completion of vesting period. The shares so awarded would vest in favour of the individual post completion of three years from the beginning of the year for which the award is given. On vesting, the eligible employees will be entitled to receive equivalent INR value, taking into account the market price of the share of the holding company.

q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria as per the respective arrangement have been met.

Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The Company operates a loyalty programme where customers accumulate points for purchases made which entitle them to incentives. Revenue related to the award points is deferred and recognized when the points are redeemed.

Service income is recognised on accrual basis in the accounting period in which the services are rendered as per the contractual terms with the customers.

r) Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in statement of profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case, the tax is also recognised in equity or in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability that at the time of the transaction affects neither accounting profit nor taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Identification of segments

Results of the operating segments are reviewed regularly by the Country Leadership Team (Managing Director, Chief Financial Officer, Business Heads, Head HR) which has been identified as the Chief Operating Decision Maker (CODM), to assess the financial performance and position of the Company and make strategic decision.

Refer note 33 for reportable segments determined by the Company.

t) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Arrangements containing a lease have been evaluated as on the date of transition i.e. 1 April 2015 in accordance with Ind-AS 101. Lease arrangements have been separately evaluated for finance or operating lease at the date of transition to Ind AS basis the facts and circumstances existing as at that date. Also, refer note 37 for the related transition provisions to Ind AS.

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

u) Earnings per share

Basic earnings per share are calculated by dividing the profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential of equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

v) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

w) Exceptional Items

Exceptional items are items which are events or transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to occur frequently or regularly.

x) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III to the Companies Act, 2013 unless otherwise stated.

Note 2 : Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results.

Management also needs to exercise judgement in applying the Company's accounting policy.

This note provides an overview of the areas that involved a high degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the standalone financial statements.

Critical estimates and judgements

- Estimation of useful life of Fixed Assets (Refer note 3)
- Estimation of useful life of Intangible Assets (Refer note 4)
- Estimation for Government Grant (Refer note 8.6)
- Customer Loyalty Programme (Refer note 19(a))
- Estimation for contingencies (Refer note 27(a))
- Estimation for fair value measurement of financial assets and liabilities (Refer note 31)
- Impairment of Financial assets (Refer note 31)
- Estimation of Employee benefit obligations (Refer note 35)

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes

to the financial statements for the year ended 31 March 2017

(All amounts are in million Indian ₹ unless otherwise stated)

Note 3. Property, plant and equipment

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 31 March 2016 (a)	Additions (b)	Deletions/ Adjustment (c)	As at 31 March 2017 (a) + (b) + (c)	Up to 31 March 2016 (a)	Additions (b)	Deletions/ Adjustment (c)	As at 31 March 2017 (a) + (b) + (c)	As at 31 March 2016	As at 31 March 2017
Tangible assets										
Land (Refer note 'a', 'b', 'c','d' and 'e' below)										
- Leasehold taken on finance lease	383	18	(2)	**399**	2	3	(2)	**3**	381	**396**
- Freehold	266	-	(1)	**265**	-	-	-	**-**	266	**265**
Buildings	1,982	20	(7)	**1,995**	84	85	(4)	**165**	1,898	**1,830**
Plant and Equipment										
- owned	2,237	121	(17)	**2,341**	212	248	(15)	**445**	2,025	**1,896**
- given under operating lease	396	179	(13)	**562**	103	111	(13)	**201**	293	**361**
Motor vehicles	25	4	(7)	**22**	5	5	(4)	**6**	20	**16**
Furniture and fixtures	308	10	(1)	**317**	77	54	(1)	**130**	231	**187**
Office equipment	33	16	-	**49**	10	9	-	**19**	23	**30**
Leasehold improvements	42	10	-	**52**	11	9	-	**20**	31	**32**
Data processing equipment	94	39	(10)	**123**	33	37	(10)	**60**	61	**63**
Total	**5,766**	**417**	**(58)**	**6,125**	**537**	**561**	**(49)**	**1,049**	**5,229**	**5,076**

Particulars	As at 31 March 2016	Addition	Deletion	As at 31 March 2017
Capital work-in-progress	89	542	(399)	232

(a) The Company had received the final possession of leasehold land at Mysore from Karnataka Industrial Area Development Board (KIADB) in March 2016 and accordingly had capitalised the same with effect from 30 March 2016. The lease deed in respect of the said land is under finalization with the authorities.

(b) Leasehold land represents land taken on finance lease under long term multi-decade lease term, capitalised at the present value of the aggregate future minimum lease payments (which include annual lease rentals in addition to the initial payment made at the inception of the lease). There are no contingent payments. Also refer, note 12.1 and 16.2 for further disclosures.

(c) The Company has possession of a portion of leasehold land situated in Mahad which is yet to be registered in the name of the Company.

(d) The Company had acquired revaluation reserve attributable to certain land as part of amalgamation done with various companies in the previous periods.

(e) Freehold land and Building amounting to ₹ 65 has been reclassified to leasehold land as on 1 April 2015.

(f) Capital Work in Progress constitutes certain plant and machinery which is pending installation at customer premises, certain project related expenditure for setting up a factory etc.

(g) There are no exchange differences capitalised during the year.

Significant Estimates: The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset. The Company reviews the useful life of property, plant and equipment at the end of each reporting period.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 3. Property, plant and equipment

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	Deemed Cost as at 1 April 2015 (a)	Additions (b)	Deletions/ Adjustment (c)	As at 31 March 2016 (a) + (b) + (c)	As at 1 April 2015 (a)	Additions (b)	Deletions (c)	As at 31 March 2016 (a) + (b) + (c)	As at 1 April 2015	As at 31 March 2016
Tangible assets										
Land (Refer note 'a', 'b', 'c','d' and 'e' below)										
- Leasehold taken on finance lease	219	164	-	**383**	-	2	-	**2**	219	**381**
- Freehold	266	-	-	**266**	-	-	-	**-**	266	**266**
Buildings	1,944	39	(1)	**1,982**	-	84	-	**84**	1,944	**1,898**
Plant and Equipment										
- owned	2,018	219	-	**2,237**	-	212	-	**212**	2,018	**2,025**
- given under operating lease	294	102	-	**396**	-	103	-	**103**	294	**293**
Motor vehicles	20	5	-	**25**	-	5	-	**5**	20	**20**
Furniture and fixtures	285	23	-	**308**	-	77	-	**77**	285	**231**
Office equipment	21	12	-	**33**	-	10	-	**10**	21	**23**
Leasehold improvements	50	-	(8)	**42**	-	11	-	**11**	50	**31**
Data processing equipment	70	24	-	**94**	-	33	-	**33**	70	**61**
Total	**5,187**	**588**	**(9)**	**5,766**	**-**	**537**	**-**	**537**	**5,187**	**5,229**

Particulars	As at 1 April 2015	Addition	Deletion	As at 31 March 2016
Capital work-in-progress	119	394	(424)	89

(a) The Company had received the final possession of the land at Mysore from Karnataka Industrial Area Development Board (KIADB) in March 2016 and accordingly had capitalised the same with effect from 30 March 2016. The lease deed in respect of the said land is under finalization with the authorities.

(b) Leasehold land represents land taken on finance lease under long term multi-decade lease term, capitalised at the present value of the aggregate future minimum lease payments (which include annual lease rentals in addition to the initial payment made at the inception of the lease). There are no contingent payments. Also refer, note 12.1 and 16.2 for further disclosures.

(c) The Company has possession of a portion of leasehold land situated in Mahad which is yet to be registered in the name of the Company.

(d) The Company had acquired revaluation reserve attributable to certain land as part of amalgamation done with various companies in the previous periods.

(e) Freehold land and Building amounting to ₹ 65 has been reclassified to leasehold land as on 1 April 2015.

(f) Capital Work in Progress constitutes certain plant and machinery which is pending installation at customer premises, certain project related expenditure for setting up a factory etc.

(g) There are no exchange differences capitalised during the year.

Significant Estimates: The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset. The Company reviews the useful life of property, plant and equipment at the end of each reporting period.

Notes

to the financial statements for the year ended 31 March 2017

(All amounts are in million Indian ₹ unless otherwise stated)

Note 4. Intangible Assets

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 31 March 2016 (a)	Additions (b)	Deletions (c)	As at 31 March 2017 (a) + (b) + (c)	As at 31 March 2016 (a)	Additions (b)	Deletions (c)	As at 31 March 2017 (a) + (b) + (c)	As at 31 March 2016	As at 31 March 2017
Intangible assets (Acquired)										
Customer Relationships	-	110	-	110	-	3	-	3	-	107
Non Compete Fees	-	9	-	9	-	1	-	1	-	8
Total	**-**	**119**	**-**	**119**	**-**	**4**	**-**	**4**	**-**	**115**

Significant estimates: Useful life of Intangible assets - Customer relationships:

Pursuant to business transfer agreement with BASF India Private Limited, the Company has acquired Intangible assets with respect to customer relationships and non-compete fees in the current year. The estimate for the useful life of the customer relationships is based on the expected economic benefits from such assets. However, the actual useful life may be shorter or longer than 10 years, depending upon the customer attrition rate and competition. If it were only 5 years, the carrying amount would be ₹ 104 as at 31 March 2017. If the useful life were estimated to be 15 years, the carrying amount would be ₹ 108.

Note 5.1 Non current financial assets – investments

		Number as at 31 March 2017	Number as at 31 March 2016	Number as at 1 April 2015	Face value ₹ per unit	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
a	**Investment in equity instruments (at FVTPL)**							
	Unquoted*							
	Adyar Property Holding Company Limited (paid up ₹ 65 per share)	105	105	105	100	-	-	-
	Kohinoor Mills Limited (fully paid up)	5	5	5	100	-	-	-
	Maneck-Chowk & Ahmedabad Manufacturing Co. Limited (fully paid up)	144	144	144	250	-	-	-
b	**Investment in equity instruments (at FVOCI)**							
	Unquoted (fully paid up)							
	Woodlands Multispeciality Hospital Limited (refer note 'a' below)	10,810	10,810	10,810	10	4	4	3
c	**Investment in debentures and bonds (at Amortised Costs)**							
	Quoted							
	Non-convertible redeemable bonds							
	Rural Electrification Corporation Limited (zero coupon) (refer note 'b' below)	29,450	29,450	29,450	30,000	659	609	563
	Unquoted*							
	6.5% Bengal Chamber of Commerce and Industry	19	19	19	1,000	-	-	-
	6% Sholapur Spinning & Weaving Co. Limited (in Liquidation)	523	523	523	100	-	-	-
d	**Investment in mutual funds (At FVTPL)**							
	DWS FMP Series 62 - Growth	-	833,005	833,005	-	-	10	9
						663	**623**	**575**

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 5.1 Non current financial assets – investments (Contd...)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Aggregate amount of quoted investments and market value thereof	659	619	572
Aggregate value of unquoted investments	4	4	3
Aggregate amount of impairment in value of investments	-	-	-
	663	**623**	**575**

(a). Equity shares designated as at fair value through other comprehensive income

At 1 April 2015, the Company designated the investments shown below as equity shares at fair value through other comprehensive income.

	Fair value at 31 March 2017	Dividend income recognised during 2016-17	Fair value at 31 March 2016	Dividend income recognised during 2015-16	Fair value at 1 April 2015
Woodlands Multispeciality Hospital Limited	4	-	4	-	3

No investments measured at FVOCI were disposed off during the year and there were no transfers of any cumulative gain or loss within equity relating to such investments.

(b). The non-convertible redeemable bonds carry a maturity face value of ₹ 30,000 per bond with a zero coupon. The related income based on implicit yield to maturity has been accrued and included in the value of investments. These have been considered as quoted based on their readily available resale prices.

(c). Fixed maturity plans of mutual funds wherever considered quoted are so considered based on readily available net asset values.

(d). Information about the Company's exposure to credit and market risk and fair value measurement is included in note 31.

* amount is below rounding off norms

Note 5.2 Non current financial assets – Other bank balances

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Fixed deposits with maturity period of more than 12 months from reporting date	*	5	5
	-	**5**	**5**

The above fixed deposits are held as margin money against various guarantees issued by banks on behalf of the Company in favour of Government authorities.

* amount is below rounding off norms

(All amounts are in million Indian ₹ unless otherwise stated)

Note 5.3 Non current financial assets – Loans

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured, considered good			
Loan given to employees (Refer note a and b below)	5	19	20
	5	**19**	**20**

(a) Loan given to employees include dues from a key managerial person ₹ 0.75 (31 March 2016 - ₹ 0.79, 1 April 2015 - ₹ 0.84).

(b) Loan given to employees include housing loan against which the employees have submitted property title papers or other assets/ documents as envisaged under the housing loan scheme.

Note 5.4 Non current financial assets – Others

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured, considered good			
Security deposits	91	94	104
Unsecured, considered doubtful			
Security deposits	8	8	1
Provision for doubtful deposits	(8)	(8)	(1)
	91	**94**	**104**

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 6. Other non-current assets

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Capital Advances		121		3		169
Advances other than capital advances						
Indirect taxes recoverable (Excise, Service tax, VAT receivable)						
- Considered good		52		53		47
- Considered doubtful	31		31		31	
Less: Provision for doubtful indirect taxes recoverable	(31)	-	(31)	-	(31)	-
Retirement benefit trusts surplus (Refer note 35)		78		111		136
Advances to customers		357		367		165
Deferred payroll cost		6		8		10
Prepaid rent		15		15		16
Miscellaneous advances		4		1		1
		633		**558**		**544**

Note 7. Inventories

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Raw Materials (Refer note 'a')	1,374	1,169	1,178
Work in progress	63	44	106
Finished products (Refer note 'b')	2,062	2,008	1,991
Stock in trade (traded goods) (Refer note 'a')	549	386	398
Stores and spares parts	6	2	2
	4,054	**3,609**	**3,675**
(a) Includes in-transit inventory:			
Raw materials	181	23	49
Stock in trade	151	72	71

(b) Finished products are written down by ₹ 8 (31 March 2016 - ₹ 4, 31 March 2015 - ₹ 10), on account of cost or net realisable value, whichever is lower. These were recognised as an expense during the year and included in ‘changes in inventories of finished goods, work-in-progress and stock-in-trade’ in the statement of profit and loss.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 8.1 Current financial assets – Investments

	Number as at 31 March 2017	Number as at 31 March 2016	Number as at 1 April 2015	Face value ₹ per unit	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Investment in mutual funds (At FVTPL)							
(Quoted)							
(i) Fixed maturity plans of mutual funds							
HDFC Annual Interval Fund Series 1 - Plan A- Direct - Growth	-	10,000,000	10,000,000	10	-	131	121
TATA FMP Series 47 Scheme C - Direct - Growth	-	-	10,000,000	10	-	-	109
DWS FMP Series 62 - Growth	833,005	-	-	10	11	-	-
					11	**131**	**230**
(ii) Liquid/Floater Schemes of Mutual Funds							
Axis Liquid Fund - Direct Plan - Growth (CF-DG)	-	3,183	-	1,000	-	5	-
Kotak Floater Short Term - Direct Plan - Growth	-	243,083	-	1,000	-	604	-
Birla Sun Life Cash Plus - Regular - Growth	632,370	1,662,604	-	100	202	489	-
Birla Sun Life Cash Plus - Direct - Growth	-	-	2,060,943	100	-	-	468
Birla Sun Life Cash Plus - Direct - Growth	426,291	426,291	715,685	100	111	104	156
Birla Sun Life Floating Rate - Short Term - Growth - Direct Plan	931,642	-	-	-	202	-	-
DSP Blackrock Liquidity Fund - direct -Growth	-	69,443	101,148	1,000	-	150	202
DSP Blackrock Ultra Short Term Fund - Regular - Growth	-	23,039,988	-	10	-	252	-
DSP BlackRock Ultra Short Term Fund - Direct Plan - Growth	10,118,726	-	-	-	120	-	-
ICICI Prudential Ultra Short Term Fund - Direct - Growth	-	33,389,197	-	100	-	521	-
ICICI Prudential Liquid - Direct Plan - Growth	208,292	-	-	-	50	-	-
DHFL Pramerica Insta Cash Plus Fund - Direct - Growth	-	1,685,362	-	100	-	332	-
DHFL Pramerica Banking & PSU Debt Fund - Direct Plan - Growth	7,128,803	7,993,605	-	10	103	107	-
DWS Money Plus Fund - Direct - Growth	-	-	7,469,208	10	-	-	111
HDFC Liquid Fund - Direct Plan - Growth	130,960	-	5,439,930	10	420	-	150
HDFC Floating Rate Fund - Direct - Growth	-	16,595,927	-	10	-	433	-
IDFC Ultra Short Term Fund - Direct - Growth	-	10,164,061	-	10	-	217	-
IDFC Money Manager Fund - Treasury Plan - Growth	3,438,701	3,438,701	6,782,236	10	90	83	150
Reliance Liquid Fund - Cash Plan - Direct - Growth	-	-	112,091	1,000	-	-	253
Religare Invesco Ultra Short Term Fund - Direct - Growth	-	-	25,902	1,000	-	-	50
Religare Invesco Ultra Short Term Fund - Direct - Bonus	44,819	44,819	44,819	1,000	57	52	48
SBI Magnum Insta Cash Fund Liquid Floater - Direct - Growth	-	-	33,717	1,000	-	-	81
Reliance Liquid Fund - Treasury Plan - Direct - Growth	-	-	41,292	1,000	-	-	141
SBI Ultra Short Term Debt Fund - Regular - Growth	145,372	205,939	-	1,000	306	401	-

(All amounts are in million Indian ₹ unless otherwise stated)

Note 8.1 Current financial assets – Investments (contd...)

	Number as at 31 March 2017	Number as at 31 March 2016	Number as at 1 April 2015	Face value ₹ per unit	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Reliance Banking & PSU Debt Fund - Direct - Growth	**23,500,658**	23,500,658	-	10	**278**	254	-
Sundaram Select Debt ST Asset -Direct - Bonus	**4,793,726**	4,793,726	4,793,726	10	**69**	63	59
Sundaram Flexi Fund ST Plan - Bonus	**10,081,961**	10,081,961	10,081,961	10	**130**	121	112
Taurus Short Term Income Fund - Direct - Growth	-	-	63,207	1,000	-	-	155
UTI Liquid Cash Plan - Inst. - Direct - Growth	**115,150**	147,961	96,291	1,000	**307**	367	221
UTI Floating Rate Fund - Direct - Growth	-	43,906	43,906	1,000	-	110	101
					2,445	**4,665**	**2,458**
(iii) Short Term Income Schemes of Mutual Funds							
DWS Premier Bond Fund - Growth	-	4,445,156	4,445,156	10	-	106	100
ICICI Prudential Short Term - Regular - Growth	-	-	7,035,095	10	-	-	201
IDFC Money Manager Fund - Investment Plan Growth	**9,277,471**	9,277,471	9,277,471	10	**237**	218	201
JP Morgan India Active Bond Fund Inst. Growth	-	-	24,768,170	10	-	-	315
Religare Bank Debt Fund - Direct Plan Growth	-	199,945	199,945	1,000	-	261	244
					237	**585**	**1,061**
					2,693	**5,381**	**3,749**

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Aggregate amount of quoted investments and market value thereof	**2,693**	5,381	3,749
Aggregate value of unquoted investments	-	-	-
Aggregate amount of impairment in value of investments	-	-	-
	2,693	**5,381**	**3,749**

(a) Various plans of mutual funds wherever considered quoted are so considered based on readily available net asset values.
(b) Information about the Company's exposure to credit and market risk and fair value measurement is included in note 31.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 8.2 Current financial assets – Trade receivables

		As at 31 March 2017		As at 31 March 2016		As at 1 April 2015
Secured						
- considered good		86		27		12
Unsecured						
- considered good		3,853		3,324		2,723
- receivable from Related Parties		182		171		275
- considered doubtful	174		161		115	
Less: Allowance for doubtful debts	(174)	-	(161)	-	(115)	-
		4,035		**3,495**		**2,998**
		4,121		**3,522**		**3,010**

Refer note 34 for receivables from related parties

Note 8.3 Current financial assets – Cash and cash equivalents

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balance with banks:			
- In current account	167	407	462
	167	**407**	**462**

Note 8.4 Current financial assets – Other bank balances

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Fixed deposits held as margin money (Refer note 'a')	8	1	1
Unpaid dividend accounts (Refer note 'b')	171	143	138
	179	**144**	**139**

(a) Fixed deposits held as margin money is against various guarantees issued by banks on behalf of the Company in favour of Government authorities.

(b) The Company can utilise these balances only towards settlement of unclaimed dividend.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 8.5 Current financial assets – Loans

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured, considered good			
Loan given to employees	13	8	14
	13	**8**	**14**

(a) Loan given to employees include housing loan against which the employees have submitted property title papers or other assets/ documents as envisaged under the housing loan scheme.

(b) Dues from a Key managerial person

* include ₹ 0.1 (31 March 2016 - ₹ 0.1, 1 April 2015 - ₹ 0.1)

Note 8.6 Current financial assets – Others

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Amount recoverable from related parties (Refer note 34)	52	68	47
Security deposits	10	17	5
Deferred Government Grant	-	8	14
Government Grant Receivable	41	31	17
Advances to retirement benefit trusts, recoverable in cash	-	56	48
Others	10	14	9
	113	**194**	**140**

(a) The carrying value of loans and advances may be affected by changes in the credit risk of the counterparties. Refer Note - 31 for the credit risk exposure.

(b) Government grant relates to tax incentives receivable from the State Government of Madhya Pradesh in respect of the operations of the Company's factory at Gwalior. Refer note 20 for details.
Significant Estimates : Grants relating to assets are initially measured based on estimated grant receivable under the scheme. Grants receivables are based on sales estimates within State of Madhya Pradesh which involves gathering and evaluating sales estimates for future periods as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance life of the asset.

	As at 31 March 2017	As at 31 March 2016
Opening balance of Deferred Government Grant	8	14
Add: Grant income accrued during the year	21	21
Less: Transferred to Government Grant receivable account	(29)	(27)
Closing balance	-	8

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 9. Other current assets

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
(Unsecured, considered good unless otherwise stated)						
Advances to suppliers						
- Considered good		61		88		63
- Considered doubtful	4			-		-
Less: Provision for doubtful advances	(4)	-		-		-
Advances to employees						
- Considered good		8		9		15
- Considered doubtful	3		4			-
Less: Provision for doubtful employee advances	(3)	-	(4)	-		-
Advances to customers						
- Considered good		196		170		116
- Considered doubtful	6		12		12	
Less: Provision for doubtful advances	(6)	-	(12)	-	(12)	-
Prepaid expenses		90		17		25
Indirect tax recoverable (Excise, service tax, VAT receivable)		279		238		225
Deferred payroll cost		1		2		2
Prepaid rent		4		4		4
Related Party Receivable (refer note 34)		33		-		-
Other advances		9		24		13
		681		**552**		**463**

Note 10. Equity share capital

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorised:			
126,690,000 (31 March 2016 - 126,690,000; 1 April 2015 - 126,690,000) equity shares of ₹ 10 each	1,267	1,267	1,267
Issued, subscribed & fully paid up:			
46,660,314 (31 March 2016 - 46,660,314; 1 April 2015 - 46,660,314) equity shares of ₹ 10 each	467	467	467
	467	**467**	**467**

Note 10. Equity share capital (Contd...)

a. Reconciliation of equity shares outstanding at the beginning and at the end of the year

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of Shares	Amount (₹ in million)	Number of Shares	Amount (₹ in million)	Number of Shares	Amount (₹ in million)
Opening balance	46,660,314	467	46,660,314	467	46,660,314	467
Add: Equity shares issued during the year	-	-	-	-	-	-
Closing balance	46,660,314	467	46,660,314	467	46,660,314	467

b. Terms and rights attached to equity shares

The Company has only one class of equity shares, having a par value of ₹ 10 per share. Each shareholder is eligible to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to their shareholding.

c. Shares of the company held by holding/ultimate holding company or their subsidiary/ associates

The ultimate holding company is Akzo Nobel N.V., Netherlands, which does not hold any shares directly in the Company. The following are the shareholding details of wholly owned subsidiaries of the ultimate holding company.

	As at 31 March 2017 No. of Shares	As at 31 March 2016 No. of Shares	As at 1 April 2015 No. of Shares
Imperial Chemical Industries Limited, England	22,977,544	22,977,544	22,977,544
Akzo Nobel Coatings International B.V., The Netherlands	8,626,648	8,626,648	8,626,648
Akzo Nobel Chemicals International B.V., The Netherlands	2,439,847	2,439,847	2,439,847
Akzo Nobel Coatings Holdings B.V., The Netherlands	291	291	291
Panter B.V., The Netherlands	5	5	5

d. Shareholders holding more than 5% shares in the Company

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Imperial Chemical Industries Limited, England	22,977,544	49.24%	22,977,544	49.24%	22,977,544	49.24%
Akzo Nobel Coatings International B.V., The Netherlands	8,626,648	18.49%	8,626,648	18.49%	8,626,648	18.49%
Akzo Nobel Chemicals International B.V., The Netherlands	2,439,847	5.23%	2,439,847	5.23%	2,439,847	5.23%

As per records of the Company, including its register of shareholders/ members, the above shareholding represents legal ownership of shares.

e. During the year ended 31 March 2013, the Company bought back 1,300,000 equity shares through a tender offer process.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 11. Other equity

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Capital reserve	**503**	503	503
Capital redemption reserve	**53**	53	53
Revaluation reserve	**12**	15	15
General reserve	**6,246**	6,036	5,846
Retained earnings	**2,805**	4,548	3,740
Other reserves			
Equity instruments through OCI	**4**	4	3
Deferred tax on above	**(1)**	(1)	(1)
	9,622	**11,158**	**10,159**

		As at 31 March 2017	As at 31 March 2016
a.	**Capital reserve**		
	At the commencement and at the end of the year	**503**	503
	Pursuant to various amalgamation executed in the previous years as per the requirement of Companies Act, 1956 and Court orders, the Company had created a capital reserve based on the differential between the net assets and liability acquired from the other party.		
b.	**Capital redemption reserve**		
	At the commencement and at the end of the year	**53**	53
	Pursuant to the buy back scheme for purchase of equity shares offered by the Company during the period 2006-2013, the Company had created a capital redemption reserve in those years as per the regulatory requirements.		
c.	**Revaluation reserve**		
	At the commencement of the year	**15**	15
	Less: Reduction on account of sale of underlying asset	**(3)**	-
	At the end of the year	**12**	**15**
	It represents revaluation of certain land acquired as part of amalgamation done with various companies in the previous periods.		
d.	**General reserve**		
	Balance at the beginning of the year	**6,036**	5,846
	Add: Amount transferred from surplus balance	**210**	190
	Balance at the end of the year	**6,246**	**6,036**

The General reserve is used from time to time to transfer profit from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to profit and loss.

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 11. Other equity (Contd...)

	As at 31 March 2017	As at 31 March 2016
e. Retained earnings		
Balance at the beginning of the year	4,548	3,740
Net profit for the period	2,470	2,142
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(72)	(24)
Dividends	(3,931)	(1,120)
Amount transferred to general reserve	(210)	(190)
Balance at the end of the year	2,805	4,548
Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).		
Other reserves		
f. Equity instruments through OCI		
Balance at the beginning of the year	4	3
Add: Fair value gain on equity instruments for the year	-	1
Balance at the end of the year	4	4

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the equity investments through OCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 12.1 Non current financial liabilities – Borrowings

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non - current maturities of finance lease obligations (unsecured)			
Obligations under finance leases (Refer note 'a' & 'b' below)	26	26	26
	26	26	26

(a) In respect of leasehold land capitalised as property, plant and equipment, refer note 3 (b). Refer below for minimum lease payments:

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Minimum lease payments payable			
Not later than one year	3	3	3
Later than one year and not later than five years	13	13	13
Later than five years	284	287	290
	300	303	306
Present value of minimum lease payments payable			
Not later than one year	3	3	3
Later than one year and not later than five years	9	9	9
Later than five years	17	17	17
Total minimum lease payments payable	29	29	29
Current (Refer note 16.2)	3	3	3
Non-current	26	26	26
	29	29	29

(b) The lease period of the finance lease obligation is 99 years which is discounted at the rate of 11%. The lease term is expected to end by March 2110. The lease has various terms with no escalation clause and no renewal rights.

Note 12.2 Non current financial liabilities - Others

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Security Deposits*	114	103	91
	114	103	91

* Represents deposits received from customers under operating lease arrangement, as explained in note 30.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 13. Provisions

	Non-Current			As at / Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Employee benefits (Refer note 35)						
Pension	28	34	36	-	-	-
Gratuity	153	66	135	-	-	9
Leave obligations	146	111	122	26	20	22
Post retirement medical and others	228	223	221	19	18	18
Provident Fund	-	-	-	-	15	26
Long service award	14	18	4	1	1	3
Indirect taxes	-	-	-	136	149	156
Divested businesses	40	40	40	37	79	198
Asset retirement obligation	3	2	3	-	-	-
Others	8	15	13	-	-	-
	620	509	574	219	282	432

Additional disclosure relating to provisions:

(a) Movement in provisions:

For the year ended 31 March 2017

	Class of provisions			
	Indirect taxes	Divested business	Asset retirement obligation	Others
Opening balance	149	119	2	15
Provision created during the year	-	-	1	-
Payments against provision	-	(3)	-	-
Provision written back	(13)	(39)	-	(7)
Closing balance	**136**	**77**	**3**	**8**

For the year ended 31 March 2016

	Class of provisions			
	Indirect taxes	Divested business	Asset retirement obligation	Others
Opening balance	156	238	3	13
Provision created during the year	-	-	-	2
Payments against provision	(7)	(20)	-	-
Provision written back	-	(99)	(1)	-
Closing balance	**149**	**119**	**2**	**15**

(All amounts are in million Indian ₹ unless otherwise stated)

(b) Nature of provisions:

(i) Indirect taxes

Provisions relating to indirect taxes are in respect of proceedings of various sales tax, excise duty, duty of customs and other indirect tax cases, including those relating to divested businesses. Outflows in all these cases, including their timing and certainty, would depend on the developments/outcome in these cases, though, presently classified as short term due to uncertainty involved.

(ii) Divested businesses

Provisions relating to divested businesses (other than any indirect tax cases relating to such businesses) are in respect of existing / anticipated costs arising from divestment of businesses. Outflows in these cases will depend upon settlement of claims, if any for which timing and amount of outflow is not determinable.

(iii) Asset retirement obligation

Asset retirement obligation has been created for dismantling cost to be incurred at the time of vacation of the office premises taken on lease by the Company.

(iv) Others

Others relate to various litigation matters arising during the due course of business. Outflows in these cases will depend upon settlement of claims, if any for which timing of outflow is not determinable..

Note 14. Income Tax

	For the year ended 31 March 2017	For the year ended 31 March 2016
A. Amounts recognised in profit or loss		
Current tax expense		
Current tax (includes taxes of ₹ 96 relating to prior year written back)	1,087	949
Deferred tax	(134)	51
Total Tax Expense recognised in profit or loss	**953**	**1,000**
B. Reconciliation of effective tax rate		
Profit before tax from continuing operations	3,423	3,142
Tax at the Indian tax rate of 34.608%	1,185	1,087
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Long term capital gains not taxed due to brought forward long term capital losses	(49)	(61)
Corporate social responsibility expenditure	11	12
Income Tax Provision of prior year written back	(96)	-
Non-taxable Interest Income on REC Bond	(17)	(16)
Others	(81)	(22)
Income tax expense	**953**	**1,000**

(All amounts are in million Indian ₹ unless otherwise stated)

Note 14. Income Tax (contd...)

	As at 31 March 2016	Recognised in P&L	Recognised in OCI	As at 31 March 2017
C. Movement in deferred tax balances				
Deferred tax liabilities				
Property, plant and equipment	436	(57)	-	379
Surplus payments to retirement trusts	36	(9)	-	27
Investments at fair value through profit or loss	87	(45)	-	42
Investments at fair value through OCI	1	-	-	1
Others	9	19	-	28
Sub- total (a)	**569**	**(92)**	**-**	**477**
Deferred tax assets				
Provision for doubtful debts and advances	74	4	-	78
Expenditure disallowed u/s 43b of Income tax Act, 1961	153	22	38	213
Provisions relating to divested businesses	25	1	-	26
Other disallowances under the Income Tax Act, 1961	131	15	-	146
Sub- total (b)	**383**	**42**	**38**	**463**
Net deferred tax liabilities (a)-(b)	**186**	**(134)**	**(38)**	**14**

	As at 31 March 2015	Recognised in P&L	Recognised in OCI	As at 31 March 2016
D. Movement in deferred tax balances				
Deferred tax liabilities				
Property, plant and equipment	359	77	-	436
Surplus payments to retirement trusts	46	(10)	-	36
Investments at fair value through profit or loss	73	14	-	87
Investments at fair value through OCI	1	*	*	1
Others	13	(4)	-	9
Sub- total (a)	**492**	**77**	**-**	**569**
Deferred tax assets				
Allowance for doubtful debts and advances	45	29	-	74
Expenditure disallowed u/s 43b of Income tax Act, 1961	175	(35)	12	153
Provisions relating to divested businesses	26	*	-	25
Other disallowances under the Income Tax Act, 1961	99	32	-	131
Sub- total (b)	**345**	**26**	**12**	**383**
Net deferred tax liabilities (a)-(b)	**147**	**51**	**(12)**	**186**

*amount is below rounding off norms

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 15. Other non-current liabilities

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred lease rentals *	35	36	41
Share Based Payments	11	18	14
	46	54	55

*Represents fair valuation of security deposits received from customers, as explained in note 30.

Note 16.1 Current financial liabilities – Trade payables

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Acceptances	273	244	268
Trade payables other than Micro, small and medium enterprises	4,214	4,542	3,729
Payable to Micro, small and medium enterprises *	97	65	50
Related Party Payables (Refer note 34)	1,648	1,039	511
	6,232	5,890	4,558

(a) Refer note 31 for explanations on the Company's liquidity risk management process.

(b) **Additional disclosure as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**

* Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 in respect of micro and small suppliers based on the information available with the Company:

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(i) principal amount due thereon remaining unpaid to any supplier as at the end of the accounting year	97	65	50
(ii) interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
(iii) amount of interest paid by the buyer under MSMED Act 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	465	-	-
(iv) amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act 2006 not paid)	3	-	-
(v) amount of interest accrued and remaining unpaid at the end of the accounting year; and	-	-	-
(vi) amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-	-

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 16.2 Current financial liabilities – Others

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of finance lease obligations	3	3	3
Security Deposit	221	126	97
Others			
Unpaid dividends (Refer note 'a')	171	143	138
Payable to employees	154	302	236
Capital creditors	83	75	76
Derivatives not designated as hedges- forward contracts (Refer note 31)	7	4	-
Related Party Payables (Refer note 34)	29	19	-
Miscellaneous payables (Refer note 'b')	6	27	51
	674	**699**	**601**

(a) There are no amounts due to be credited to the Investor Education and Protection Fund.

(b) This includes retention money etc.

Note 17. Other current liabilities

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Statutory liabilities, including withholding taxes, provident fund and sales taxes	345	425	422
Advance from customers	24	29	18
Deferred revenue	291	345	236
Deferred lease rental*	19	11	8
Liability towards dealer incentive	38	47	32
Share based Payment	3	6	5
	720	**863**	**721**

* Represents fair valuation of security deposits received from customers, as explained in note 30.

Note 18. Current tax liabilities (net)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Income tax (net of advance tax ₹ 10,624, 31 March 2016 - ₹ 9,361, 1 April 2015 - ₹ 8,230)	82	197	375
	82	**197**	**375**

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 19. Revenue from operations

	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of products (including excise duty)	**30,785**	28,800
Sale of services	**314**	308
Other operating revenues	**245**	239
	31,344	**29,347**
* Sale of products are net of incentive to customers ₹ 4,059 (31 March 2016: ₹ 3,692)		

(a) The customer incentive is recognised based on purchases made by the customer in line with customer schemes and incentive programmes rolled out by the company. Provision is recorded at the end of reporting period for customer incentive as per purchases made by the customer. Judgements include considerations of inputs i.e. past history of incentive, other variable inputs etc. Changes in assumptions about these factors could affect the reported accrual of customer incentive.

Breakup of other operating revenues		
Duty drawback on exports	**15**	8
Lease rentals	**104**	79
Scrap sales	**37**	39
Miscellaneous income	**89**	113
	245	**239**

Note 20. Other Income

	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest income from financial assets at amortised cost - Bonds	**50**	46
Net fair value gain/(loss) on investments measured at FVTPL	**(161)**	118
Net gain on sale of non-current investments	**107**	86
Net gain on sale of current investments	**312**	145
Net foreign exchange gain	**15**	8
Provision/liabilities no longer required written back	**-**	6
Government grants (Refer note (a) below)	**21**	21
Interest income:		
- on income tax refund	**78**	-
- on others	**32**	7
Miscellaneous income (Refer note (b) below)	**39**	130
	493	**567**

(a) Government grants are related to investments of the Company in property, plant and equipment of the manufacturing plant set up in a backward area at Malanpur, Gwalior, India. There are no unfulfilled conditions or other contingencies attached to these grants. The Company did not benefit directly from any other forms of government assistance. Also refer note 8.6.

(b) Miscellaneous income includes sale of beneficial interest in residential flat ₹ 35 (31 March 2016 - ₹ 100) and additional compensation received for land acquired by Karnataka Government ₹ Nil (31 March 2016 - ₹ 10).

(All amounts are in million Indian ₹ unless otherwise stated)

Note 21. Cost of materials consumed

	For the year ended 31 March 2017	For the year ended 31 March 2016
Raw materials as at the beginning of the year	1,169	1,178
Add: Purchase	12,950	12,130
Less: Raw material as at the end of the year	(1,374)	(1,169)
Total cost of materials consumed	12,745	12,139

Note 22. Changes in inventories of finished products, stock-in-trade and work-in-progress

	For the year ended 31 March 2017	For the year ended 31 March 2016
Inventory at the beginning of the year		
- Finished goods	2,008	1,991
- Stock-in-trade	386	398
- Work-in-progress	44	106
	2,438	2,495
Inventory at the end of the year		
- Finished goods	2,062	2,008
- Stock-in-trade	549	386
- Work-in-progress	63	44
	2,674	2,438
(Increase)/ decrease in inventory	(236)	57

Note 23. Employee benefits expense

	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries, wages and bonus	2,351	2,089
Contribution to provident and other funds (Refer note 35)	134	91
Employee share based payment expense*	5	8
Other retirement benefits	23	22
Staff welfare expenses	71	115
	2,584	2,325

* Employee Share based payment expense represents long term incentive to certain senior managerial staff of the Company.

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 24. Finance cost

	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest and finance charges on financial liabilities not at FVTPL	21	13
Unwinding of interest on security deposit and finance lease obligations	8	9
Others	3	-
	32	22

Note 25. Other expenses

	For the year ended 31 March 2017	For the year ended 31 March 2016
Stores and spare parts consumed	32	45
Repairs and maintenance		
- Plant and Machinery	192	217
- Others	30	27
Power and fuel****	169	174
Travelling	437	401
Rates and taxes*	83	82
Rent	236	228
Insurance	58	61
Freight and transport	1,487	1,379
Advertisement and publicity**	1,196	1,228
Royalty	758	723
Consultancy charges	432	425
Payments to the auditor (Refer note 'a' below)	12	15
Corporate Social responsibility expenditure (Refer note 'b' below)	44	35
IT Support & Maintenance	195	283
External service charges	222	204
Provision for doubtful debts and advances***	10	57
Loss on write off/disposal of fixed assets	4	9
Miscellaneous expenses	754	585
	6,351	6,178

* net of refund & provision write back ₹ 23 (31 March 2016 - Nil)

** net of provision write back of ₹ 68 (31 March 2016 - Nil)

*** net of bad debts written off during the year amounting to ₹ 35 (31 March 2016 - ₹ 14)

**** net of provision write back ₹ 6 (31 March 2016 - Nil)

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 25. Other expenses (Contd...)

	For the year ended 31 March 2017	For the year ended 31 March 2016
(a). Details of payments to auditors @		
Statutory audit	**5**	5
Tax audit	**-**	1
Limited review for quarterly results	**1**	2
Other services	**3**	4
Reimbursement of expenses	**3**	3
	12	15

@ excluding service tax

	For the year ended 31 March 2017	For the year ended 31 March 2016
(b). Corporate social responsibility expenditure		
Amount required to be spent as per section 135 of the Act	**43**	36
Amount spent during the year on		
i) Construction/acquisition of an asset	**-**	-
ii) On purposes other than (i) above	**44**	35

Note 26. Exceptional Items (Income)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Divestment provision no longer required written back (Refer Note below)	**39**	99
	39	99

This relates to write back of provisions with respect to divested businesses (Refer note 13)

(All amounts are in million Indian ₹ unless otherwise stated)

Note 27(a) Contingent liabilities

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Claims against the Company not acknowledged as debts	**61**	54	93
Sales tax/VAT matters under appeal	**212**	222	227
Excise & Service Tax matters in dispute / under appeal	**113**	88	88
Income tax matters in dispute / under appeal *	**854**	1,300	1,145

* The Income tax assessments for the Company have been completed up to the financial year ended 31 March 2012 and demands aggregating from such assessments and appellate orders amount to ₹ 854 (31 March 2016 - ₹ 1,300, 1 April 2015- ₹ 1,145). The Company as well as the Income tax department have filed appeals on various matters arising from these assessments. Based on the available documentation and tax experts view, the Company has created provisions wherever required and for the balance matters, it is believed that the amount more likely than not, these disputes would not result in additional outflow of resources.

The Company is contesting certain claims raised by authorities towards excise, service tax and sales tax/VAT dues at various forums. Based on the available documentation and expert view, the Company has created provisions wherever required and for the balance matters, it believes that the amount more likely than not, these disputes would not result in additional outflow of resources.

The Company is contesting certain claims filed against the Company by past employees and external parties in various forums. Based on the available documentation and expert view, the Company has created provisions wherever required and for the balance matters, it believes that the amount more likely than not, these disputes would not result in additional outflow of resources.

Significant Estimates: The assessment undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events requires best judgement by management considering the probability of exposure to potential loss. Judgement includes consideration of experts opinion, facts of the matter , underlying documentation and historical experience. Changes in assumptions about these factors could affect the reported value of contingencies and provisions.

Note 27(b)

There are no contingent assets as at 31 March 2017 (31 March 2016 - Nil; 1 April 2015 - Nil)

Note 28. Capital and other commitments

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	**311**	51	62
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*	*

*Amount is below rounding off norms

(All amounts are in million Indian ₹ unless otherwise stated)

Note 29. Earnings per share

	As at 31 March 2017	As at 31 March 2016
Number of equity shares at the beginning of the year	**46,660,314**	46,660,314
Total number of equity shares outstanding at the end of the year	**46,660,314**	46,660,314
Add: Equity shares issued during the year	**-**	-
Weighted average number of shares	**46,660,314**	46,660,314
Net profit after tax available for equity shareholders	**2,470**	2,142
Earnings per equity share - Basic (in ₹) [Face value of ₹ 10 each]	**52.93**	45.90
Earnings per equity share - Diluted (in ₹) [Face value of ₹ 10 each]	**52.93**	45.90

Note 30. Operating lease

(a) The Company has given colour solution machines under operating leases to various dealers and customers. These have been disclosed under 'Plant and machinery -given under operating lease' in note 3 (Property, plant and equipment). The leases have varying terms with no escalation clause and no renewable rights. The leases are cancellable at the option of company. The future lease rentals receivable in respect of these assets, based on the agreements in place, are as under :

Amount receivable	Total future minimum lease rentals receivable as on 31 March 2017	Total future minimum lease rentals receivable as on 31 March 2016	Total future minimum lease rentals receivable as on 1 April 2015
Within one year	**109**	82	81
Later than one year and not later than five years	**121**	94	70
Later than five years	*	-	-
	230	**176**	**151**

*amount is below rounding off norms

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements

a) Financial instruments by category

	31 March 2017			31 March 2016			1 April 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial Assets									
Investments in Equity shares	-	4	-	-	4	-	-	3	-
Investments in Mutual funds	2,693	-	-	5,391	-	-	3,758	-	-
Investments in Bonds	-	-	659	-	-	609	-	-	563
Loans	-	-	18	-	-	27	-	-	34
Security deposits	-	-	101	-	-	111	-	-	109
Other financial assets	-	-	103	-	-	177	-	-	135
Trade receivables	-	-	4,121	-	-	3,522	-	-	3,010
Cash and cash equivalents	-	-	167	-	-	407	-	-	462
Other bank balances	-	-	179	-	-	149	-	-	144
Total Financial Assets	**2,693**	**4**	**5,348**	**5,391**	**4**	**5,002**	**3,758**	**3**	**4,457**
Financial Liabilities									
Borrowings	-	-	29	-	-	29	-	-	29
Trade payables	-	-	6,232	-	-	5,890	-	-	4,558
Other financial liabilities	-	-	778	-	-	795	-	-	689
Other financial liabilities - Foreign exchange forward contracts	7	-	-	4	-	-	-	-	-
Total Financial Liabilities	**7**	**-**	**7,039**	**4**	**-**	**6,714**	**-**	**-**	**5,276**

b) Fair value measurement hierarchy for assets and liabilities

The following explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Financial assets and liabilities measured at fair value at 31 March 2017

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial instruments at FVTPL				
- Mutual funds	2,693	-	-	2,693
Financial instruments at FVOCI				
- Unquoted Equity shares	-	-	4	4
Financial Liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	7	-	7

Note 31. Fair Value Measurements (Contd...)

Financial assets and liabilities measured at fair value at 31 March 2016

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial instruments at FVTPL				
- Mutual funds	5,391	-	-	5,391
Financial instruments at FVOCI				
- Unquoted Equity shares	-	-	4	4
Financial Liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	4	-	4

Financial assets and liabilities measured at fair value at 1 April 2015

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial instruments at FVTPL				
- Mutual funds	3,758	-	-	3,758
Financial instruments at FVOCI				
- Unquoted Equity shares	-	-	3	3
Financial Liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	-	-	-

Notes:

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price and are valued using the closing NAV.

Level 2 hierarchy includes the fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. This includes foreign exchange forward contracts.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3. There are no transfers between levels 1 and 2 during the year. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

c) Valuation techniques used to determine fair value

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods were used to estimate the fair values:

- Unquoted equity shares – The valuation model is based on market multiples derived from quoted prices and PE Multiples of Companies comparable to the investee and the NAV and PE multiple of the investee. The estimate is adjusted for the effect of the non-marketability of the relevant equity securities.

- Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.

- Derivative financial assets/liabilities: The Company enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are determined using forward exchange rates at the balance sheet date.

- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, current borrowings, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.

d) Valuation processes

External valuers are involved for valuation of significant assets. The finance department of the Company assists the external valuers in the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

The valuation processes and results are reviewed by CFO and finance team once every three months, in line with the Company's quarterly reporting periods.

The main level 3 inputs for unlisted equity securities,used by the Company are derived and evaluated as follows:

- the use of quoted market prices / dealer quotes / profit earning (PE) for similar instruments

- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management group.

- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements (Contd...)

e) Financial assets and liabilities measured at amortised cost

Fair value of financial assets and liabilities measured at amortised cost

	31 March 2017		31 March 2016		1 April 2015		
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Level
Financial Assets							
Investments in Bonds	**659**	**659**	609	609	563	563	3
Loans	**18**	**18**	27	27	34	34	3
Security deposits	**101**	**103**	111	112	109	111	3
Other financial assets	**103**	**103**	177	177	135	135	3
Trade receivables	**4,121**	**4,121**	3,522	3,522	3,010	3,010	Refer note 'a'
Cash and cash equivalents	**167**	**167**	407	407	462	462	Refer note 'a'
Other bank balances	**179**	**179**	149	149	144	144	Refer note 'a'
Total Financial Assets	**5,348**	**5,350**	**5,002**	**5,003**	**4,457**	**4,459**	
Financial Liabilities							
Borrowings	**29**	**34**	29	34	29	34	3
Trade payables	**6,232**	**6,232**	5,890	5,890	4,558	4,558	Refer note 'a'
Other financial liabilities	**778**	**785**	795	801	689	695	3
Total Financial Liabilities	**7,039**	**7,051**	**6,714**	**6,725**	**5,276**	**5,287**	

a) The carrying amounts of investments in bonds, loans, trade receivables, other financial assets,trade payables, other bank balances and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

b) The fair values for security deposits are calculated based on cash flows discounted using a current lending rate. The fair values of non-current borrowings are based on discounted cash flows using current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk..

c) The fair values of financial assets and financial liabilities recorded in the balance sheet in respect of which quoted prices in active markets are available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements (Contd...)

The Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – net asset value	Investments in mutual funds	Sensitivity analysis	Portfolio diversification

The Company's exposure to mutual funds prices/NAV risk arises from investments held by the Company and classified in the balance sheet as fair value through profit or loss. To manage its price/NAV risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures on account of expenditure in foreign currencies and earnings in foreign exchange (export of goods, service income, etc.). The Company does not enter into any derivative instruments for trading or speculative purposes or for highly probable forecast transactions.

The Company follows a forex Risk Management policy under which all material foreign currency exposures are hedged through forward covers to protect against swings in exchange rates.

The Company's risk management is carried out by a central treasury department / finance team under policies approved by the board of directors.

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amounts of financial assets represent the maximum credit risk exposure.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Trade and other receivables

Credit risk refers to the risk of default on its obligation by the counter party resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from Trade Receivable amounting to ₹ 4,121; ₹ 3,522 and ₹ 3,010 as at 31 March 2017, 31 March 2016 and 1 April 2015, respectively. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company has a credit risk management policy in place to limit credit losses due to non-performance of financial counterparties and customers. The Company monitors its exposure to credit risk on an ongoing basis at various levels. The Company only deals with financial counterparties that have a sufficiently high credit rating. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The Company closely monitors the acceptable financial counterparty credit ratings and credit limits and revises where required in line with the market circumstances. Due to the geographical spread and the diversity of the Company's customers, the Company is not subject to any significant concentration of credit risks at balance sheet date.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are companied into homogenous companies and assessed for impairment collectively. The calculation is based on credit losses historical data. The Company has evaluated that the concentration of risk with respect to trade receivables to be low.

Trade and other receivables are written off when there is no reasonable expectation of recovery post identification on case to case basis.

On account of adoption of IndAS 109, the Company uses a simplified approach (lifetime expected credit loss model) for the purpose of computation of expected credit loss for trade receivables.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements (Contd...)

Reconciliation of loss allowance provision – Trade receivables

	31 March 2017	31 March 2016
Opening balance	161	115
Changes in loss allowance	13	46
Closing balance	174	161

Reconciliation of loss allowance provision – Other receivables

	31 March 2017	31 March 2016
Opening balance	55	44
Changes in loss allowance	(3)	11
Closing balance	52	55

Significant Estimates: The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Effects of offsetting on balance sheet

The following table represents financial instruments that are offset, or subject to enforceable netting arrangements and other similar agreements but not offset, as at 31 March 2017, 31 March 2016 and 1 April 2015. The column 'gross amount set off in balance sheet' represents rebate accruals which are netted off as per customary business practice. The column 'net amount' shows the impact on the company's balance sheet if all set-off rights were exercised:

Financial Assets	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet
31 March 2017			
Trade receivable	4,467	(346)	4,121
31 March 2016			
Trade receivable	3,872	(350)	3,522
1 April 2015			
Trade receivable	3,415	(405)	3,010

Cash and cash equivalents, short term investments and derivatives

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies.

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements (Contd...)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
31 March 2017						
Non-derivative financial liabilities						
Finance lease obligations (including interest)	300	3	-	3	10	284
Trade and other payables	6,232	6,222	10	-	-	-
Other financial liabilities	778	283	381	9	51	54
Derivative financial liabilities						
Forward exchange contracts	7	7	-	-	-	-
31 March 2016						
Non-derivative financial liabilities						
Finance lease obligations (including interest)	303	3	-	3	10	287
Trade and other payables	5,890	5,885	5	-	-	-
Other financial liabilities	795	237	455	12	32	59
Derivative financial liabilities						
Forward exchange contracts	4	4	-	-	-	-
1 April 2015						
Non-derivative financial liabilities						
Finance lease obligations (including interest)	306	3	-	3	10	290
Trade and other payables	4,558	4,558	-	-	-	-
Other financial liabilities	689	214	384	12	20	59
Derivative financial liabilities						
Forward exchange contracts	-	-	-	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Borrowing facilities	31 March 2017	31 March 2016	1 April 2015
- Expiring within one year (bank overdraft facilities)	**980**	980	980

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements (Contd...)

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates , NAV of mutual funds – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and investments in mutual funds. The Company is exposed to market risk primarily related to foreign exchange rate risk and the market value of the investments. Thus, the Company's exposure to market risk is a function of investing and revenue generating and operating activities. The objective of market risk management is to avoid excessive exposure in financial assets and unhedged foreign currency, revenues and costs.

Currency risk

The Company is exposed to currency risk on account of its receivables and payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to limit its exposure of currency risk, most with a maturity of less than one year from the reporting date. The Company does not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The currency profile of financial assets and financial liabilities (other than Indian Rupees) as at 31 March 2017, 31 March 2016 and 1 April 2015 as expressed in INR, are as below:

	USD	Euro	Other
31 March 2017			
Financial assets			
Trade and other receivables	**240**	95	1
Derivative Assets			
Foreign Exchange Forward Contracts-Sell Foreign Currency	**-**	-	-
Net Exposure to Foreign Currency Risk (Assets)	**240**	95	1
Financial liabilities			
Trade and other payables	**685**	321	72
Derivative liabilities			
Foreign Exchange Forward Contracts-Buy Foreign Currency	**(261)**	(11)	(2)
Net Exposure to Foreign Currency Risk (Liabilities)	**424**	310	70
31 March 2016			
Financial assets			
Trade and other receivables	**263**	133	-
Derivative Assets			
Foreign Exchange Forward Contracts-Sell Foreign Currency	**-**	-	-
Net Exposure to Foreign Currency Risk (Assets)	**263**	133	-
Financial liabilities			
Trade and other payables	**670**	168	80
Derivative liabilities			
Foreign Exchange Forward Contracts-Buy Foreign Currency	**(231)**	(10)	-
Net Exposure to Foreign Currency Risk (Liabilities)	**439**	158	80
1 April 2015			
Financial assets			
Trade and other receivables	**101**	202	4
Derivative Assets			
Foreign Exchange Forward Contracts-Sell Foreign Currency	**-**	-	-
Net Exposure to Foreign Currency Risk (Assets)	**101**	202	4
Financial liabilities			
Trade and other payables	**326**	164	56
Derivative liabilities			
Foreign Exchange Forward Contracts-Buy Foreign Currency	**(111)**	(4)	-
Net Exposure to Foreign Currency Risk (Liabilities)	**215**	160	56

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements (Contd...)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at 31 March would have affected the measurement of financial instruments denominated in US dollars /EURO or other currencies and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Impact on Profit after tax	
Effect in INR	**Increase**	**Decrease**
31 March 2017		
10% movement		
USD	(12)	12
Euro	(14)	14
Others	(5)	5
	(31)	**31**
31 March 2016		
10% movement		
USD	(11)	11
Euro	(2)	2
Others	(5)	5
	(18)	**18**

iv. Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss .To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The Company considers factors such as long term credit rating, tenor of investment, minimum assured return ,monetary limits,etc. while investing.

Sensitivity analysis

The table below summarises the impact of increases/decreases of the index on the Company's profit for the period. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

	Impact on Profit after tax	
Effect in INR	**31 March 2017**	**31 March 2016**
Increase 10%	176	353
Decrease 10%	(176)	(353)

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 32. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 1 April 2015, 31 March 2016 and 31 March 2017.

	For the year ended 31 March 2017	For the year ended 31 March 2016
The following dividends were declared and paid by the Company during the year:		
31 March 2016 - ₹ 70 per equity share (31 March 2015 - ₹ 20 per equity share)	3,266	933
Dividend distribution tax on dividend to equity shareholders	665	187
	3,931	1,120

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 22 per equity share (31 Mar 2016- ₹ 70 per equity share). The proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.

Dividend not recognised at the end of the reporting period

	For the year ended 31 March 2017	For the year ended 31 March 2016
31 March 2017 - ₹ 22 per equity share (31 March 2016 - ₹ 70 per equity share)	1,027	3,266
Dividend distribution tax on dividend to equity shareholders	209	665
	1,236	3,931

Note 33. Segment Information

A. General Information

The chief operating decision maker (CODM) (i.e. the Country Leadership Team comprising of Managing Director, Chief Financial Officer, Business Heads, Head HR) examines the Company's performance from a product perspective and has identified the below mentioned segments of its business, which are the Company's strategic business units.The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the CODM reviews internal management reports based on profit or loss to assess the performance of the operating segments.

For management purposes, the Company is organised into following two reportable segments:

i) **Coatings :** consisting of decorative, automotive and industrial paints and related activities

ii) **Others :** consisting of chemicals and polymers.

B. Information about reportable segments and reconciliations to amounts reflected in the financial statements

Particulars	Coatings		Others		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1. Revenue						
External revenue	**28,530**	27,245	**2,569**	1,863	**31,099**	29,108
Inter-segment revenue	**101**	47	**17**	2	**119**	48
Inter-segment eliminations	**(101)**	(47)	**(17)**	(2)	**(119)**	(48)
Other operating income	**173**	137	**72**	102	**245**	239
Total Revenue	**28,703**	**27,382**	**2,641**	**1,965**	**31,344**	**29,347**
2. Results						
Segment profit before income tax and exceptional items	**2,860**	2,543	**214**	151	**3,074**	2,694
3. Results reconciled to Profit after tax as follows:	**-**	-	**-**	-	**3,074**	2,694
Less : Finance cost	**-**	-	**-**	-	**(32)**	(22)
Add: Unallocated income (net of unallocated expense)	**-**	-	**-**	-	**342**	371
Profit before exceptional items	**-**	-	**-**	-	**3,384**	**3,043**
Exceptional items	**-**	-	**-**	-	**39**	99
Profit before taxation	**-**	-	**-**	-	**3,423**	**3,142**

(All amounts are in million Indian ₹ unless otherwise stated)

Note 33. Segment Information (Contd...)

Particulars	Coatings		Others		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Income taxes		-	-	-		
-Current tax (net)	-	-	-	-	(1,087)	(949)
-Deferred tax	-	-	-	-	134	(51)
Profit after taxation	-	-	-	-	2,470	2,142

C. Other Information

	Coatings			Others			Total		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
a. Assets									
Segment assets	14,087	14,426	12,822	1,280	1,218	652	15,367	15,644	13,474
Unallocated assets							3,469	4,790	4,732
Total assets	14,087	14,426	12,822	1,280	1,218	652	18,836	20,434	18,206
b. Liabilities/ Shareholders' funds									
Segment Liabilities	7,059	6,913	5,899	871	565	130	7,930	7,478	6,029
Unallocated Other liabilities							817	1,331	1,551
Share Capital							467	467	467
Reserves and surplus							9,622	11,158	10,159
Total liabilities/ shareholders' funds	7,059	6,913	5,899	871	565	130	18,836	20,434	18,206
c. Revenue from external customers									
India	27,545	26,349		2,525	1,846		30,070	28,195	
Outside India	985	896		44	17		1,029	913	

(i) Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for the Company.

(ii) Segment revenue, results and assets and liabilities include the respective amounts identifiable to each of the segments. Other unallocable items in segment results include income from investment of surplus funds of the Company and corporate expenses. Unallocable assets include unallocable property, plant and equipment and other assets. Unallocable liabilities include unallocable current liabilities and net deferred tax liability.

B. Information about major customers

No external customer individually accounted for more than 10% of the revenue during the year ended 31 March 2017, 31 March 2016 and 1 April 2015.

Note 34. Related Party Disclosures

1. (a) **The Company is controlled by:**

Akzo Nobel N.V., Netherlands (Ultimate Holding Company)

(b) **The following related party exercises significant influence:**

Imperial Chemical Industries Limited, England, which is wholly owned by Akzo Nobel N.V.

(c) **The Company controls the following related party:**

ICI India Research and Technology Centre (refer note 1)

(d) **Fellow subsidiaries:**

Akzo Nobel Coatings A.E.	Akzo Nobel Paints Singapore Pte ltd
Akzo Nobel Car Refinishes Indonesia	Akzo Nobel Projects & Engineering B.V.
Akzo Nobel Chemicals (Boxing) Co. Ltd.	Akzo Nobel Packaging Coatings S.A.
Akzo Nobel Chemicals (Ningbo) Co. Ltd.	Akzo Nobel Paints (Asia Pacific) Pte Ltd.
Akzo Nobel Decorative Coatings B.V.	Akzo Nobel Paints (Malaysia) Sdn. Bhd.
Akzo Nobel Functional Chemicals B.V.	Akzo Nobel Paints (Thailand) Ltd.
Akzo Nobel Functional Chemicals LLC	Akzo Nobel Paints Lanka (Pvt) Ltd.
Akzo Nobel Indl Coatings	Akzo Nobel Paints Taiwan Limited
Akzo Nobel Industrial Coating Korea Co. Ltd.	Akzo Nobel Paints Vietnam Ltd.
Akzo Nobel Industrial Paints SL	Akzo Nobel Polymer Chemicals LLC
Akzo Nobel Middle East FZE	Akzo Nobel Powder Coatings (Ningbo) Co. Ltd.
Akzo Nobel Netherlands BV	Akzo Nobel Powder Coatings B.V.
Akzo Nobel Pakistan Limited	Akzo Nobel Powder Coatings Korea Co. Limited
Akzo Nobel Performance Coatings (Shanghai) Co. Ltd.	Akzo Nobel Pty. Limited
Akzo Nobel Powder Coatings (Vietnam) Co. Ltd.	Akzo Nobel Surface Chemistry AB
Akzo Nobel Powder Coatings FZE	Akzo Nobel Surface Chemistry LLC
Akzo Nobel Powder Coatings GMBH	Akzo Nobel UAE Paints L.L.C.
Akzo Nobel Pulp and Performance Chemicals AB	ICI Dulux (Pty) Limited
Akzo Nobel Surface Chemistry Pte. Ltd.	International Paint - Vietnam
Akzo Nobel Swire Paints (Shanghai) Ltd.	International Paint Japan K.K.
Akzo Nobel (Shanghai) Co. Ltd.	International Paint Limited
Akzo Nobel Boya Sanayi ve Ticaret A.S.	International Farbenwerke GmbH
Akzo Nobel Car Refinishes (Singapore) Pte Ltd.	International Maling A/S
Akzo Nobel Car Refinishes B.V.	International Paint (Akzo Nobel Chile) Ltda
Akzo Nobel Car Refinishes SL	International Paint (Hong Kong) Limited
Akzo Nobel Chang Cheng Coatings (Guangdong) Co. Ltd.	International Paint (Korea) Ltd.
Akzo Nobel Chemicals AG	International Paint (Nederland) B.V.
Akzo Nobel Chemicals International B.V.	International Paint (Panama) Inc.
Akzo Nobel Coatings (Dongguan) Co. Ltd.	International Paint (Taiwan) Ltd.
Akzo Nobel Coatings (Jiaxing) Co. Ltd.	International Paint LLC
Akzo Nobel Packaging Coatings GmbH	International Paint of Shanghai Co. Ltd.
Akzo Nobel Coatings Inc.	International Paint Pazarlama Limited Sirketi
Akzo Nobel Coatings International B.V.	International Paint Singapore Pte Ltd.

Note 34. Related Party Disclosures (Contd...)

Akzo Nobel Coatings Ltd.	International Peinture S.A.
Akzo Nobel Coatings S.P.A.	IP Singapore Pte -Vietnam
Akzo Nobel Cross-Linking Peroxides (Ningbo) Co. Ltd.	Keum Jung Akzo Nobel Peroxides Ltd.
Akzo Nobel Ltd.	PT ICI Paints Indonesia
Akzo Nobel Packaging Coatings Limited	PT International Paint Indonesia
Akzo Nobel Powder Coatings	Schramm SSCP Hanoi Company Limited
Akzo Nobel Saudi Arabia LTD.	Tianjin Akzo Nobel Peroxides Co. Ltd.
International Paint (East Russia) Ltd.	PT Akzo Nobel Car Refinishes Indonesia
International Paint Turkey	

(e) Key Management Personnel

Mr. Nihal Kaviratne CBE - Chairman
Mr. Jayakumar Krishnaswamy - Managing Director
Mr. Himanshu Agarwal - Wholetime Director and CFO (upto 18 August 2015)
Mr. Pradip Menon - Wholetime Director and CFO (from 1 February 2016)
Mr. Arabinda Ghosh - Non-Executive Director (from May 2015)
Mr. Amit Jain - Non-Executive Director
Mr. R Gopalakrishnan - Independent Director
Mr. Arvind Uppal - Independent Director
Mr. Raj S Kapur - Independent Director
Ms. Kimsuka Narsimhan - Independent Director
Dr. Sanjiv Misra - Independent Director

(f) Employee benefit trusts

Pension trusts

ICI's Associated Companies in India Employees Pension Fund
ICI India Management Staff Pension Fund
Akzo Nobel India Employees Pension Scheme

Gratuity Trusts

ICI India Limited Employees' Gratuity Fund
ICI India Management Staff Gratuity Fund
Akzo Nobel India Employees Gratuity Trust 2016

Provident Fund Trusts

The Alkali and Chemical Corporation of India Limited Provident Fund
ICI India Staff Provident Fund
ICI's Associated Companies in India Staff Provident Fund

Note 1: As per Ind AS 110, the Company exercises 'control' on ICI India Research and Technology Centre under the definition of a 'Control' as it has exposure/right to variable returns from its involvement with the Research and Technology Centre.

Notes

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 34. Related Party Disclosures (Contd...)

2. The following transactions were carried out with related parties in the ordinary course of business:

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research & Technology Centre
	2016-17	**2016-17**	**2016-17**	**2016-17**	**2016-17**	**2016-17**
	(2015-16)	(2015-16)	(2015-16)	(2015-16)	(2015-16)	(2015-16)
a) **Transactions during the year**						
Purchase of materials / finished goods	**-**	**-**	**2,742**	**-**	**-**	**-**
	-	-	(1,872)	-		
Sale of finished goods	**-**	**-**	**402**	**-**	**-**	**-**
	-	-	(339)	-		
Expenses incurred and recoverable from other Companies (Income)	**167**	**2**	**98**	**-**	**-**	**-**
	(84)	(3)	(198)	-		
Expenses reimbursed to other Companies (Expense)	**116**	**-**	**89**	**-**	**-**	*****
	(90)	-	(166)	-		
Royalty	**-**	**-**	**758**	**-**	**-**	**-**
	-	-	(723)	-		
Dividend paid	**-**	**1,608**	**775**	**-**	**-**	**-**
	-	(459)	(220)	-		
Services provided (Income)	**-**	**-**	**380**	**-**	**-**	**-**
	-	-	(314)	-		
Services received (expenses)	**-**	**-**	**34**	**-**	**-**	**33**
	-	-	(161)	-		(36)
Advances given during the year	**-**	**-**	**-**		**45**	**-**
	-	-	-		(25)	-
Managerial remuneration						
Short-term employee benefits	**-**	**-**	**-**	**43**	**-**	**-**
	-	-	-	(34)	-	-
Post employment benefits	**-**	**-**	**-**	**2**	**-**	**-**
	-	-	-	(1)	-	-
Employee share based payments	**-**	**-**	**-**	**6**	**-**	**-**
	-	-	-	(4)	-	-
Other long - term benefits	**-**	**-**	**-**	**1**	**-**	**-**
	-	-	-	(1)	-	-
Contributions made to trust	**-**	**-**	**-**	**-**	**28**	**-**
	-	-	-	-	(37)	-
Guarantee issued on behalf of the Company for credit facilities from banks	**980**	**-**	**-**	**-**	**-**	**-**
	(980)	-	-	-	-	-

(All amounts are in million Indian ₹ unless otherwise stated)

Note 34. Related Party Disclosures (Contd...)

		Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research & Technology Centre
		2016-17	2016-17	2016-17	2016-17	2016-17	2016-17
		(2015-16)	(2015-16)	(2015-16)	(2015-16)	(2015-16)	(2015-16)
b)	**Balances as at the end of the year**						
	Dues to related parties	**6**	**29**	**1,641**	**22**	**-**	**1**
		(69)	(34)	(954)	(15)	-	(1)
	Dues from related parties	**43**	**-**	**224**	**-**	**-**	**-**
		(8)	-	(231)	-	(56)	-
	Balances as at 1 April 2015						
	Dues to related parties	11	33	466	11	-	1
	Dues from related parties	10	9	303	-	48	-
c)	**Share Capital outstanding as at end of the year**	**-**	**230**	**111**	**-**	**-**	**-**
		-	(230)	(111)	-	-	-
	Share Capital outstanding as at 1 April 2015	-	230	111	-	-	-

Terms and conditions of transactions with related parties

- The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.
- There have been no guarantees provided or received for any related party receivables or payables.
- For the year ended 31 March 2017 (and any of the previous years) the Company has not recorded any impairment of receivables relating to amounts owed by related parties.
- Figures in bracket indicate transactions/balances relating to financial year 2015-16

d) **Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the respective years:**

	2016-17	2015-16
Purchase of materials / finished goods		
PT Akzo Nobel Car Refinishes Indonesia	**287**	288
Akzo Nobel Surface Chemistry AB	**310**	276
Akzo Nobel Surface Chemistry LLC	**646**	223
Others	**1,499**	1,085
	2,742	**1,872**
Sales of finished goods		
International Paint Singapore Pte Ltd.	**51**	70
Akzo Nobel Paints Vietnam Ltd.	**49**	44
PT ICI Paints Indonesia	**100**	100
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	**67**	61
Akzo Nobel Saudi Arabia ltd.	**48**	2
Other	**87**	62
	402	**339**

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 34. Related Party Disclosures (Contd...)

	2016-17	2015-16
Expenses incurred and recoverable from other Companies (Income)		
Akzo Nobel Lanka (Pvt.) Limited	22	15
Akzo Nobel Surface Chemistry AB	-	29
Akzo Nobel N.V. Netherlands	167	84
Akzo Nobel Decorative Coatings B.V.	40	37
Akzo Nobel Car Refinishes B.V.	22	74
International Paint Limited	*	14
Others	16	32
	267	285
Expenses reimbursed to other Companies (Expense)		
Akzo Nobel N.V. Netherlands	116	90
Akzo Nobel Functional Chemicals B.V.	21	30
Akzo Nobel Car Refinishes B.V.	-	69
AkzoNobel Paints (Singapore) Pte	29	0
International Paint Limited	22	13
Others	17	54
	205	256
Royalty		
Akzo Nobel Coatings International B.V.	737	698
Others	21	25
	758	723
Dividend paid		
Imperial Chemical Industries Limited, England	1,608	459
Akzo Nobel Coatings International B.V.	604	172
Others	171	48
	2,383	679
Services provided (Income)		
Akzo Nobel Car Refinishes B.V.	312	231
Other	68	83
	380	314
Services received (Expense)		
Akzo Nobel Car Refinishes B.V.	33	69
Akzo Nobel Decorative Coating BV	-	70
ICI India Research & Technology Centre	33	36
Others	1	22
	67	197
Advances given during the year		
ICI Associated Companies in India Employee Pension Fund	15	13
ICI India Limited Employee Gratuity Fund	19	1
ICI India Management Staff Pension Fund	5	2
ICI Associated companies in India Staff Provident Fund	4	4

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 34. Related Party Disclosures (Contd...)

	2016-17	2015-16
ICI India Management Staff Gratuity Fund	1	0
The Alkali & Chemicals Corporation India Limited PF	1	5
	45	25
Contributions made to trust		
The Alkali & Chemical Corporation of India Ltd. Provident Fund	28	28
ICI India Limited Employees Gratuity fund	-	9
	28	37
Managerial remuneration		
Mr. Jayakumar Krishnaswamy	25	24
Mr. Himanshu Agarwal	-	4
Mr. Pradip Menon	20	6
Other	7	6
	52	40

	31 March 2017	31 March 2016	1 April 2015
Dues to related parties			
Akzo Nobel Coatings International B.V.	430	1	78
Akzo Nobel Surface Chemistry AB	150	176	26
Akzo Nobel Surface Chemistry LLC	266	158	10
Akzo Nobel Chemicals AG	12	15	11
PT. Akzo Nobel Car Refinishes Indonesia	723	94	53
Key Managerial Personnel	22	15	11
Others	96	614	333
	1,699	1,073	522
Dues from related parties			
Akzo Nobel Car Refinishes B.V.	89	72	167
Akzo Nobel Decorative Coatings B.V.	22	46	17
PT ICI Paints Indonesia	11	13	41
Akzo Nobel N.V. Netherlands	43	8	-
ICI Associated Companies in India Staff Provident Fund	-	44	414
Others	102	112	104
	267	295	370
Share Capital Outstanding			
Imperial Chemical Industries Limited, England	230	230	230
Akzo Nobel Coatings International B.V.	86	86	86
Others	25	25	25
	341	341	341

(All amounts are in million Indian ₹ unless otherwise stated)

Note 35. Employee benefits

Other long-term employee benefit obligations

The liabilities for annual leave, pension scheme for certain employees and long term service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore accrued using actuarial valuations and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Refer point (l) below.

Defined benefit plans

The Company makes specified monthly contributions towards employees' provident fund to trusts administered by the Company for certain employees. The minimum interest payable by the provident fund trusts to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall of contribution and interest (basis the actuarial valuation), if any, as at the date of the Balance Sheet.

The liability or asset recognised in the balance sheet in respect of defined benefit pension, provident fund and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The Gratuity Plan provides a lump sum payment to vested employees as per payment of Gratuity Act, 1972 at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company.

Post-employment medical benefits

The Company provides post-retirement healthcare benefits to their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Defined contribution plans

Defined contribution plans are provident fund scheme, superannuation scheme and part of the pension fund scheme for eligible employees. The Company recognises contribution payable to the respective employee benefit fund scheme as an expenditure, as an when they are due. The Company has no further payment obligations once the contributions have been made.

Employee benefit obligations

Significant Estimates: These are determined using actuarial valuations. An actuarial valuation involves making appropriate assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
(a)	**Employee benefit expense recognised in profit or loss**								
	(a) Current service cost	48	42	3	3	6	6	29	28
	(b) Interest cost (net)	2	7	(6)	(7)	18	18	(2)	(1)
	(c) Writeback on account of assets recognition	-	-	-	-	-	-	1	-
	Total expense / (gain)	**50**	**49**	**(3)**	**(4)**	**24**	**24**	**28**	**27**
	Remeasurements recognised directly in other comprehensive income								
	(a) Return on plan assets (greater)/less than discount rate	13	13	26	(20)	-	-	(2)	(18)
	(b) Actuarial (gains) / losses								
	- from changes in demographic assumptions	(12)	(8)	(11)	-	(9)	-	(1)	-
	- from changes in financial assumptions	81	9	6	-	-	-	-	-
	- Experience adjustments	4	6	13	1	23	(4)	(2)	-
	(c) Adjustment for limit on net asset	-	-	(24)	39	-	-	5	18
	Total expense / (gain)	**86**	**20**	**10**	**20**	**14**	**(4)**	**-**	**-**

(All amounts are in million Indian ₹ unless otherwise stated)

Note 35. Employee benefits (Contd...)

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
(b)	**Net Asset / (Liability) as at year end**								
	(a) Present value of obligations as at year end	452	360	80	83	247	241	734	600
	(b) Fair value of plan assets as at year end	309	329	258	284	-	-	779	585
	(c) Fair value of plan assets, limited to present value of future contributions	309	329	148	159	-	-	734	585
	Net Asset / (Liability) (b)-(a)	(143)	(31)	178	201	(247)	(241)	45	(15)
	Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	(143)	(31)	68	76	(247)	(241)	-	(15)

(Refer below details for amount recognised in balance sheet)

	Gratuity			Pension			Post Retirement Medical Benefit			Provident Fund		
	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15
Present value of obligations at end of the year												
Current	-	-	(9)	-	-	-	(19)	(18)	(18)	-	(15)	(26)
Non-Current	(143)	(31)	(92)	68	76	93	(228)	(223)	(221)	-	-	-
	(143)	(31)	(101)	68	76	93	(247)	(241)	(239)	-	(15)	(26)
Retirement Benefit Trust Surplus (Refer Note 6)												
Current	-	-	-	-	-	-	-	-	-	-	-	-
Non-Current	10	35	43	68	76	93	-	-	-	-	-	-
	10	35	43	68	76	93	-	-	-	-	-	-
Net Provision in Balance Sheet (Refer Note 13)												
Current	-	-	(9)	-	-	-	(19)	(18)	(18)	-	(15)	(26)
Non-Current	(153)	(66)	(135)	-	-	-	(228)	(223)	(221)	-	-	-
	(153)	(66)	(144)	-	-	-	(247)	(241)	(239)	-	(15)	(26)

The Company administers benefits through different trusts, which do not allow set off of asset and obligation inter-se. Accordingly, the net balance for each trust is disclosed for each benefit.

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
(c)	**Change in defined benefit obligations during the year**								
	Present value of obligations at beginning of the year	360	330	83	96	241	239	600	614
	(a) Current service cost	48	42	3	3	6	6	29	28
	(b) Interest cost	27	25	6	7	18	18	54	51
	(c) Benefits paid	(36)	(44)	(20)	(24)	(32)	(18)	(40)	(52)
	(d) Actuarial (gains) / losses	73	7	8	1	14	(4)	(4)	-
	(e) Liabilities extinguished on settlements	(20)	-	-	-	-	-	-	-

(All amounts are in million Indian ₹ unless otherwise stated)

Note 35. Employee benefits (Contd...)

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	(f) Employee Contributions	-	-	-	-	-	-	52	45
	(g) Transfer In/(Out) - Other Provident Funds	-	-	-	-	-	-	43	(84)
	(h) Other Adjustments	-	-	-	-	-	-	-	(2)
	Present value of obligations at end of the year	**452**	**360**	**80**	**83**	**247**	**241**	**734**	**600**
(d)	**Change in fair value of plan assets during the year**								
	Fair value of plan assets as at beginning of the year	329	231	284	270	-	-	585	588
	(a) Return on plan assets (greater)/less than discount rate	(13)	(13)	(26)	20	-	-	44	-
	(b) Interest income on plan assets	25	18	21	20			53	45
	(c) Company contributions	-	137	-	(2)	-	-	28	28
	(d) Employee Contributions	-	-	(20)	(24)			52	45
	(e) Benefits paid	(12)	(44)	(1)	-	-	-	(40)	(52)
	(f) Adjustment of defined contribution	(20)	-	-	-	-	-	58	15
	(g) Actuarial gains / (losses)	-	-	-	-	-	-	-	-
	(h) Transfer In/(Out) - Other Provident Funds	-	-	-	-			(1)	(84)
	Fair value of plan assets	**309**	**329**	**258**	**284**	**-**	**-**	**779**	**585**
(e)	**Change in Irrevocable Surplus**								
	Irrevocable Surplus as at the beginning of the year	-	-	125	81	-	-	-	-
	(a) Interest in Irrevocable Surplus	-	-	9	5	-	-	(3)	-
	(b) Change in Irrevocable Surplus in excess of interest	-	-	(24)	39	-	-	48	-
	Irrevocable Surplus as at the end of the year	**-**	**-**	**110**	**125**	**-**	**-**	**45**	**-**

		Gratuity			Pension			Post Retirement Medical Benefit			Provident Fund		
		2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15
(f)	**Expected benefit payments for the year ending**												
	Less than a year	53	36	34	11	10	10	20	19	18	1	2	1
	Between 1-2 years	52	43	31	10	11	10	20	18	17	1	1	1
	Between 2-5 years	189	122	126	36	30	30	61	56	54	6	5	5
	Over 5 years	371	488	159	53	34	37	104	98	96	25	18	17
	Total	**665**	**689**	**350**	**110**	**85**	**87**	**205**	**191**	**185**	**33**	**26**	**24**
(g)	**Weighted Average Duration**	6	7 to 10	7 to 10	6 to 9	6 to 13	6 to 13	11	11	11	6	8	8

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
(h)	**Sensitivity Analysis**								
	Discount Rate (%)								
	Effect of DBO due to 0.5% increase in Discount Rate	-3.3%	-3.3%	-3.7%	-3.6%	-4.5%	-5.0%	-	-
	Effect of DBO due to 0.5% decrease in Discount Rate	3.5%	3.6%	3.7%	3.6%	4.9%	5.8%	-	-

(All amounts are in million Indian ₹ unless otherwise stated)

Note 35. Employee benefits (Contd...)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Salary Escalation Rate (%)								
Effect of DBO due to 0.5% increase in Salary Escalation Rate	3.3%	3.6%	-	-	-	-	-	-
Effect of DBO due to 0.5% decrease in Salary Escalation Rate	-3.1%	-3.3%	-	-	-	-	-	-
Medical Inflation Rate (%)								
Effect on DBO due to 0.5% increase in Medical Inflation	-	-	-	-	3.6%	4.6%	-	-
Effect on DBO due to 0.5% decrease in Medical Inflation	-	-	-	-	-3.6%	-4.1%	-	-
Mortality Rate (%)								
Effect on DBO if Post Retirement Medical Rates are scaled up by one year	-	-	-	-	-2.8%	-4.1%	-	-
Effect on DBO if Post Retirement Medical Rates are scaled down by one year	-	-	-	-	2.8%	4.1%	-	-

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and type of assumptions used in preparing the sensitivity analysis did not change as compared to previous year.

(I) Other long-term employee benefit obligations out of which the current portion of obligations is the expected amount to be settled in next twelve months

	2016-17	2015-16	2014-15
Long Service Award Obligation			
Current	(1)	(1)	(3)
Non-Current	(14)	(18)	(4)
Total	**(15)**	**(19)**	**(7)**
Leave obligation			
Current	(26)	(20)	(22)
Non-Current	(146)	(111)	(122)
Total	**(172)**	**(131)**	**(144)**
Pension			
Current	-	-	-
Non-Current	(28)	(34)	(36)
Total	**(28)**	**(34)**	**(36)**

(J) Expected contributions to post-employment benefit plans for the year ending 31 March 2018 is ₹ 132

(All amounts are in million Indian ₹ unless otherwise stated)

Note 35. Employee benefits (Contd...)

(K) Major category of plan assets

	Gratuity						Pension					
	2016-17		2015-16		2014-15		2016-17		2015-16		2014-15	
	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
Government of India Securities (Central & State)	16%	49	14%	45	23%	53	29%	74	18%	51	35%	95
High Quality Corporate Bonds (including Public sector bonds)	14%	44	19%	62	31%	71	44%	112	38%	108	44%	118
Cash (including special deposits)	4%	11	6%	21	4%	9	3%	9	26%	75	1%	2
Scheme of Insurance-conventional Products	2%	6	2%	5	2%	5	0%	-	0%	-	0%	-
Scheme of Insurance-ULIP products	37%	116	36%	119	39%	90	0%	-	0%	-	0%	-
Other	27%	83	23%	75	1%	3	24%	62	18%	50	20%	54
	100%	309	100%	327	100%	231	100%	257	100%	284	100%	269

Major category of plan assets

	Provident Fund					
	2016-17		2015-16		2014-15	
	%	Amount	%	Amount	%	Amount
Government of India Securities (Central & State)	24%	189	20%	118	19%	113
High Quality Corporate Bonds (including Public sector bonds)	62%	477	67%	388	61%	355
Cash (including special deposits)	7%	56	7%	41	7%	41
Other	7%	57	6%	38	13%	79
	100%	779	100%	585	100%	588

Actuarial Assumptions

	2016-17	2015-16	2014-15
Discount Rate (annual)	7.00%	7.80%	7.80%
Salary growth rate	10.50%	8.00%	8.00%
Expected rate of return (Annualised)	8.00%	8.00%	8.00%
Medical Inflation Rate	8.00%	8.00%	8.00%

Note 35. Employee benefits (Contd...)

(L) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility:- The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a return lesser than the yield. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk to minimise risk to an acceptable level.

Changes in bond yields:- The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

Inflation risks:- In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy:- The pension and medical plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary conditions result in higher sensitivity to changes in life expectancy.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due.

Note 36.(A) First Time Adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet as at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act ('previous GAAP' or 'Indian GAAP'). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 'First time adoption' optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

a) Ind AS optional exemptions

a.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

a.2 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in equity instruments.

a.3 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

a.4 Business combination

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated. The group has applied same exemption for investment in associates and joint ventures

a.5 Prospective application of Ind AS 21 to business combination

Ind AS 101 allows a first-time adopter not to apply Ind AS 21 Effects of changes in Foreign Exchange Rates retrospectively for business combinations that occurred before the date of transition to Ind AS. In such cases, where the entity does not apply Ind AS 21 retrospectively to fair value adjustments and goodwill, the entity treats them as assets and liabilities of the acquirer entity and not as the acquiree.

b) Ind AS mandatory exceptions

b.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any

(All amounts are in million Indian ₹ unless otherwise stated)

Note 36.(A) First Time Adoption of Ind AS (Contd...)

difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVOCI

- Impairment of financial assets based on expected credit loss model.

- Asset retirement obligations (decommissioning liabilitites).

b.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

b.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

c) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of total equity as at 31 March 2016 and 1 April 2015

Particulars	Notes to first-time adoption	31 March 2016	1 April 2015
Total equity (shareholder's funds) as per previous GAAP		7,290	9,200
Adjustments:			
Fair valuation of investments	d.1	333	214
Proposed dividend and tax thereon	d.2	3,931	1,120
Recognition of government grants	d.3	39	31
Reversal for lease equalisation reserve	d.4	15	14
Allowance for expected credit loss on trade receivables	d.5	25	34
Fair valuation of investments in equity shares at FVOCI	d.1	4	3
Deferred tax impact	d.6	(47)	(37)
Others	d.7	35	47
Total adjustments		**4,335**	**1,426**
Total equity as per Ind AS		**11,625**	**10,626**

Reconciliation of profit as per previous GAAP with total comprehensive income as per Ind AS for the year ended 31 March 2016

Particulars	Notes to first-time adoption	31 March 2016
Profit after tax under previous GAAP		2,021
Adjustments:		
Fair valuation of investments	d.1	119
Recognition of government grants	d.3	8
Reversal for lease equalisation reserve	d.4	1
Allowance for expected credit loss on trade receivables	d.5	(9)
Others		24
Deferred tax impact		(22)
Profit after tax as per Ind AS		**2,142**
Other comprehensive income		
Remeasurements of defined benefit liability (Actuarial gains/(losses))		(36)
Fair valuation of investments in equity shares	d.1	1
Deferred tax impact		12
		(23)
Total comprehensive income as per Ind AS		**2,119**

Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016 as explained in note (d) below

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	2,644	(12)	2,632
Net cash flow from investing activities	(1,566)	7	(1,559)
Net cash flow from financing activities	(1,133)	5	(1,128)
Net increase/(decrease) in cash and cash equivalents	(55)	-	(55)
Cash and cash equivalents as at 1 April 2015	462	-	462
Cash and cash equivalents as at 31 March 2016	**407**	**-**	**407**

Note 36.(A) First Time Adoption of Ind AS (Contd...)

d) Notes to first-time adoption:

d.1 Fair valuation of investments

Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value.

The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2016. This increased the retained earnings by ₹ 333 as at 31 March 2016 (1 April 2015 - ₹ 214).

Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended 31 March 2016. This increased other reserves by ₹ 4 as at 31 March 2016 (1 April 2015 - ₹ 3) with corresponding increase in non current investments.

Consequent to the above, the total equity as at 31 March 2016 increased by ₹ 337 (1 April 2015 - ₹ 217) and other comprehensive income for the year ended 31 March 2016 increased by ₹ 120.

d.2 Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend and dividend tax thereon of ₹ 3,931 as at 31 March 2016 (1 April 2015 – ₹ 1,120) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

d.3 Recognition of government grants

Under the previous GAAP, Government Grant was recognized to the extent it met criteria of reasonable certainity of ultimate collection of outstanding amount.

As per Ind AS, since the eligibility of VAT incentive is linked to capital investment, therefore grant is considered to be of capital nature and hence recognized on a straight line basis over the useful life of the fixed assets.

As a result, grant receivable has been recognised (under other current financial assets) at ₹ 39 as on 31 March 2016 (1 April 2015- ₹ 31) with a corresponding credit of ₹ 8 to statement of profit and loss for the year ended 31 March 2016 and ₹ 31 to retained earnings as at 1 April 2015.

d.4 Reversal of lease equalisation reserve

Under Ind AS lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost. The company has determined that increases in lease rent payments are inflationary only. Accordingly, the Company has reversed the balance of the lease rent equalisation reserve outstanding in the previous GAAP financial statements by credit of ₹ 14 to the retained earnings as at the transition date and ₹ 1 to statement of profit and loss for the year ended 31 March 2016.

d.5 Impairment loss on trade receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts decreased by ₹ 25 as at 31 March 2016 (1 April 2015 – ₹ 34).

d.6 Deferred tax

Under previous GAAP, deferred tax was computed on timing differences (profit and loss approach). Under Ind AS deferred tax is computed on temporary differences using a balance sheet approach. Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its corresponding tax base.

The increase in deferred tax liability represents deferred tax recognised on the adjustments made on transition to Ind AS. Accordingly, profit for the year ended 31 March 2016 has reduced by ₹ 47 and retained earnings as at 1 April 2015 has decreased by ₹ 37.

d.7 Others

Other adjustments include adjustment in respect of fair valuation of interest free loans to employees, asset retirement obligations, finance lease of land, fair valuation of derivative forward contracts, security deposits etc, which have not been disclosed separately considering the materiality of the amounts involved.

Note 36.(B) Recent accounting pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, notifying amendments to Ind AS 7, 'Statements of cash flows' and Ind AS 102, 'share-based payments'. The amendments are applicable to the Company from April 1, 2017.

Amendments to Ind AS 7:

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Amendments to Ind AS 102:

The amendments to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that in a net settlement feature in respect of withholding taxes.

The company is evaluating the requirements of the above amendments and their effect on the financial statements.

Note 37.

'Managerial remuneration paid by erstwhile Akzo Nobel Coatings India Private Limited ('AN Coatings'), since amalgamated with the Company, for the years ended 31 March 1999 and 31 March 2000 was in excess of limits prescribed under the Companies Act,1956 by an amount of ₹ 10 million. AN Coatings had, therefore, made applications with the Central Government for approval of the excess remuneration paid, for which response is awaited.

Note 38.

The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30 March 2017 is not applicable to the Company.

Note 39.

The financial statements of the Company for the year ended 31 March 2016 and 31 March 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) were audited by another firm of Chartered Accountants who expressed an unmodified opinion vide reports dated 13 May 2016 and 28 May 2015 respectively.

Note 40.

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under section 92-92F of The Income Tax Act, 1961. Since the law requires such information and documentation to be contemporaneous in nature, the Company is in process of updating the documentation of international transactions with the Associated Enterprises during the financial year and expects such records to be in existence latest by the due date of filing the return of income. The management is of the opinion that its international transactions are at arms length so that aforesaid legislation will not have any material impact on the financial statements, particulars on the amount of tax expense and that of provision for taxation.

Note 41.

Previous year figures has been regrouped and reclassified where ever necessary to conform with the current year classifications.

As per our report of even date attached.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

For and on behalf of the **Board of Directors of Akzo Nobel India Limited**
CIN : L24292WB1954PLC021516

Anurag Khandelwal
Partner
Membership No. : 078571

Nihal Kaviratne CBE
Chairman
DIN : 00032473

Jayakumar Krishnaswamy
Managing Director
DIN : 02099219

Pradip Menon
Wholetime Director and CFO
DIN : 07417530

Rajasekaran Guha
Company Secretary

Date : 18 May 2017
Place : Mumbai

Date : 18 May 2017
Place : Mumbai

Consolidated Financial Statements

Independent Auditors' Report

To
The Members of
Akzo Nobel India Limited

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Akzo Nobel India Limited ('hereinafter referred to as the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), (refer Note 37 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at 31 March 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as 'the Consolidated Ind AS Financial Statements').

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2017, and their consolidated profit (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

8. We did not audit the financial information of the subsidiary whose financial statements reflect total assets of ₹ 9 million and net assets of ₹ 2 million as at 31 March 2017, total revenue of ₹ 47.5 million and net cash out flows amounting to ₹ 1.5 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements are unaudited and have been furnished to us by the management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

9. The comparative financial information of the holding and subsidiary company for the year ended 31 March 2016 and the transition date opening balance sheet as at April 1, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended 31 March 2016 and 31 March 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated 13 May 2016 and 28 May 2015 for the Holding Company and unmodified opinion vide reports dated 30 September 2016 and 22 September 2015 for the subsidiary respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

   Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements certified by the management.

   Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

10. As required by Section143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

    (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiary included in the Group, including relevant records relating to preparation of the afore said consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the subsidiary, except that the backup of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiary included in the Group, including relevant records relating to the preparation of the consolidated Ind AS financial statements.

    (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company, incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the maintenance of accounts and other matters connected there with, reference is made to our comment in Paragraph 10 (b) above that the back up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at 31 March 2017 on the consolidated financial position of the Group– Refer Note 27(a) to the consolidated Ind AS financial statements.

ii. The Group has long term contracts including derivative contracts as at 31 March 2017 for which there were no material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year ended 31 March 2017.

iv. The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30 March 2017 is not applicable to the Group- Refer Note 39.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Mumbai
Date : 18 May 2017

Annexure to Independent Auditors' Report

Annexure A

Referred to in paragraph 10(g) of the Independent Auditors' Report of even date to the members of Akzo Nobel India Limited on the consolidated financial statements for the year ended 31 March 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, We have audited the internal financial controls over financial reporting of Akzo Nobel India Limited (hereinafter referred to as 'the Holding Company') and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary Company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to1 subsidiary is based on representation received from the management (also refer para 8 of the Independent Auditors' Report above), which is incorporated in India. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

Anurag Khandelwal
Partner
Membership No. : 078571

Place: Mumbai
Date : 18 May 2017

Consolidated Balance Sheet

All amounts are in million Indian ₹ unless otherwise stated	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Assets				
Non-current assets				
Property, plant and equipment	3	**5,076**	5,229	5,187
Capital work-in-progress	3	**232**	89	119
Intangible Assets	4	**115**	-	-
Financial assets				
(i) Investments	5.1	**663**	623	575
(ii) Other bank balances	5.2	**-**	5	5
(iii) Loans	5.3	**6**	20	20
(iv) Other financial assets	5.4	**91**	94	104
Other non-current assets	6	**633**	558	544
Total non-current assets		**6,816**	**6,618**	**6,554**
Current assets				
Inventories	7	**4,054**	3,609	3,675
Financial assets				
(i) Investments	8.1	**2,693**	5,381	3,749
(ii) Trade receivables	8.2	**4,121**	3,522	3,010
(iii) Cash and cash equivalents	8.3	**175**	416	471
(iv) Other bank balances other than (iii) above	8.4	**179**	144	139
(v) Loans	8.5	**13**	8	15
(vi) Other financial assets	8.6	**113**	192	140
Other current assets	9	**681**	552	463
Total current assets		**12,029**	**13,824**	**11,662**
Total assets		**18,845**	**20,442**	**18,216**
Equity and Liabilities				
Equity				
Equity share capital	10	**467**	467	467
Other equity	11	**9,629**	11,165	10,166
Total equity		**10,096**	11,632	10,633
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	12.1	**26**	26	26
(ii) Other financial liabilities	12.2	**114**	103	91
Provisions	13	**620**	509	574
Deferred tax liabilities (net)	14	**14**	186	147
Other non-current liabilities	15	**46**	54	55
Total non-current liabilities		**820**	**878**	**893**
Current liabilities				
Financial liabilities				
(i) Trade payables	16.1	**6,232**	5,890	4,559
(ii) Other financial liabilities	16.2	**676**	700	602
Other current liabilities	17	**720**	863	722
Provisions	13	**219**	282	432
Current tax liabilities (net)	18	**82**	197	375
Total current liabilities		**7,929**	**7,932**	**6,690**
Total liabilities		**8,749**	**8,810**	**7,583**
		18,845	**20,442**	**18,216**

The notes from note no. 1 to 43 form an integral part of these financial statements.

As per our report of even date attached.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

For and on behalf of the **Board of Directors of Akzo Nobel India Limited**
CIN : L24292WB1954PLC021516

Anurag Khandelwal
Partner
Membership No. : 078571

Nihal Kaviratne CBE
Chairman
DIN : 00032473

Jayakumar Krishnaswamy
Managing Director
DIN : 02099219

Pradip Menon
Wholetime Director and CFO
DIN : 07417530

Rajasekaran Guha
Company Secretary

Date : 18 May 2017
Place : Mumbai

Date : 18 May 2017
Place : Mumbai

Consolidated Statement of Profit and Loss

All amounts are in million Indian ₹ unless otherwise stated	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Income			
Revenue from operations	19	**31,344**	29,347
Other income	20	**493**	567
Total income		**31,837**	**29,914**
Expense			
Cost of materials consumed	21	**12,745**	12,139
Purchases of stock-in-trade		**3,317**	2,667
Changes in inventories of finished products, work-in-progress and stock-in-trade	22	**(236)**	57
Excise duty		**3,095**	2,946
Employee benefits expense	23	**2,625**	2,360
Finance costs	24	**32**	22
Depreciation and amortization expense		**565**	537
Other expenses	25	**6,310**	6,143
Total expenses		**28,453**	**26,871**
Profit before exceptional items and tax		**3,384**	3,043
Exceptional items	26	**39**	99
Profit before tax		**3,423**	3,142
Tax expense			
Current tax (includes taxes of ₹ 96 relating to prior year written back)	14	**1,087**	949
Deferred tax		**(134)**	51
Profit for the year (A)		**2,470**	**2,142**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years:			
(i) Remeasurement of defined benefit plans		110	36
(ii) Changes in fair value of FVOCI equity instruments		-	(1)
Income tax relating to these items			
Income tax relating to remeasurement of defined benefit plans		(38)	(12)
Income tax relating to fair value of equity shares (amount below rounding off norms)		-	-
Total other comprehensive income for the year (B)		**(72)**	**(23)**
Total comprehensive income for the year (A + B)		**2,398**	**2,119**
Earnings per equity share - Basic (in ₹) [Face value of ₹ 10 each]	29	**52.93**	45.90
Earnings per equity share - Diluted (in ₹) [Face value of ₹ 10 each]		**52.93**	45.90

The notes from note no. 1 to 43 form an integral part of these financial statements.

As per our report of even date attached.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

Anurag Khandelwal
Partner
Membership No. : 078571

Date : 18 May 2017
Place : Mumbai

For and on behalf of the **Board of Directors of Akzo Nobel India Limited**
CIN : L24292WB1954PLC021516

Nihal Kaviratne CBE
Chairman
DIN : 00032473

Jayakumar Krishnaswamy
Managing Director
DIN : 02099219

Pradip Menon
Wholetime Director and CFO
DIN : 07417530

Rajasekaran Guha
Company Secretary

Date : 18 May 2017
Place : Mumbai

Consolidated Cash Flow Statement

All amounts are in million Indian ₹ unless otherwise stated		For the year ended 31 March 2017	For the year ended 31 March 2016
A	**Cash flow from operating activities**		
	Profit before tax	**3,423**	3,142
	Adjustments for:		
	Depreciation and amortisation expense	**565**	537
	Loss on write-off of property, plant and equipment	**4**	9
	Exceptional Income	**(39)**	(99)
	Gain on sale of beneficial interest in residential flats	**(35)**	(100)
	Additional compensation received for land acquired by Karnataka Government	**-**	(10)
	Provision / liabilities no longer required written back	**(87)**	(6)
	Provision for inventory obsolescence	**45**	91
	Provision for bad and doubtful debts/advances	**45**	71
	Government grant income recognised	**(21)**	(21)
	Unwinding of discount on financial assets	**(7)**	(7)
	Interest income	**(103)**	-
	Interest income from financial assets at amortised cost - Bonds	**(50)**	(46)
	Net fair value gain/(loss) on investments measured at Fair Value Through Profit and Loss (FVTPL)	**161**	(118)
	Net gain on sale of non-current investments	**(107)**	(86)
	Net gain on sale of current investments	**(312)**	(145)
	Finance costs (including fair value change in financial instruments)	**32**	22
	Operating Profit / (Loss) before working capital changes	**3,514**	**3,234**
	Movements in working capital:		
	Decrease / (increase) in inventories	**(490)**	(25)
	Decrease / (increase) in trade receivables	**(647)**	(572)
	(Increase) / decrease in loans	**13**	11
	(Increase) / decrease in other financial assets	**88**	(38)
	(Increase) / decrease in other assets	**(83)**	(273)
	(Decrease) / increase in trade payables	**407**	1,331
	(Decrease) / increase in other financial liabilities	**(61)**	96
	(Decrease) / increase in provisions	**(4)**	(145)
	(Decrease) / increase in other liabilities	**(151)**	140
	Net cash generated from operations	**2,586**	**3,759**
	Income tax (paid)/received (net)	**(1,124)**	(1,127)
	Net cash from operating activities (A)	**1,462**	**2,632**

Consolidated Cash Flow Statement (Contd.)

All amounts are in million Indian ₹ unless otherwise stated		For the year ended 31 March 2017	For the year ended 31 March 2016
B	**Cash flow from investing activities**		
	Purchase of property, plant and equipment	(789)	(392)
	Proceeds from sale of property, plant and equipment	5	-
	Proceeds from sale of beneficial interest in residential flats	35	100
	Additional compensation received for land acquired by Karnataka Government	-	10
	Payments for purchase of investments	(15,270)	(16,714)
	Proceeds from sale of investments	18,226	15,430
	Government Grant Received	19	13
	Movement in other bank balances	(30)	(5)
	Interest received	25	-
	Net cash from/ (used in) investing activities (B)	2,221	(1,559)
C	**Cash flow from financing activities**		
	Dividend paid	(3,238)	(928)
	Dividend distribution tax paid	(665)	(187)
	Interest paid	(21)	(13)
	Net cash from/ (used in) financing activities (C)	(3,924)	(1,128)
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(241)	(55)
	Cash and cash equivalents at the beginning of the year	416	471
	Effect of exchange rate changes on cash and cash equivalents	*	*
	Cash and cash equivalents at the end of the year	175	416
	Non-cash financing activities		
	- Acquisition of property, plant and equipment by means of finance lease	29	29
	* Amount is below rounding off norms		
	Notes:		
	(i) The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 Cash Flow Statements.		
	(ii) Amounts in brackets represent a cash outflow or a loss.		
	(iii) Components of cash and cash equivalents are as under:		
	Balances with banks		
	- In current account	175	416
	-Book overdraft in current accounts	-	-
	-Deposits with original maturity of upto 3 months	-	-
	Cash and cash equivalents (Refer Note 8.3)	175	416

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

For and on behalf of the **Board of Directors of Akzo Nobel India Limited**
CIN : L24292WB1954PLC021516

Anurag Khandelwal
Partner
Membership No. : 078571

Nihal Kaviratne CBE
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Jayakumar Krishnaswamy
Managing Director
DIN : 02099219

Pradip Menon
Wholetime Director and CFO
DIN : 07417530

Rajasekaran Guha
Company Secretary

Date : 18 May 2017
Place : Mumbai

Date : 18 May 2017
Place : Mumbai

Consolidated Statement of changes in equity

for the year ended 31 March 2017

(All amounts are in million Indian ₹ unless otherwise stated)

(a) Equity share capital

	Number of Shares	Amount
As at 1 April 2015	46,660,314	467
Changes in equity share capital during 2015-16	-	-
As at 31 March 2016	46,660,314	467
Changes in equity share capital during 2016-17	-	-
As at 31 March 2017	46,660,314	467

(b) Other equity

	Reserves and surplus					Other Reserves	
Description	**Capital reserve**	**Capital redemption reserve**	**Revaluation reserve**	**General reserve**	**Retained earnings**	**Equity instrument through Other Comprehensive Income**	**Total**
Balance as at 1 April 2015	503	53	15	5,846	3,747	2	10,166
Profit for the year	-	-	-	-	2,142	-	2,142
Other Comprehensive Income	-	-	-	-	(24)	1	(23)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,118**	**1**	**2,119**
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	(1,120)	-	(1,120)
Transfer to general reserve	-	-	-	190	(190)	-	-
Balance as at 31 March 2016	**503**	**53**	**15**	**6,036**	**4,555**	**3**	**11,165**
Balance as at 1 April 2016	503	53	15	6,036	4,555	3	11,165
Profit for the year	-	-	-	-	2,470		2,470
Other Comprehensive Income	-	-	-	-	(72)	*	(72)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,398**	**-**	**2,398**
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	(3,931)	-	(3,931)
Transfer to general reserve	-	-	-	210	(210)	-	-
Reduction on account of sale of underlying asset	-	-	(3)	-	-	-	(3)
Balance at 31 March 2017	**503**	**53**	**12**	**6,246**	**2,812**	**3**	**9,629**

* amount is below rounding off norms

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

Anurag Khandelwal
Partner
Membership No. : 078571

Date : 18 May 2017
Place : Mumbai

For and on behalf of the **Board of Directors of Akzo Nobel India Limited**
CIN : L24292WB1954PLC021516

Nihal Kaviratne CBE
Chairman
DIN : 00032473

Jayakumar Krishnaswamy
Managing Director
DIN : 02099219

Pradip Menon
Wholetime Director and CFO
DIN : 07417530

Rajasekaran Guha
Company Secretary

Date : 18 May 2017
Place : Mumbai

Notes

to the financial statements for the year ended 31 March 2017

(All amounts are in million Indian ₹ unless otherwise stated)

Background

Akzo Nobel India Limited ('the Company') was incorporated in India on 12 March 1954 as Indian Explosives Limited. A fresh certificate of incorporation consequent to the change in name to Akzo Nobel India Limited was issued by the Dy. Registrar of Companies, Kolkata on 15 February 2010 under Section 23(1) of the Companies Act, 1956.The Company is domiciled in India and is limited by shares. The registered office of the Company is situated in Kolkata (West Bengal). The Group (The Company and its subsidiary) is engaged in to the business of manufacturing, trading and selling of paints, chemicals and related products. The Group also provides research and development services and other services to the holding company and its group companies. The subsidiary Company-ICI India Research & Technology Centre conducts research activity on behalf of the Company and receives contributions to the extent of costs incurred on such research activity.

Note: 1 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on historical cost convention on a going concern basis, except for the following :-

- Certain financial assets and financial liabilities are measured at fair value.
- Defined benefit plans- plan assets are measured at fair value
- Share- based payments

(iii) Current and non-current classification

The group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it satisfies the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle.
- it is held primarily for the purpose of being traded;
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/liabilities include current portion of non-current financial assets/liabilities respectively.

All other assets/ liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

Based on the nature of the operations and the time between the acquisition of assets for processing and their realisation in cash or cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.

b) Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

Subsidiary:- Subsidiary is an entity over which group has a control. The Group controls an entity when the group is exposed to, or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its powers to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which the control is transferred to the group.

The group combines the financial statements of the parent and its subsidiary line-by-line basis by adding together like items of Assets, Liabilities, income and expenses after eliminating intra-group balances and intra-group transactions and unrealized gains or losses.

c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statement of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements have been prepared and presented in Indian Rupees (INR), which is the Group's functional and presentation currency. All financial information presented in the financial statement have been rounded to the nearest million as per Schedule III to the Companies Act, 2013 unless otherwise stated.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as Fair Value through Other Comprehensive Income (FVOCI) are recognised in other comprehensive income.

d) Property, plant and equipment

Recognition and measurement

Freehold land is carried at historical cost. All other items Fixed Assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost comprises the purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent costs and disposal

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. Capital work-in-progress excluding capital advances includes property, plant and equipment under construction and not ready for intended use as on Balance Sheet date.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation

Depreciation on fixed assets is calculated using the straight line method (SLM) using rates determined based on management's assessment of useful economic lives of the asset. Depreciation is provided at the rates equal to or higher than those prescribed in Part C of Schedule II to the Companies Act, 2013.

Particulars	Estimated useful life (In years)
Buildings	10 - 60
Plant and Machinery	15
Plant and Machinery given under operating lease	6
Furniture and Fixtures (at stores)	3
Furniture and Fixtures (others)	10
Vehicles	5
Trucks	7
Laboratory Equipment	10
Office Equipment	5
Computer and peripherals	3 - 6

The above useful lives have been arrived at, based on the technical assessment of the management, and are currently reflective of the estimated useful life of the fixed assets. The assets' residual values and useful lives are reviewed at the end of each reporting period.

Leasehold land is amortised over the period of the lease and Leasehold improvements are amortised over the lower of useful life and the period of lease including the optional period, if any, available to the Group, where it is reasonably certain at the inception of lease that such option would be exercised by the Group.

e) Impairment of assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Intangible assets

(i) Customer relationships and Non-Compete fees

Separately acquired customer relationships and non compete fees are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Amortisation

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Particulars	Estimated useful life (In years)
Customer relationships	10
Non Compete fees	3

g) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Investment in Mutual Funds and equity instruments

Investment in mutual funds and equity instruments are classified as fair value through profit or loss as they are not held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of such assets do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit and loss. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Investment in bonds

Investment in bonds are financial assets with fixed or determinable payments that are not quoted in an active market. These are classified as financial assets measured at amortised cost as they fulfill both of the following conditions:

- Such assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of such assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group recognises these assets on the date when they are originated and are initially measured at fair value plus any directly attributable transaction costs.

Trade Receivables

Trade receivables are financial assets with determinable payments that are not quoted in an active market. These are recognised initially at fair value and subsequently by measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits and other short-term highly liquid investments/deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdraft.

Other bank balances

Other bank balances consists of term deposits with banks, which have original maturities of more than three months. Such assets are recognised and measured at amortised cost (including directly attributable transaction cost) using the effective interest method, less any impairment losses, if any.

(iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI for debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 – Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when the Group has transferred the rights to receive cash flows from the financial asset, or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit and loss only when the right to receive payment is established, provided it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

h) Financial Liabilities

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method.

(ii) Borrowings (including finance lease payables)

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

i) Borrowing costs

Borrowing cost includes interest expense as per effective interest rate (EIR).

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period they occur.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income/ expenses as the case may be. The related asset/ liability are disclosed under other financial assets/other financial liabilities.

J) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

K) Inventories

Raw materials, stores and spare parts, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Excise duty on finished products is included in the value of finished products inventory.

L) Government grants

Grants from the government are recognisedat their fair value when there is reasonable assurance that the grant will be received and the Group will comply with allattached conditions.

Government grant relating to the purchase of Property, Plant and equipment are included in current financial assets as accrued receivable and is credited to profit or loss on a straight line basis over the expected lives of the related asset and presented within other income.

M) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. The unwinding of the discount is recognised as finance cost. Provisions are reviewed by the management at each reporting date and adjusted to reflect the current best estimates.

N) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

O) Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus, pension, incentives etc.. These are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Post-employment benefits

The Group operates the following post-employment schemes:

Defined contribution plan

Defined contribution plans are provident fund scheme, superannuation scheme and part of the pension fund scheme for eligible employees. The Group recognises contribution payable to the respective employee benefit fund as an expenditure, as an when they are due. The Group has no further payment obligations once the contributions have been made.

Defined benefit plans

Provident Fund

The Group makes specified monthly contributions towards employees' provident fund to Trusts administered by the Group for certain employees. The minimum interest payable by the provident fund trusts to the beneficiaries every year is notified by the Government. The Group has an obligation to make good the shortfall of contribution and interest (basis the actuarial valuation), if any, as at the date of the Balance Sheet.

Gratuity & Pension

The liability or asset recognised in the balance sheet in respect of defined benefit pension fund and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

Post employment medical obligations

The Group provides post-retirement healthcare benefits to certain categories of its employees. The entitlement to these benefits is conditional on the employee retiring from the services of the group, after completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Liability for unfunded post-retirement medical benefit is accrued on the basis of actuarial valuation as at the year end by an actuary using the Projected Unit Credit Method.

(P) Other long-term employee benefit obligations

The liabilities for annual leave, pension scheme for certain employees and long term service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore accrued using actuarial valuations and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet as the Group does not have an unconditional legal and contractual right to defer settlement for a period beyond twelve months after the reporting period.

(Q) Share based payments

The share based payments are in the nature of cash-settled share-based payment transactions. The fair value of the share based payments is recognised as an expense with a corresponding increase in the payables on a straight line basis over the vesting period after considering the vesting conditions. Under the plan, if certain parameters are met, then employee is entitled to equivalent value of shares post the completion of vesting period. The shares so awarded would vest in favour of the individual post completion of three years from the beginning of the year for which the award is given. On vesting, the eligible employees will be entitled to receive equivalent INR value, taking into account the market price of the share of the holding group.

R) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria as per the respective arrangement have been met.

Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to incentives. Revenue related to the award points is deferred and recognized when the points are redeemed.

Service income is recognised on accrual basis in the accounting period in which the services are rendered as per the contractual terms with the customers.

S) Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case, the tax is also recognised in equity or in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability that at the time of the transaction affects neither accounting profit nor taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

T) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Identification of segments

Results of the operating segments are reviewed regularly by the Country Leadership Team (Managing Director, Chief Financial Officer, Business Heads, Head HR) which has been identified as the Chief Operating Decision Maker (CODM), to assess the financial performance and position of the Group and make strategic decision.

Refer note 33 for reportable segments determined by the Group.

U) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Arrangements containing a lease have been evaluated as on the date of transition i.e. 1 April 2015 in accordance with Ind-AS 101. Lease arrangements have been separately evaluated for finance or operating lease at the date of transition to Ind AS basis the facts and circumstances existing as at that date. Also, refer note 36 for the related transition provisions to Ind AS.

As a lessee

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

V) Earnings per share

Basic earnings per share are calculated by dividing the profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential of equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

W) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

X) Exceptional Items

Exceptional items are items which are events or transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to occur frequently or regularly.

Y) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III To the Comanies Act, 2013 unless otherwise stated.

Note 2 : Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policy. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likelyto be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis ofcalculation for each affected line item in the consolidated financial statements.

Critical estimates and judgements

- Estimation of useful life of Fixed Assets (Refer note 3)
- Estimation of useful life of Intangible Assets (Refer note 4)
- Estimation for Government Grant (Refer note 8.6)
- Customer Loyalty Programme (Refer note 19(a))
- Estimation for contingencies (Refer note 27(a))
- Estimation for fair value measurement of financial assets and liabilities (Refer note 31)
- Impairment of Financial assets (Refer note 31)
- Estimation of Employee benefit obligations (Refer note 35)

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Notes

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 3. Property, plant and equipment

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 31 March 2016 (a)	Additions (b)	Deletions/ Adjustment (c)	As at 31 March 2017 (a) + (b) + (c)	Up to 31 March 2016 (a)	Additions (b)	Deletions/ Adjustment (c)	As at 31 March 2017 (a) + (b) + (c)	As at 31 March 2016	As at 31 March 2017
Tangible assets										
Land (Refer note 'a', 'b', 'c','d' and 'e' below)										
- Leasehold taken on finance lease	383	18	(2)	399	2	3	(2)	3	381	396
- Freehold	266	-	(1)	265	-	-	-	-	266	265
Buildings	1,982	20	(7)	1,995	84	85	(4)	165	1,898	1,830
Plant and Equipment										
- owned	2,237	121	(17)	2,341	212	248	(15)	445	2,025	1,896
- given under operating lease	396	179	(13)	562	103	111	(13)	201	293	361
Motor vehicles	25	4	(7)	22	5	5	(4)	6	20	16
Furniture and fixtures	308	10	(1)	317	77	54	(1)	130	231	187
Office equipment	33	16	-	49	10	9	-	19	23	30
Leasehold improvements	42	10	-	52	11	9	-	20	31	32
Data processing equipment	94	39	(10)	123	33	37	(10)	60	61	63
Total	**5,766**	**417**	**(58)**	**6,125**	**537**	**561**	**(49)**	**1,049**	**5,229**	**5,076**

Particulars	As at 31 March 2016	Addition	Deletion	As at 31 March 2017
Capital work-in-progress	89	542	(399)	232

(a) The Group had received the final possession of the land at Mysore from Karnataka Industrial Area Development Board (KIADB) in March 2016 and accordingly had capitalised the same with effect from 30 March 2016. The lease deed in respect of the said land is under finalization with the authorities.

(b) Leasehold land represents land taken on finance lease under long term multi-decade lease term, capitalised at the present value of the aggregate future minimum lease payments (which include annual lease rentals in addition to the initial payment made at the inception of the lease). There are no contingent payments. Also refer, note 12.1 and 16.2 for further disclosures.

(c) The Group has possession of a portion of leasehold land situated in Mahad which is yet to be registered in the name of the Group.

(d) The Group had acquired revaluation reserve attributable to certain land as part of amalgamation done with various companies in the previous periods.

(e) Freehold land and Building amounting to ₹ 65 has been reclassified to leasehold land as on 1 April 2015.

(f) Capital Work in Progress constitutes certain plant and machinery which is pending installation at customer premises, certain project related expenditure for setting up a factory etc.

(g) There are no exchange differences capitalised during the year.

Significant Estimates :The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset. The Group reviews the useful life of property, plant and equipment at the end of each reporting period.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 3. Property, plant and equipment

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	Deemed Cost as at 1 April 2015 (a)	Additions (b)	Deletions/ Adjustment (c)	As at 31 March 2016 (a) + (b) + (c)	As at 1 April 2015 (a)	Additions (b)	Deletions (c)	As at 31 March 2016 (a) + (b) + (c)	As at 1 April 2015	As at 31 March 2016
Tangible assets										
Land (Refer note 'a', 'b', 'c','d' and 'e' below)										
- Leasehold taken on finance lease	219	164	-	**383**	-	2	-	**2**	219	**381**
- Freehold	266	-	-	**266**	-	-	-	**-**	266	**266**
Buildings	1,944	39	(1)	**1,982**	-	84	-	**84**	1,944	**1,898**
Plant and Equipment										
- owned	2,018	219	-	**2,237**	-	212	-	**212**	2,018	**2,025**
- given under operating lease	294	102	-	**396**	-	103	-	**103**	294	**293**
Motor vehicles	20	5	-	**25**	-	5	-	**5**	20	**20**
Furniture and fixtures	285	23	-	**308**	-	77	-	**77**	285	**231**
Office equipment	21	12	-	**33**	-	10	-	**10**	21	**23**
Leasehold improvements	50	-	(8)	**42**	-	11	-	**11**	50	**31**
Data processing equipment	70	24	-	**94**	-	33	-	**33**	70	**61**
Total	**5,187**	**588**	**(9)**	**5,766**	**-**	**537**	**-**	**537**	**5,187**	**5,229**

Particulars	As at 31 March 2016	Addition	Deletion	As at 31 March 2017
Capital work-in-progress	119	394	(424)	89

(a) The Group had received the final possession of the land at Mysore from Karnataka Industrial Area Development Board (KIADB) in March 2016 and accordingly had capitalised the same with effect from 30 March 2016. The lease deed in respect of the said land is under finalization with the authorities.

(b) Leasehold land represents land taken on finance lease under long term multi-decade lease term, capitalised at the present value of the aggregate future minimum lease payments (which include annual lease rentals in addition to the initial payment made at the inception of the lease). There are no contingent payments. Also refer, note 12.1 and 16.2 for further disclosures.

(c) The Group has possession of a portion of leasehold land situated in Mahad which is yet to be registered in the name of the Group.

(d) The Group had acquired revaluation reserve attributable to certain land as part of amalgamation done with various companies in the previous periods.

(e) Freehold land and Building amounting to ₹ 65 has been reclassified to leasehold land as on 1 April 2015.

(f) Capital Work in Progress constitutes certain plant and machinery which is pending installation at customer premises, certain project related expenditure for setting up a factory etc.

(g) There are no exchange differences capitalised during the year.

Significant Estimates :The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset. The Group reviews the useful life of property, plant and equipment at the end of each reporting period.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 4. Intangible Assets

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 31 March 2016 (a)	Additions (b)	Deletions (c)	As at 31 March 2017 (a) + (b) + (c)	As at 31 March 2016 (a)	Additions (b)	Deletions (c)	As at 31 March 2017 (a) + (b) + (c)	As at 31 March 2016	As at 31 March 2017
Intangible assets (acquired)										
Customer Relationships	-	110	-	110	-	3	-	3	-	107
Non Compete Fees	-	9	-	9	-	1	-	1	-	8
Total	**-**	**119**	**-**	**119**	**-**	**4**	**-**	**4**	**-**	**115**

Significant estimates: Useful life of Intangible assets - Customer relationships:

Pursuant to business transfer agreement with BASF India Private Limited, the Company has acquired Intangible assets with respect to customer relationships and non-compete fees in the current year. The estimate for the useful life of the customer relationships is based on the expected economic benefits from such assets. However, the actual useful life may be shorter or longer than 10 years, depending upon the customer attrition rate and competition. If it were only 5 years, the carrying amount would be ₹ 104 as at 31 March 2017. If the useful life were estimated to be 15 years, the carrying amount would be ₹ 108.

Note 5.1 Non current financial assets – investments

		Number as at 31 March 2017	Number as at 31 March 2016	Number as at 1 April 2015	Face value ₹ per unit	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
a	**Investment in equity instruments (at FVTPL)**							
	Unquoted*							
	Adyar Property Holding Company Limited (paid up ₹ 65 per share)	105	105	105	100	-	-	-
	Kohinoor Mills Limited (fully paid up)	5	5	5	100	-	-	-
	Maneck-Chowk & Ahmedabad Manufacturing Co. Limited (fully paid up)	144	144	144	250	-	-	-
b	**Investment in equity instruments (at FVOCI)**							
	Unquoted (fully paid up)							
	Woodlands Multispeciality Hospital Limited (refer note 'a' below)	10,810	10,810	10,810	10	4	4	3
c	**Investment in debentures and bonds (at Amortised Costs)**							
	Quoted							
	Non-convertible redeemable bonds							
	Rural Electrification Corporation Limited (zero coupon) (refer note 'b' below)	29,450	29,450	29,450	30,000	659	609	563
	Unquoted*							
	6.5% Bengal Chamber of Commerce and Industry	19	19	19	1,000	-	-	-
	6% Sholapur Spinning & Weaving Co. Limited (in Liquidation)	523	523	523	100	-	-	-
d	**Investment in mutual funds (At FVTPL)**							
	DWS FMP Series 62 - Growth	-	833,005	833,005	-	-	10	9
						663	**623**	**575**

(All amounts are in million Indian ₹ unless otherwise stated)

Note 5.1 Non current financial assets – investments (Contd...)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Aggregate amount of quoted investments and market value thereof	659	619	572
Aggregate value of unquoted investments	4	4	3
Aggregate amount of impairment in value of investments	-	-	-
	663	623	575

(a). Equity shares designated as at fair value through other comprehensive income

At 1 April 2015, the Group designated the investments shown below as equity shares at fair value through other comprehensive income.

	Fair value at 31 March 2017	Dividend income recognised during 2016-17	Fair value at 31 March 2016	Dividend income recognised during 2015-16	Fair value at 1 April 2015
Woodlands Multispeciality Hospital Limited	4	-	4	-	3

No investments measured at FVOCI were disposed off during the year and there were no transfers of any cumulative gain or loss within equity relating to such investments.

(b). The non-convertible redeemable bonds carry a maturity face value of ₹ 30,000 per bond with a zero coupon. The related income based on implicit yield to maturity has been accrued and included in the value of investments. These have been considered as quoted based on their readily available resale prices.

(c). Fixed maturity plans of mutual funds wherever considered quoted are so considered based on readily available net asset values.

(d). Information about the Group's exposure to credit and market risk and fair value measurement is included in note 31.

* amount is below rounding off norms

Note 5.2 Non current financial assets – Other bank balances

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Fixed deposits with maturity period of more than 12 months from reporting date	*	5	5
	-	5	5

The above fixed deposits are held as margin money against various guarantees issued by banks on behalf of the Group in favour of Government authorities.

* amount is below rounding off norms

(All amounts are in million Indian ₹ unless otherwise stated)

Note 5.3 Non current financial assets – Loans

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured, considered good			
Loan given to employees (Refer note a and b below)	6	20	20
	6	**20**	**20**

(a). Loan given to employees include dues from a key managerial person ₹ 0.75 (31 March 2016 – ₹ 0.79, 1 April 2015 – ₹ 0.84).

(b). Loan given to employees include housing loan against which the employees have submitted property title papers or other assets/ documents as envisaged under the housing loan scheme.

Note 5.4 Non current financial assets – Others

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured, considered good			
Security deposits	91	94	104
Unsecured, considered doubtful			
Security deposits	8	8	1
Provision for doubtful deposits	(8)	(8)	(1)
	91	**94**	**104**

Notes

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 6. Other non-current assets

		As at 31 March 2017		As at 31 March 2016		As at 1 April 2015
Capital Advances		121		3		169
Advances other than capital advances						
Indirect taxes recoverable (Excise, Service tax, VAT receivable)						
- Considered good		52		53		47
- Considered doubtful	31		31		31	
Less: Provision for doubtful indirect taxes recoverable	(31)	-	(31)	-	(31)	-
Retirement benefit trusts surplus (Refer note 35)		78		111		136
Advances to customers		357		367		165
Deferred payroll cost		6		8		10
Prepaid rent		15		15		16
Miscellaneous advances		4		1		1
		633		**558**		**544**

Note 7. Inventories

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Raw Materials (Refer note 'a')	1,374	1,169	1,178
Work in progress	63	44	106
Finished products (Refer note 'b')	2,062	2,008	1,991
Stock in trade (traded goods) (Refer note 'a')	549	386	398
Stores and spares parts	6	2	2
	4,054	**3,609**	**3,675**
(a) Includes in-transit inventory:			
Raw materials	181	23	49
Stock in trade	151	72	71

(b) Finished products are written down by ₹ 8 (31 March 2016- ₹ 4, 31 March 2015- ₹ 10), on account of cost or net realisable value, whichever is lower. These were recognised as an expense during the year and included in 'changes in inventories of finished goods, work-in-progress and stock-in-trade' in the statement of profit and loss.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 8.1 Current financial assets – Investments

	Number as at 31 March 2017	Number as at 31 March 2016	Number as at 1 April 2015	Face value ₹ per unit	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Investment in mutual funds (At FVTPL)							
(Quoted)							
(i) Fixed maturity plans of mutual funds							
HDFC Annual Interval Fund Series 1 - Plan A- Direct - Growth	-	10,000,000	10,000,000	10	-	131	121
TATA FMP Series 47 Scheme C - Direct - Growth	-	-	10,000,000	10	-	-	109
DWS FMP Series 62 - Growth	833,005	-	-	10	11	-	-
					11	**131**	**230**
(ii) Liquid/Floater Schemes of Mutual Funds							
Axis Liquid Fund - Direct Plan - Growth (CF-DG)	-	3,183	-	1,000	-	5	-
Kotak Floater Short Term - Direct Plan - Growth	-	243,083	-	1,000	-	604	-
Birla Sun Life Cash Plus - Regular - Growth	632,370	1,662,604	-	100	202	489	-
Birla Sun Life Cash Plus - Direct - Growth	-	-	2,060,943	100	-	-	468
Birla Sun Life Cash Plus - Direct - Growth	426,291	426,291	715,685	100	111	104	156
Birla Sun Life Floating Rate - Short Term - Growth - Direct Plan	931,642	-	-	-	202	-	-
DSP Blackrock Liquidity Fund - direct -Growth	-	69,443	101,148	1,000	-	150	202
DSP Blackrock Ultra Short Term Fund - Regular - Growth	-	23,039,988	-	10	-	252	-
DSP BlackRock Ultra Short Term Fund - Direct Plan - Growth	10,118,726	-	-	-	120	-	-
ICICI Prudential Ultra Short Term Fund - Direct - Growth	-	33,389,197	-	100	-	521	-
ICICI Prudential Liquid - Direct Plan - Growth	208,292	-	-	-	50	-	-
DHFL Pramerica Insta Cash Plus Fund - Direct - Growth	-	1,685,362	-	100	-	332	-
DHFL Pramerica Banking & PSU Debt Fund - Direct Plan - Growth	7,128,803	7,993,605	-	10	103	107	-
DWS Money Plus Fund - Direct - Growth	-	-	7,469,208	10	-	-	111
HDFC Liquid Fund - Direct Plan - Growth	130,960	-	5,439,930	10	420	-	150
HDFC Floating Rate Fund - Direct - Growth	-	16,595,927	-	10	-	433	-
IDFC Ultra Short Term Fund - Direct - Growth	-	10,164,061	-	10	-	217	-
IDFC Money Manager Fund - Treasury Plan - Growth	3,438,701	3,438,701	6,782,236	10	90	83	150
Reliance Liquid Fund - Cash Plan - Direct - Growth	-	-	112,091	1,000	-	-	253
Religare Invesco Ultra Short Term Fund - Direct - Growth	-	-	25,902	1,000	-	-	50
Religare Invesco Ultra Short Term Fund - Direct - Bonus	44,819	44,819	44,819	1,000	57	52	48
SBI Magnum Insta Cash Fund Liquid Floater - Direct - Growth	-	-	33,717	1,000	-	-	81
Reliance Liquid Fund - Treasury Plan - Direct - Growth	-	-	41,292	1,000	-	-	141
SBI Ultra Short Term Debt Fund - Regular - Growth	145,372	205,939	-	1,000	306	401	-

(All amounts are in million Indian ₹ unless otherwise stated)

Note 8.1 Current financial assets – Investments (contd...)

	Number as at 31 March 2017	Number as at 31 March 2016	Number as at 1 April 2015	Face value ₹ per unit	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Reliance Banking & PSU Debt Fund - Direct - Growth	**23,500,658**	23,500,658	-	10	**278**	254	-
Sundaram Select Debt ST Asset -Direct - Bonus	**4,793,726**	4,793,726	4,793,726	10	**69**	63	59
Sundaram Flexi Fund ST Plan - Bonus	**10,081,961**	10,081,961	10,081,961	10	**130**	121	112
Taurus Short Term Income Fund - Direct - Growth	**-**	-	63,207	1,000	**-**	-	155
UTI Liquid Cash Plan - Inst. - Direct - Growth	**115,150**	147,961	96,291	1,000	**307**	367	221
UTI Floating Rate Fund - Direct - Growth	**-**	43,906	43,906	1,000	**-**	110	101
					2,445	**4,665**	**2,458**
(iii) Short Term Income Schemes of Mutual Funds							
DWS Premier Bond Fund - Growth	**-**	4,445,156	4,445,156	10	**-**	106	100
ICICI Prudential Short Term - Regular - Growth	**-**	-	7,035,095	10	**-**	-	201
IDFC Money Manager Fund - Investment Plan Growth	**9,277,471**	9,277,471	9,277,471	10	**237**	218	201
JP Morgan India Active Bond Fund Inst. Growth	**-**	-	24,768,170	10	**-**	-	315
Religare Bank Debt Fund - Direct Plan Growth	**-**	199,945	199,945	1,000	**-**	261	244
					237	**585**	**1,061**
					2,693	**5,381**	**3,749**

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Aggregate amount of quoted investments and market value thereof	**2,693**	5,381	3,749
Aggregate value of unquoted investments	**-**	-	-
Aggregate amount of impairment in value of investments	**-**	-	-
	2,693	**5,381**	**3,749**

(a). Various plans of mutual funds wherever considered quoted are so considered based on readily available net asset values.
(b). Information about the Company's exposure to credit and market risk and fair value measurement is included in note 31.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 8.2 Current financial assets – Trade receivables

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
Secured						
- considered good		86		27		12
Unsecured:						
- considered good		3,853		3,324		2,723
- receivable from Related Parties		182		171		275
- considered doubtful	174		161		115	
Less: Allowance for doubtful debts	(174)		(161)		(115)	
		4,035		3,495		2,998
		4,121		3,522		3,010

Refer note 34 for receivables from related parties

Note 8.3 Current financial assets – Cash and cash equivalents

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balance with banks:			
- In current account	175	416	471
	175	416	471

Note 8.4 Current financial assets – Other bank balances

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Fixed deposits held as margin money (Refer note 'a')	8	1	1
Unpaid dividend accounts (Refer note 'b')	171	143	138
	179	144	139

(a). Fixed deposits held as margin money is against various guarantees issued by banks on behalf of the Group in favour of Government authorities.

(b). The Group can utilise these balances only towards settlement of unclaimed dividend.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 8.5 Current financial assets – Loans

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured, considered good			
Loan given to employees	13	8	15
	13	**8**	**15**

(a). Loan given to employees include housing loan against which the employees have submitted property title papers or other assets/ documents as envisaged under the housing loan scheme.

(b). Dues from a Key managerial person

* include ₹ 0.1 (31 March 2016- ₹ 0.1, 1 April 2015- ₹ 0.1)

Note 8.6 Current financial assets – Others

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Amount recoverable from related parties (Refer note 34)	52	66	47
Security deposits	10	17	5
Deferred Government Grant	-	8	14
Government Grant Receivable	41	31	17
Advances to retirement benefit trusts, recoverable in cash	-	56	48
Others	10	14	9
	113	**192**	**140**

(a) The carrying value of loans and advances may be affected by changes in the credit risk of the counterparties. Refer Note - 31 for the credit risk exposure.

(b) Government grant relates to tax incentives receivable from the State Government of Madhya Pradesh in respect of the operations of the Company's factory at Gwalior. Refer note 20 for details.
Significant Estimates : Grants relating to assets are initially measured based on estimated grant receivable under the scheme. Grants receivables are based on sales estimates within State of Madhya Pradesh which involves gathering and evaluating sales estimates for future periods as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance life of the asset.

	As at 31 March 2017	As at 31 March 2016
Opening balance of Deferred Government Grant	8	14
Add: Grant income accrued during the year	21	21
Less: Transferred to Government Grant receivable account	(29)	(27)
Closing balance	-	8

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 9. Other current assets

		As at 31 March 2017		As at 31 March 2016		As at 1 April 2015
(Unsecured, considered good unless otherwise stated)						
Advances to suppliers						
- Considered good		**61**		88		63
- Considered doubtful	**4**			-		-
Less: Provision for doubtful advances	**(4)**	**-**		-		-
Advances to employees						
- Considered good		**8**		9		15
- Considered doubtful	**3**		4			-
Less: Provision for doubtful employee advances	**(3)**	**-**	(4)	-		-
Advances to customers						
- Considered good		**196**		170		116
- Considered doubtful	**6**		12		12	
Less: Provision for doubtful advances	**(6)**	**-**	(12)	-	(12)	-
Prepaid expenses		**90**		17		25
Indirect tax recoverable (Excise, service tax, VAT receivable)		**279**		238		225
Deferred payroll cost		**1**		2		2
Prepaid rent		**4**		4		4
Related Party Receivable (refer note 34)		**33**		-		-
Other advances		**9**		24		13
		681		**552**		**463**

Note 10. Equity share capital

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorised			
126,690,000 (31 March 2016 - 126,690,000; 1 April 2015 - 126,690,000) equity shares of ₹ 10 each	**1,267**	1,267	1,267
Issued, subscribed & fully paid up			
46,660,314 (31 March 2016 - 46,660,314; 1 April 2015 - 46,660,314) equity shares of ₹ 10 each	**467**	467	467
	467	**467**	**467**

Note 10. Equity share capital (Contd...)

a. Reconciliation of equity shares outstanding at the beginning and at the end of the year

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of Shares	Amount (₹ in million)	Number of Shares	Amount (₹ in million)	Number of Shares	Amount (₹ in million)
Opening balance	46,660,314	467	46,660,314	467	46,660,314	467
Add: Equity shares issued during the year	-	-	-	-	-	-
Closing balance	46,660,314	467	46,660,314	467	46,660,314	467

b. Terms and rights attached to equity shares

The Group has only one class of equity shares, having a par value of ₹ 10 per share. Each shareholder is eligible to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to their shareholding.

c. Shares of the group held by holding/ultimate holding company or their subsidiary/ associates

The ultimate holding company is Akzo Nobel N.V., Netherlands, which does not hold any shares directly in the Group. The following are the shareholding details of wholly owned subsidiaries of the ultimate holding company.

	As at 31 March 2017 No. of Shares	As at 31 March 2016 No. of Shares	As at 1 April 2015 No. of Shares
Imperial Chemical Industries Limited, England	22,977,544	22,977,544	22,977,544
Akzo Nobel Coatings International B.V., The Netherlands	8,626,648	8,626,648	8,626,648
Akzo Nobel Chemicals International B.V., The Netherlands	2,439,847	2,439,847	2,439,847
Akzo Nobel Coatings Holdings B.V., The Netherlands	291	291	291
Panter B.V., The Netherlands	5	5	5

d. Shareholders holding more than 5% shares in the Group

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Imperial Chemical Industries Limited, England	22,977,544	49.24%	22,977,544	49.24%	22,977,544	49.24%
Akzo Nobel Coatings International B.V., The Netherlands	8,626,648	18.49%	8,626,648	18.49%	8,626,648	18.49%
Akzo Nobel Chemicals International B.V., The Netherlands	2,439,847	5.23%	2,439,847	5.23%	2,439,847	5.23%

As per records of the Group, including its register of shareholders/ members, the above shareholding represents legal ownership of shares.

e. During the year ended 31 March 2013, the group bought back 1,300,000 equity shares through a tender offer process.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 11. Other equity

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Capital reserve	**503**	503	503
Capital redemption reserve	**53**	53	53
Revaluation reserve	**12**	15	15
General reserve	**6,246**	6,036	5,846
Retained earnings	**2,812**	4,555	3,747
Other reserves			
Equity instruments through OCI	**4**	4	3
Deferred tax on above	**(1)**	(1)	(1)
	9,629	**11,165**	**10,166**

	As at 31 March 2017	As at 31 March 2016
a. Capital reserve		
At the commencement and at the end of the year	**503**	503
Pursuant to various amalgamation schemes executed in the previous years as per the requirement of Companies Act, 1956 and Court orders, the Group had created a capital reserve based on the differential between the net assets and liability acquired from the other party.		
b. Capital redemption reserve		
At the commencement and at the end of the year	**53**	53
Pursuant to the buy back scheme for purchase of equity shares offered by the Company during the period 2006-2013, the Group had created a capital redemption reserve in those years as per the regulatory requirements.		
c. Revaluation reserve		
At the commencement of the year	**15**	15
Less: Reduction on account of sale of underlying asset	**(3)**	-
At the end of the year	**12**	**15**
Its represents revaluation of certain land acquired as part of amalgamation done with various companies in the previous periods.		
d. General reserve		
Balance at the beginning of the year	**6,036**	5,846
Add: Amount transferred from surplus balance	**210**	190
Balance at the end of the year	**6,246**	**6,036**

The General reserve is used from time to time to transfer profit from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to profit and loss.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 11. Other equity (Contd...)

		As at 31 March 2017	As at 31 March 2016
e.	**Retained earnings**		
	Balance at the beginning of the year	4,555	3,747
	Net profit for the period	2,470	2,142
	Items of other comprehensive income recognised directly in retained earnings		
	- Remeasurements of post-employment benefit obligation, net of tax	(72)	(24)
	Dividends	(3,931)	(1,120)
	Amount transferred to general reserve	(210)	(190)
	Balance at the end of the year	2,812	4,555
	Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).		
	Other reserves		
f.	**Equity instruments through OCI**		
	Balance at the beginning of the year	4	3
	Add: Fair value gain on equity instruments for the year	-	1
	Balance at the end of the year	4	4

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the equity investments through OCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are de-recognised.

	For the year ended 31 March 2017	For the year ended 31 March 2016
The following dividends were declared and paid by the Group during the year:		
₹ 70 per equity share (31 March 2015- ₹ 20 per equity share)	3,266	933
Dividend distribution tax on dividend to equity shareholders	665	187
	3,931	1,120

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 22 per equity share (31 Mar 2016- ₹ 70 per equity share). The proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.

Dividend not recognised at the end of the Reporting period	For the year ended 31 March 2017	For the year ended 31 March 2016
₹ 22 per equity share (31 March 2016 - ₹ 70 per equity share)	1,027	3,266
Dividend distribution tax on dividend to equity shareholders	209	665
	1,236	3,931

(All amounts are in million Indian ₹ unless otherwise stated)

Note 12.1 Non current financial liabilities – Borrowings

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non - current maturities of finance lease obligations (unsecured)			
Obligations under finance leases (Refer note 'a' & 'b' below)	26	26	26
	26	**26**	**26**

(a) In respect of leasehold land capitalised as property, plant and equipment, refer note 3 (b). Refer below for minimum lease payments.

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Minimum lease payments payable			
Not later than one year	3	3	3
Later than one year and not later than five years	13	13	13
Later than five years	284	287	290
	300	**303**	**306**
Present value of minimum lease payments payable			
Not later than one year	3	3	3
Later than one year and not later than five years	9	9	9
Later than five years	17	17	17
Total minimum lease payments payable	**29**	**29**	**29**
Current (Refer note 16.2)	3	3	3
Non-current	26	26	26
	29	**29**	**29**

(b) The lease period of the finance lease obligation is 99 years which is discounted at the rate of 11%. The lease term is expected to end by March 2110. The lease has various terms with no escalation clause and no renewal rights.

Note 12.2 Non current financial liabilities – Others

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Security Deposits*	114	103	91
	114	**103**	**91**

* Represents deposits received from customers under operating lease arrangement, as explained in note 30.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 13. Provisions

		Non-Current		As at	Current	
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Employee benefits (Refer note 35)						
Pension	28	34	36	-	-	-
Gratuity	153	66	135	-	-	9
Leave obligations	146	111	122	26	20	22
Post retirement medical and others	228	223	221	19	18	18
Provident Fund	-	-	-	-	15	26
Long service award	14	18	4	1	1	3
Indirect taxes	-	-	-	136	149	156
Divested businesses	40	40	40	37	79	198
Asset retirement obligation	3	2	3	-	-	-
Others	8	15	13	-	-	-
	620	**509**	**574**	**219**	**282**	**432**

Additional disclosure relating to provisions:

(a) Movement in provisions:

For the year ended 31 March 2017

	Class of provisions			
	Indirect taxes	Divested business	Asset retirement obligation	Others
Opening balance	149	119	2	15
Provision created during the year	-	-	1	-
Payments against provision	-	(3)	-	-
Provision written back	(13)	(39)	-	(7)
Closing balance	**136**	**77**	**3**	**8**

For the year ended 31 March 2016

	Class of provisions			
	Indirect taxes	Divested business	Asset retirement obligation	Others
Opening balance	156	238	3	13
Provision created during the year	-	-	-	2
Payments against provision	(7)	(20)	-	-
Provision written back	-	(99)	(1)	-
Closing balance	**149**	**119**	**2**	**15**

(All amounts are in million Indian ₹ unless otherwise stated)

(b) Nature of provisions:

(i) Indirect taxes

Provisions relating to indirect taxes are in respect of proceedings of various sales tax, excise duty, duty of customs and other indirect tax cases, including those relating to divested businesses. Outflows in all these cases, including their timing and certainty, would depend on the developments/outcome in these cases, though, presently classified as short term due to uncertainty involved.

(ii) Divested business

Provisions relating to divested businesses (other than any indirect tax cases relating to such businesses) are in respect of existing / anticipated costs arising from divestment of businesses. Outflows in these cases will depend upon settlement of claims, if any for which timing and amount of outflow is not determinable.

(iii) Asset retirement obligation

Asset retirement obligation has been created for dismantling cost to be incurred at the time of vacation of the office premises taken on lease by the Group.

(iv) Others

Others relate to various litigation matters arising during the due course of business. Outflows in these cases will depend upon settlement of claims, if any for which timing of outflow is not determinable.

Note 14. Income Tax

		For the year ended 31 March 2017	For the year ended 31 March 2016
A.	**Amounts recognised in profit or loss**		
	Current tax expense		
	Current tax (includes taxes of ₹ 96 relating to prior year written back)	1,087	949
	Deferred tax	(134)	51
	Total Tax Expense recognised in profit or loss	**953**	**1,000**
B.	**Reconciliation of effective tax rate**		
	Profit before tax from continuing operations	3,423	3,142
	Tax at the Indian tax rate of 34.608%	1,185	1,087
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Long term capital gains not taxed due to brought forward long term capital losses	(49)	(61)
	Corporate social responsibility expenditure	11	12
	Income Tax Provision of prior year written back	(96)	-
	Non-taxable Interest Income on REC Bond	(17)	(16)
	Others	(81)	(22)
	Income tax expense	**953**	**1,000**

(All amounts are in million Indian ₹ unless otherwise stated)

Note 14. Income Tax (contd...)

	As at 31 March 2016	Recognised in P&L	Recognised in OCI	As at 31 March 2017
C. Movement in deferred tax balances				
Deferred tax liabilities				
Property, plant and equipment	436	(57)	-	379
Surplus payments to retirement trusts	36	(9)	-	27
Investments at fair value through profit or loss	87	(45)	-	42
Investments at fair value through OCI	1	-	-	1
Others	9	19	-	28
Sub- total (a)	**569**	**(92)**	**-**	**477**
Deferred tax assets				
Provision for doubtful debts and advances	74	4	-	78
Expenditure disallowed u/s 43b of Income tax Act, 1961	153	22	38	213
Provisions relating to divested businesses	25	1	-	26
Other disallowances under the Income Tax Act, 1961	131	15	-	146
Sub- total (b)	**383**	**42**	**38**	**463**
Net deferred tax liabilities (a)-(b)	**186**	**(134)**	**(38)**	**14**

	As at 31 March 2015	Recognised in P&L	Recognised in OCI	As at 31 March 2016
C. Movement in deferred tax balances				
Deferred tax liabilities				
Property, plant and equipment	359	77	-	436
Surplus payments to retirement trusts	46	(10)	-	36
Investments at fair value through profit or loss	73	14	-	87
Investments at fair value through OCI	1	*	*	1
Others	13	(4)	-	9
Sub- total (a)	**492**	**77**	**-**	**569**
Deferred tax assets				
Allowance for doubtful debts and advances	45	29	-	74
Expenditure disallowed u/s 43b of Income tax Act, 1961	175	(35)	12	153
Provisions relating to divested businesses	26	*	-	25
Other disallowances under the Income Tax Act, 1961	99	32	-	131
Sub- total (b)	**345**	**26**	**12**	**383**
Net deferred tax liabilities (a)-(b)	**147**	**51**	**(12)**	**186**

*amount is below rounding off norms

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Note 15. Other non-current liabilities

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred lease rentals *	**35**	36	41
Share Based Payment	**11**	18	14
	46	**54**	**55**

*Represents fair valuation of security deposits received from customers, as explained in note 30.

Note 16.1 Current financial liabilities – Trade payables

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Acceptances	**273**	244	268
Trade payables other than Micro, small and medium enterprises	**4,215**	4,543	3,731
Payable to Micro, small and medium enterprises *	**97**	65	50
Related Party Payables (Refer note 34)	**1,647**	1,038	510
	6,232	**5,890**	**4,559**

(a). Refer note 31 for explanations on the Group's liquidity risk management process.

(b). **Additional disclosure as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**

* Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 in respect of micro and small suppliers based on the information available with the Group:

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(i) principal amount due thereon remaining unpaid to any supplier as at the end of the accounting year	**97**	65	50
(ii) interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**-**	-	-
(iii) amount of interest paid by the buyer under MSMED Act 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**465**	-	-
(iv) amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act 2006 not paid)	**3**	-	-
(v) amount of interest accrued and remaining unpaid at the end of the accounting year; and	**-**	-	-
(vi) amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	**-**	-	-

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Note 16.2 Current financial liabilities – Others

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of finance lease obligations	3	3	3
Security Deposit	221	126	97
Others			
Unpaid dividends (Refer note 'a')	171	143	138
Payable to employees	156	303	239
Capital creditors	83	75	76
Derivatives not designated as hedges- forward contracts (Refer note 31)	7	4	-
Related Party Payables (Refer note 34)	29	19	-
Miscellaneous payables (Refer note 'b')	6	27	49
	676	700	602

(a) There are no amounts due to be credited to the Investor Education and Protection Fund.

(b) This includes retention money etc.

Note 17. Other current liabilities

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Statutory liabilities, including withholding taxes, provident fund and sales taxes	345	425	422
Advance from customers	24	29	19
Deferred revenue	291	345	236
Deferred lease rental*	19	11	8
Liability towards dealer incentive	38	47	32
Share based Payment	3	6	5
	720	863	722

* Represents fair valuation of security deposits received from customers, as explained in note 30.

Note 18. Current tax liabilities (net)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Income tax (net of advance tax ₹ 10,624, 31 March 2016- ₹ 9,361, 1 April 2015- ₹ 8,230)	82	197	375
	82	197	375

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Note 19. Revenue from operations

	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of products (including excise duty)	**30,785**	28,800
Sale of services	**314**	308
Other operating revenues	**245**	239
	31,344	**29,347**

* Sale of products are net of incentive to customers ₹ 4,059 (31 March 2016: ₹ 3,692)

(a) The customer incentive is recognised based on purchases made by the customer in line with customer schemes and incentive programmes rolled out by the company. Provision is recorded at the end of reporting period for customer incentive as per purchases made by the customer. Judgements include considerations of inputs i.e. past history of incentive, other variable inputs etc. Changes in assumptions about these factors could affect the reported accrual of customer incentive.

Breakup of other operating revenues		
Duty drawback on exports	**15**	8
Lease rentals	**104**	78
Scrap sales	**37**	39
Miscellaneous income	**89**	113
	245	**239**

Note 20. Other Income

	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest income from financial assets at amortised cost - Bonds	**50**	46
Net fair value gain/(loss) on investments measured at FVTPL	**(161)**	118
Net gain on sale of non-current investments	**107**	86
Net gain on sale of current investments	**312**	145
Net foreign exchange gain	**15**	8
Provision/liabilities no longer required written back	**-**	6
Government grants (Refer note (a) below)	**21**	21
Interest income:		
- on income tax refund	**78**	-
- on others	**32**	7
Miscellaneous income (Refer note (b) below)	**39**	130
	493	**567**

(a) Government grants are related to investments of the Group in property, plant and equipment of the manufacturing plant set up in a backward area at Malanpur, Gwalior, India. There are no unfulfilled conditions or other contingencies attached to these grants. The Group did not benefit directly from any other forms of government assistance. Also refer note 8.6.

(b) Miscellaneous income includes sale of beneficial interest in residential flat ₹ 35 (31 March 2016 - ₹ 100) and additional compensation received for land acquired by Karnataka Government ₹ Nil (31 March 2016 - ₹ 10).

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 21. Cost of materials consumed

	For the year ended 31 March 2017	For the year ended 31 March 2016
Raw materials as at the beginning of the year	1,169	1,178
Add: Purchase	12,950	12,130
Less: Raw material as at the end of the year	(1,374)	(1,169)
Total cost of materials consumed	12,745	12,139

Note 22. Changes in inventories of finished products, stock-in-trade and work-in-progress

	For the year ended 31 March 2017	For the year ended 31 March 2016
Inventory at the beginning of the year		
- Finished goods	2,008	1,991
- Stock-in-trade	386	398
- Work-in-progress	44	106
	2,438	2,495
Inventory at the end of the year		
- Finished goods	2,062	2,008
- Stock-in-trade	549	386
- Work-in-progress	63	44
	2,674	2,438
(Increase)/ decrease in inventory	(236)	57

Note 23. Employee benefits expense

	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries, wages and bonus	2,388	2,120
Contribution to provident and other funds (Refer note 35)	136	93
Employee share based payment expense*	5	8
Other retirement benefits	24	23
Staff welfare expenses	72	116
	2,625	2,360

* Employee Share based payment expense represents long term incentive to certain senior managerial staff of the Group.

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(All amounts are in million Indian ₹ unless otherwise stated)

Note 24. Finance cost

	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest and finance charges on financial liabilities not at FVTPL	21	13
Unwinding of interest on security deposit and finance lease obligations	8	9
Others	3	-
	32	22

Note 25. Other expenses

	For the year ended 31 March 2017	For the year ended 31 March 2016
Stores and spare parts consumed	32	45
Repairs and maintenance		
- Plant and Machinery	192	218
- Others	30	27
Power and fuel****	169	174
Travelling	440	404
Rates and taxes*	83	82
Rent	236	228
Insurance	58	61
Freight and transport	1,487	1,379
Advertisement and publicity**	1,196	1,228
Royalty	758	723
Consultancy charges	432	425
Payments to the auditor (Refer note 'a' below)	12	15
Corporate Social responsibility expenditure (Refer note 'b' below)	44	35
IT Support & Maintenance	195	283
External service charges	222	205
Provision for doubtful debts and advances***	10	57
Loss on write off/disposal of fixed assets	4	9
Miscellaneous expenses	710	545
	6,310	6,143

* net of refund & provision write back ₹ 23 (31 March 2016 - Nil)

** net of provision write back of ₹ 68 (31 March 2016 -Nil)

*** net of bad debts written off during the year amounting to ₹ 35 (31 March 2016 - ₹ 14)

**** net of provision write back ₹ 6 (31 March 2016 - Nil)

(All amounts are in million Indian ₹ unless otherwise stated)

Note 25. Other expenses (Contd...)

	For the year ended 31 March 2017	For the year ended 31 March 2016
(a). Details of payments to auditors @		
Statutory audit	5	5
Tax audit	-	1
Limited review for quarterly results	1	2
Other services	3	4
Reimbursement of expenses	3	3
	12	15

@ excluding service tax

	For the year ended 31 March 2017	For the year ended 31 March 2016
(b). Corporate social responsibility expenditure		
Amount required to be spent as per section 135 of the Act	43	36
Amount spent during the year on		
i) Construction/acquisition of an asset	-	-
ii) On purposes other than (i) above	44	35

Note 26. Exceptional Items (Income)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Divestment provision no longer required written back (Refer Note below)	39	99
	39	99

This relates to write back of provisions with respect to divested businesses (Refer note 13)

(All amounts are in million Indian ₹ unless otherwise stated)

Note 27(a) Contingent liabilities

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Claims against the Group not acknowledged as debts	**61**	54	93
Sales tax/VAT matters under appeal	**212**	222	227
Excise & Service Tax matters in dispute / under appeal	**113**	88	88
Income tax matters in dispute / under appeal *	**854**	1,300	1,145

* The Income tax assessments for the Group have been completed up to the financial year ended 31 March 2012 and demands aggregating from such assessments and appellate orders amount to ₹ 854 (31 March 2016- ₹ 1,300, 1 April 2015 - ₹ 1,145). The Group as well as the Income tax department have filed appeals on various matters arising from these assessments. Based on the available documentation and tax experts view, the Group has created provisions wherever required and for the balance matters it is believed that the amount more likely than not, of these disputes would not result in additional outflow of resources.

The Group is contesting certain claims raised by authorities towards excise, service tax and sales tax/VAT dues at various forums. Based on the available documentation and expert view, the Group has created provisions wherever required and for the balance matters, it believes that the amount more likely than not, these disputes would not result in additional outflow of resources.

The Group is contesting certain claims filed against the Group by past employees and external parties in various forums. Based on the available documentation and expert view, the Group has created provisions wherever required and for the balance matters, it believes that the amount more likely than not, of these disputes would not result in additional outflow of resources.

Significant Estimates: The assessment undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events requires best judgement by management considering the probability of exposure to potential loss. Judgement includes consideration of experts opinion, facts of the matter, underlying documentation and historical experience. Changes in assumptions about these factors could affect the reported value of contingencies and provisions.

Note 27(b)

There are no contingent assets as at 31 March 2017 (31 March 2016 - Nil; 1 April 2015 - Nil)

Note 28. Capital and other commitments

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	**311**	51	62
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*	*

*Amount is below rounding off norms

(All amounts are in million Indian ₹ unless otherwise stated)

Note 29. Earnings per share

	As at 31 March 2017	As at 31 March 2016
Number of equity shares at the beginning of the year	46,660,314	46,660,314
Total number of equity shares outstanding at the end of the year	46,660,314	46,660,314
Add: Equity shares issued during the year	-	-
Weighted average number of shares	46,660,314	46,660,314
Net profit after tax available for equity shareholders	2,470	2,142
Earnings per equity share - Basic (in ₹) [Face value of ₹ 10 each]	52.93	45.90
Earnings per equity share - Diluted (in ₹) [Face value of ₹ 10 each]	52.93	45.90

Note 30. Operating lease

(a) The Group has given colour solution machines under operating leases to various dealers and customers. These have been disclosed under 'Plant and machinery -given under operating lease' in note 3 (Property, plant and equipment). The leases have varying terms with no escalation clause and no renewable rights. The leases are cancellable at the option of group. The future lease rentals receivable in respect of these assets, based on the agreements in place, are as under :

Amount receivable	Total future minimum lease rentals receivable as on 31 March 2017	Total future minimum lease rentals receivable as on 31 March 2016	Total future minimum lease rentals receivable as on 1 April 2015
Within one year	109	82	81
Later than one year and not later than five years	121	94	70
Later than five years	*	-	-
	230	176	151

*amount is below rounding off norms

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements

a) Financial instruments by category

	31 March 2017			31 March 2016			1 April 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial Assets									
Investments in Equity shares	-	4	-	-	4	-	-	3	-
Investments in Mutual funds	2,693	-	-	5,391	-	-	3,758	-	-
Investments in Bonds	-	-	659	-	-	609	-	-	563
Loans	-	-	19	-	-	28	-	-	35
Security deposits	-	-	101	-	-	111	-	-	109
Other financial assets	-	-	103	-	-	175	-	-	135
Trade receivables	-	-	4,121	-	-	3,522	-	-	3,010
Cash and cash equivalents	-	-	175	-	-	416	-	-	471
Other bank balances	-	-	179	-	-	149	-	-	144
Total Financial Assets	**2,693**	**4**	**5,357**	**5,391**	**4**	**5,010**	**3,758**	**3**	**4,467**
Financial Liabilities									
Borrowings	-	-	29	-	-	29	-	-	29
Trade payables	-	-	6,232	-	-	5,890	-	-	4,559
Other financial liabilities	-	-	780	-	-	796	-	-	690
Other financial liabilities - Foreign exchange forward contracts	7	-	-	4	-	-	-	-	-
Total Financial Liabilities	**7**	**-**	**7,041**	**4**	**-**	**6,715**	**-**	**-**	**5,278**

b) Fair value measurement hierarchy for assets and liabilities

The following explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard.

Financial assets and liabilities measured at fair value at 31 March 2017

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial instruments at FVTPL				
- Mutual funds	2,693	-	-	2,693
Financial instruments at FVOCI				
- Unquoted Equity shares	-	-	4	4
Financial Liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	7	-	7

Note 31. Fair Value Measurements (Contd...)

Financial assets and liabilities measured at fair value at 31 March 2016

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial instruments at FVTPL				
- Mutual funds	5,391	-	-	5,391
Financial instruments at FVOCI				
- Unquoted Equity shares	-	-	4	4
Financial Liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	4	-	4

Financial assets and liabilities measured at fair value at 1 April 2015

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial instruments at FVTPL				
- Mutual funds	3,758	-	-	3,758
Financial instruments at FVOCI				
- Unquoted Equity shares	-	-	3	3
Financial Liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	-	-	-

Notes:

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price and are valued using the closing NAV.

Level 2 hierarchy includes the fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. This includes foreign exchange forward contracts.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3. There are no transfers between levels 1 and 2 during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

c) Valuation techniques used to determine fair value

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods were used to estimate the fair values:

- Unquoted equity shares – The valuation model is based on market multiples derived from quoted prices and PE Multiples of Companies comparable to the investee and the NAV and PE multiple of the investee. The estimate is adjusted for the effect of the non-marketability of the relevant equity securities.

- Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.

- Derivative financial assets/liabilities: The Group enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are determined using forward exchange rates at the balance sheet date.

- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, current borrowings, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.

d) Valuation processes

External valuers are involved for valuation of significant assets. The finance department of the Group assists the external valuers in the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

The valuation processes and results are reviewed by CFO and finance team once every three months, in line with the Group's quarterly reporting periods.

The main level 3 inputs for unlisted equity securities,used by the Group are derived and evaluated as follows:

- the use of quoted market prices / dealer quotes / profit earning (PE) for similar instruments

- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Group's internal credit risk management group.

- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements (Contd...)

e) Financial assets and liabilities measured at amortised cost

Fair value of financial assets and liabilities measured at amortised cost

	31 March 2017		31 March 2016		1 April 2015		
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Level
Financial Assets							
Investments in Bonds	659	659	609	609	563	563	3
Loans	19	19	28	28	35	35	3
Security deposits	101	103	111	112	109	111	3
Other financial assets	103	103	175	175	135	135	3
Trade receivables	4,121	4,121	3,522	3,522	3,010	3,010	Refer note 'a'
Cash and cash equivalents	175	175	416	416	471	471	Refer note 'a'
Other bank balances	179	179	149	149	144	144	Refer note 'a'
Total Financial Assets	**5,357**	**5,359**	**5,010**	**5,011**	**4,467**	**4,469**	
Financial Liabilities							
Borrowings	29	34	29	34	29	34	3
Trade payables	6,232	6,232	5,890	5,890	4,559	4,559	Refer note 'a'
Other financial liabilities	780	787	796	802	690	696	3
Total Financial Liabilities	**7,041**	**7,053**	**6,715**	**6,726**	**5,278**	**5,289**	**-**

a) The carrying amounts of investments in bonds, loans, trade receivables, other financial assets,trade payables, other bank balances and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

b) The fair values for security deposits are calculated based on cash flows discounted using a current lending rate. The fair values of non-current borrowings are based on discounted cash flows using current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

c) The fair values of financial assets and financial liabilities recorded in the balance sheet in respect of which quoted prices in active markets are available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Notes

to the financial statements for the year ended 31 March 2017

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements (Contd...)

The Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – net asset value	Investments in mutual funds	Sensitivity analysis	Portfolio diversification

The Group's exposure to mutual funds prices/NAV risk arises from investments held by the Group and classified in the balance sheet as fair value through profit or loss. To manage its price/NAV risk arising from investments in mutual funds, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures on account of expenditure in foreign currencies and earnings in foreign exchange (export of goods, service income,etc.). The Group does not enter into any derivative instruments for trading or speculative purposes or for highly probable forecast transactions.

The Group follows a forex Risk Management policy under which all material foreign currency exposures are hedged through forward covers to protect against swings in exchange rates.

The Group's risk management is carried out by a central treasury department / finance team under policies approved by the board of directors.

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amounts of financial assets represent the maximum credit risk exposure.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms . This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Trade and other receivables

Credit risk refers to the risk of default on its obligation by the counter party resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from Trade Receivable amounting to ₹ 4,121; ₹ 3,522 and ₹ 3,010 as at 31 March 2017, 31 March 2016 and 1 April 2015, respectively. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has a credit risk management policy in place to limit credit losses due to non-performance of financial counterparties and customers. The Group monitors its exposure to credit risk on an ongoing basis at various levels. The Group only deals with financial counterparties that have a sufficiently high credit rating. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The Group closely monitors the acceptable financial counterparty credit ratings and credit limits and revises where required in line with the market circumstances. Due to the geographical spread and the diversity of the Group's customers, the Group is not subject to any significant concentration of credit risks at balance sheet date.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are companied into homogenous companies and assessed for impairment collectively. The calculation is based on credit losses historical data. The Group has evaluated that the concentration of risk with respect to trade receivables to be low.

Trade and other receivables are written off when there is no reasonable expectation of recovery post identification on case to case basis.

On account of adoption of Ind AS 109, the Group uses a simplified approach (lifetime expected credit loss model) for the purpose of computation of expected credit loss for trade receivables.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements (Contd...)

Reconciliation of loss allowance provision – Trade receivables

	31 March 2017	31 March 2016
Opening balance	161	115
Changes in loss allowance	13	46
Closing balance	174	161

Reconciliation of loss allowance provision – Other receivables

	31 March 2017	31 March 2016
Opening balance	55	44
Changes in loss allowance	(3)	11
Closing balance	52	55

Significant Estimates: The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Effects of offsetting on balance sheet

The following table represents financial instruments that are offset, or subject to enforceable netting arrangements and other similar agreements but not offset, as at 31 March 2017, 31 March 2016 and 1 April 2015. The column 'gross amount set off in balance sheet' represents rebate accruals which are netted off as per customary business practice. The column 'net amount' shows the impact on the Group's balance sheet if all set-off rights were exercised:

Financial Assets	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet
31 March 2017			
Trade receivable	4,467	(346)	4,121
31 March 2016			
Trade receivable	3,872	(350)	3,522
1 April 2015			
Trade receivable	3,415	(405)	3,010

Cash and cash equivalents, short term investments and derivatives

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the Group attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies.

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements (Contd...)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Contractual cash flows					
	Total	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
31 March 2017						
Non-derivative financial liabilities						
Finance lease obligations (including interest)	300	3	-	3	10	284
Trade and other payables	6,232	6,222	10	-	-	-
Other financial liabilities	780	285	381	9	51	54
Derivative financial liabilities						
Forward exchange contracts	7	7	-	-	-	-
31 March 2016						
Non-derivative financial liabilities						
Finance lease obligations (including interest)	303	3	-	3	10	287
Trade and other payables	5,890	5,885	5	-	-	-
Other financial liabilities	796	238	455	12	32	59
Derivative financial liabilities						
Forward exchange contracts	4	4	-	-	-	-
1 April 2015						
Non-derivative financial liabilities						
Finance lease obligations (including interest)	306	3	-	3	10	290
Trade and other payables	4,559	4,559	-	-	-	-
Other financial liabilities	690	215	384	12	20	59
Derivative financial liabilities						
Forward exchange contracts	-	-	-	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

Borrowing facilities	**31 March 2017**	**31 March 2016**	**1 April 2015**
- Expiring within one year (bank overdraft facilities)	**980**	980	980

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements (Contd...)

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates , NAV of mutual funds – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and investments in mutual funds. The Group is exposed to market risk primarily related to foreign exchange rate risk and the market value of the investments. Thus, the Group's exposure to market risk is a function of investing and revenue generating and operating activities. The objective of market risk management is to avoid excessive exposure in financial assets and unhedged foreign currency, revenues and costs.

Currency risk

The Group is exposed to currency risk on account of its receivables and payables in foreign currency. The functional currency of the Group is Indian Rupee. The Group uses forward exchange contracts to limit its exposure of currency risk, most with a maturity of less than one year from the reporting date. The Group does not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The currency profile of financial assets and financial liabilities (other than Indian Rupees) as at 31 March 2017, 31 March 2016 and 1 April 2015 as expressed in INR, are as below:

	USD	Euro	Other
31 March 2017			
Financial assets			
Trade and other receivables	**240**	95	1
Derivative Assets			
Foreign Exchange Forward Contracts-Sell Foreign Currency	**-**	-	-
Net Exposure to Foreign Currency Risk (Assets)	**240**	95	1
Financial liabilities			
Trade and other payables	**685**	321	72
Derivative liabilities			
Foreign Exchange Forward Contracts-Buy Foreign Currency	**(261)**	(11)	(2)
Net Exposure to Foreign Currency Risk (Liabilities)	**424**	310	70
31 March 2016			
Financial assets			
Trade and other receivables	**263**	133	-
Derivative Assets			
Foreign Exchange Forward Contracts-Sell Foreign Currency	**-**	-	-
Net Exposure to Foreign Currency Risk (Assets)	**263**	133	-
Financial liabilities			
Trade and other payables	**670**	168	80
Derivative liabilities			
Foreign Exchange Forward Contracts-Buy Foreign Currency	**(231)**	(10)	-
Net Exposure to Foreign Currency Risk (Liabilities)	**439**	158	80
1 April 2015			
Financial assets			
Trade and other receivables	**101**	202	4
Derivative Assets			
Foreign Exchange Forward Contracts-Sell Foreign Currency	**-**	-	-
Net Exposure to Foreign Currency Risk (Assets)	**101**	202	4
Financial liabilities			
Trade and other payables	**326**	164	56
Derivative liabilities			
Foreign Exchange Forward Contracts-Buy Foreign Currency	**(111)**	(4)	-
Net Exposure to Foreign Currency Risk (Liabilities)	**215**	160	56

(All amounts are in million Indian ₹ unless otherwise stated)

Note 31. Fair Value Measurements (Contd...)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at 31 March would have affected the measurement of financial instruments denominated in US dollars /EURO or other currencies and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Impact on Profit after tax	
Effect in INR	**Increase**	**Decrease**
31 March 2017		
10% movement		
USD	(12)	12
Euro	(14)	14
Others	(5)	5
	(31)	**31**
31 March 2016		
10% movement		
USD	(11)	11
Euro	(2)	2
Others	(5)	5
	(18)	**18**

iv. Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss .To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group considers factors such as long term credit rating, tenor of investment, minimum assured return ,monetary limits,etc. while investing.

Sensitivity analysis

The table below summarises the impact of increases/decreases of the index on the Group's profit for the period. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the index.

	Impact on Profit after tax	
Effect in INR	**31 March 2017**	**31 March 2016**
Increase 10%	**176**	353
Decrease 10%	**(176)**	(353)

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 32. Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Group"s capital management are to safeguard the Group's ability to continue as a going concern.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 1 April 2015, 31 March 2016 and 31 March 2017.

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
The following dividends were declared and paid by the Group during the year:		
31 March 2016 - ₹ 70 per equity share (31 March 2015 - ₹ 20 per equity share)	3,266	933
Dividend distribution tax on dividend to equity shareholders	665	187
	3,931	1,120

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 22 per equity share (31 Mar 2016 - ₹ 70 per equity share). The proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.

Dividend not recognised at the end of the reporting period

	For the year ended 31 March 2017	For the year ended 31 March 2016
31 March 2017 - ₹ 22 per equity share (31 March 2016 - ₹ 70 per equity share)	1,027	3,266
Dividend distribution tax on dividend to equity shareholders	209	665
	1,236	3,931

Note 33. Segment Information

A. General Information

The chief operating decision maker (CODM) (i.e. the Country Leadership Team comprising of Managing Director, Chief Financial Officer, Business Heads, Head HR) examines the Group's performance from a product perspective and has identified the below mentioned segments of its business, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the CODM reviews internal management reports based on profit or loss to assess the performance of the operating segments.

For management purposes, the Group is organised into following two reportable segments:

i) **Coatings :** consisting of decorative, automotive and industrial paints and related activities

ii) **Others :** consisting of chemicals and polymers.

B. Information about reportable segments and reconciliations to amounts reflected in the financial statements

Particulars	Coatings		Others		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1. Revenue						
External revenue	**28,530**	27,245	**2,569**	1,863	**31,099**	29,108
Inter-segment revenue	**101**	47	**17**	2	**119**	48
Inter-segment eliminations	**(101)**	(47)	**(17)**	(2)	**(119)**	(48)
Other operating income	**173**	137	**72**	102	**245**	239
Total Revenue	**28,703**	**27,382**	**2,641**	**1,965**	**31,344**	**29,347**
2. Results						
Segment profit before income tax and exceptional items	**2,860**	2,543	**214**	151	**3,074**	2,694
3. Results reconciled to Profit after tax as follows:	**-**	-	**-**	-	**3,074**	2,694
Less: Finance cost	**-**	-	**-**	-	**(32)**	(22)
Add: Unallocated income (net of unallocated expense)	**-**	-	**-**	-	**342**	371
Profit before exceptional items	**-**	-	**-**	-	**3,384**	3,043
Exceptional items	**-**	-	**-**	-	**39**	**99**
Profit before taxation	**-**	-	**-**	-	**3,423**	3,142

(All amounts are in million Indian ₹ unless otherwise stated)

Note 33. Segment Information (Contd...)

Particulars	Coatings		Others		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Income taxes		-	-	-		
-Current tax (net)	-	-	-	-	(1,087)	(949)
-Deferred tax	-	-	-	-	134	(51)
Profit after taxation	-	-	-	-	2,470	2,142

C. Other Information

	Coatings			Others			Total		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
a. Assets									
Segment assets	14,087	14,424	12,822	1,279	1,218	652	15,366	15,642	13,474
Unallocated assets							3,479	4,800	4,742
Total assets	14,087	14,424	12,822	1,279	1,218	652	18,845	20,442	18,216
b. Liabilities/ Shareholders' funds									
Segment Liabilities	7,059	6,913	5,899	871	565	130	7,930	7,479	6,029
Unallocated liabilities	-	-	-	-	-	-	819	1,331	1,554
Share Capital	-	-	-	-	-	-	467	467	467
Reserves and surplus	-	-	-	-	-	-	9,629	11,165	10,166
Total liabilities/ shareholders' funds	7,059	6,913	5,899	871	565	130	18,845	20,442	18,216
c. Revenue from external customers									
India	27,545	26,349	-	2,525	1,846	-	30,070	28,195	-
Outside India	985	896	-	44	17	-	1,029	913	-

i) Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for the Group.

ii) Segment revenue, results and assets and liabilities include the respective amounts identifiable to each of the segments. Other unallocable items in segment results include income from investment of surplus funds of the Group and corporate expenses. Unallocable assets include unallocable property, plant and equipment and other assets. Unallocable liabilities include unallocable current liabilities and net deferred tax liability.

B. Information about major customers

No external customer individually accounted for more than 10% of the revenue during the year ended 31 March 2017, 31 March 2016 and 1 April 2015.

Note 34. Related Party Disclosures

1. (a) **The Company is controlled by:**

Akzo Nobel N.V., Netherlands (Ultimate Holding Company)

(b) **The following related party exercises significant influence:**

Imperial Chemical Industries Limited, England

(c) **Fellow subsidiaries:**

Akzo Nobel Coatings A.E.	Akzo Nobel Paints Singapore Pte Ltd.
Akzo Nobel Car Refinishes Indonesia	Akzo Nobel Projects & Engineering B.V.
Akzo Nobel Chemicals (Boxing) Co. Ltd.	Akzo Nobel Packaging Coatings S.A.
Akzo Nobel Chemicals (Ningbo) Co. Ltd.	Akzo Nobel Paints (Asia Pacific) Pte Ltd.
Akzo Nobel Decorative Coatings B.V.	Akzo Nobel Paints (Malaysia) Sdn. Bhd.
Akzo Nobel Functional Chemicals B.V.	Akzo Nobel Paints (Thailand) Ltd.
Akzo Nobel Functional Chemicals LLC	Akzo Nobel Paints Lanka (Pvt) Ltd.
Akzo Nobel Indl Coatings	Akzo Nobel Paints Taiwan Limited
Akzo Nobel Industrial Coating Korea Co. Ltd.	Akzo Nobel Paints Vietnam Ltd.
Akzo Nobel Industrial Paints SL	Akzo Nobel Polymer Chemicals LLC
Akzo Nobel Middle East FZE	Akzo Nobel Powder Coatings (Ningbo) Co. Ltd.
Akzo Nobel Netherlands BV	Akzo Nobel Powder Coatings B.V.
Akzo Nobel Pakistan Limited	Akzo Nobel Powder Coatings Korea Co. Limited
Akzo Nobel Performance Coatings (Shanghai) Co. Ltd.	Akzo Nobel Pty. Limited
Akzo Nobel Powder Coatings (Vietnam) Co. Ltd.	Akzo Nobel Surface Chemistry AB
Akzo Nobel Powder Coatings FZE	Akzo Nobel Surface Chemistry LLC
Akzo Nobel Powder Coatings GMBH	Akzo Nobel UAE Paints L.L.C.
Akzo Nobel Pulp and Performance Chemicals AB	ICI Dulux (Pty) Limited
Akzo Nobel Surface Chemistry Pte. Ltd.	International Paint - Vietnam
Akzo Nobel Swire Paints (Shanghai) Ltd.	International Paint Japan K.K.
Akzo Nobel (Shanghai) Co. Ltd.	International Paint Limited
Akzo Nobel Boya Sanayi ve Ticaret A.S.	International Farbenwerke GmbH
Akzo Nobel Car Refinishes (Singapore) Pte Ltd.	International Maling A/S
Akzo Nobel Car Refinishes B.V.	International Paint (Akzo Nobel Chile) Ltda
Akzo Nobel Car Refinishes SL	International Paint (Hong Kong) Limited
Akzo Nobel Chang Cheng Coatings (Guangdong) Co. Ltd.	International Paint (Korea) Ltd.
Akzo Nobel Chemicals AG	International Paint (Nederland) B.V.
Akzo Nobel Chemicals International B.V.	International Paint (Panama) Inc.
Akzo Nobel Coatings (Dongguan) Co. Ltd.	International Paint (Taiwan) Ltd.
Akzo Nobel Coatings (Jiaxing) Co. Ltd.	International Paint LLC
Akzo Nobel Packaging Coatings GmbH	International Paint of Shanghai Co. Ltd.
Akzo Nobel Coatings Inc.	International Paint Pazarlama Limited Sirketi
Akzo Nobel Coatings International B.V.	International Paint Singapore Pte Ltd.

Note 34. Related Party Disclosures (Contd...)

Akzo Nobel Coatings Ltd.	International Peinture S.A.
Akzo Nobel Coatings S.P.A.	IP Singapore Pte - Vietnam
Akzo Nobel Cross-Linking Peroxides (Ningbo) Co. Ltd.	Keum Jung Akzo Nobel Peroxides Ltd.
Akzo Nobel Ltd.	PT ICI Paints Indonesia
Akzo Nobel Packaging Coatings Limited	PT International Paint Indonesia
Akzo Nobel Powder Coatings	Schramm SSCP Hanoi Company Limited
Akzo Nobel Saudi Arabia Ltd.	Tianjin Akzo Nobel Peroxides Co. Ltd.
International Paint (East Russia) Ltd.	PT Akzo Nobel Car Refinishes Indonesia
International Paint Turkey	

(d)	**Key Management Personnel**
	Mr. Nihal Kaviratne CBE - Chairman
	Mr. Jayakumar Krishnaswamy - Managing Director
	Mr. Himanshu Agarwal - Wholetime Director and CFO (upto 18 August 2015)
	Mr. Pradip Menon - Wholetime Director and CFO (from 1 February 2016)
	Mr. Arabinda Ghosh - Non-Executive Director (from May 2015)
	Mr. Amit Jain - Non-Executive Director
	Mr. R Gopalakrishnan - Independent Director
	Mr. Arvind Uppal - Independent Director
	Mr. Raj S Kapur - Independent Director
	Ms. Kimsuka Narsimhan - Independent Director
	Dr. Sanjiv Misra - Independent Director

(e)	**Employee benefit trusts**
	Pension trusts
	ICI's Associated Companies in India Employees Pension Fund
	ICI India Management Staff Pension Fund
	Akzo Nobel India Employees Pension Scheme
	Gratuity Trusts
	ICI India Limited Employees' Gratuity Fund
	ICI India Management Staff Gratuity Fund
	Akzo Nobel India Employees Gratuity Trust 2016
	Provident Fund Trusts
	The Alkali and Chemical Corporation of India Limited Provident Fund
	ICI India Staff Provident Fund
	ICI's Associated Companies in India Staff Provident Fund

Note 1: As per Ind AS 110, the Company exercises 'control' on ICI India Research and Technology Centre under the definition of a 'Control' as it has exposure/right to variable returns from its involvement with the Research and Technology Centre.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 34. Related Party Disclosures (Contd...)

2. The following transactions were carried out with related parties in the ordinary course of business:

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts
	2016-17	**2016-17**	**2016-17**	**2016-17**	**2016-17**
	(2015-16)	(2015-16)	(2015-16)	(2015-16)	(2015-16)
a) Transactions during the year					
Purchase of materials / finished goods	**-**	**-**	**2,742**	**-**	**-**
	-	-	(1,872)	-	
Sale of finished goods	**-**	**-**	**402**	**-**	**-**
	-	-	(339)	-	
Expenses incurred and recoverable from other Companies (Income)	**167**	**2**	**98**	**-**	**-**
	(84)	(3)	(198)	-	
Expenses reimbursed to other Companies (Expense)	**116**	**-**	**89**	**-**	**-**
	(90)	-	(166)	-	
Royalty	**-**	**-**	**758**	**-**	**-**
	-	-	(723)	-	
Dividend paid	**-**	**1,608**	**775**	**-**	**-**
	-	(459)	(220)	-	
Services provided (Income)	**-**	**-**	**380**	**-**	**-**
	-	-	(314)	-	
Services received (expenses)	**-**	**-**	**34**	**-**	**-**
	-	-	(161)	-	-
Advances given during the year	**-**	**-**	**-**	**-**	**45**
	-	-	-	-	(25)
Managerial remuneration					
Short-term employee benefits	**-**	**-**	**-**	**43**	**-**
	-	-	-	(34)	-
Post employment benefits	**-**	**-**	**-**	**2**	**-**
	-	-	-	(1)	-
Employee share based payments	**-**	**-**	**-**	**6**	**-**
	-	-	-	(4)	-
Other long - term benefits	**-**	**-**	**-**	**1**	**-**
	-	-	-	(1)	-
Contributions made to trust	**-**	**-**	**-**	**-**	**28**
	-	-	-	-	(37)
Guarantee issued on behalf of the Group for credit facilities from banks	**980**	**-**	**-**	**-**	**-**
	(980)	-	-	-	-

(All amounts are in million Indian ₹ unless otherwise stated)

Note 34. Related Party Disclosures (Contd...)

		Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts
		2016-17	2016-17	2016-17	2016-17	2016-17
		(2015-16)	(2015-16)	(2015-16)	(2015-16)	(2015-16)
b)	**Balances as at the end of the year**					
	Dues to related parties	**6**	**29**	**1,641**	**22**	**-**
		(69)	(34)	(954)	(15)	-
	Dues from related parties	**43**	**-**	**224**	**-**	**-**
		(8)	-	(229)	-	(56)
	Balances as at 1 April 2015					
	Dues to related parties	11	33	466	11	-
	Dues from related parties	10	9	303	-	48
c)	**Share Capital outstanding as at end of the year**	**-**	**230**	**111**	**-**	**-**
		-	(230)	(111)	-	-
	Share Capital outstanding as at 1 April 2015	-	230	111	-	-

Terms and conditions of transactions with related parties

- The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.
- There have been no guarantees provided or received for any related party receivables or payables.
- For the year ended 31 March 2017 (and any of the previous years) the Group has not recorded any impairment of receivables relating to amounts owed by related parties.
- Figures in bracket indicate transactions/balances relating to financial year 2015-16

d) **Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the respective years:**

	2016-17	2015-16
Purchase of materials / finished goods		
PT Akzo Nobel Car Refinishes Indonesia	**287**	288
Akzo Nobel Surface Chemistry AB	**310**	276
Akzo Nobel Surface Chemistry LLC	**646**	223
Others	**1,499**	1,085
	2,742	**1,872**
Sales of finished goods		
International Paint Singapore Pte Ltd.	**51**	70
Akzo Nobel Paints Vietnam Ltd.	**49**	44
PT ICI Paints Indonesia	**100**	100
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	**67**	61
Akzo Nobel Saudi Arabia LTD.	**48**	2
Other	**87**	62
	402	**339**

(All amounts are in million Indian ₹ unless otherwise stated)

Note 34. Related Party Disclosures (Contd...)

	2016-17	2015-16
Expenses incurred and recoverable from other Companies (Income)		
Akzo Nobel Lanka (Pvt.) Limited	22	15
Akzo Nobel Surface Chemistry AB	-	29
Akzo Nobel N.V. Netherlands	167	84
Akzo Nobel Decorative Coatings B.V.	40	37
Akzo Nobel Car Refinishes B.V.	22	74
International Paint Limited	*	14
Others	16	32
	267	285
Expenses reimbursed to other Companies (Expense)		
Akzo Nobel N.V. Netherlands	116	90
Akzo Nobel Functional Chemicals B.V.	21	30
Akzo Nobel Car Refinishes B.V.	-	69
AkzoNobel Paints (Singapore) Pte	29	-
International Paint Limited	22	13
Others	17	54
	205	256
Royalty		
Akzo Nobel Coatings International B.V.	737	698
Others	21	25
	758	723
Dividend paid		
Imperial Chemical Industries Limited, England	1,608	459
Akzo Nobel Coatings International B.V.	604	172
Others	171	48
	2,383	679
Services provided (Income)		
Akzo Nobel Car Refinishes B.V.	312	231
Other	68	83
	380	314
Services received (Expense)		
Akzo Nobel Car Refinishes B.V.	33	69
Akzo Nobel Decorative Coating B.V.	-	70
ICI India Research & Technology Centre	33	36
Others	1	22
	67	197
Advances given during the year		
ICI Associated Companies in India Employee Pension Fund	15	13
ICI India Limited Employee Gratuity Fund	19	1
ICI India Management Staff Pension Fund	5	2
ICI Associated companies in India Staff Provident Fund	4	4

Notes

to the financial statements for the year ended 31 March 2017

(All amounts are in million Indian ₹ unless otherwise stated)

Note 34. Related Party Disclosures (Contd...)

	2016-17	2015-16
ICI India Management Staff Gratuity Fund	1	-
The Alkali & Chemicals Corporation India Limited PF	1	5
	45	**25**
Contributions made to trust		
The Alkali & Chemical Corporation of India Ltd. Provident Fund	28	28
ICI India Limited Employees Gratuity fund	-	9
	28	**37**
Managerial remuneration		
Mr. Jayakumar Krishnaswamy	25	24
Mr. Himanshu Agarwal	-	4
Mr. Pradip Menon	20	6
Other	7	6
	52	**40**

	31 March 2017	31 March 2016	1 April 2015
Dues to related parties			
Akzo Nobel Coatings International B.V.	430	1	78
Akzo Nobel Surface Chemistry AB	150	176	26
Akzo Nobel Surface Chemistry LLC	266	158	10
Akzo Nobel Chemicals AG	12	15	11
PT. Akzo Nobel Car Refinishes Indonesia	723	94	53
Key Managerial Personnel	22	15	11
Others	95	613	332
	1,698	**1,072**	**521**
Dues from related parties			
Akzo Nobel Car Refinishes B.V.	89	72	167
Akzo Nobel Decorative Coatings B.V.	22	46	17
PT ICI Paints Indonesia	11	13	41
Akzo Nobel N.V. Netherlands	43	8	-
ICI Associated Companies in India Staff Provident Fund	-	44	41
Others	102	110	104
	267	**293**	**370**
Share Capital Outstanding			
Imperial Chemical Industries Limited, England	230	230	230
Akzo Nobel Coatings International B.V.	86	86	86
Others	25	25	25
	341	**341**	**341**

(All amounts are in million Indian ₹ unless otherwise stated)

Note 35. Employee benefits

Other long-term employee benefit obligations

The liabilities for annual leave, pension scheme for certain employees and long term service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore accrued using actuarial valuations and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Refer point (l) below.

Defined benefit plans

The Group makes specified monthly contributions towards employees' provident fund to trusts administered by the Group for certain employees. The minimum interest payable by the provident fund trusts to the beneficiaries every year is notified by the Government. The Group has an obligation to make good the shortfall of contribution and interest (basis the actuarial valuation), if any, as at the date of the Balance Sheet.

The liability or asset recognised in the balance sheet in respect of defined benefit pension, provident fund and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The Gratuity Plan provides a lump sum payment to vested employees as per payment of Gratuity Act, 1972 at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Group.

Post-employment medical benefits

The Group provides post-retirement healthcare benefits to their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Defined contribution plans

Defined contribution plans are provident fund scheme, superannuation scheme and part of the pension fund scheme for eligible employees. The Group recognises contribution payable to the respective employee benefit fund scheme as an expenditure, as an when they are due. The Group has no further payment obligations once the contributions have been made.

Employee benefit obligations

Significant Estimates: These are determined using actuarial valuations. An actuarial valuation involves making appropriate assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
(a)	**Employee benefit expense recognised in profit or loss**								
	(a) Current service cost	48	42	3	3	6	6	29	28
	(b) Interest cost (net)	2	7	(6)	(7)	18	18	(2)	(1)
	(c) Writeback on account of assets recognition	-	-	-	-	-	-	1	-
	Total expense / (gain)	50	49	(3)	(4)	24	24	28	27
	Remeasurements recognised directly in other comprehensive income								
	(a) Return on plan assets (greater)/less than discount rate	13	13	26	(20)	-	-	(2)	(18)
	(b) Actuarial (gains) / losses								
	- from changes in demographic assumptions	(12)	(8)	(11)	-	(9)	-	(1)	-
	- from changes in financial assumptions	81	9	6	-	-	-	-	-
	- Experience adjustments	4	6	13	1	23	(4)	(2)	-
	(c) Adjustment for limit on net asset	-	-	(24)	39	-	-	5	18
	Total expense / (gain)	86	20	10	20	14	(4)	-	-

(All amounts are in million Indian ₹ unless otherwise stated)

Note 35. Employee benefits (Contd...)

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
(b)	**Net Asset / (Liability) as at year end**								
	(a) Present value of obligations as at year end	452	360	80	83	247	241	734	600
	(b) Fair value of plan assets as at year end	309	329	258	284	-	-	779	585
	(c) Fair value of plan assets, limited to present value of future contributions	309	329	148	159	-	-	734	585
	Net Asset / (Liability) (b)-(a)	(143)	(31)	178	201	(247)	(241)	45	(15)
	Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	(143)	(31)	68	76	(247)	(241)	-	(15)

(Refer below details for amount recognised in balance sheet)

	Gratuity			Pension			Post Retirement Medical Benefit			Provident Fund		
	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15
Present value of obligations at end of the year												
Current	-	-	(9)	-	-	-	(19)	(18)	(18)	-	(15)	(26)
Non-Current	(143)	(31)	(92)	68	76	93	(228)	(223)	(221)	-	-	-
	(143)	(31)	(101)	68	76	93	(247)	(241)	(239)	-	(15)	(26)
Retirement Benefit Trust Surplus (Refer Note 6)												
Current	-	-	-	-	-	-	-	-	-	-	-	-
Non-Current	10	35	43	68	76	93	-	-	-	-	-	-
	10	35	43	68	76	93	-	-	-	-	-	-
Net Provision in Balance Sheet (Refer Note 13)												
Current	-	-	(9)	-	-	-	(19)	(18)	(18)	-	(15)	(26)
Non-Current	(153)	(66)	(135)	-	-	-	(228)	(223)	(221)	-	-	-
	(153)	(66)	(144)	-	-	-	(247)	(241)	(239)	-	(15)	(26)

The Group administers benefits through different trusts, which do not allow set off of asset and obligation inter-se. Accordingly, the net balance for each trust is disclosed for each benefit.

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
(c)	**Change in defined benefit obligations during the year**								
	Present value of obligations at beginning of the year	360	330	83	96	241	239	600	614
	(a) Current service cost	48	42	3	3	6	6	29	28
	(b) Interest cost	27	25	6	7	18	18	54	51
	(c) Benefits paid	(36)	(44)	(20)	(24)	(32)	(18)	(40)	(52)
	(d) Actuarial (gains) / losses	73	7	8	1	14	(4)	(4)	-
	(e) Liabilities extinguished on settlements	(20)	-	-	-	-	-	-	-

(All amounts are in million Indian ₹ unless otherwise stated)

Note 35. Employee benefits (Contd...)

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	(f) Employee Contributions	-	-	-	-	-	-	52	45
	(g) Transfer In/(Out) - Other Provident Funds	-	-	-	-	-	-	43	(84)
	(h) Other Adjustments	-	-	-	-	-	-	-	(2)
	Present value of obligations at end of the year	452	**360**	80	**83**	247	**241**	734	**600**
(d)	**Change in fair value of plan assets during the year**								
	Fair value of plan assets as at beginning of the year	329	231	284	270	-	-	585	588
	(a) Return on plan assets (greater)/less than discount rate	(13)	(13)	(26)	20	-	-	44	-
	(b) Interest income on plan assets	25	18	21	20			53	45
	(c) Company contributions	-	137	-	(2)	-	-	28	28
	(d) Employee Contributions	-	-	(20)	(24)			52	45
	(e) Benefits paid	(12)	(44)	(1)	-	-	-	(40)	(52)
	(f) Adjustment of defined contribution	(20)	-	-	-	-	-	58	15
	(g) Actuarial gains / (losses)	-	-	-	-	-	-	-	-
	(h) Transfer In/(Out) - Other Provident Funds	-	-	-	-	-	-	(1)	(84)
	Fair value of plan assets	309	**329**	258	**284**	-	**-**	779	**585**
(e)	**Change in Irrevocable Surplus**								
	Irrevocable Surplus as at the beginning of the year	-	-	125	81	-	-	-	-
	(a) Interest in Irrevocable Surplus	-	-	9	5	-	-	(3)	-
	(b) Change in Irrevocable Surplus in excess of interest	-	-	(24)	39	-	-	48	-
	Irrevocable Surplus as at the end of the year	-	**-**	110	**125**	-	**-**	45	**-**

		Gratuity			Pension			Post Retirement Medical Benefit			Provident Fund		
		2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15
(f)	**Expected benefit payments for the year ending**												
	Less than a year	53	36	34	11	10	10	20	19	18	1	2	1
	Between 1-2 years	52	43	31	10	11	10	20	18	17	1	1	1
	Between 2-5 years	189	122	126	36	30	30	61	56	54	6	5	5
	Over 5 years	371	488	159	53	34	37	104	98	96	25	18	17
	Total	665	**689**	**350**	110	**85**	**87**	205	**191**	**185**	33	**26**	**24**
(g)	**Weighted Average Duration**	6	7 to 10	7 to 10	6 to 9	6 to 13	6 to 13	11	11	11	6	8	8

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
(h)	**Sensitivity Analysis**								
	Discount Rate (%)								
	Effect of DBO due to 0.5% increase in Discount Rate	-3.3%	-3.3%	-3.7%	-3.6%	-4.5%	-5.0%	-	-
	Effect of DBO due to 0.5% decrease in Discount Rate	3.5%	3.6%	3.7%	3.6%	4.9%	5.8%	-	-

(All amounts are in million Indian ₹ unless otherwise stated)

Note 35. Employee benefits (Contd...)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Salary Escalation Rate (%)								
Effect of DBO due to 0.5% increase in Salary Escalation Rate	3.3%	3.6%	-	-	-	-	-	-
Effect of DBO due to 0.5% decrease in Salary Escalation Rate	-3.1%	-3.3%	-	-	-	-	-	-
Medical Inflation Rate (%)								
Effect on DBO due to 0.5% increase in Medical Inflation	-	-	-	-	3.6%	4.6%	-	-
Effect on DBO due to 0.5% decrease in Medical Inflation	-	-	-	-	-3.6%	-4.1%	-	-
Mortality Rate (%)								
Effect on DBO if Post Retirement Medical Rates are scaled up by one year	-	-	-	-	-2.8%	-4.1%	-	-
Effect on DBO if Post Retirement Medical Rates are scaled down by one year	-	-	-	-	2.8%	4.1%	-	-

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and type of assumptions used in preparing the sensitivity analysis did not change as compared to previous year.

(I) Other long-term employee benefit obligations out of which the current portion of obligations is the expected amount to be settled in next twelve months

	2016-17	2015-16	2014-15
Long Service Award Obligation			
Current	(1)	(1)	(3)
Non-Current	(14)	(18)	(4)
Total	(15)	(19)	(7)
Leave obligation			
Current	(26)	(20)	(22)
Non-Current	(146)	(111)	(122)
Total	(172)	(131)	(144)
Pension			
Current	-	-	-
Non-Current	(28)	(34)	(36)
Total	(28)	(34)	(36)

(J) Expected contributions to post-employment benefit plans for the year ending 31 March 2018 is ₹ 132

(All amounts are in million Indian ₹ unless otherwise stated)

Note 35. Employee benefits (Contd...)

(K) Major category of plan assets

	Gratuity						Pension					
	2016-17		2015-16		2014-15		2016-17		2015-16		2014-15	
	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
Government of India Securities (Central & State)	16%	49	14%	45	23%	53	29%	74	18%	51	35%	95
High Quality Corporate Bonds (including Public sector bonds)	14%	44	19%	62	31%	71	44%	112	38%	108	44%	118
Cash (including special deposits)	4%	11	6%	21	4%	9	3%	9	26%	75	1%	2
Scheme of Insurance-conventional Products	2%	6	2%	5	2%	5	0%	-	0%	-	0%	-
Scheme of Insurance-ULIP products	37%	116	36%	119	39%	90	0%	-	0%	-	0%	-
Other	27%	83	23%	75	1%	3	24%	62	18%	50	20%	54
	100%	309	100%	327	100%	231	100%	257	100%	284	100%	269

Major category of plan assets

	Provident Fund					
	2016-17		2015-16		2014-15	
	%	Amount	%	Amount	%	Amount
Government of India Securities (Central & State)	24%	189	20%	118	19%	113
High Quality Corporate Bonds (including Public sector bonds)	62%	477	67%	388	61%	355
Cash (including special deposits)	7%	56	7%	41	7%	41
Other	7%	57	6%	38	13%	79
	100%	779	100%	585	100%	588

Actuarial Assumptions

	2016-17	2015-16	2014-15
Discount Rate (annual)	7.00%	7.80%	7.80%
Salary growth rate	10.50%	8.00%	8.00%
Expected rate of return (Annualised)	8.00%	8.00%	8.00%
Medical Inflation Rate	8.00%	8.00%	8.00%

Note 35. Employee benefits (Contd...)

(L) Risk exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility:- The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a return lesser than the yield. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk to minimise risk to an acceptable level.

Changes in bond yields:- The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

Inflation risks : In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy:- The pension and medical plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary conditions result in higher sensitivity to changes in life expectancy.

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due.

Note 36.(A) First Time Adoption of Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet as at 1 April 2015 (the Group's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act ('previous GAAP' or 'Indian GAAP'). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 'First time adoption' optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

a) Ind AS optional exemptions

a.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the Group has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

a.2 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Group has elected to apply this exemption for its investment in equity instruments.

a.3 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Group has elected to apply this exemption for such contracts/arrangements.

a.4 Business combination

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated. The group has applied same exemption for investment in associates and joint ventures

a.5 Prospective application of Ind AS 21 to business combination

Ind AS 101 allows a first-time adopter not to apply Ind AS 21 Effects of changes in Foreign Exchange Rates retrospectively for business combinations that occurred before the date of transition to Ind AS. In such cases, where the entity does not apply Ind AS 21 retrospectively to fair value adjustments and goodwill, the entity treats them as assets and liabilities of the acquirer entity and not as the acquiree.

b) Ind AS mandatory exceptions

b.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any

(All amounts are in million Indian ₹ unless otherwise stated)

Note 36.(A) First Time Adoption of Ind AS (Contd...)

difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVOCI

- Impairment of financial assets based on expected credit loss model.

- Asset retirement obligations (decommissioning liabilities).

b.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

b.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

c) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of total equity as at 31 March 2016 and 1 April 2015

Particulars	Notes to first-time adoption	31 March 2016	1 April 2015
Total equity (shareholder's funds) as per previous GAAP		7,297	9,207
Adjustments:			
Fair valuation of investments	d.1	333	214
Proposed dividend and tax thereon	d.2	3,931	1,120
Recognition of government grants	d.3	39	31
Reversal for lease equalisation reserve	d.4	15	14
Allowance for expected credit loss on trade receivables	d.5	25	34
Fair valuation of investments in equity shares at FVOCI	d.1	4	3
Deferred tax impact for IND AS adjustments	d.6	(47)	(37)
Others	d.7	35	47
Total adjustments		**4,335**	**1,426**
Total equity as per Ind AS		**11,632**	**10,633**

Reconciliation of profit as per previous GAAP with total comprehensive income as per Ind AS for the year ended 31 March 2016

Particulars	Notes to first-time adoption	31 March 2016
Profit after tax under previous GAAP		2,021
Adjustments:		
Fair valuation of investments	d.1	119
Recognition of government grants	d.3	8
Reversal for lease equalisation reserve	d.4	1
Allowance for expected credit loss on trade receivables	d.5	(9)
Others		24
Deferred tax impact for IND AS adjustments		(22)
Profit after tax as per Ind AS		**2,142**
Other comprehensive income		
Remeasurements of defined benefit liability (Actuarial gains/(losses))		(36)
Fair valuation of investments in equity shares	d.1	1
Deferred tax Impact		12
		(23)
Total comprehensive income as per Ind AS		**2,119**

Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016 as explained in note (d) below

	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities	2,644	(12)	2632
Net cash flow from investing activities	(1,566)	7	(1,559)
Net cash flow from financing activities	(1,133)	5	(1,128)
Net increase/(decrease) in cash and cash equivalents	(55)	-	(55)
Cash and cash equivalents as at 1 April 2015	471	-	471
Cash and cash equivalents as at 31 March 2016	**416**	**-**	**416**

Note 36.(A) First Time Adoption of Ind AS (Contd...)

d) Notes to first-time adoption:

d.1 Fair valuation of investments

Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value.

The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2016. This increased the retained earnings by ₹ 333 as at 31 March 2016 (1 April 2015 - ₹ 214).

Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended 31 March 2016. This increased other reserves by ₹ 4 as at 31 March 2016 (1 April 2015 - ₹ 3) with corresponding increase in non current investments.

Consequent to the above, the total equity as at 31 March 2016 increased by ₹ 337 (1 April 2015 - ₹ 217) and other comprehensive income for the year ended 31 March 2016 increased by ₹ 120.

d.2 Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend and dividend tax thereon of ₹ 3,931 as at 31 March 2016 (1 April 2015 – ₹ 1,120) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

d.3 Recognition of government grants

Under the previous GAAP, Government Grant was recognized to the extent it met criteria of reasonable certainity of ultimate collection of outstanding amount.

As per Ind AS, since the eligibility of VAT incentive is linked to capital investment, therefore grant is considered to be of capital nature and hence recognized on a straight line basis over the useful life of the fixed assets

As a result, grant receivable has been recognised (under other current financial assets) at ₹ 39 as on 31 March 2016 (1 April 2015- ₹ 31) with a corresponding credit of ₹ 8 to statement of profit and loss for the year ended 31 March 2016 and ₹ 31 to retained earnings as at 1 April 2015.

d.4 Reversal of lease equalisation reserve

Under Ind AS lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost. The Group has determined that increases in lease rent payments are inflationary only. Accordingly, the Group has reversed the balance of the lease rent equalisation reserve outstanding in the previous GAAP financial statements by credit of ₹ 14 to the retained earnings as at the transition date and ₹ 1 to statement of profit and loss for the year ended 31 March 2016.

d.5 Impairment loss on trade receivables

As per Ind AS 109, the Group is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts decreased by ₹ 25 as at 31 March 2016 (1 April 2015 – ₹ 34).

d.6 Deferred tax

Under previous GAAP, deferred tax was computed on timing differences (profit and loss approach). Under Ind AS deferred tax is computed on temporary differences using a balance sheet approach. Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its corresponding tax base.

The increase in deferred tax liability represents deferred tax recognised on the adjustments made on transition to Ind AS. Accordingly, profit for the year ended 31 March 2016 has reduced by ₹ 47 and retained earnings as at 1 April 2015 has decreased by ₹ 37.

d.7 Others

Other adjustments include adjustment in respect of fair valuation of interest free loans to employees, asset retirement obligations, finance lease of land, fair valuation of derivative forward contracts, security deposits etc, which have not been disclosed separately considering the materiality of the amounts involved.

(All amounts are in million Indian ₹ unless otherwise stated)

Note 36.(B) Recent accounting pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, notifying amendments to Ind AS 7, ‘Statements of cash flows’ and Ind AS 102, ‘share-based payments’. The amendments are applicable to the Group from April 1, 2017.

Amendments to Ind AS 7:

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Amendments to Ind AS 102:

The amendments to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that in a net settlement feature in respect of withholding taxes.

The Group is evaluating the requirements of the above amendments and their effect on the financial statements.

Note 37. Statutory Group Information

a) Additional information to consolidated financial statements (Pursuant to Schedule III to the Companies Act, 2013):

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	INR	As % of consolidated profit and loss	INR	As % of consolidated other comprehensive income	INR	As % of total comprehensive income	INR
Parent								
Akzo Nobel India Limited								
Balance as at 31st March, 2017	99.93%	10,089	100%	2,470	100%	(72)	100%	2,398
Balance as at 31st March, 2016	99.94%	11,625	100%	2,142	100%	(23)	100%	2,119
Indian Subsidiary								
ICI India Research & Technology Centre								
Balance as at 31st March, 2017	0.07%	7	0%	-	0%	-	0%	-
Balance as at 31st March, 2016	0.06%	7	0%	-	0%	-	0%	-
Total								
Balance as at 31st March, 2017	**100%**	**10,096**	**100%**	**2,470**	**100%**	**(72)**	**100%**	**2,398**
Balance as at 31st March, 2016	**100%**	**11,632**	**100%**	**2,142**	**100%**	**(23)**	**100%**	**2,119**

b) The Company’s subsidiary – ‘ICI India Research & Technology Centre’ is limited by guarantee and does not have a share capital. Based on undertaking given by the members of the Company, they will contribute a maximum of ₹ 100/-(Rupees hundred) in the event the Company is wound up. The Subsidiary conducts research activity on behalf of Akzo Nobel India Limited and receives contributions from the Company to the extent of costs incurred on such research activity.

Note 38.

Managerial remuneration paid by erstwhile Akzo Nobel Coatings India Private Limited ('AN Coatings'), since amalgamated with the Group, for the years ended 31 March 1999 and 31 March 2000 was in excess of limits prescribed under the Companies Act,1956 by an amount of ₹ 10 million. AN Coatings had, therefore, made applications with the Central Government for approval of the excess remuneration paid, for which response is awaited.

Note 39.

The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30 March 2017 is not applicable to the Group.

Note 40.

The financial statements of the Holding Company for the year ended 31 March 2016 and 31 March 2015 has been prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) were audited by another firm of Chartered Accountants who expressed an unmodified opinion vide reports dated 13 May 2016 and 28 May 2015 respectively.

Note 41.

The financial statements of the Subsidiary Company for the year ended 31 March 2016 and 31 March 2015 has been prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) were audited by another firm of Chartered Accountants who expressed an unmodified opinion vide reports dated 30 September 2016 and 22 September 2015 respectively.

Note 42.

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under section 92-92F of The Income Tax Act, 1961. Since the law requires such information and documentation to be contemporaneous in nature, the company is in process of updating the documentation of international transactions with the Associated Enterprises during the financial year and expects such records to be in existence latest by the due date of filing the return of income. The management is of the opinion that its international transactions are at arms length so that aforesaid legislation will not have any material impact on the financial statements, particulars on the amount of tax expense and that of provision for taxation.

Note 43.

Previous year figures has been regrouped and reclassified where ever necessary to conform with the current year classifications.

As per our report of even date attached.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. : 012754N/N500016
Chartered Accountants

For and on behalf of the **Board of Directors of Akzo Nobel India Limited**
CIN : L24292WB1954PLC021516

Anurag Khandelwal
Partner
Membership No. : 078571

Nihal Kaviratne CBE
Chairman
DIN : 00032473

Jayakumar Krishnaswamy
Managing Director
DIN : 02099219

Pradip Menon
Wholetime Director and CFO
DIN : 07417530

Rajasekaran Guha
Company Secretary

Date : 18 May 2017
Place : Mumbai

Date : 18 May 2017
Place : Mumbai

Notice of Annual General Meeting

Notice is hereby given that the 63rd Annual General Meeting of the Members of Akzo Nobel India Limited will be held on Monday, 14 August 2017 at 1400 hours at Hotel Hyatt Regency, JA-1, Sector III, Salt Lake City, Kolkata 700 098, to transact the following business:

Ordinary Business

1. To consider and adopt the audited financial statements for the year ended 31 March 2017 and the reports of the Directors and Auditors thereon.

2. To declare a Dividend on equity shares for the year ended 31 March 2017.

3. To appoint a Director in place of Mr Amit Jain who retires by rotation. Being eligible, he has offered himself for re-appointment as a Director of the Company. Accordingly, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

   "Resolved that Mr Amit Jain (DIN 01770475) be and is hereby re-appointed a Director of the Company, liable to retire by rotation."

4. To appoint Auditors for the year 2017-18 and to fix their remuneration and for this purpose to consider and, if thought fit, pass the following resolution as an ordinary resolution:

   "Resolved that M/s Price Waterhouse Chartered Accountants LLP, (ICAI FRN 012754N/ N500016), be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at the remuneration as given below:

Statutory audit	₹ 5.5 million
Statutory certification	₹ 1.8 million

   In addition, reasonable out-of-pocket expenses and taxes as applicable may also be reimbursed to the Auditors on actuals. Any other fees for certification and other permissible services may be billed by the Auditors at such rates as may be agreed between the Auditors and the Company."

Special Business

5. To consider and if thought fit, pass the following resolution as an ordinary resolution:

   "Resolved that Mr Nihal Kaviratne CBE, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed a Director of the Company."

   "Resolved further that the vacancy, so created on the Board of Directors of the Company, be not filled."

6. To ratify payment of remuneration to Cost Auditors: To consider and if thought fit, pass the following resolution as an ordinary resolution:

   "Resolved that the remuneration of ₹ 0.75 million, in addition to reimbursement of travel and out-of-pocket expenses, to M/s Chandra Wadhwa & Co., Practicing Cost Accountants, holding registration number 00239 allotted by The Institute of Cost Accountants of India, appointed as the Cost Auditors of the Company for the year 2017-18 by the Board of Directors, be and is hereby ratified."

By order of the Board

Rajasekaran Guha
Company Secretary

Mumbai
18 May 2017

Registered office:
Geetanjali Apartment
8 B, Middleton Street
Kolkata 700 071

Notes

i) **A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him but the Proxy shall not have any right to speak at the meeting. A Proxy need not be a member of the Company.**

The Proxy form, in order to be effective, should be received at the registered office of the Company or at the office of its Registrar and Share Transfer Agent M/s C B Management Services (P) Ltd., (the 'RTA'), P-22, Bondel Road, Kolkata 700 019 not later than 48 hours before the commencement of the Meeting.

ii) The Register of Members and Share Transfer books of the Company will remain closed from 8 August 2017 to 14 August 2017 both days inclusive.

iii) Dividend, if approved at the Meeting, will be paid on or around 30 August 2017 by means of direct bank credit or dividend warrants;

a. In respect of shares held in electronic form, to the beneficial owners of shares as on 7 August 2017 as per the downloads furnished to the Company by the depositories for this purpose;

b. In respect of shares held in physical form, to those members whose names appear on the Company's Register of Members after giving effect to all valid stock transfers lodged with the Company before closing hours on 7 August 2017.

iv) As per current SEBI Regulations, dividend is required to be credited to shareholders using any of the electronic modes of payment approved by the Reserve Bank of India, wherever the requisite details/mandates have been provided by the Members. Members who are yet to provide their bank details are requested to send the details of their bank account (account number, bank name, bank address, MICR Code and IFSC Code) to their Depository Participants (in case of shares held in dematerialized form) or to the RTA (in case of shares held in physical form) at the earliest.

v) Members holding shares in physical form and are desirous of making nomination in terms of Section 72 of the Companies Act, 2013, may write to the RTA for the prescribed form.

vi) Members/Proxy holders must bring the Attendance Slip to the Meeting and hand it over at the entrance, duly signed. A blank format is appended to the Annual Report.

vii) Members who wish to obtain any information on the Company or the Accounts may visit the Company's website: www.akzonobel.co.in or may send their queries at least 10 days before the date of the Meeting to the Company Secretary at the Company's Corporate Office at DLF Epitome, Tower A, 20th Floor, Cyber City, DLF Phase III, Gurgaon 122 002.

viii) Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividends which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund. Shareholders who have not encashed the dividend warrants so far, for the financial year ended 31st March 2010 or any subsequent financial years, are requested to send un-encashed dividend warrants, to the RTA for necessary action. Separate intimations have been sent to those Members whose dividend warrants remain outstanding as on 31 March 2017.

Further, pursuant to Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, which have become effective from 28 February 2017, all shares in respect of which dividend has remained unpaid or unclaimed for 7 consecutive years are liable to be transferred to the IEPF Authority.

Once the aforesaid shares/dividend are transferred to IEPF, the concerned shareholders can claim both the unclaimed dividend and the shares from the IEPF Authority by making an application in the prescribed form and manner to the IEPF Authority.

ix) Pursuant to section 108 of the Companies Act 2013, read with the Companies (Management and Administration) Rules 2014, the Company is pleased to offer e voting facility to the members to cast their votes electronically on all resolutions set forth in this Notice. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility.

Complete details of e-voting are annexed to this notice.

Brief profile of Directors to be appointed/ re-appointed

Item No. 3

Mr Amit Jain

Mr Amit Jain is a business professional with three decades of experience in leadership roles across Asia & Europe. He served as the Managing Director of ICI India & Akzo Nobel India from 2009-2013 and is continuing on the Board as a Non-Executive Director since 2014. He is a member of the Audit and Nomination & Remuneration Committees of the Board.

Mr Amit Jain started his career in ICI. He has since served in leadership roles, both in Coca-Cola across Asia and Viacom/ MTV Asia. Effective 2014, he is the Managing Director for AkzoNobel Decorative Paints business in North & Western Europe, and operates out of Amsterdam.

Mr Amit Jain holds a management degree from the FMS, Delhi and has attended an Advanced Management Program from the Wharton Business School. An avid reader, wildlife photographer and golfer, Mr Jain is passionate about sustainability and wildlife conservation.

Apart from Akzo Nobel India Limited, Mr Jain is the Chairman/ Director on the boards of ICI India Research & Technology Centre and Navya Advisors Pvt Ltd.

Mr. Jain is not related to any Director of the Company, nor does he hold any shares of the Company.

The Board recommends the resolution for approval by the shareholders. Except Mr Amit Jain, no other Director has any interest or concern in this resolution.

Explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of 'Special Business'

Item No. 5

Mr N Kaviratne CBE joined the Company's Board in March 2009 as a non executive director and nominated as the Chairman with effect from 1 October 2010. He is also member of the Nomination & Remuneration Committee.

In terms of section 152 of the Companies Act 2013 and the Articles of Association of the Company, Mr Kaviratne is due to retire by rotation at this meeting. However, he has not offered himself for re-election due to other commitments, resulting in a vacancy on the Board; and, the Board has resolved, subject to approval of shareholders, that the vacancy in the Board so created shall not be filled.

The Board recommends the resolution for approval by the shareholders. None of the Directors has any concern or interest in this resolution.

Item No. 6

Payment of Remuneration to Cost Auditors

The Board, at its meeting held on 18 May 2017, appointed M/s Chandra Wadhwa & Co., practicing cost accountants, holding registration number 00239 allotted by The Institute of Cost Accountants of India, as cost auditors of the Company, in terms of section148 of the Companies Act 2013 and fixed a sum of ₹ 0.75 million as remuneration payable, for the financial year 2017-18.

The remuneration, as recommended above is required to be ratified by the shareholders of the Company, as per the requirements of the Companies (Audit and Auditors) Rules 2014, read with Section 148(3) of the Companies Act, 2013.

The Board recommends the resolution for ratification by the shareholders. None of the Directors has any concern or interest in this resolution.

Notes

Notes

Notes

Design
Kalolwala & Associates Private Limited
(www.kalolwala.co.in)

Printing
United Advertising & Marketing Services
(www.unitedadvertising.in)

Corporate Office
DLF Epitome
Building No. 5, Tower A, 20th Floor
Cyber City, DLF Phase III
Gurugram 122 002, India

www.akzonobel.co.in

AkzoNobel creates everyday essentials to make people's lives more liveable and inspiring. As a leading global paints and coatings company and a major producer of specialty chemicals, we supply essential ingredients, essential protection and essential colour to industries and consumers worldwide. Backed by a pioneering heritage, our innovative products and sustainable technologies are designed to meet the growing demands of our fast-changing planet, while making life easier. Consistently ranked as a leader in sustainability, we are dedicated to energising cities and communities while creating a protected, colourful world where life is improved by what we do.

Akzo Nobel India has been present in India for over 60 years and is a significant player in the paints industry. In 2008, the company became a member of the AkzoNobel Group. Our portfolio includes well-known brands such as Dulux, Sikkens, International and Interpon. With employee strength of about 1,900, Akzo Nobel India has manufacturing sites, offices and a distribution network spread across the country. All manufacturing facilities have state-of-the-art environmental management systems. Its commitment to Health, Safety, Environment & Security has been among the best in class, with due care being taken to protect the people and the environment.

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