2 July 2019

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

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

Dear Sirs,

Sub: Annual Report of the Company and Notice convening 65th Annual General Meeting ("AGM")

Further to our letter dated 1 July, 2019 and pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Notice convening the AGM and the Annual Report of the Company for the financial year 2018-19, which are being dispatched/sent to the members of the Company by permitted mode(s).

The Notice of AGM and the Annual Report for the financial year 2018-19 are also being made available on the website of the Company at: https://www.akzonobel.co.in.

This is for your information and record.

Thanking you,

Yours Faithfully,
For Akzo Nobel India Limited

Akzo Nobel India Limited
Gurugram

R Guha
Company Secretary

Encl: as above.

Akzo Nobel India Limited

Annual Report

18 19

AkzoNobel

Inside the Report

Amit Jain
Chairman

Chairman's Statement

"We expect sectors such as real estate, sanitation, railways, smart cities and high value infrastructure projects to get a boost, which will also have a positive impact on the overall Indian economy and give the much-needed momentum to the paints & coatings industry."

Rajiv Rajgopal
Managing Director

Managing Director's Statement

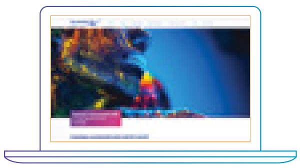
"A future that is being shaped by strategic success factors: passion for paints, precise processes, powerful performance and proud people nurtured over the years to secure enduring competitiveness of the Company."

Overview

Statutory Reports

Financial Statements

Performance Highlights



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

Scan QR code to visit our website

Dulux Visualizer App

Scan QR code to download the App

For iOS

For Android

Chairman's Statement

Amit Jain
Chairman

"As we speed up the implementation of creating our fit-for-purpose organization, it gives me great pleasure to inform you that the Speciality Chemicals business has now been successfully separated from your Company."

Lord Tennyson once wrote "The old order changeth, yielding place to new."

Back in the 1800s, Lord Tennyson once wrote: "The old order changeth, yielding place to new." It's a phrase which still rings true more than 200 years later, because your company is in the midst of a transformation to a focused paints and coatings business.

Looking back, the year FY2019 started on an upbeat note with Q1 GDP growth driven by strong performance in the manufacturing, construction and agriculture sectors. Part of the spurt in growth could be linked to a low base effect as the economy went through the twin shocks of demonetisation and GST implementation.

However, in the subsequent quarters, India's economy slowed down due to declining growth in private consumption, a tepid increase in investment and muted exports. The paints and coatings industry witnessed a modest year, with volumes growing in the low teens. The GST rate cut in July 2018 helped the expansion of the "organised" part of the paints and coatings industry. Profitability/gross margins of paint companies declined for the second consecutive year in FY2019 by 100-200 bps, mainly due to hardening input prices resulting from higher crude prices and currency depreciation.

Demand from real estate remained subdued, which impacted the building material segment the most. Growth in affordable housing is likely to be the key driver of industry performance. Profitability in the economy remained under pressure for most

"Your Company's commitment to going beyond the fulfilment of corporate social responsibility has been recognised globally, with some of the initiatives winning prestigious awards."

of the year. Liquidity tightening and concerns over worsening credit risks – combined with fears of a sub-par monsoon and higher crude prices – are additional risks for the economy. Clearly, there are many domestic headwinds that the economy is battling.

Expectations of a stable government have created a wave of positive market sentiment, which is good for business. We expect sectors such as real estate, sanitation, railways, smart cities and high value infrastructure projects to get a boost, which will also have a positive impact on the overall Indian economy and give much-needed momentum to the paints and coatings industry.

Given the fact that the environment has substantial uncertainties, your company will need to stay agile and focused to keep up with this changing environment. We will focus on increasing customer centricity, drive further operational excellence and build greater momentum and speed across the business. This also means higher value engineering and an unrelenting focus on costs to maintain our profitability.

As we speed up the implementation of creating our fit-for-purpose organization, it gives me great pleasure to inform you that the Speciality Chemicals business has now been successfully separated from your Company. This gives us the bandwidth to channel our energy into the core competency of making and marketing paints and coatings.

Sustainability is at the heart of everything we do at AkzoNobel. Our sustainability agenda was brought into sharper focus with Dulux Weathershield solar reflective paint; our Rediset additives that allow asphalt to be mixed at lower temperatures and our Intersleek marine coatings that help ships to reduce fuel consumption. Your Company focuses on resource productivity as key drivers of sustainability, with explicit goals.

Your Company is also committed to making a difference in the communities where we operate. We have been focusing on the education of underprivileged children, skill development of young people, road safety awareness among school children and providing healthcare services to the needy in different parts of India, all as part of AkzoNobel Cares. Your Company's commitment to going beyond the fulfilment of corporate social responsibility has been recognised globally, with some of the initiatives winning prestigious awards.

I would like to take this opportunity to formally welcome Mr Rajiv Rajgopal as the Managing Director of your Company since November 1, 2018. Rajiv has been with AkzoNobel in leadership roles for more than six years. I am confident that his leadership will bring dynamism and momentum to steer your Company to greater heights. I also want to welcome on board Mr Lakshay Kataria as Chief Financial Officer and Mr Hemant Sahai as the new Independent member on the Board. Their expertise will help us to delivering our strategy, good governance and drive organic growth and innovation.

AkzoNobel India has always believed in generating sustainable total shareholder return (TSR). In line with this belief, a share buyback programme was launched in mid-2018, which received overwhelming participation from shareholders. This has been followed by a higher dividend recommendation of ₹ 24 per share, reflecting the Board's clear intent to share the benefits with all its shareholders.

Your Company has the unique opportunity to fundamentally transform itself to become the reference in the paints and coatings industry in the country. This is the time to prioritize and speed up delivery of the transformation initiatives. We all need to act with urgency, have a laser-sharp focus and always live and deliver our core values.

I would like to thank you all for your continued loyalty, trust and support.

Amit Jain
Chairman

Managing Director's Statement

Rajiv Rajgopal
Managing Director

"We continue our journey to being recognised as the reference in the paints and coatings industry by focusing on our global colour expertise, leading brands, customer-driven innovation, sustainability and growing our distribution footprint to win the hearts and minds of more customers."

The Winning together: 15 by 20 transformation announced by our parent Company, AkzoNobel, is one of the largest transformations we have ever undertaken. We have been working with various teams to strategize the footprint for the next five years in order to drive profitable growth, work on customer-centric innovation and build India as a talent hub for AkzoNobel.

Last year (2018-19) was notable as your Company started operating as a focused paints and coatings organisation. This will enable us to seamlessly channel our energy into our core business – and it has already started to yield results. We have been making changes to the way we operate and work together to deliver improved profitability by selling more value-added products, reducing costs and standardizing while getting closer to our customers.

Safety, integrity and sustainability are fundamental to our business. Building on these pillars, a promising tomorrow is unfolding. A future that is being shaped by four strategic success factors: passion for paint, precise processes, powerful performance and proud people. It's an approach which will help us to secure enduring competitiveness.

Painting the future

We are committed to providing consumers with solutions that make their lives easy and living spaces more inspiring. There was a constant stream of new launches last year, reaffirming our customer focus and passion for paint. For example, we introduced Dulux Weathershield Max – next generation protection for home exteriors against recurring cracks, dampness and fungus formation caused by rain. The product – with its advanced, crack-proof active guard and smart release technologies – protects exterior walls. Meanwhile, its SunReflect technology keeps surfaces up to 5°C cooler due to its higher solar reflectance index value (SRI).

We also launched the Dulux Colour Play Tester, a handy, first-of-its kind paint sampler integrated with an easy-to-use mini roller. The specialized tool improves consumers' lives by making the color selection process fun and easy, allowing them to test out colours on their walls before finalising the shade.

Our centuries of colour expertise were reflected in the 16th edition of our annual global study, ColourFutures™. Developed by AkzoNobel's Global Aesthetic Center, it involves top design professionals from all over the world coming together to capture the mood of the moment. In fact, our research shows that people around the world are experiencing a renewed sense of energy, optimism and purpose. We therefore unveiled Spiced Honey as the 2019 Colour of the Year. It has a warm amber tone and it's a colour that can be calming or nourishing, stimulating and energizing, depending on the light and colours surrounding it. Spiced Honey bridges the gap between the unknown and the comfortable, to create spaces to think, to dream, to love and to act. It encourages and pushes us, which is just what the world needs right now!

During the year, Dulux India introduced two revolutionary products in its professional range – Dulux Professional Weathershield TR E2000 and Dulux Professional Weathershield Creation Stonetex. Both products are scientifically formulated to ensure durability and are designed to meet the needs and professional requirements of the residential, commercial, education, healthcare and hospitality sectors.

We also launched the #HomesOfTheBrave initiative. The campaign celebrated and acknowledged the brave hearts of the Indian Armed Forces, who leave their homes to protect ours.

Our sustainability agenda was brought into sharper focus when the Dulux and Dulux Professional range of products were accredited with the prestigious GreenPro Certification by the Confederation of Indian Industry. The system adopts a cradle-to-cradle approach in assessing products on parameters that include design, raw materials, the manufacturing process, performance during use, and recycling and reuse at the end of a product's life.

Coatings for every surface

We inaugurated a new Powder Coatings facility in Thane, Mumbai, in the first half of 2018. The state-of-the-art facility introduced new product lines in bonded metallic and functional powder coatings. We were the first coatings company to set up a manufacturing facility for bonded metallic powder coatings in India.

Your Company was also first to introduce a camouflage finish, namely Flexikote SP600, in the Indian coil coatings market. Flexikote is suitable for use in the interior and exterior building products market. Based on super durable polyester (SDP) technology, the uniqueness of the camouflage finish lies in the way the "gravure" print and clear coat are applied as a wet on wet system. It is designed to offer good exterior durability, flexibility and hardness to ensure long-term functional protection.

We improved our offering by beefing up the Wanda portfolio in vehicle refinishes; completing our premium wood coatings portfolio; and introducing more efficient product offerings in protective coatings. In addition, our powder coatings are now well-used to being used to coat the localized products of a certain Finnish handset manufacturer. In Marine, Protective and Yacht Coatings, we introduced a series of new products – Intergard 251HS, Intertherm 228HS, Interbond 2340 and Interchar 1290.

AkzoNobel Cares

AkzoNobel cares about people and their communities. Over the years, we have supported and encouraged numerous social development initiatives, including improving and enhancing infrastructure facilities in healthcare, education, economic development, road safety and the environment sector. We have reached many significant milestones, such as training 5,000 young people at the AkzoNobel Paint Academy; conducting a comprehensive road safety awareness programme among 20,000 young people, educating more than 5,000 children through Project Parivartan, and setting up E-Health clinics in Bengaluru, which benefitted more than 1,500 residents.

In addition, we launched the India chapter of our global partnership with SOS Children's Villages. The association supports young people under the care of SOS India to enhance their employability by means of improving their communication skills through training. More than 300 young people are expected to benefit from this association.

As a testimony to our consistent good work, AkzoNobel India won three awards at the prestigious Asia Best CSR Award 2018 organized by CMO Asia for Best CSR Practice, Education and Skill Development.

Sustainability

For AkzoNobel, sustainability means creating shared value for all our stakeholders. It underpins our core principles and is our driver for growth, innovation and productivity.

We have a clear sustainability agenda for our focused paints and coatings company, with two key focus areas:

- **Value selling** – we innovate to give our customers choice and competitive advantage through product portfolios designed to bring tangible benefits and deliver positive social and environmental impact with a priority of at least a fourth of our product portfolio consisting of eco-premium solutions
- **Resource productivity** – we are creating a culture of care for all materials used, eliminating waste and reducing variable cost. Increased resource productivity in our operations and supply chain makes us more competitive and sustainable

Our value selling agenda is strengthened continuously, and is one of the main drivers for further improving the sustainability of our portfolio. This helps to accelerate market penetration and margin growth and drive progress towards making a positive contribution to the Company's success.

I would like to take this opportunity to thank all employees and business partners for their relentless efforts in delivering on our strategy. We are poised to make progress on contributing to AkzoNobel's Winning together: 15 by 20 journey – and beyond – and claim our rightful place as the reference in our industry.

Rajiv Rajgopal
Managing Director

Board of Directors

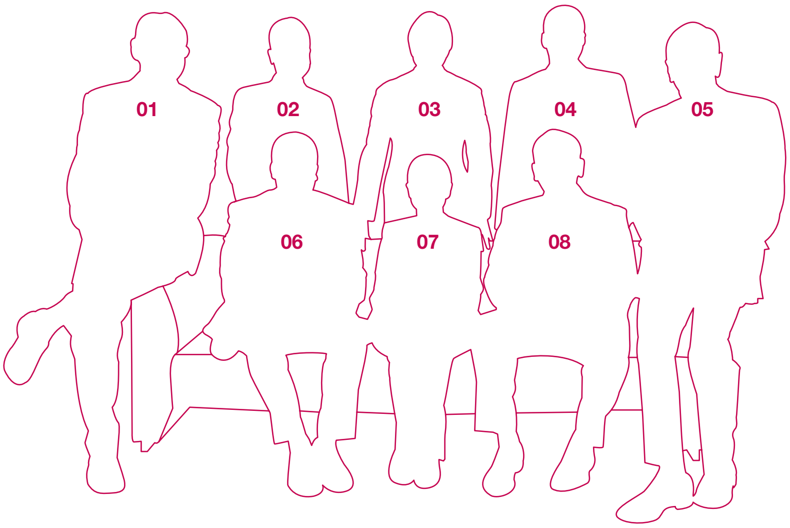
01 Mr Lakshay Kataria
CFO and Wholetime Director

Lakshay Kataria (Lakshay) is the Chief Financial Officer and Wholetime Director of the Company since February 2019.

Lakshay is a rankholder Chartered Accountant from ICAI and Bachelors in Commerce from SRCC, Delhi University. He has 17 years of experience with reputable organisations like Unilever, GSK Consumer, Microsoft and 21st Century Fox (Star India).

Lakshay´s experience ranges across Finance and Commercial roles including business partnering, finance controllership, investor relations, commercial management, treasury and M&A.

In his last assignment at ACG Associated Capsules, Lakshay was VP finance reporting to the CEO and was responsible for India and Global finance.



02 Mr Hemant Sahai
Independent Director

Hemant Sahai (Hemant) joined the Board of the Company as an Independent Director in August 2018. He is the Chairman of the Stakeholder Relationship Committee.

Hemant is the Founding Partner of the law firm HSA Advocates. Born in 1963, Hemant has done his B Com (H) and LLB from Delhi University. He has served as adviser to several working groups and committees formed by top government bodies/ institutions including certain extra ministerial policy advisory bodies from time to time.

Hemant was recently recognised as one of the top 100 lawyers in India by a leading international publication, IBLJ and was also awarded the “Infrastructure Lawyer of the Year” by a reputed international legal publication, “American Lawyer´s Emerging Markets Awards”, in Singapore.

03 Mr Arvind Uppal
Independent Director

Arvind Uppal (Arvind) joined the Board of the Company as an Independent Director in April 2011. He is the Chairman of the Nomination and Remuneration Committee.

Arvind is a Chemical Engineer from IIT, Delhi and holds a Masters in Business Administration from the Faculty of Management Studies, Delhi. He has also attended a programme for Executive Development at IMD, Lausanne, Switzerland.

Arvind is currently the Chairman of 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).

04 Mr Oscar Wezenbeek
Non Executive Director

Oscar Wezenbeek (Oscar) joined the Board of the Company as a Non Executive Director in May 2019.

Oscar is currently the Managing Director for AkzoNobel Decorative Paints in South East & South Asia (SESA). Over the course of his 28-year career with AkzoNobel Group, he has successfully led various portfolios in the coatings and automobile departments.

Oscar is a passionate people manager, driving customer focus and performance improvement in all business areas. Other areas of his expertise include market research, business planning, strategy development and innovation.

Oscar went through an Advanced Management Program at INSEAD in 2006 and Global Executive Leadership Program at Yale School of Management in 2016. He graduated from Technical University Eindhoven with a Masters in Business Engineering and Management Sciences in 1988.

With a key interest in Sustainability, Oscar also actively promotes painting the construction industry green and collaborates closely with the World Green Building Council in Asia in many initiatives and thought leadership platform.

05 Mr Raj S Kapur
Independent Director

Raj S Kapur (Raj) joined the Board of the Company in March 2014.

Based in Gurgaon, Raj is the owner of Country Strategy Business Consultants and in his professional capacity, he advises companies on their geographic expansion and market development strategies. He has in-depth technical and business knowledge of the chemicals industry and more specifically, performance coatings and specialty chemicals.

Raj started his career as a chemical process engineer and then, over time, moved to finance and business roles. His career spans almost 40 years of which around 35 years were spent at Dow Corning in various parts of the world before he returned to India to start that organization in the country.

Born in September 1950, Raj is a Chemical Engineer from the Indian Institute of Technology (IIT), Kanpur and a Masters in Business Administration (MBA) in Finance & Marketing from the Central Michigan University, USA. He also holds a Masters in Polymer Engineering from Case Western University, USA.

Raj is passionate about helping international companies build their business in India and then leveraging the Indian capabilities to strengthen their Global position.

06 Mr Rajiv Rajgopal
Managing Director

Rajiv Rajgopal (Rajiv) was appointed as the Managing Director of the Company from November 2018. Rajiv is a Chemical Engineer from University of Mumbai and MMS (Marketing) from SP Jain, Mumbai of the 1993 Batch. He has attended programs at INSEAD Singapore and Harvard Business School and Centre for Creative Leadership. Rajiv joined AkzoNobel in 2013 as Head of Sales and Marketing, Decorative Paints and was appointed Country General Manager India in 2014. Rajiv has been the Regional Director, Performance Coatings, Middle East & Africa since January 2017 and serves on the Boards of several AkzoNobel group companies in the Middle-East and Africa.

Prior to joining AkzoNobel India, Rajiv worked as the CEO - Broadband & Data at Airtel India. He has also worked with multinational organizations such as Hindustan Unilever and BP/Castrol India primarily in Sales, Marketing and Business Leadership roles.

07 Ms Kimsuka Narsimhan
Independent Director

Kimsuka Narsimhan (Kimsuka) joined the Board of the Company as an Independent Director in January 2015. She is the Chairperson of the Audit Committee.

Kimsuka is the Chief Financial Officer, Asia Pacific, Kimberly-Clark Corporation. A Chartered and Cost Accountant, Kimsuka was earlier with PepsiCo in the India business as also the Asia/Middle East/ Africa Sector. Prior to PepsiCo, she was with Unilever in various roles across the Home & Personal Care and Foods businesses, in India, UK and Singapore. She also serves as an independent Director on the boards of Astra Zeneca Pharma India Ltd and Bharti Airtel Limited.

08 Mr Amit Jain
Chairman

Amit Jain (Amit) is the Chairman of the Company since 15 August 2017.

Earlier, he served as the Managing Director of the Company from 2009-2013 and continued on the Board as a Non-Executive Director from Jan 2014 post his appointment as Managing Director for AkzoNobel Decorative Business for North & West Europe. He is currently the Managing Director of L´Oreal India Private Limited.

Amit commenced his career with the Company in 1987, where he managed a diverse set of responsibilities in sales & marketing. He subsequently served in business leadership roles with Coca-Cola and Viacom & MTV across Asia.

Amit is an MBA from the Faculty of Management Studies, Delhi and has done Advanced Management from the Wharton Business School. An avid reader and golfer, Amit actively supports wildlife conservation and literacy for under-privileged children.

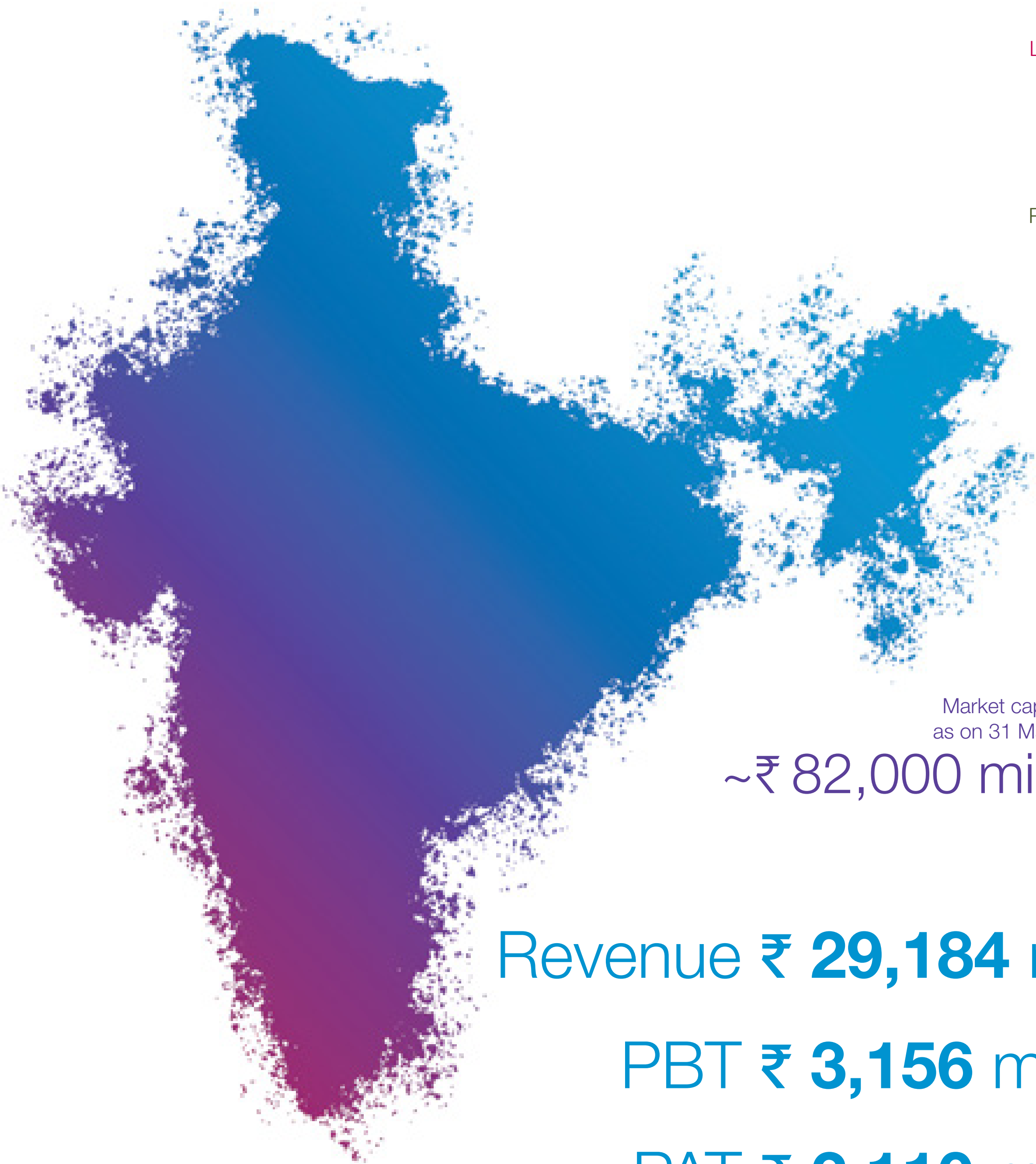
Akzo Nobel India at a glance

Key figures: 2018-19

Employees
as on 31 March 2019
1,695

RD & I
Laboratory
1

Production
Sites
5



Market capitalization
as on 31 March 2019
~₹ 82,000 million

Revenue ₹ **29,184** million

PBT ₹ **3,156** million

PAT ₹ **2,110** million

AkzoNobel is a leading paints and coatings company. Headquartered in Amsterdam, the Netherlands, the company is active in over 150 countries with over 34,500 employees.

Our Brands

Akzo Nobel India has been present in India for over 60 years and currently operates in the Paints & Coatings segment.

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 1,700, 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.

All our business decisions take into account the best interests of all stakeholders, including our employees.

Our Businesses

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.

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 to the food packaging industry.

Performance Highlights

(₹ million)

Statement of income
(on a comparable basis)

5% ▲

Revenue from operations

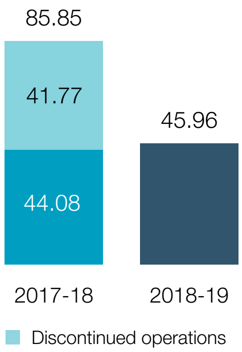
2017-18	27,928
2018-19	**29,184**

15% ▲

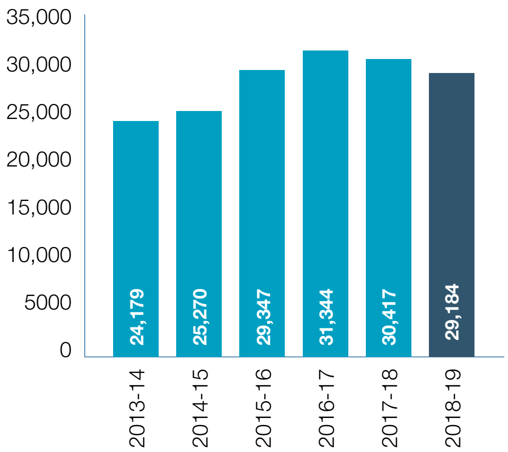
EBIT from operations

2017-18	2,409
2018-19	**2,772**

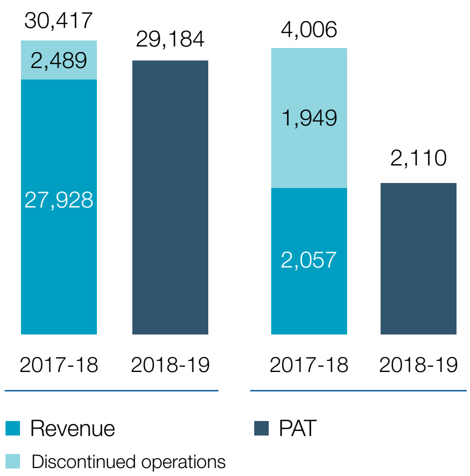
Earnings per share (In ₹)



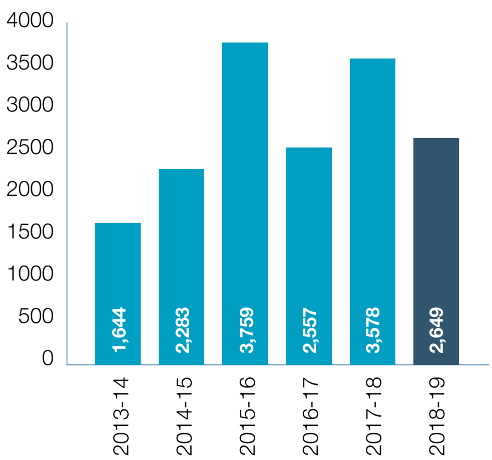
Revenue from operations



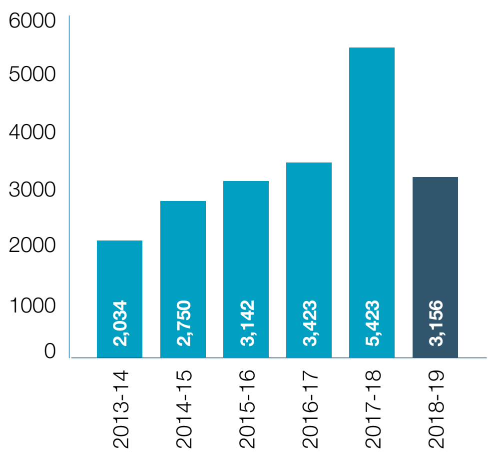
Revenue & PAT



Cash flow from operations (before tax)



Profit before tax



Notes:
1. 2015-16 figures have been restated to Ind AS. | 2. Numbers till 2017-18 include discontinued operations.

Recent Years at a Glance

Balance Sheet

(₹ million)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Assets								
Property, Plant & Equipment	3,711	4,605	5,331	5,306	5,318	5,423	5,656	5,470
Investments	10,035	9,472	6,286	4,325	6,004	3,356	5,733	3,773
Current & Non Current Assets	7,751	8,233	8,580	8,575	9,112	10,057	10,456	11,022
Total Assets	**21,497**	**22,310**	**20,197**	**18,206**	**20,434**	**18,836**	**21,845**	**20,265**
Equity & Liabilities								
Share Capital	479	467	467	467	467	467	467	456
Reserves	13,931	10,586	8,011	10,159	11,158	9,622	12,435	10,900
Shareholder Funds	**14,410**	**11,053**	**8,478**	**10,626**	**11,625**	**10,089**	**12,902**	**11,356**
Total Liabilities	**7,087**	**11,257**	**11,719**	**7,580**	**8,809**	**8,748**	**8,943**	**8,909**
Total equity and liabilities	**21,497**	**22,310**	**20,197**	**18,206**	**20,434**	**18,836**	**21,845**	**20,265**

Statement of Profit and Loss

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue from operations	**19,878**	**22,320**	**24,179**	**25,270**	**29,347**	**31,344**	**30,417**	**29,184**
Other income	1,123	1,381	567	650	567	493	434	422
Total income	**21,001**	**23,701**	**24,746**	**25,920**	**29,914**	**31,837**	**30,851**	**29,606**
Depreciation & Amortisation Expense	366	386	437	526	537	565	607	652
Finance Cost	39	89	15	15	22	32	35	45
Profit before exceptional items and tax	**2,464**	**2,791**	**2,034**	**2,723**	**3,043**	**3,384**	**2,961**	**3,149**
Exceptional items	-	-	-	27	99	39	2,462	7
Taxation	446	603	532	887	1,000	953	1,417	1,046
Profit after Tax	**2,018**	**2,188**	**1,502**	**1,863**	**2,142**	**2,470**	**4,006**	**2,110**
Earnings per share (₹)	**42**	**32**	**40**	**43**	**46**	**53**	**86**	**46**
Equity Dividend per share (₹)	**20**	**80**	**75**	**20**	**70**	**22**	**22**	**24**

Notes:

1. 2015-16 numbers have been restated to Ind AS; 2014-15 Balance Sheet is as at 1 Apr 2015 and has been restated to Ind AS.
2. The Statement of P&L for 2016-17 & 2017-18 include results of discontinued operations.
3. EPS for 2017-18 relates to combined operations.
4. Prior years figures have been regrouped or reclassified where necessary.

Company Information

Board of Directors

Mr A Jain	Chairman
Mr R Rajgopal	Managing Director
Mr L Kataria	Wholetime Director and CFO
Mr R S Kapur	Independent Director
Ms K Narsimhan	Independent Director
Mr H Sahai	Independent Director
Mr A Uppal	Independent Director
Mr O Wezenbeek (w.e.f. 4 May 2019)	Non-Executive Director

Company Secretary

Mr R Guha

Registered Office

8-B, Middleton Street,
Kolkata 700 071, India
Tel: +91 33 22267462
Fax:+91 33 22277925

Corporate Office

DLF Epitome, Building No 5, Tower A,
20th Floor, Cyber City, DLF Phase III,
Gurugram (Gurgaon) 122 002, India
Tel: +91 124 2540400
Fax: +91 124 2540849
Website: www.akzonobel.co.in
Email: investor.india@akzonobel.com

Customer Care

Email: customercare.india@akzonobel.com
Helpline: 180030004455

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: +91 33 40116700
Fax: +91 33 40116739
Email: rta@cbmsl.com

Auditors

Price Waterhouse Chartered Accountants LLP

Bankers

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

Key Committees

Audit Committee
Ms K Narsimhan (Chairperson)
Mr R S Kapur
Mr H Sahai
Mr A Uppal
Mr O Wezenbeek

Nomination and Remuneration Committee
Mr A Uppal (Chairman)
Mr A Jain
Mr R S Kapur
Ms K Narsimhan
Mr H Sahai
Mr O Wezenbeek

Stakeholders Relationship Committee
Mr H Sahai (Chairman)
Mr L Kataria
Mr R Rajgopal

CSR Committee
Mr R S Kapur (Chairman)
Mr L Kataria
Mr R Rajgopal

Risk Management Committee
Mr A Uppal (Chairman)
Mr H Sahai
Mr R Rajgopal
Mr L Kataria
Mr A Kumar
Mr A Bhattacharya
Ms H Rastogi
Mr R Guha

Statutory Reports

Directors' Report

Dear Members,

The Board of Directors hereby presents their 65th report on the business and operations of your Company along with the audited financial statements for the year ended 31 March 2019.

Business Environment

Indian Economy

India's GDP for FY 2018 -19 is expected to grow around 7%. However, the industrial activity across sectors, measured by Index of Industrial Production (IIP), grew at 4 per cent during April-February 2018-19 as against 4.3 per cent in the same period of the previous fiscal year.

In the first half of the year, crude prices rose by more than 40% before tapering off in the second half. However, headline inflation remained soft at around 4%. Factoring in the challenges to economic growth and subdued inflation, RBI, appears to be moving towards a soft interest rate policy by cutting the reference interest rate in a calibrated manner.

India's forex reserves as at end March 2019 was $412 billion, a drop of $12 billion compared to March 2018, after absorbing the steep increase in oil import bill during mid year; however, strong inflows from FIIs has helped maintain the reserves at above $400 billion level. INR-USD rate ended the year at 69.38, a depreciation of around 6% during the year, after witnessing significant volatility during mid year.

Outlook

India continues to be the fastest growing major economies in the world and this trend is expected to continue in FY 2019-20 also. India's GDP for FY 2019-20 is expected to grow by ~7%. Macro economic data remains largely encouraging, with lead indicators pointing to a soft interest rate regime, which is positive for the industrial sector.

The interim Union Budget for 2019-20 announced in February 2019, focuses on supporting the farm sector and the weaker sections of the society, while at the same time continuing the push towards better physical and social infrastructure. A stable government, continuing diversification of economy and a good monsoon are expected to bring positive momentum to the economy. However, factors like inflation, exchange rate, crude oil, geopolitics, climate change, etc., could impact the economic growth.

Financial Statements

The financial statements include:

1. Stand-alone financial statements of the Company, Akzo Nobel India Limited; and

2. Consolidated financial statements of the Group including the operational results of ICI India Research and Technology Centre, on which the Company exercises effective control.

Revenue from operations for the year at ₹ 29,184 million is 5% ahead of previous year on a comparable basis. However, EBIT from business operations at ₹ 2,772 million grew 15% over the previous year, on the back of improved product mix, technological edge and sustainable cost management. After considering other income and tax adjustments, the net profit for the year at ₹ 2,110 million grew 3% over previous year on a comparable basis.

The revenue and results of the Specialty Chemicals business divested in 2017-18 have been reported as 'Discontinued Operations'.

A stable government, continuing diversification of economy and a good monsoon are expected to bring positive momentum to the economy.

The highlights of the performance during the year are:

(₹ million)

	Stand-alone		Consolidated	
	2018-19	**2017-18**	**2018-19**	**2017-18**
Revenue from operations	**29,184**	29,653	**29,184**	29,653
Operating profit (EBITDA)	**3,424**	3,165	**3,424**	3,160
Depreciation	**(652)**	(607)	**(652)**	(607)
Other Income net of Finance costs	**377**	403	**377**	403
Exceptional items	**7**	2,462	**7**	2,462
Profit before tax	**3,156**	5,423	**3,156**	5,418
Tax	**(1,046)**	(1,417)	**(1,046)**	(1,417)
Profit after tax	**2,110**	4,006	**2,110**	4,001

Note: Revenue figures of 2017-18 include those relating to Discontinued operations.

Subsidiary

A statement containing the salient features of financial statements of subsidiary of the Company in the prescribed Form AOC – 1 forms part of this report in compliance with section 129 (3) and other applicable provisions, if any, of the Companies Act 2013 ('the Act') read with Rule 5 of the Companies (Accounts) Rules, 2014. The said Form also highlights the financial performance of the subsidiary included in the Consolidated Financial Statements ('CFS') of the Company pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014.

In accordance with section 136 of the Act, the financial statements of the subsidiary are available for inspection by the members at the registered office of the Company during business hours on all days except saturdays, sundays and public holidays upto the date of the Annual General Meeting ('AGM'). Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the registered office of the Company. The financial statements including the CFS, and all other documents required to be attached to this report have been uploaded on the website of the Company at www.akzonobel.co.in.

Share buyback

Basis shareholder and other regulatory approvals received on 22 May 2018, 1.12 million shares of the Company aggregating to 2.4% of the issued, subscribed and paid-up Equity Capital of the Company were bought back from all eligible shareholders as on the notified Record Date on a proportionate basis at a price of ₹ 2,100 per equity share. The Promoters did not participate in the buyback. Consequent to this buyback, the paid-up capital of the Company has been reduced to ₹ 455 million from ₹ 466 million, with the promoter holding going up from 72.96% to 74.76%. The financial statements for the year ended 31 March 2019 include the impact of the above share buyback.

Share Capital

The paid up share capital of the Company as on 31 March 2019 was ₹ 455,403,140 comprising 45,540,314 of equity shares of ₹ 10 each (Previous year ₹ 466,603,140 comprising 46,660,314 equity shares of ₹ 10 each).

Dividend

Keeping in view the current year's performance and other relevant considerations, the Board is pleased to recommend a dividend of ₹ 24 per share for the financial year 2018-19, compared to ₹ 22 per share in the previous year.

Company's Dividend Distribution policy is annexed to this report. The Policy is also uploaded on company's website www.akzonobel.co.in

Management Discussion and Analysis

Industry structure

India's Paints & Coatings industry is a fairly structured one, with organised players accounting for 65-70% of the industry's sales. 'Paints' account for around 75% of the overall market and 'Coatings' account for the rest. Product quality, performance and service levels continue to be the key differentiators across this market. While Paints is a B2C business, 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. Entry of several new players in recent years has intensified the competition in the market.

The GST slab applicable to the Company's product lines has been reduced to 18% in July 2018, from 28% prevailing till then. The benefit arising from the rate reduction has been passed on to the consumers by adjusting the retail price (MRP).

Per capita paints and coatings consumption in India continues to be low compared to developed economies. With the economy poised to grow ~7%, consumer spending is expected to get a boost, resulting in higher demand for paints and coatings. India's burgeoning young population represents a huge opportunity as more and more youngsters join the workforce and have disposable income. The trend towards nuclear family provides a tail wind for the industry to grow further.

Demand for Paints depends on the housing sector and good monsoons whereas Coatings demand is linked to user industries like auto, engineering, infrastructure projects and consumer durables and is dependent on business cycle and economic conditions. The Government's push towards rural infrastructure spends and higher minimum support prices are expected to significantly improve rural consumption, which is good for the industry.

Demand for Coatings is also expected to increase going forward because of higher investments in infrastructure and increased consumer spending. While the overall business outlook for 2019-20 remains positive for the industry, concerns would remain on the raw materials front if crude oil prices were to increase.

Dividend of ₹24 per share

Overall business outlook for 2019-20 remains positive for the industry

Business Performance

While the strength of our brands and products helped in overall performance, we continued to invest in technologies and digital solutions to service the growing needs of our customers. Sales growth was driven by premium as well as mass market products.

Highlights of different businesses are given below:

Paints business has a presence in premium as well as mass market segments, with strong positioning in the premium segment. It is focused on the buildings and infrastructure end-user segment, serving both consumers and professional painters. To enhance its market reach, the Company expanded its contractor/ Painter outreach programme to drive trials with the premium interior portfolio, with special products to address the Professional Painter customers.

A Digital and Print campaign on Dulux Weathershield Powerflexx - “Homes of the Brave” in a tie up with CRPF and NDTV, Color Futures 2019 was launched with ‘Spiced Honey’ being chosen as the Color of the year for 2019.

The business has launched a series of innovative and enviro-friendly products during the year that have received encouraging response from the market. Some of them are:

- Dulux Testers, in an exclusive tie up with Amazon - first of its kind tool in India
- Next generation of Dulux Weathershield Max with improved anti-fungal, anti-algal properties
- Scale up of new Dulux Promise Enamel
- Sadolin by Dulux in the Woodcare range
- Dulux Professional Weathershield TR2000
- Dulux Professional Weathershield Creation STONETEX ‘as stone like’ finish in premium exterior/Interior professional segment
- New metallic finishes in Dulux Velvet Touch Trends metallic range
- Premium exterior products “Dulux Weathershield Powerflexx & Dulux Professional Weathershield Flexx” were launched during the year with new proposition ‘’SMART RELEASE” to offer better customer experience
- Scaleup of new products under ‘Dulux Aquatech’ waterproofing umbrella

The business has launched a series of innovative and enviro-friendly products during the year

The business has continued servicing its overseas customers with state-of-the-art Colorants and Tinters by leveraging its capabilities.

The main drivers for the growth of this business have been shortening of the repainting cycle and increased demand from smaller towns.

Going forward, macro developments like nuclear families, availability of easy finance for housing and government's thrust on affordable housing are expected to push up the per-capita consumption of paints in the country and sustain the growth momentum of this business. However, upward trend in key input prices and depreciation of INR remain a concern in the near term.

Marine Coatings business mainly deals in providing anti-corrosive, fire protection, fouling control technologies and aesthetic solutions for on and offshore assets. Supported by high quality customer service and in-field support around the globe, our technologically advanced international product range strives to satisfy customer's needs now and in the future. This business continued to experience tough market conditions, mainly in the new build category.

Protective Coatings business services a wide range of industrial sectors like oil & gas, power, infrastructure projects and wind energy. The main driving factors for the markets are boost in government projects for renewable energy and acceleration of infrastructure projects. 'CoatIN' range of products is being offered as a cost effective, technology driven range of protective coatings specifically designed to protect assets from corrosion while enhancing its aesthetic appeal.

Powder Coatings business caters to multiple segments like architectural, general trade coaters, general industries, automobiles, functional and domestic appliances. Our comprehensive range of powder coatings help protect a variety of metal surfaces in applications including window and door frames, pipes, car components, radiators, metal furniture, home appliances etc. Powder coating is also used on underbody-chassis, exterior trims, primers and clear for wheels and coatings for springs in the automobile segment. The new plant commissioned in the previous year at Thane has stabilized and has helped in meeting customer demand for high end products like metallic bonding etc.

Industrial Coatings (ICO) business covers coil, packaging and wood coatings. Coil coating is a continuous and highly automated process for coating metals before fabrication. Coil coatings market is dominated by roofing, building & construction product category, aluminum composite panels and domestic appliance & ACP segments. Packaging coatings business supplies coatings and inks for the protection and aesthetics of beverages, food, aerosol and general line cans, metal closures and collapsible tubes. Wood coatings is a relatively new business and offers a wide range of wood finishes and adhesive solutions that meet the unique specifications of our customers. Save for packaging coatings, ICO business has seen a declining trend, mainly due to difficulties faced by the steel sector.

Automotive and Specialty Coatings (ASC) business covers vehicle refinishes, commercial vehicles, railways and specialty coatings. With renowned brands like Sikkens, Lesonal, Wanda and Duco, ASC business has a strong presence in the market. This business has a strong correlation with the growth of automobile industry, which is currently going through a slowdown.

New business opportunities in the Coatings area are being continuously evaluated. Special product lines to service the prestigious projects of Railways and other high-profile public infrastructure projects are being developed basis their specifications.

Toner standardization and adoption of global quality control methods are being applied in the manufacturing and RD&I areas to help improve productivity. Efforts are also on hand to standardize/ rationalize the raw materials used and finished product SKUs to reduce complexity.

> **'CoatIN' range of products offered as a cost effective, technology driven range of protective coatings**

Company's Business Strategy

Your Company's strategic objective is to build a sustainable business for long-term value creation. To achieve this objective, your company focus on;

a) Developing world class brands and color expertise and continue driving the digital and innovation agendas, and

b) Growing profitably, while increasing returns to all our stakeholders.

Corporate Governance

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

A report on Corporate Governance of the Company, 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.

Board Evaluation

Your Company has a mechanism to evaluate the performance of all Board members. Details of the evaluation are given in the Corporate Governance report.

Vigil Mechanism / Whistleblower Policy

Your Company has adopted a Vigil Mechanism / Whistleblower Policy as detailed in the Corporate Governance Report. The Policy may be accessed on the company's website www.akzonobel.co.in

Sustainability

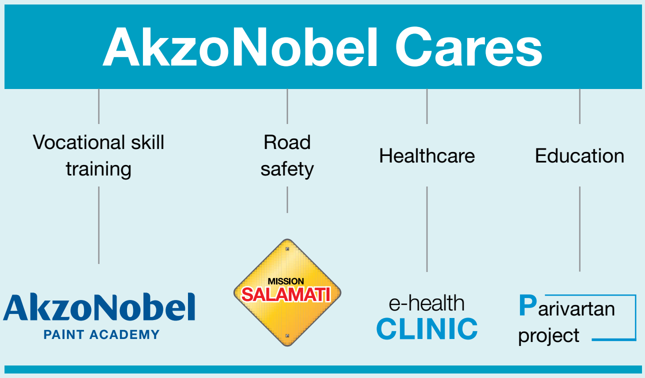
Sustainability for the Company means delivering long-term value for all our stakeholders. It underpins your Company's purpose and brands, its core principles and employee value proposition. It also acts as the driver for growth, innovation and productivity.

Your Company focuses on resource productivity and value selling as key drivers of sustainability, with verifiable goals.

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

Corporate Social Responsibility

As a responsible corporate citizen, your Company has been focusing on education of underprivileged children, skill development of youth and road safety in different parts of India. Many of its employees actively participate in these programs as volunteers. An overview of your Company's current CSR projects is given below:



- Four Mobile Training Vans (Kaushal Vahan) have been commissioned in Vehicle Refinish at Bangalore. Till date, the Kaushal Vahan provided up-skill training to more than 1,000 painters in 249 garages across four regions of India.
- An e-health clinic was inaugurated at Begur village located near our Hoskote plant, Bengaluru. Through this clinic, the villagers get access to specialist doctors sitting miles away through video call (Tele-Medicine). Further, in this clinic Artificial Intelligence (AI) will be used to detect heart diseases, cancer and more than 100 other diseases. This project has received commendation from AkzoNobel HQ as a high impact community development project.
- In May 2019, AkzoNobel Paint Academy participated in a 'Career Mela' organized by UNDP (United Nations Development Programme) along with Govt. of Delhi for high school students. In the Mela, the Paint Academy sensitized around 2,400 high school children about career opportunities in Paint sector by undergoing vocational skill training as a career option.

Details of the CSR policy of the Company is available on our website at www.akzonobel.co.in

A report on the CSR activities undertaken by your Company during the fiscal year 2018-19 is attached as Annexure II-B. It is pertinent to note that significant part of CSR spend is incurred in local areas where your Company has its operations.

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 2019 was 1,695 (previous year 1,869), reflecting the impact of Specialty Chemicals business divestment and participation in a shared services organization for handling of routine business processes.

Information as per section 197 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, forms part of this report. However, as permitted under the provisions of section 136 of the Act, the Report and Financial Statements 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 below are made in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended:

Name	Status	(i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19	(ii) Percentage increase in remuneration during 2018-19 over 2017-18
Mr Amit Jain	Non Executive	2.43	NA - only part of the year in 2017-18
Mr Rajiv Rajgopal From 1 Nov 2018	Managing Director	39.56*	NA - only part of the year in 2018-19
Mr Lakshay Kataria From 1 Feb 2019	Wholetime Director and CFO	22.94*	NA - only part of the year in 2018-19
Mr Rajasekaran Guha From 10 Sep 2018 to 8 Feb 2019	Wholetime Director	25.34*	NA - only part of the year in 2018-19
Mr Jayakumar Krishnaswamy Upto 11 Sep 2018	Managing Director	37.58*	NA - only part of the year in 2018-19
Mr Pradip Menon Upto 2 Aug 2018	Wholetime Director and CFO	23.89*	NA - only part of the year in 2018-19
Mr R Gopalakrishnan Upto 22 Jul 2018	Non Executive – Independent	1.63*	NA - only part of the year in 2018-19
Mr Arabinda Ghosh Upto 2 Aug 2018	Non Executive	-	NA - as no remuneration was paid to him during his tenure as a Director
Mr Raj S Kapur	Non Executive – Independent	2.35	I4% - mainly due to change in rates of sitting fees
Dr Sanjiv Misra Upto 22 Jul 2018	Non Executive – Independent	1.60*	NA - only part of the year in 2018-19
Ms Kimsuka Narsimhan	Non Executive – Independent	2.20	30% - mainly due to change in rates of sitting fees
Mr Arvind Uppal	Non Executive – Independent	2.13	7% - mainly due to change in rates of sitting fees
Mr Hemant Sahai From 3 Aug 2018	Non Executive – Independent	2.05*	NA - only part of the year in 2018-19
Mr Jeremy Rowe From 6 Apr 2018 to 30 Nov 2018	Non Executive	-	NA - as no remuneration was paid to him during his tenure as a Director
Mr Rajasekaran Guha	Company Secretary	NA	NA

* On annualised basis

	Description	Remarks
(iii)	Percentage increase in the median remuneration of employees in the financial year	7.3%
(iv)	Number of permanent employees on the rolls of the Company	1,695 as on 31 March 2019
(v)	Average percentile increases 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 7.4%, which is considered in line with the prevailing market conditions and other relevant factors.

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 2018-19.
2. Remuneration to Directors includes sitting fees paid to them for the financial year 2018-19.
3. Median remuneration in the Company (on cost to company basis) for all its employees was ₹ 6,80,016 for the financial year 2018-19.
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 Act, 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.

A project for consolidating and migrating various ERP systems of the company into a single system of SAP is in progress and expected to complete by first half of 2019.

Apart from traditional product promotion through advertising campaigns, the company also put new creative of Dulux Visualizer & Tester Campaign on Television and social media platforms like youtube and facebook. As an on-going initiative, the Company has revamped its digital properties viz. 'akzonobel.co.in', dulux.in' and 'Dulux Visualizer app' and made them more user friendly.

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 the state 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 with respect to Laws/Regulations.

The Board has constituted a Risk Management Committee clearly defining its role and responsibilities. The Board has also delegated the monitoring and reviewing of the risk management plan to the committee and report to the Board from time to time.

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 was one complaint reported during 2018-19 which has been investigated and resolved to the satisfaction of the complainant as per the guidelines. 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 Act. All the RPTs are undertaken in compliance with the provisions set out in the Act 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.

Your Company's Policy on materiality of RPTs and dealing with RPTs 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 and/ or have been duly approved as required under law. 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 33 to the financial statements which contains the requisite disclosures in respect of RPTs.

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.

Auditors

Statutory Auditors

M/s Price Waterhouse Chartered Accountants LLP have been continuing as the Auditors of the Company for a term upto the conclusion of the Annual General Meeting in 2021. They have informed the Company that they duly fulfil the requirements under applicable laws and regulations to function as the Auditors of the Company for the financial year 2019-20.

Pursuant to amendment to section 139 of the Act effective 7 May 2018, ratification by shareholders every year for the appointment of the statutory auditors is no longer required and accordingly the Notice of ensuing AGM does not include any proposal for seeking shareholders' approval / ratification in this regard.

The Statutory Auditors of the Company have not reported any Fraud as specified under Section 143(2) of the Act.

Secretarial Auditors

In terms of section 204 of the Act, Secretarial Audit was conducted for the financial year 2018-19 by M/s A K Labh & Co., Kolkata. Their report is appended.

Secretarial audit report for financial year 2018-19 contained one area of non compliance by a promoter entity in respect of dematerialization of its shareholding. This has been referred to the shareholding entity for suitable action and compliance.

The Board has re-appointed M/s A K Labh & Co., Kolkata to conduct Secretarial Audit for the financial year 2019-20.

Cost Auditors

In terms of Section 148 of the Companies Act 2013, Cost Audit was conducted for the year 2018-19 by M/s Chandra Wadhwa & Co., New Delhi. Their report for the year 2017-18 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 2019-20, whose remuneration is subject to ratification by the shareholders at the forthcoming AGM.

Cost Records

The Cost Accounts and records as required under section 148(1) of the Act are duly maintained by the Company.

Extracts of the Annual Return

Extracts of annual return in Form MGT-9 as required under the provisions of Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014, is annexed as Annexure IV to this Annual Report. The same has also been placed at the Company's website www.akzonobel.co.in in terms of the provisions of the Act.

Directors & Key Management Personnel

The following changes were made in the composition of the Board during 2018-19:

Mr R Gopalakrishnan	Independent Director	Resigned with effect from 23 Jul 2018
Dr Sanjiv Misra	Independent Director	Resigned with effect from 23 Jul 2018
Mr Hemant Sahai	Independent Director	Appointed with effect from 3 Aug 2018
Mr A B Ghosh	Non Executive Director	Resigned with effect from 3 Aug 2018
Mr Pradip Menon	Whole time Director and Chief Financial Officer	Resigned with effect from 3 Aug 2018
Mr Rajasekaran Guha	Whole time Director	Appointed with effect from 10 Sep 2018 and stepped down on 9 Feb 2019 on completion of tenure
Mr Jayakumar Krishnaswamy	Managing Director	Resigned with effect from 11 Sep 2018
Mr Rajiv Rajgopal	Managing Director	Appointed with effect from 1 Nov 2018
Mr Jeremy Paul Rowe	Non Executive Director	Resigned with effect from 1 Dec 2018
Mr Lakshay Kataria	Whole time Director and Chief Financial Officer	Appointed with effect from 1 Feb 2019

Mr Amit Jain will be retiring by rotation at the forthcoming Annual General Meeting (AGM) and has offered himself for re-election.

Mr Oscar Christian Maria Jozef Wezenbeek has been appointed as an Additional Director with effect from 4 May 2019 and will be holding office till the forthcoming AGM. His appointment will be placed for shareholders' approval at the forthcoming AGM.

Mr Lakshay Kataria has been appointed as an Additional Director of the company with effect from 1 February 2019 (to be designated as Whole-time Director for a period of 5 years with effect from 1 February 2019) and will be holding office till the forthcoming AGM. His appointment will be placed for shareholders' approval at the forthcoming AGM.

Mr Arvind Uppal, Independent Director, will be completing his tenure of 5 years on 13 August 2019. Considering Mr Uppal's experience and other relevant factors, the Board has recommended appointing Mr Arvind Uppal for another tenure of 5 years commencing from 14 August 2019 as an Independent Director.

Mr Raj Kapur, Independent Director, will be completing his tenure of 5 years on 13 August 2019. Mr Kapur will not be seeking re-appointment as an Independent Director of the Company when his present tenure comes to an end on 13 August 2019.

The Board wishes to place on record Mr Raj Kapur's significant contribution in guiding the Company during his tenure on the Board.

A brief resume of M/s Amit Jain, Oscar Wezenbeek, Lakshay Kataria and Arvind Uppal, as required under regulation 36 of the Listing Regulations, is given in the Notice convening the AGM.

Committees of the Board

The composition of all the Committees of the Board has been provided in the Corporate Governance Report.

Board Meeting Dates

The Board Meeting Dates and the attendance of the Directors at the meetings have been provided in the Corporate Governance Report.

Declaration by Independent Directors

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

Familiarization Programme for Independent Directors

The Company has adopted a policy on familiarization programme for independent directors. All new Independent Directors (IDs) inducted into the Board are presented with an overview of the Company's business operations, products, organization structure and about the Board procedures. Details of the familiarization programme for Independent Directors can be accessed at www.akzonobel.co.in.

Directors' Responsibility Statement

As required under section 134(5) of the Act, the Board states that:

a) in the preparation of the annual accounts, the applicable Indian 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 judgements 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 the 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 voting rights.

2. The Company has not issued any shares during the year, under ESOPs or Sweat Equity or otherwise.

3. The Managing Director or Whole time 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. There has been no change in the nature of business of your Company during the financial year under report, save to the extent of discontinuation of Specialty Chemicals business which was divested in 2017-18.

6. 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.

7. Your Company has complied with the Secretarial Standards, as applicable, issued by The Institute of Company Secretaries of India.

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 Board of Directors conveys 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 for the customers, shareholders, investors, bankers, agents, suppliers, distributors and other business associates for their cooperation and support.

On behalf of the Board

Amit Jain
Chairman
DIN 01770475

Place: Gurugram
Date: 3 May 2019

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 its corporate governance performance, emphasizing transparency and embedding a sustainable culture of long-term value creation; its corporate governance practices reflect its values and principles.

Your Company takes utmost care to safeguard the interests of all its stakeholders. The Board represents the shareholders' interest in optimizing long-term financial returns and is committed to its responsibility towards all the stakeholders viz. customers, employees, suppliers, regulatory bodies and the public in general. All significant matters are decided after due examination by the Board with 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.

Your Company has adopted a Code of Conduct based on three principles viz. Safety, Integrity and Sustainability, to drive a culture of good governance.

To make informed decisions, the Board has constituted Committees viz. Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and CSR Committee, to oversee specific areas within their purview.

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

The Company follows the requirements of corporate governance stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations'), as reported below:

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 held in other listed entities	Directorship in other Companies (Chairmanship)	Membership in specified* committees (Chairmanship)
Mr A Jain	Non Executive Chairman	-	2(1)	-
Mr R Rajgopal[1]	Managing Director	-	7	1
Mr L Kataria[2]	Wholetime Director	-	1	1
Mr R S Kapur	Independent Director	-	-	1
Ms K Narsimhan	Independent Director	Astra Zeneca Pharma India Ltd - Independent Director Bharti Airtel Limited - Independent Director	3	2(1)
Mr A Uppal	Independent Director	Whirlpool of India Limited - Non Executive Chairman	4	3
Mr H Sahai[3]	Independent Director	-	2	2(1)
Mr O Wezenbeek[4]	Non Executive Director	-	3(1)	1

*Specified committees include only Audit and Stakeholders Relationship committees

[1]from 1 Nov 2018

[2]from 1 Feb 2019

[3]from 3 Aug 2018

[4]from 4 May 2019

Board Procedures

The Board normally meets once in a quarter to review the financial results and operations of the Company. In addition, 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 to all the Directors. At each meeting, presentations are made on the Company's performance, operations and any other matters sought by the Board. 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 Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's business, policies and procedures. Presentations are made at the Board and Board Committee Meetings, on business and performance of the Company, business environment, strategy and risk management. Financial results, press releases, annual report and quarterly updates on relevant statutory changes and judicial pronouncements encompassing important laws and their impact on the Company's operations are circulated to all the Board members

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

Core Skills for Board Members

The Company's core business is manufacturing, distribution and sale of paints and coatings. Given below is the list of core skills/ expertise/competencies identified by the Board of Directors as required in the context of Company's business for it to function effectively and those available with the Board as a whole:

i) Sales & Marketing
ii) Technical
iii) General management
iv) Legal and Governance
v) Strategic thinking and decision making
vi) Financial
vii) International Business

Meetings and attendance

Given below is the consolidated list of meetings of the shareholders, Board and committees held during April 2018 to March 2019 and attendance details of Directors:

Meeting	Date
Annual General Meeting (AGM)	2 Aug 2018
Board	6 Apr 2018, 10 May 2018, 2 Aug 2018, 7 Sep 2018, 3 Nov 2018 and 1 Feb 2019
Audit Committee	10 May 2018, 2 Aug 2018, 3 Nov 2018 and 1 Feb 2019
Stakeholders Relationship Committee (SRC)	3 Nov 2018
Nomination and Remuneration Committee (NRC)	2 Aug 2018, 7 Sep 2018 and 1 Feb 2019
CSR Committee	1 Aug 2018, 2 Nov 2018 and 30 Jan 2019
Independent Directors Meeting	1 Feb 2019

Attendance

			AGM	Board	Audit	SRC	NRC	CSR
No. of Meetings held			1	6	4	1	3	3
Directors	**Date of joining the Board**	**Date of cessation**						
Mr A Jain	01 Jun 2009	Continuing	1	6	NA	NA	3	NA
Mr R Rajgopal	01 Nov 2018	Continuing	NA	2	NA	1	NA	1
Mr L Kataria	01 Feb 2019	Continuing	NA	NA	NA	NA	NA	NA
Mr A Uppal	01 Apr 2011	Continuing	1	6	4	NA	3	NA
Mr R S Kapur	01 Mar 2014	Continuing	1	6	4	NA	3	3
Ms K Narsimhan	30 Jan 2015	Continuing	1	4	4	NA	2	NA
Mr H Sahai	03 Aug 2018	Continuing	NA	3	2	1	2	NA
Mr R Guha	10 Sep 2018	9 Feb 2019	NA	2	NA	1	NA	2
Mr K Jayakumar	01 Mar 2014	12 Sep 2018	1	4	NA	NA	NA	1
Mr P Menon	01 Feb 2016	3 Aug 2018	1	3	NA	NA	NA	1
Mr A Ghosh	29 May 2015	3 Aug 2018	-	-	-	NA	-	NA
Mr J Rowe	06 Apr 2018	01 Dec 2018	1	2	-	NA	-	NA
Mr R Gopalakrishnan	19 May 1999	23 Jul 2018	NA	1	1	NA	NA	NA
Dr S Misra	14 May 2010	23 Jul 2018	NA	1	1	NA	NA	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

Ms K Narsimhan (Chairperson*)	Independent Director
Mr R S Kapur	Independent Director
Mr H Sahai*	Independent Director
Mr A Uppal	Independent Director

*from 3 Aug 2018

The members of the Committee possess 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 Act.

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

4. Risk Management Committee

Composition

Mr A Uppal (Chairman)	Independent Director
Mr L Kataria	Wholetime Director and CFO
Mr R Rajgopal	Managing Director
Mr H Sahai	Independent Director
Mr A Bhattacharya	Sales Head, Marine & Protective Coatings
Mr R Guha	Company Secretary/Internal Auditor
Mr A Kumar	Head, Manufacturing
Ms H Rastogi	Accounting & Tax Controller

In terms of the amended Clause 21 of SEBI LODR Regulations 2015, read with the notification dated 28 March 2018, for monitoring and reviewing the risk management plan of the company, the Board has constituted the aforesaid Risk Management Committee.

The Company Secretary functions as the Secretary to this Committee.

5. Nomination and Remuneration Committee

Composition

Mr A Uppal (Chairman*)	Independent Director
Mr A Jain	Non Executive Director
Mr R S Kapur	Independent Director
Ms K Narasimhan	Independent Director
Mr H Sahai*	Independent Director

*from 3 Aug 2018

The purpose of this Committee is to identify and recommend to the Board suitable candidates for appointment as Executive/ Non-Executive Directors and 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.

6. Board evaluation

In terms of the Act and the Listing Regulations, an annual performance evaluation of the Board is being undertaken to formally assess the performance of the Board, its Committees and its individual members with an objective to improve the effectiveness of the Board and its Committees. For the year 2018-19, the evaluation was done in compliance with the SEBI Guidance note on Board Evaluation dated 5 January 2017. The evaluation process focused on various aspects of the functioning of the Board and Committees such as composition, experience and competencies of members, performance of specific duties and obligations, governance structure, succession and talent management, etc.

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. Aggregate findings were shared with the Board and it was noted that these were all positive, either meeting/exceeding expectations. Several suggestions for improvement were also noted for action. The survey also revealed that previous year's low rating items have moved up the scale and no longer remain a concern.

7. 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 Ghosh and J Rowe, were paid sitting fees of ₹ 50,000 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. No Non-Executive Director has been paid in excess of fifty percent of the total amount paid to all the non-executive directors of the Company The details of remuneration paid/payable to the Directors for the year 2018-19 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 R Rajgopal[1]	10.56	0.65	11.21
Mr L Kataria[2]	3.75	0.15	3.90
Mr R Guha[3]	6.78	0.40	7.18
Mr K Jayakumar[4]	10.65	-	10.65
Mr P Menon[5]	6.77	-	6.77
Total	**38.51**	**1.20**	**39.71**
Non-Executive Directors	**Sitting fees**	**Commission**	
Mr A Jain (Chairman)	0.45	1.20	1.65
Mr R Gopalakrishnan[6]	0.10	0.27	0.37
Mr R S Kapur	0.80	0.80	1.60
Dr S Misra[6]	0.10	0.27	0.37
Ms K Narsimhan	0.50	1.00	1.50
Mr A Uppal	0.65	0.80	1.45
Mr H Sahai[7]	0.40	0.53	0.93
Total	**3.00**	**4.87**	**7.87**

[1]from 1 Nov 2018
[2]from 1 Feb 2019
[3]from 10 Sep 2018 to 8 Feb 2019
[4]upto 10 Sep 2018
[5]upto 2 Aug 2018
[6]upto 22 Jul 2018
[7]from 3 Aug 2018

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 considering 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 treated as share-based payments.

8. Stakeholders Relationship Committee

Composition	
Mr H Sahai (Chairman*)	Independent Director
Mr L Kataria	Wholetime Director
Mr R Rajgopal	Managing Director

*from 3 Aug 2018

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

The Company received 12 complaints from its investors during 2018-19, all of which have been resolved and no complaint was pending as on 31 March 2019. 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.

9. General Body Meetings

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

Date of AGM	Time	Venue
02 August 2018	2:00 pm	Bharatiyam, EZCC, Salt Lake City, Kolkata 700 106
14 August 2017	2:00 pm	Hyatt Regency, Salt Lake City, Kolkata 700 098
26 July 2016	2:00 pm	Hyatt Regency, Salt Lake City, Kolkata 700 098

(ii) No special resolutions was proposed for approval of the shareholders at the previous 3 AGMs

(iii) Following resolutions were passed by the shareholders through postal ballot during the year 2018-19:

1) One Special Resolution, for buyback of 1.12 million equity shares of the company:

Date of Postal Ballot Notice: 13 April 2018

Voting period: 23 April 2018 to 22 May 2018

Date of passing of resolution: 22 May 2018

Date of declaration of result: 25 May 2018

Summary of the voting pattern is as follows:

Resolution	Votes cast in favor (in %)	Votes cast against (in %)
Buyback of 1.12 million equity shares of the company	99.99	0.01

2) Three ordinary resolutions for appointment of Directors, viz., Mr H Sahai as an Independent Director, Mr R Rajgopal as the Managing Director and Mr R Guha as a Wholetime Director:

Date of Postal Ballot Notice: 7 September 2018

Voting period: 27 September 2018 to 26 October 2018

Date of passing of resolutions: 26 October 2018

Date of declaration of result: 27 October 2018

Summary of the voting pattern is as follows:

Resolution	Votes cast in favor (in %)	Votes cast against (in %)
Appointment of Mr H Sahai as an Independent Director	99.999	0.001
Appointment of Mr R Rajgopal as the Managing Director	99.997	0.003
Appointment of Mr R Guha as a Wholetime Director	99.999	0.001

Mr Atul Kumar Labh of M/s A.K. Labh & Co., Practicing Company Secretaries, was the Scrutinizer for conducting the aforesaid postal ballots in a fair and transparent manner.

Procedure for Postal Ballot:

In compliance with sections 108, 110 and other applicable provisions of the Act, read with the Rules issued thereunder, the Company provided electronic voting (e-voting) facility to all its members. The Company engaged the services of National Securities Depository Limited ('NSDL') for the purpose of providing e-voting facility. The members had an option to vote either by physical ballot or through e-voting.

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appeared on the Register of Members/ list of beneficiaries as on the cut-off date. The Company also published a notice in the newspapers intimating the details of completion of dispatch and other requirements under the Secretarial Standards issued by Institute of Company Secretaries of India, Companies Act, 2013 and the Rules issued thereunder.

Voting rights were reckoned on the paid up value of shares of the Company registered in the names of the shareholders as on the cut-off date. Members desiring to vote through physical ballot were requested to return the forms, duly completed and signed so as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode were requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submitted his report to the Chairman after the completion of scrutiny and the consolidated results of the voting by postal ballot were then announced by the Chairman/his nominee of the Company. The results were communicated to the Stock Exchanges and uploaded on the website of the Company.

No proposal is pending as on date of this report for approval as a special resolution through postal ballot.

iv) No Extraordinary General Meeting of the Members was held during the year 2018-19.

10. 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), Aajkaal (Bengali)
iii. Any website, where results are displayed iv. Whether it also displays official news releases v. Presentations made to institutional investors or to the analysts	The results, press releases, presentations and other relevant information are displayed on the Company's website www.akzonobel.co.in

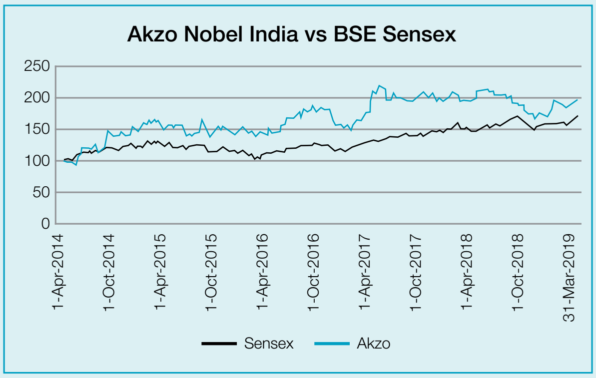
11. General Shareholder Information

i.	AGM: date, time and venue	8 August, 2019 at 1400 hours at, Bharatiyam, Eastern Zonal Cultural Centre, IB-201, Sector III, Salt Lake City, Kolkata 700 106	
ii.	Financial year	1 April to 31 March	
iii.	Financial calendar (Tentative)	**Quarterly / Annual Results**	**Publication on or before**
		1st quarter ending 30 Jun 2019	14 Aug 2019
		2nd quarter ending 30 Sep 2019	14 Nov 2019
		3rd quarter ending 31 Dec 2019	14 Feb 2020
		Year ending 31 Mar 2020	30 May 2020
iv.	Date of book closure	2 Aug 2019 to 8 Aug 2019 (both days inclusive)	
v.	Dividend payment date	On or around 22 Aug 2019 (after approval at the AGM)	
vi.	Listing on Stock Exchange	The Company's shares are listed on BSE Limited ('BSE'), Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001 and National Stock Exchange of India Limited ('NSE'), Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051. Listing fees for the period 1 Apr 2019 to 31 Mar 2020 have been paid.	
vii.	Stock code	BSE : 500710	
		NSE : AKZOINDIA-EQ	
		ISIN : INE133A01011	

viii. Market price data and stock performance during the year 2018-19

	BSE			NSE		
Month	**High (₹)**	**Low (₹)**	**Volume**	**High (₹)**	**Low (₹)**	**Volume**
Apr 2018	1,980.00	1,797.00	30,364	1,979.90	1,791.00	289,782
May 2018	1,993.00	1,896.00	14,453	1,994.90	1,895.00	270,162
Jun 2018	1,965.00	1,806.00	11,375	1,958.90	1,799.00	114,902
Jul 2018	1,931.95	1,806.20	23,734	1,898.00	1,805.00	334,784
Aug 2018	1,861.05	1,715.00	29,741	1,865.10	1,714.10	237,173
Sep 2018	1,751.00	1,557.60	13,536	1,758.90	1,545.00	102,495
Oct 2018	1,699.95	1,471.00	15,671	1,652.00	1,474.95	148,685
Nov 2018	1,621.95	1,524.30	9,408	1,630.00	1,518.05	103,957
Dec 2018	1,759.75	1,500.00	143,066	1,760.00	1,512.10	636,377
Jan 2019	1,820.95	1,689.00	26,896	1,825.00	1,688.95	135,223
Feb 2019	1,810.00	1,630.10	18,373	1,811.70	1,632.00	111,593
Mar 2019	1,810.00	1,673.10	79,681	1,817.95	1,692.10	158,391

ix. Stock performance in comparison to BSE Sensex from April 2014 to March 2019



Note: Comparison is made by anchoring the share price and Sensex value at a base value of 100 as on 1 April 2014. 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 applicable provisions of the Act, read with the Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all dividends remaining unclaimed for a period of seven years along with the corresponding shares are required to be transferred by the Company to the IEPF Authority.

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

Your Company has transferred a sum of ₹ 8.08 million and 21,348 shares, after 121 and 134 days respectively of aforesaid intimation, to the IEPF Authority being unclaimed dividend for seven consecutive years and corresponding shares in respect of the financial year ended 31 March 2011, within the due dates.

Amounts of unclaimed dividend as on 31 March 2019 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)
2011-12	10.6	14 Sep 2019
2012-13	46.8	13 Sep 2020
2013-14	45.2	16 Sep 2021
2014-15	12.4	19 Sep 2022
2015-16	39.6	31 Aug 2023
2016-17	13.9	19 Sep 2024
2017-18	8.1	7 Sep 2025
Total	**176.6**	

xi. Registrar and Share Transfer Agent

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

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 within 10 days from the date of lodgement of complete documents and returned within 7 days from the date of registration (Registration of transfer in physical form discontinued from 1st April 2019)

xiii. Distribution of shareholding as on 31 March 2019

Range (No. of shares)	No. of shareholders	% of shareholders	No. of shares	% to total shares
1-50	26,864	67	470,002	1.0
51-500	12,136	30	1,728,674	3.8
501-5000	1,091	3	1,266,998	2.8
5001-50000	48	*	650,929	1.4
50001-1000000	20	*	5,368,750	11.8
1000001 & above	3	*	36,054,961	79.2
Total	**40,162**	**100**	**45,540,314**	**100.0**

*less than 0.5%

Shareholding Pattern as on 31 March 2019

Category of shareholders	No. of shares ('000)	%
(A) Promoter and Promoter Group	34,044	74.8
Total	**34,044**	**74.8**
(B) Public shareholding		
(a) Mutual funds	1,761	3.9
(b) Insurance companies	1,961	4.3
(c) Nationalised Banks	18	0.1
(d) Other Banks	8	
(e) Foreign Institutional Investors	651	1.4
(f) NRIs	117	0.3
(g) Bodies Corporate	3,300	7.2
(h) Individuals/others	3,680	8.0
Total public shareholding	**11,496**	**25.2**
Total (A) + (B)	**45,540**	**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 2019, 74.14% of the Company's equity shares involving 33.76 million shares have been dematerialized (No. of demat accounts: 27,888).

The Company has entered into necessary agreements with the authorised depositories NSDL & CDSL to enable smooth operation of demat mode of shareholding/trading.

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

None issued/outstanding in past 10 years.

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, Hoskote Industrial Area, Bengaluru, Karnataka - 562 114
3. Plot No. GAF-1 & 2, Industrial Area, Ghirongi (Malanpur), Bhind, Madhya Pradesh - 477 117
4. Plot No. A-42, Phase-VIII-B, Focal Point, SAS Nagar, Mohali, Punjab - 160 059
5. Plot No.1/1, TTC Industrial Area, Thane Belapur Road, Koparkhairne, Navi Mumbai, Maharashtra - 400 709

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: +91 33 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
   Gurugram 122 002
   Tel: +91 124 2540400
   Email: investor.india@akzonobel.com

12. 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 on 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 have 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. CEO / CFO certification in respect of Financial Statements and Cash Flow Statement pursuant to Regulation 17(8) of Listing Regulations has been provided.

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

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

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 O Wezenbeek is and Mr A Ghosh & Mr J Rowe were entitled to remuneration and other benefits for their respective roles in the AkzoNobel Group, during their tenure of employment with that 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.

j. There was no instance of non-acceptance of any recommendation by the Committees of the Board which was mandatorily required to be accepted by the Board.

k. It is hereby confirmed that in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

l. The terms and conditions of appointment of Independent Directors have been posted on Company's website www.akzonobel.co.in

m. A certificate from a Company Secretary in Practice stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of the Company by SEBI of Ministry of Corporate Affairs or any such statutory authority is appended.

n. Total fees for all services paid by the Company, on a consolidated basis, to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part are given below:

	(₹ million)
Statutory Audit	10
Other Services	4
Total	**14**

o. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

   a. Number of complaints filed during the financial year 1
   b. Number of complaints disposed of during the financial year 1
   c. Number of complaints pending as on end of the financial year Nil

13. Compliance

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

14. 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 also been circulated to Directors and senior 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 2019.

Rajiv Rajgopal
Gurugram Managing Director
3 May 2019 DIN 06685599

15. 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.

16. 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:	134 shareholders and 5,332 shares
ii)	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year:	6 shareholders and 219 shares
iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year:	6 shareholders and 219 shares
iv)	Number of shareholders whose shares were transferred from the Unclaimed Suspense Account to IEPF Authority:	13 shareholders and 840 shares
iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year:	115 shareholders and 4,273 shares

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

17. Non-mandatory Requirements

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

Description	Status as on 31 March 2019
(i) Non-Executive Chairman's office and expenses	No office or related facilities are provided by the company to its Non-Executive Chairman; however, 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 report of the statutory auditors for the current financial year. However, one area of non compliance by a promoter entity in respect of dematerialization of its shareholding has been reported by the Secretarial Auditor. This has been referred to the shareholding entity for suitable action and compliance.
(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

On behalf of the Board

Amit Jain
Chairman
DIN 01770475

Place: Gurugram
Date: 3 May 2019

Certificates 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 31.03.2019.

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 for 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 : 3 May 2019

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") as stipulated vide sub-clause (i) of Clause (10) at Part C of Schedule V to the Securities and Exchange Board of India (Listing Obligations Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") for the year ended 31.03.2019.

In our opinion and to the best of our information and according to the explanations given to us and the declarations as received from the Directors of the Company in this regard, we certify that:

"none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority"

This certificate has been issued in terms of sub-clause (i) of Clause (10) at Part C of Schedule V to the Listing Regulations.

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

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

Place : Kolkata
Dated : 3 May 2019

Annexure II-A

Business Reponsibility (BR) Report

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

This 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 2018 - March 2019
7. Sectors that the Company is engaged in (industrial activity code-wise):

Code #	Description
20221	Paints, varnishes, enamels or lacquers

8. Three key products that the Company manufactures/ provides (as in balance sheet) are:

    1) Paints/Synthetic Enamels

    2) Colorants

    3) Thinners

9. Total number of locations where business activity is undertaken by the Company:

    (a) Number of International Locations 1

    (b) Number of National Locations:

Manufacturing facilities	5
RD&I Centre	1
Depots/Sales locations	52
Offices	4

10. Markets served by the Company: National and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital : ₹ 455.4 million
2. Total Turnover : ₹ 29,184 million
3. Total profit after taxes : ₹ 2,110 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax : ₹ 57.4 million amounting to 2.7% of PAT (2% of net profit computed under Section 198 of the Act)
5. List of activities in which expenditure in 4 above has been incurred:

    (a) Promotion of Education

    (b) Road Safety Awareness

    (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	06685599
Name	Rajiv Rajgopal
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 the Principle?	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 the above policies are available at www.akzonobel.co.in									

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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 a 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, transparent and sustainable – 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 12 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 1,276 consumer complaints received by the Company of which 690 were resolved and 586 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 towards 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 processes and products.

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

Total number of permanent employees of the Company were 1,695 among which 110 were female. There were 2 regular employees with disabilities. It also has about 809 contractual/ temporary workforce.

There are recognized trade unions at some of the Company's locations representing the workmen. Approximately 7% of permanent employees are members of these unions.

Your Company did not receive any complaints relating to child labour, forced labour and involuntary labour during the financial year. One complaint of sexual harassment was received which has been investigated and resolved to the satisfaction of the complainant.

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 2018-19 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.

Your Company is rapidly expanding its green energy initiatives by adopting newer options for green energy. All manufacturing units have already adopted the green energy drive and have operational solar units. The Company has clear focus and targets for reduction of waste, water, energy and VOC which are monitored on a monthly basis.

Potential environmental risks are identified and addressed 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 of Central Pollution Control Board (CPCB) / State Pollution Control Boards (SPCB) in 2018-19. It has no pending show cause notices from CPCB or SPCB as at end of the financial year 2018-19.

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/ industry associations:

a) Confederation of Indian Industry (CII)

b) Indian Paints Association (IPA)

Your Company participates in various programmes of these associations and provides 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 specific 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 2018-19, a sum of ₹ 57.4 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

Your Company 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 complaints were duly addressed. The products of the Company display all information mandated by law. Additional product information is provided through product information sheets, when required.

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

On behalf of the Board

Amit Jain
Chairman
DIN 01770475

Place: Gurugram
Date: 3 May 2019

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 https://akzonobel.co.in/pdf/policy/ANI_CSR_Policy.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. Rajiv Rajgopal (Managing Director) and Mr. Lakshay Kataria (Wholetime Director).

3. Average net profit of the Company for last three financial years was ₹ 2,699 million, computed under Section 198 of the Act

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) is ₹ 54 million

5. Details of CSR spent during the financial year:

   (a) Total amount spent for the financial year: ₹ 57.40 million

   (b) Amount unspent, if any: Nil

   (c) Manner in which the amount spent during the financial year is given 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.	Education Project	Promoting Education	Hyderabad (Telangana)	2.00	Direct Project Expenditure: 2.35	2.35	In partnership with APSA (NGO) and Plan India	Supporting supplementary and remedial education for 1,000 children across five schools of Hyderabad.
2.	Child Care Centre for children suffering from Cancer	Preventive Health Care	Mumbai (Maharashtra)	4.00	Direct Project Expenditure: 3.76	3.76	In partnership with St. Jude's	Supporting one centre of St. Jude's which is providing care for children belonging to underprivileged families in getting treatment for cancer.

(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
3.	Vocational Skill Training Project	Skill Training	Delhi (Delhi), Kolkata (West Bengal), Lucknow and Gorakhpur (UP), Kolhapur, Pune and Navi Mumbai (Maharashtra), Bengaluru (Karnataka) and Mohali (Punjab)	31.00	Direct Project Expenditure: 30.68	30.68	In partnership with ILRT, Anirban Rural Welfare Society, SEEDS and Sambhav Foundation	In order to promote employability among youth, AkzoNobel provided vocational skill training to 1,800 youth in Decorative Paints and Vehicle Refinish and linked them with employment opportunities.
4.	Community Health & Early Childhood Education Project	Promoting education and preventive Health care	Bengaluru (Karnataka)	1.10	Direct Project Expenditure: 1.80	1.80	In partnership with Hindustan Latex Family Planning Promotion Trust and Telerad Foundation	Promoting early childhood education and preventive health care for 10,000 people in four villages of Hoskote, Bengaluru.
5.	Education Project	Promoting Education	Gurugram (Haryana)	2.20	Direct Project Expenditure: 2.25	2.25	In partnership with Sakshi	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)	2.10	Direct Project Expenditure: 2.80	2.80	In partnership with Plan India and APSA (NGO's)	The project is promoting education for 1,000 girls in Govt. schools of Bengaluru through creating better facilities at schools, providing supplementary education and making local communities sensitized about importance of girls education.

(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
7.	Education project for Children	Education	Mahad, Raigarh (Maharashtra)	0.60	Direct Project Expenditure: 0.60	0.60	In partnership with Pride (NGO)	The project is providing remedial education to 500 school children to improve their grades and to sensitize them on health and sanitation.
8.	Soft skill training for youth	Promoting Skill Training	Faridabad (Haryana)	1.05	Direct Project Expenditure: 1.05	1.05	In partnership with SOS Village	The project provided soft skill training to orphans living in SOS Village to promote employability.
9.	Education Project	Promoting Education	Bhind (Madhya Pradesh)	1.70	Direct Project Expenditure: 1.72	1.72	In partnership with Sambhav Social Services (NGO)	This project is promoting education and health for children specially girls. Last year more than 200 children were provided non formal and supplementary education. Also, through adult education, more than 100 village women were made literate.
10.	Education Project	Promoting Education	Pune (Maharashtra)	0 .75	Direct Project Expenditure: 0 .75	0 .75	In partnership with American India Foundation	The project is facilitating digital education in 15 Govt. schools of Pune.
11.	School Road Safety Awareness project	Road Safety	Navi Mumbai (Maharashtra) and Mohali (Punjab)	2.50	Direct Project Expenditure: 2.75	2.75	In partnership with YUVA and Sambhav (NGO's)	In partnership with Navi Mumbai and Mohali Traffic Police, Akzo Nobel India is spreading awareness on road safety in 40 schools and colleges of Navi Mumbai and Mohali, covering 8,000 children, youth and Motorists.
12.	Education project	Promoting Education	Bangalore (Karnataka)	1.32	Direct Project Expenditure: 1.32	1.32	Directly	Science Lab and School library was set up in Hoskote Govt. schools.

(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
13.	Disaster Relief	Promoting Health	Kerala (Kerala)	1.20	Direct Project Expenditure: 1.20	1.20	Directly	Provided relief materials to flood affected people of Kerala.
14.	Others – Less than ₹ 0.5 million each	Various	Various	1.63	Direct Project Expenditure: 1.63	1.63	Directly	Various
15.	Administrative Cost (Salary, Travelling Expenses, etc.)	NA	NA	2.74	Overheads: 2.74	2.74	Directly	NA
			TOTAL CSR EXPENDITURE		**57.40**			

6. The Company has spent towards CSR activities in line with the average net profit of the past 3 years computed u/s 198 of the Companies Act, 2013. Significant part of the amount spent on CSR activities has been in and around the locations where the Company has its operations.

7. The CSR Committee hereby confirms that the implementation and monitoring of CSR policy follows the CSR objectives and policy of the Company.

Raj S Kapur
Chairman - CSR Committee
DIN 00060056

Rajiv Rajgopal
Managing Director
DIN 06685599

Place: Gurugram
Date: 3 May 2019

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 2018-19, 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. Some of the measures are: • Timers installed in air conditioners and various other utilities to automatically switch ON and OFF for optimum utilization • Variable Frequency Drive (VFD) installed in the motors to modulate use of energy based on activity level • LED Electrical light fittings and energy efficient motors installed to reduce power consumption • Chiller pump rpm reduction, yield improvement and batch cycle time improvement etc
ii.	Steps taken by the Company for utilizing alternate sources of energy	The Company has taken initiatives to switch from conventional to non-conventional energy and as part of the initiative, roof top solar panels are installed for inhouse solar energy generation, there by reducing carbon emission.
iii.	Capital investment on energy conservation equipment	Solar energy used has been extended to all sites on BOT basis

We continue to drive resource productivity to make the most of valuable raw materials and reduce environmental impact, while strengthening our business.

B. Absorption of technology

i.	**Efforts made towards technology absorption**	The RD&I centre of the Company focuses on development of innovative products & techniques.
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 and import substitution. Launched a series of new products in Paints & Coatings offering differentiated benefits to our customers. For instance , Dulux Weathershield E2000 Time resist and Dulux WeatherShield Powerflex were launched with SMART release to offer extended performance . Dulux Aquatech for Waterproof segment and Sadolin range & Dulux Promise Enamel were launched in Woodcare & Enamel category of Paints business.
iii.	**In case of imported technology, imported during the last 3 years (reckoned from the beginning of the financial year)**	Nil

(₹ million)

		2018-19	2017-18
iv.	**Expenditure on R&D**	**2018-19**	**2017-18**
	Capital	-	5
	Recurring*	123	120
	Total	**123**	**125**

*Excludes Royalty Charge and recoveries

C. Foreign exchange earnings and outgo

(₹ million)

	2018-19	2017-18
Earnings	586	983
Outgo@	2,899	3,571

@ 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

On behalf of the Board

Amit Jain
Chairman
DIN 01770475

Place: Gurugram
Date: 3 May 2019

Annexure IV

EXTRACT OF ANNUAL RETURN - Form MGT-9

for the financial year ended on 31 March 2019
[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 Tel : +91 33 22267462 Fax : +91 33 22277925 Email : investor.india@akzonobel.com Website : www.akzonobel.co.in
(vi)	Whether listed company	: Yes, listed with BSE and NSE
(vii)	Name, address and contact details of Registrar and Transfer Agent, if any:	: C B Management Services (P) Limited P–22, Bondel Road, Kolkata – 700 019 Tel : +91 33 40116700 Fax : +91 33 40116739 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	20221	100

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 N.V. The Netherlands, through its wholly-owned subsidiaries	09007809 (The Netherlands)	Ultimate holding Company	74.76	2 (46)

Note: List of Associate Companies with whom the transactions took place during the year - Refer Notes 10 and 33 to standalone financial statements.

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

(i) Category-wise Shareholding

Category of Shareholder	No.of Shares held at the beginning of the year(01-04-2018)				No.of Shares held at the end of the year (31-03-2019)				% Change during the year
	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)	**-**	**-**	**-**	**-**	-	-	-		**-**
(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**	**74.76**	1.80
(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	74.76	**1.80**
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	74.76	**1.80**
(B) Public shareholding									
(1) Institutions									
(a) Mutual Funds	2,277,952	27,215	2,305,167	4.94	**1,734,123**	**27,215**	**1,761,338**	**3.87**	-1.07
(b) Bank/Financial Institutions	5,341	16,892	22,233	0.05	**9,533**	**16,638**	**26,171**	**0.06**	-
(c) Central Government(s)	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	276	276	-		**276**	**276**	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	1,873,222	-	1,873,222	4.01	**1,961,637**	-	**1,961,637**	**4.31**	0.29
(g) Foreign Portfolio Investor	805,636	-	805,636	1.73	**651,109**	-	**651,109**	**1.43**	-0.29
(h) Foreign Institutional Investors (FII)	-	-	-	-	-	-	-	-	-
(i) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(j) FFI	-	-	-	-	-	-	-	-	-
(k) Other (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	**4,962,151**	**44,383**	**5,006,534**	**10.73**	4,356,402	44,129	4,400,531	9.66	**-1.07**
(2) Non-institutions									
(a) Bodies Corporate									
i) Indian	3,584,309	7,063	3,591,372	7.70	**3,293,917**	**6,823**	**3,300,740**	**7.25**	-0.45
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	2,621,933	728,582	3,350,515	7.18	**2,537,116**	**654,984**	**3,192,100**	**7.01**	-0.17
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	245,483	-	245,483	0.53	**171,274**	-	**171,274**	**0.38**	-0.15
(c) Other (specify)									
(1) NRI	112,480	4,552	117,032	0.25	**112,430**	**4,170**	**116,600**	**0.26**	0.01
(2) Clearing Member	16,100	-	16,100	0.03	**5,523**	-	**5,523**	**0.01**	-0.02
(3) Trust	1,232	24	1,256	0.00	**1,109**	**24**	**1,133**	-	-
(4) Unclaimed Suspense Account	5,332	-	5,332	0.01	**4,273**	-	**4,273**	**0.01**	-
(5) The Custodian of Enemy Property	1,048	-	1,048	-	-	-	-	-	-

Category of Shareholder	No.of Shares held at the beginning of the year(01-04-2018) Demat	Physical	Total	% of Total Shares	No.of Shares held at the end of the year (31-03-2019) Demat	Physical	Total	% of Total Shares	% Change during the year
(6) LLP	-	-	-	-	1,162	-	1,162	-	-
(7) Investor Education And Protection Fund	281,307	-	281,307	0.60	302,643	-	302,643	0.66	0.06
Sub-Total (B)(2)	**6,869,224**	**740,221**	**7,609,445**	**16.31**	**6,429,447**	**666,001**	**7,095,448**	**15.58**	**-0.72**
(B) Total Public Shareholding (B)= (B)(1)+(B)(2)	**11,831,375**	**784,604**	**12,615,979**	**27.04**	**10,785,849**	**710,130**	**11,495,979**	**25.24**	**-1.79**
TOTAL (A)+(B)	**34,808,919**	**11,851,395**	**46,660,314**	**100.00**	**33,763,393**	**11776921**	**45,540,314**	**100.00**	**-**
(C) Shares held by Custodians for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
GRAND TOTAL (A)+(B)+(C)	**34,808,919**	**11,851,395**	**46,660,314**	**100.00**	**33,763,393**	**11,776,921**	**45,540,314**	**100.00**	**-**

(II) Shareholding of Promoters

Sl. No.	Shareholder's Name		Shareholding at the beginning of the year (01-04-2018) No of Shares	% of total shares of Company	% of shares Pledged/ encumbered to total shares	Shareholding at the end of the year (31-03-2019) 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			
	b) Change during the year	No Change						
	c) At the end of the year					22,977,544	50.46	NIL
2	Akzo Nobel Coatings International B.V.							
	a) At the Beginning of the year		11,066,495	23.72	NIL			
	b) Change during the year							
	Date	Reason						
	05-12-2018	Buy	296	-	NIL			
	c) At the end of the year					11,066,791	24.30	NIL
3	Akzo Nobel (C) Holdings B.V.							
	a) At the Beginning of the year		291	-	NIL	-	-	-
	b) Change during the year							
	Date	Reason						
	05-12-2018	Sale	291	-	NIL	-	-	-
	c) At the end of the year					-	-	-
4	Panter B.V.							
	a) At the Beginning of the year		5	-	NIL	-	-	-
	b) Change during the year							
	Date	Reason						
	05-12-2018	Sale	5	-	NIL	-	-	-
	c) At the end of the year					-	-	-
	TOTAL		**34,044,335**	**72.96**	**NIL**	**34,044,335**	**74.76**	**NIL**

(iii) Change in Promoter's Shareholding

	Shareholding at the beginning of the year (01-04-2018)		Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
	Total	% of Total Shares	Total	% of Total Shares
	34,044,335	72.96	34,044,335	74.76

(iv) Top 10 Shareholders (other than Directors, Promoters)

Name	Remarks	Shareholding / Transaction date	Shareholding at the beginning of the year: No. of shares	Shareholding at the beginning of the year: % of total shares of the Company	Cumulative Shareholding during the year: No. of shares	Cumulative Shareholding during the year: % of total shares of the Company
1 Asian Paints Limited	At the begining of the year	01-04-2018	2,010,626	4.31	2,010,626	4.31
	At the end of the year	30-03-2019			2,010,626	4.42
2 Bajaj Allianz Life Insurance Company Ltd.	At the begining of the year	01-04-2018	849,979	1.82	849,979	1.82
	Buy	06-04-2018	10,000	0.02	859,979	1.84
	Buy	01-06-2018	10,000	0.02	869,979	1.86
	Sale	26-07-2018	234,043	0.50	635,936	1.36
	Buy	05-10-2018	5,000	0.01	640,936	1.41
	Sale	14-12-2018	54,823	0.12	586,113	1.29
	Sale	28-12-2018	195,000	0.43	391,113	0.86
	Buy	31-12-2018	150,000	0.33	541,113	1.19
	Buy	04-01-2019	17,000	0.04	558,113	1.23
	Sale	11-01-2019	29,000	0.06	529,113	1.16
	Buy	01-02-2019	1,200	-	530,313	1.16
	Buy	08-02-2019	3,927	0.01	534,240	1.17
	Buy	22-02-2019	1,300	-	535,540	1.18
	Sale	01-03-2019	19,500	0.04	516,040	1.13
	Buy	08-03-2019	8,000	0.02	524,040	1.15
	Buy	15-03-2019	7,100	0.02	531,140	1.17
	Sale	22-03-2019	53,125	0.12	478,015	1.05
	Buy	29-03-2019	71,125	0.16	549,140	1.21
	At the end of the year	30-03-2019			549,140	1.21
3 Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Resurgent India Fund - Series 4	At the begining of the year	01-04-2018	831,510	1.78	831,510	1.78
	Buy	08-06-2018	2,756	0.01	834,266	1.79
	Sale	26-07-2018	223,693	0.48	610,573	1.31
	Buy	03-08-2018	25,000	0.05	635,573	1.40
	Buy	14-12-2018	246,000	0.54	881,573	1.94
	Buy	21-12-2018	17,900	0.04	899,473	1.98
	Buy	04-01-2019	6,000	0.01	905,473	1.99
	Buy	11-01-2019	350	-	905,823	1.99
	Buy	22-03-2019	619	-	906,442	1.99
	At the end of the year	30-03-2019			906,442	1.99
4 General Insurance Corporation of India	At the begining of the year	01-04-2018	690,100	1.48	690,100	1.48
	Sale	26-07-2018	14,377	0.03	675,723	1.45
	Buy	31-08-2018	20,000	0.04	695,723	1.53
	Buy	07-09-2018	4,377	0.01	700,100	1.54
	At the end of the year	30-03-2019			700,100	1.54

Name	Remarks	Shareholding / Transaction date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5 The New India Assurance Company Limited	At the begining of the year	01-04-2018	609,147	1.31	609,147	1.31
	Sale	26-07-2018	21,513	0.05	587,634	1.26
	Buy	10-08-2018	2,000	-	589,634	1.29
	Buy	17-08-2018	3,000	0.01	592,634	1.30
	Buy	24-08-2018	14,000	0.03	606,634	1.33
	Buy	31-08-2018	2,513	0.01	609,147	1.34
	Buy	05-10-2018	1,235	-	610,382	1.34
	Buy	12-10-2018	9,449	0.02	619,831	1.36
	Buy	19-10-2018	23,031	0.05	642,862	1.41
	Buy	26-10-2018	16,285	0.04	659,147	1.45
	Buy	30-11-2018	13,332	0.03	672,479	1.48
	Buy	07-12-2018	13,274	0.03	685,753	1.51
	Buy	14-12-2018	4,281	0.01	690,034	1.52
	Buy	21-12-2018	3,241	0.01	693,275	1.52
	At the end of the year	30-03-2019			693,275	1.52
6 ICICI Prudential Life Insurance Company Limited	At the begining of the year	01-04-2018	491,795	1.05	491,795	1.05
	Buy	06-04-2018	554	-	492,349	1.06
	Buy	13-04-2018	492	-	492,841	1.06
	Buy	27-04-2018	260	-	493,101	1.06
	Buy	04-05-2018	155	-	493,256	1.06
	Buy	18-05-2018	16,917	0.03	510,173	1.09
	Buy	25-05-2018	67,700	0.14	577,873	1.23
	Buy	01-06-2018	2,723	-	580,596	1.24
	Buy	15-06-2018	2,716	-	583,312	1.25
	Buy	22-06-2018	1,243	-	584,555	1.25
	Buy	29-06-2018	2,055	-	586,610	1.26
	Buy	06-07-2018	4,736	0.01	591,346	1.27
	Buy	13-07-2018	1,655	-	593,001	1.27
	Buy	20-07-2018	1,466	-	594,467	1.27
	Sale	26-07-2018	90,141	0.19	504,326	1.08
	Buy	27-07-2018	1,000	-	505,326	1.11
	Buy	03-08-2018	1,452	-	506,778	1.11
	Buy	24-08-2018	595	-	507,373	1.11
	Buy	31-08-2018	1,757	-	509,130	1.12
	Sale	05-10-2018	561	-	508,569	1.12
	Sale	02-11-2018	326	-	508,243	1.12
	Buy	09-11-2018	469	-	508,712	1.12
	Sale	07-12-2018	3,808	0.01	504,904	1.11
	Sale	21-12-2018	262	-	504,642	1.11
	Buy	28-12-2018	393	-	505,035	1.11
	Buy	31-12-2018	467	-	505,502	1.11
	Buy	11-01-2019	7	-	505,509	1.11
	Sale	18-01-2019	6,050	0.01	499,459	1.10
	Sale	01-02-2019	418	-	499,041	1.10
	Sale	08-02-2019	23	-	499,018	1.10
	Buy	22-02-2019	1,015	-	500,033	1.10
	Buy	01-03-2019	85	-	500,118	1.10
	Sale	08-03-2019	884	-	499,234	1.10
	Sale	15-03-2019	30,654	0.07	468,580	1.03
	Sale	29-03-2019	4,422	0.01	464,158	1.02
	At the end of the year	30-03-2019			464,158	1.02

Name	Remarks	Shareholding / Transaction date	Shareholding at the beginning of the year: No. of shares	Shareholding at the beginning of the year: % of total shares of the Company	Cumulative Shareholding during the year: No. of shares	Cumulative Shareholding during the year: % of total shares of the Company
7 L&T Mutual Fund Trustee Ltd- L&T Tax Saver Fund	At the begining of the year	01-04-2018	409,877	0.88	409,877	0.88
	Buy	13-04-2018	21,000	0.04	430,877	0.92
	Buy	27-04-2018	14,063	0.03	444,940	0.95
	Buy	25-05-2018	2,000	-	446,940	0.95
	Buy	01-06-2018	7,200	0.02	454,140	0.97
	Buy	07-06-2018	12,795	0.03	466,935	1.00
	Buy	15-06-2018	500	-	467,435	1.00
	Buy	06-07-2018	500	-	467,935	1.00
	Buy	13-07-2018	176,500	0.38	644,435	1.38
	Sale	26-07-2018	124,614	0.27	519,821	1.11
	Sale	03-08-2018	2,266	-	517,555	1.14
	Buy	12-10-2018	9,116	0.02	526,671	1.16
	Buy	02-11-2018	1,500	-	528,171	1.16
	Sale	14-12-2018	231,213	0.51	296,958	0.65
	Buy	28-12-2018	20,000	0.04	316,958	0.70
	Buy	31-12-2018	1,797	-	318,755	0.70
	Buy	04-01-2019	150	-	318,905	0.70
	Buy	11-01-2019	29,931	0.07	348,836	0.77
	Buy	18-01-2019	583	-	349,419	0.77
	Buy	25-01-2019	4,165	0.01	353,584	0.78
	Buy	01-02-2019	6,260	0.01	359,844	0.79
	Buy	08-02-2019	16,431	0.04	376,275	0.83
	Buy	15-02-2019	6,295	0.01	382,570	0.84
	Buy	22-02-2019	2,119	-	384,689	0.84
	Buy	01-03-2019	28,904	0.06	413,593	0.91
	Buy	08-03-2019	3,842	0.01	417,435	0.92
	Buy	15-03-2019	23,223	0.05	440,658	0.97
	Buy	22-03-2019	7,462	0.02	448,120	0.98
	Sale	29-03-2019	93	-	448,027	0.98
	At the end of the year	30-03-2019			448,027	0.98
8 UTI-MNC Fund	At the begining of the year	01-04-2018	342,000	0.73	342,000	0.73
	Sale	06-04-2018	15,698	0.03	326,302	0.70
	Sale	13-04-2018	1,846	-	324,456	0.70
	Sale	27-04-2018	13,064	0.03	311,392	0.67
	Sale	18-05-2018	790	-	310,602	0.67
	Sale	07-06-2018	2	-	310,600	0.67
	Sale	26-07-2018	27,642	0.06	282,958	0.61
	Sale	10-08-2018	570	-	282,388	0.62
	Sale	17-08-2018	12,388	0.03	270,000	0.59
	Sale	31-08-2018	7,511	0.02	262,489	0.58
	Sale	07-09-2018	10,489	0.02	252,000	0.55
	Sale	12-10-2018	18,840	0.04	233,160	0.51
	Sale	19-10-2018	8,160	0.02	225,000	0.49
	Sale	02-11-2018	132	-	224,868	0.49
	Sale	09-11-2018	17,868	0.04	207,000	0.45
	At the end of the year	30-03-2019			207,000	0.45
9 India Midcap (Mauritius) Ltd.	At the begining of the year	01-04-2018	330,654	0.71	330,654	0.71
	Sale	18-05-2018	7,002	0.02	323,652	0.69
	Sale	25-05-2018	1,035	-	322,617	0.69
	Sale	01-06-2018	9,967	0.02	312,650	0.67
	Sale	26-07-2018	17,536	0.04	295,114	0.63
	Sale	26-10-2018	262	-	294,852	0.65
	Sale	11-01-2019	309	-	294,543	0.65
	Sale	08-02-2019	11,853	0.03	282,690	0.62
	At the end of the year	30-03-2019			282,690	0.62

Name	Remarks	Shareholding / Transaction date	Shareholding at the beginning of the year No. of shares	Shareholding at the beginning of the year % of total shares of the Company	Cumulative Shareholding during the year No. of shares	Cumulative Shareholding during the year % of total shares of the Company
10 Franklin Templeton Mutual Fund A/C Franklin India Prima Fund	At the begining of the year	01-04-2018	276,244	0.59	276,244	0.59
	Sale	29-06-2018	1,036	-	275,208	0.59
	Sale	06-07-2018	10,485	0.02	264,723	0.57
	Sale	13-07-2018	130,090	0.28	134,633	0.29
	Sale	26-07-2018	5,755	0.01	128,878	0.28
	Sale	27-07-2018	27,852	0.06	101,026	0.22
	Sale	03-08-2018	13,939	0.03	87,087	0.19
	Sale	10-08-2018	2,171	-	84,916	0.19
	Sale	24-08-2018	7,335	0.02	77,581	0.17
	Sale	31-08-2018	25,680	0.06	51,901	0.11
	Sale	07-09-2018	255	-	51,646	0.11
	Sale	14-09-2018	1,288	-	50,358	0.11
	Sale	28-09-2018	2,713	0.01	47,645	0.10
	Sale	05-10-2018	464	-	47,181	0.10
	Sale	19-10-2018	6,333	0.01	40,848	0.09
	Sale	16-11-2018	7,975	0.02	32,873	0.07
	Sale	23-11-2018	2,782	0.01	30,091	0.07
	Sale	30-11-2018	17,653	0.04	12,438	0.03
	Sale	30-11-2018	12,438	0.03	-	-
	At the end of the year	30-03-2019			-	-
11 The Oriental Insurance Company Limited	At the begining of the year	01-04-2018	274,261	0.59	274,261	0.59
	Sale	26-07-2018	5,713	0.01	268,548	0.58
	At the end of the year	30-03-2019			268,548	0.59
12 Life Insurance Corporation of India	At the begining of the year	01-04-2018	221,448	0.47	221,448	0.47
	At the end of the year	30-03-2019			221,448	0.49

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding: No. of shares at the beginning of the year (01.04.18) / end of the year (31.03.19)	Shareholding: % of total shares of the Company	Date	Increase/ (Decrease) in shareholding	Reason	Cumulative shareholding at year end 31.03.2019: No. of shares	Cumulative shareholding at year end 31.03.2019: % of total shares of the Company
Directors								
1	Mr A Jain							
2	Mr R Gopalakrishnan[1]							
3	Mr R Guha[2]							
4	Mr K Jayakumar[3]							
5	Mr R S Kapur							
6	Mr L Kataria[4]	Nil	-	**01.04.2018**	-	**No movement during the year**	Nil	-
7	Mr P Menon[5]	Nil	-	**31.03.2019**	-		Nil	-
8	Dr S Misra[1]							
9	Ms K Narsimhan							
10	Mr R Rajgopal[6]							
11	Mr H Sahai[7]							
12	Mr A Uppal							
Key Managerial Personnel								
1	Mr R Rajgopal							
2	Mr L Kataria							
3	Mr R Guha	Nil	-	**01.04.2018**	-	**No movement during the year**	Nil	-
4	Mr K Jayakumar	Nil	-	**31.03.2019**	-		Nil	-
5	Mr P Menon							

[1]upto 22 Jul 2018
[2]from 10 Sep 2018 to 8 Feb 2019
[3]upto 10 Sep 2018
[4]from 1 Feb 2019
[5]upto 2 Aug 2018
[6]from 1 Nov 2018
[7]from 3 Aug 2018

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	-	-	-	-

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
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	Name of the Managing Director	Name of the Whole-time Director	Name of the Whole-time Director	Name of the Whole-time Director	Total
		R Rajgopal	**K Jayakumar**	**L Kataria**	**R Guha**	**P Menon**	
		01.11.18 - 31.03.19	01.04.18 - 10.09.18	01.02.19 - 31.03.19	10.09.18 - 08.02.19	01.04.18 - 02.08.18	
1.	Gross salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	7.64	10.30	3.73	4.63	6.46	32.76
	(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	-	-	-	-		
5.	Others - Contribution to Provident and other funds	3.57	0.35	0.17	2.55	0.31	6.95
	Total	**11.21**	**10.65**	**3.90**	**7.18**	**6.77**	**39.71**
	Ceiling as per the Companies Act, 2013						**288.60**

B. Remuneration to other Directors

1. Independent Directors

(₹ million)

Name of Director	Fee for attending Board/ committee meetings	Commission	Total
Mr R Gopalakrishnan	0.10	0.27	0.37
Mr R S Kapur	0.80	0.80	1.60
Dr S Misra	0.10	0.27	0.37
Ms K Narasimhan	0.50	1.00	1.50
Mr A Uppal	0.65	0.80	1.45
Mr H Sahai	0.40	0.53	0.93
Total (1)	**2.55**	**3.67**	**6.22**

2. Non executive Directors

(₹ million)

Name of Director	Fee for attending Board/ committee meetings	Commission	Total
Mr A Jain	0.45	1.20	1.65
Mr J Rowe	-	-	-
Mr A Ghosh	-	-	-
Total (2)	**0.45**	**1.20**	**1.65**
Total (1+2)	**3.00**	**4.87**	**7.87**
Ceiling as per the Act			**28.86**

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

(₹ million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel Company Secretary **R Guha** (Excluding tenure as WTD from 10 Sep 18 to 8 Feb 19)
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	6.35
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(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	-
5.	Others - Contribution to Provident and other funds	3.56
	Total	**9.91**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES UNDER THE COMPANIES ACT, 2013:

During the financial year 2018-19, no penalties/punishment/compounding of offences were levied under the Companies Act, 2013.

On behalf of the Board

Amit Jain
Chairman
DIN 01770475

Place: Gurugram
Date: 3 May 2019

Form AOC 1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures (Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

Part A: Subsidiaries

(₹ million)

1	Name of the subsidiary	ICI India Research & Technology Centre
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as holding Company
3	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	INR
4	Share capital	Nil (limited by guarantee)
5	Reserves & surplus	7.1
6	Total assets	9.0
7	Total Liabilities	1.9
8	Investments	-
9	Turnover	11.9
10	Profit before taxation	0.2
11	Provision for taxation	-
12	Profit after taxation	0.2
13	Proposed Dividend	-
14	% of shareholding	20% voting rights, with effective control

Part B: Associates and Joint Ventures

Nil

1. Names of subsidiaries which are yet to commence operations : Nil

2. Names of subsidiaries which have been liquidated or sold during the year: Nil

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Rajasekaran Guha
Company Secretary
ACS 3838

Date: 3 May 2019
Place: Gurugram

Secretarial Audit Report

For the financial year ended 31.03.2019

[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 – 700071
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 – 700071, West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliance 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 31.03.2019 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 these 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 31.03.2019 according to the provisions of (as amended):

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

(ii) Secretarial Standards 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) Regulation, 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;

   (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018..

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 its applicability to the Company during the financial year ended 31.03.2019 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, environmental 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 *except:*

The Company does not have its entire Promoters' Shareholding in dematerialized form as stipulated under Regulation 31(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 (Share Based Employee Benefits) Regulations, 2014 ;

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

(iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018;

(iv) 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) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

(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:

a) During the year under report, the Company bought back an aggregate of 11,20,000 equity shares on a proportionate basis at a price of ₹ 2,100 each, through the "tender offer" process route, utilizing a total maximum amount of ₹ 235,20,00,000 (Rupees Two Hundred and Thirty Five Crores and Twenty Lakhs only) for which prior approval was taken from the shareholders through Postal Ballot.

b) The Company had taken approval from the shareholders through Postal Ballot for appointment of Mr. Rajiv Rajgopal, Mr. Rajasekaran Guha and Mr. Hemant Sahai as Managing Director, Whole-time Director and Independent Director respectively.

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

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

Place : Kolkata
Dated : 3 May 2019

Dividend Distribution Policy

1. Background, Scope and Purpose

The equity shares of Akzo Nobel India Limited (the "Company") are listed on BSE Limited and National Stock Exchange of India Limited. The Securities Exchange Board of India (SEBI) on 8 July 2016 introduced Regulation 43A of Listing Regulations, requiring the top five hundred listed companies (based on market capitalization) to formulate a Dividend Distribution Policy (the "Policy"), which shall be disclosed in its Annual Report and on its website.

The Policy endeavours fairness, consistency and sustainability while distributing profits to the shareholders. The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends and the Articles of Association of the Company.

2. Effective Date

This policy shall become effective from 1 February 2017.

3. Definitions

a) **"Board" shall** mean Board of Directors of the Company

b) **"Companies Act"** shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended.

c) **"Dividend"** includes interim dividend, if any and final dividend.

d) **"Listed Entity / Company"** shall mean Akzo Nobel India Limited.

e) **"Policy"** means Dividend Distribution Policy.

f) **"Regulations"** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by Securities and Exchange Board of India, as amended, from time to time.

g) **"Stock Exchange"** shall mean a recognised Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

4. Policy Rules

A. Circumstances under which the shareholders of the company may or may not expect dividend

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors, and declare Dividend in any financial year. The policy seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy to support future growth.

The shareholders of the Company may not expect dividend in certain circumstances, such as:

a) Proposed expansion plans requiring higher capital allocation

b) Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow

c) Requirement of higher working capital for the purpose of business of the Company

d) Proposal for buy-back of securities

e) In the event of loss or inadequacy of profit

In the event of the Board proposing not to recommend any Dividend, the grounds thereof and information on utilisation of the undistributed profit, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

B. Financial parameters for declaration of dividend

The dividend pay-out decision of the Board depends upon various financial parameters. An illustrative list of such parameters and factors is as below:

a) Macroeconomic and business conditions in general

b) Operating cash flow of the Company

c) Profit earned during the year

d) Profit available for distribution

C. Internal and external factors that would be considered for evaluation of dividend

Internal Factors:

a) Working capital requirements

b) Capital expenditure requirement

c) Business expansion and growth

d) Likelihood of crystallization of contingent liabilities, if any

e) Additional investment in subsidiaries and associates of the company

f) Upgradation of technology and physical infrastructure

g) Creation of contingency fund

h) Acquisition of brands and business

i) Cost of Borrowing

j) Past dividend payout ratio / trends, etc.

External Factors:

a) Economic environment

b) Capital markets

c) Global conditions

d) Statutory provisions and guidelines

e) Dividend payout ratio of competitors

f) Such other factors as the Board may deem fit from time to time

D. Utilization of the retained earning

The Board may retain the earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the factors illustrated as below:

a) Market expansion plan

b) Product expansion plan

c) Increase in production capacity

d) Modernization plan

e) Diversification of business

f) Long term strategic plans

g) Replacement of capital assets

h) Expensive debt

i) Dividend payment

j) Such other criterion as the Board may deem fit from time to time

E. Parameters to be adopted with regard to various classes of shares

At present, the Company has issued only one class of equity shares with equal voting rights, and all the members of the Company being entitled to receive the same amount of dividend per share.

The Policy shall be suitably revised if and when the Company chooses to issue any new class of shares depending upon the nature and guidelines thereof.

5. Policy Review and Amendments

The Board shall have the power to review and amend the Policy from time to time and in such frequency as it may deem fit.

To the extent any change/ amendment is required in terms of any applicable law, the Managing Director and the Chief Financial Officer of the Company shall be jointly/ severally authorized to review and amend the Policy, to give effect to any such changes/ amendments. Such amended Policy shall be periodically placed before the Board for noting and necessary ratification at the meeting following such changes or as soon as reasonably practicable after giving effect to such change(s).

6. Disclosure

The Policy shall be disclosed in the Annual Report and on the website of the Company.

7. Disclaimer

This document does not solicit investments in the Company's securities. Nor it is an assurance of guaranteed returns (in any form) for investments in the Company's equity shares.

Standalone Financial Statements

Independent Auditors' Report

To
The Members of **Akzo Nobel India Limited**

Report on the audit of the Standalone Financial Statements

Opinion

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 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 2019, and total comprehensive income (comprising profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Description of the Key Audit matter	**How our audit addressed the key audit matter**
Assessment of ongoing income tax and indirect tax litigations [Refer to Note 26 (b) (Contingent liabilities), Note 9.1 [Current tax assets(net)], Note 13 (Provisions), and 1(l) and 1(m) (Significant accounting policies) to the financial statements] As at 31 March 2019, the Company is subjected to a number of significant income tax litigations relating to disallowance of expenses, transfer pricing adjustments etc. and indirect tax litigations relating to taxable turnover, availability of statutory forms etc. (together referred to as "litigations"). These matters are in appeal before various judicial forums. The eventual outcome of these litigations is uncertain and the positions taken by the management are based on the application of significant judgement and estimation. The review of these matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements. Based on management judgement and the advice from external legal and tax consultants and considering the merits of the case, the Company has recognised provisions wherever required and for the balance matters, where the management expects favourable outcome, these litigations have been disclosed as contingent liabilities in the financial statements unless the possibility of outflow of resources is considered to be remote.	Our procedures on the management's assessment of these matters included: • Understanding and evaluating process and controls designed and implemented by the management including testing of relevant controls; • Gaining an understanding of the tax related litigations through discussions with the management, including the significant developments, additions and settlements during the year and subsequent to 31 March 2019; • Inspecting demand notices received from tax authorities and evaluating the Company's response to those matters; • Obtaining independent confirmations from the Company's external tax experts including the status of the significant litigations, their views regarding the likely outcome and magnitude of the potential exposure; • Evaluating the management's assessment on the likely outcome and potential magnitude by involving auditor's experts on complex or significant matters as considered necessary; and • Assessing the adequacy of the Company's disclosures.

Description of the Key Audit matter	How our audit addressed the key audit matter
Given the uncertainty and application of significant judgment in this area in terms of the eventual outcome of litigations, we determined this to be a key audit matter.	We did not identify any significant exceptions to the management's assessment of the ongoing income tax and indirect tax litigations as a result of the above procedures.

Other information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance/conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

6. 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified 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 implementation and maintenance of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The management is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the fnancial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

14. 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 Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone financial statements comply with the 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 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 14(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 with reference to financial statements 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 of pending litigations on its financial position in its standalone financial statements – Refer Note 26(a) and 26(b) to the standalone financial statements.

        ii. The Company has long term contracts including derivative contracts as at 31 March 2019 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 2019.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31 March 2019.

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

Anurag Khandelwal
Partner
Membership Number 078571

Place: Gurugram
Date: 3 May 2019

Annexure to Independent Auditors' Report

Annexure A

Referred to in paragraph 14(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 2019

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of Akzo Nobel India Limited ("the Company") as of 31 March 2019, 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 with reference to financial statements 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 with reference to standalone financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2019, 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 Number: 012754N/N500016
Chartered Accountants

Anurag Khandelwal
Partner
Membership Number 078571

Place: Gurugram
Date: 3 May 2019

Annexure B

Referred to in paragraph 13 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 2019

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

(b) The fixed assets (property, plant and equipment) are physically verified by the Management according to a phased programme designed to cover all the items over a period of three 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 (property, plant and equipment) 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 fixed assets (property, plant and equipment) to the financial statements, are held in the name of the Company, except :

	₹ in Million	
Nature	**Gross Book Value**	**Net Book Value**
Two cases of leasehold land at Mysore and Mahad for which lease agreements are yet to be registered in the name of the Company including the one transferred as part of discontinued operations- refer Note 35(a) to the Financial Statements.	188	186
One case of leasehold land at Thane location for which original title deed is not in possession of the Company.	7	4

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. 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 provided any guarantees or security to the parties covered under Section 185 and 186 of the Companies Act, 2013. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the investments made by it.

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 there under 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, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer Note 26(c) to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise, value added tax as at 31 March 2019 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	95	85	2008-09 to 2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	1,932	928	2008-09, 2009-10, 2011-12 to 2014-15	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	499	-	1994-95,1996-97,1998-99,2006-07 & 2007-08	Calcutta High Court
The Central Excise Act, 1944	Excise Duty	2	-	2006-07 & 2007-08	Additional Commissioner/Joint Commissioner
The Central Excise Act, 1944	Excise Duty	13	-	2000-01, 2002-03, 2004-05 & 2005-06	Commissioner (Appeals)
The Central Excise Act, 1944	Excise Duty	77	-	1991-92 to 1999-2000, 2004- 05 to 2009-10 & 2012-13	Customs Excise And Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty	1	-	2004-06	Karnataka High Court
Service Tax	Service Tax	26	-	2012-13, 2013-14, 2014-15 & 2016-17	Customs Excise And Service Tax Appellate Tribunal
Service Tax	Service Tax	1	-	2013-14 to 2014-15	Commissioner Appeals
Sales Tax Act	Sales Tax	354	53	1982-83 to 2000-01, 2002-03 to 2015-16 and 2017-18	Additional Commissioner/ Joint Commissioner/ Deputy Commissioner/ Assistant Commissioner/ Commercial Tax Inspector
Sales Tax Act	Sales Tax	37	11	2005-06 to 2008-09 and 2010-11 to 2015-16	Appellate and Revisional Board/ Commissioner Appeal/Additional Commissioner (Appeals)
Sales Tax Act	Sales Tax	22	5	2004-05 to 2006-07, 2008-09 to 2011-12	Sales Tax Tribunal
Sales Tax Act	Sales Tax	78	6	2005-06, 2006-07, 2009-10, 2010-11 and 2012-13	Madhya Pradesh High Court, Allahabad High Court and Madras High Court

viii. According to the records of the Company examined by us and information and explanation given to us, the Company has not defaulted in repayment of borrowings to Government as at the balance sheet date. The Company does not have any loans or borrowings from any financial institution or bank, nor has it issued any debentures as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. 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/ 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 (IndAS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Anurag Khandelwal
Partner
Membership Number 078571

Place: Gurugram
Date: 3 May 2019

Balance Sheet

(All amounts are in millions Indian ₹ unless otherwise stated)	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	5,214	5,288
Capital work-in-progress	3	169	268
Intangible Assets	4	87	101
Financial assets			
(i) Investments	5.1	778	717
(ii) Other bank balances	5.2	6	6
(iii) Loans	5.3	70	81
Deferred tax assets (net)	14	31	-
Other non-current assets	6	522	559
Total non-current assets		**6,877**	**7,020**
Current assets			
Inventories	7	3,919	3,508
Financial assets			
(i) Investments	8.1	2,995	5,016
(ii) Trade receivables	8.2	4,440	3,953
(iii) Cash and cash equivalents	8.3	324	662
(iv) Bank balances other than (iii) above	8.4	292	179
(v) Loans	8.5	37	11
(vi) Other financial assets	8.6	66	168
Other current assets	9	1,346	1,329
Current tax assets (net)	9.1	675	467
Total current assets		**14,094**	**15,293**
Total assets		**20,971**	**22,313**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	456	467
Other equity	11	10,900	12,435
Total equity		**11,356**	**12,902**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	12.1	29	29
(ii) Other financial liabilities	12.2	142	144
Provisions	13	579	446
Deferred tax liabilities (net)	14	-	58
Other non-current liabilities	15	21	47
Total non-current liabilities		**771**	**724**
Current liabilities			
Financial liabilities			
(i) Trade payables	16.1		
Total outstanding dues of micro enterprises and small enterprises		35	67
Total outstanding dues of creditors other than micro enterprises and small enterprises		6,028	6,577
(ii) Other financial liabilities	16.2	921	818
Provisions	13	314	323
Other current liabilities	17	1,546	902
Total current liabilities		**8,844**	**8,687**
Total liabilities		**9,615**	**9,411**
Total equity and liabilities		**20,971**	**22,313**

The notes from note no. 1 to 39 form an integral part of these financial statements.

As per our report of even date attached.

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

Anurag Khandelwal
Partner
Membership No. : 078571

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Rajasekaran Guha
Company Secretary
ACS 3838

Date: 3 May 2019
Place: Gurugram

Date: 3 May 2019
Place: Gurugram

Statement of Profit and Loss

(All amounts are in millions Indian ₹ unless otherwise stated)	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Continuing operations			
Revenue from operations	18	29,184	27,928
Other income	19	422	438
Total income		29,606	**28,366**
Expenses			
Cost of materials consumed	20	14,990	13,208
Purchases of stock-in-trade		2,065	1,808
Changes in inventories of finished products, work-in-progress and stock-in-trade	21	(144)	245
Excise duty		-	735
Employee benefits expense	22	2,650	2,763
Finance costs	23	45	35
Depreciation and amortisation expense		652	582
Other expenses	24	6,199	6,178
Total expenses		26,457	**25,554**
Profit from continuing operations before exceptional items and tax		3,149	**2,812**
Exceptional items	25	7	20
Profit before tax from continuing operations		3,156	**2,832**
Income tax expense:			
Current tax (includes taxes of ₹ 59 relating to prior years written back, 31 March 2018 ₹ 171)	14	1,098	758
Deferred tax		(52)	17
Total tax expense		1,046	**775**
Profit after tax from continuing operations		2,110	**2,057**
Discontinued operations	35		
Profit from discontinued operations before tax		-	2,591
Tax expense of discontinued operations (includes tax of ₹ Nil relating to prior year paid, 31 March 2018 ₹ 5)	14	-	(642)
Profit after tax from discontinued operations		-	**1,949**
Profit after tax for the year (A)		2,110	**4,006**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years:			
Remeasurement of defined benefit plans arising from continuing operations		(110)	63
Remeasurement of defined benefit plans arising from discontinued operations		-	3
Changes in fair value of equity instruments at FVOCI		2	-
Income tax relating to these items			
Income tax relating to remeasurement of defined benefit plans arising from continuing operations		38	(22)
Income tax relating to remeasurement of defined benefit plans arising from discontinued operations		-	(1)
Income tax relating to fair value of equity shares at FVOCI		(1)	-
Total other comprehensive income for the year (B)		(71)	**43**
Total comprehensive income for the year (A + B)		2,039	**4,049**
Earnings per share for profit from continuing operation attributable to owners of Akzo Nobel India Limited:	28		
Basic earning per share (in ₹) [Face value of ₹ 10 each]		45.96	44.08
Diluted earning per share (in ₹) [Face value of ₹ 10 each]		45.96	44.08
Earnings per share for profit from discontinued operation attributable to owners of Akzo Nobel India Limited:	28		
Basic earning per share (in ₹) [Face value of ₹ 10 each]		-	41.77
Diluted earning per share (in ₹) [Face value of ₹ 10 each]		-	41.77
Earnings per share for profit from combined operation attributable to owners of Akzo Nobel India Limited:	28		
Basic earning per share (in ₹) [Face value of ₹ 10 each]		45.96	85.85
Diluted earning per share (in ₹) [Face value of ₹ 10 each]		45.96	85.85

The notes from note no. 1 to 39 form an integral part of these financial statements.

As per our report of even date attached.

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

Anurag Khandelwal
Partner
Membership No. : 078571

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Rajasekaran Guha
Company Secretary
ACS 3838

Date: 3 May 2019
Place: Gurugram

Date: 3 May 2019
Place: Gurugram

Statement of Cash Flows

(All amounts are in millions Indian ₹ unless otherwise stated)	For the year ended 31 March 2019	For the year ended 31 March 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from		
Continuing Operations	3,156	2,832
Discontinued Operation	-	2,591
Profit before tax including discontinued operation	**3,156**	**5,423**
Adjustments for:		
Depreciation and amortisation expense	652	607
Loss on write-off of property, plant and equipment (net)	1	5
Exceptional Income	(7)	(20)
Gain on sale of chemicals business	-	(2,442)
Provision for inventory obsolescence	106	(41)
Provision for bad and doubtful debts/advances (including write offs)	166	41
Government grant income	(7)	(9)
Interest income	(96)	(218)
Interest income from financial assets at amortised cost - Bonds	(59)	(54)
Net fair value gain/(loss) on investments measured at FVTPL	3	30
Gain on sale of investments	(259)	(183)
Finance costs (including fair value change in financial instruments)	45	35
Operating Profit / (Loss) before working capital changes	**3,701**	**3,174**
Movements in working capital:		
(Increase) / Decrease in inventories	(517)	257
(Increase) in trade receivables	(606)	(424)
(Increase) / Decrease in loans	(16)	13
(Increase) in other financial assets	(28)	(46)
(Increase) in other assets	(42)	(640)
(Decrease) / Increase in trade payables	(583)	879
Increase in other financial liabilities	102	200
Increase / (Decrease) in provisions	20	(21)
Increase / (Decrease) in other liabilities	618	186
Net cash generated from operations	**2,649**	**3,578**
Income tax paid (net)	(1,239)	(1,771)
Net cash inflow from operating activities (A)	**1,410**	**1,807**
B CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment	(418)	(1,030)
Proceeds from sale of property, plant and equipment	-	3
Proceeds from sale of chemical business (Refer note 35)	-	3,098
Payments for purchase of investments	(15,440)	(19,040)
Proceeds from sale of investments	17,649	16,871
Government grant received	30	-
Interest received	31	42
Net cash (outflow) / inflow from investing activities (B)	**1,852**	**(56)**

Statement of Cash Flows

(All amounts are in millions Indian ₹ unless otherwise stated)	For the year ended 31 March 2019	For the year ended 31 March 2018
C CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	**(1,002)**	(1,027)
Dividend distribution tax paid	**(206)**	(209)
Payment towards buy back of shares	**(2,377)**	-
Interest paid	**(15)**	(20)
Net cash (outflow) from financing activities (C)	**(3,600)**	**(1,256)**
Net Increase/ (Decrease) In cash and cash equivalents (A+B+C)	**(338)**	**495**
Cash and cash equivalents at the beginning of the year	**662**	167
Effect of exchange rate changes on cash and cash equivalents	*	*
Cash and cash equivalents at the end of the year	**324**	**662**
Non-cash financing activities		
Acquisition of property, plant and equipment by means of finance lease		

*Amount is below rounding off norms, adopted by the company

Notes:

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

(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	**324**	660
- Deposits with original maturity of upto 3 months	**-**	2
Cash and cash equivalents (Refer Note 8.3)	**324**	**662**

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

Anurag Khandelwal
Partner
Membership No. : 078571

Date: 3 May 2019
Place: Gurugram

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Rajasekaran Guha
Company Secretary
ACS 3838

Date: 3 May 2019
Place: Gurugram

Statement of Changes in Equity

for the year ended 31 March 2019

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

(a) Equity share capital

	Number of Shares	Amount
As at 31 March 2017	46,660,314	467
Changes in equity share capital during 2017-18	-	-
As at 31 March 2018	46,660,314	467
Equity shares bought back during 2018-19	(1,120,000)	(11)
As at 31 March 2019	**45,540,314**	**456**

(b) Other equity

Description	Reserves and surplus					Other Reserves	
	Capital reserve	Capital redemption reserve	Revaluation reserve	General reserve	Retained earnings	Equity instrument through Other Comprehensive Income	Total
Balance as at 31 March 2017	503	53	12	6,246	2,805	3	9,622
Profit for the year	-	-	-	-	4,006	-	4,006
Other Comprehensive Income	-	-	-	-	43	-	43
Total comprehensive income for the year	-	-	-	-	**4,049**	-	**4,049**
Transactions with owners in their capacity as owners:							
Dividends paid (including dividend distribution tax)	-	-	-	-	(1,236)	-	(1,236)
Transfer to general reserve	-	-	-	250	(250)	-	-
Balance as at 31 March 2018	**503**	**53**	**12**	**6,496**	**5,368**	**3**	**12,435**
Balance as at 1 April 2018	503	53	12	6,496	5,368	3	12,435
Profit for the year	-	-	-	-	2,110	-	2,110
Other Comprehensive Income	-	-	-	-	(72)	1	(71)
Total comprehensive income for the year	-	-	-	-	**2,038**	**1**	**2,039**
Transactions with owners in their capacity as owners:							
Dividends paid (including dividend distribution tax)	-	-	-	-	(1,208)	-	(1,208)
Share buyback	-	-	-	(2,366)	-	-	(2,366)
Transfer pursuant to share buyback	-	11	-	(11)	-	-	-
Transfer to general reserve	-	-	-	400	(400)	-	-
Balance as at 31 March 2019	**503**	**64**	**12**	**4,519**	**5,798**	**4**	**10,900**

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Rajasekaran Guha
Company Secretary
ACS 3838

Date: 3 May 2019
Place: Gurugram

Date: 3 May 2019
Place: Gurugram

Background

Akzo Nobel India Limited ('the Company') was incorporated in India on 12 March 1954 as Indian Explosives Limited. It is currently known as Akzo Nobel India Limited with effect from 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 the business of manufacturing, trading and selling of paints and related products. The Company also provides research and development 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.

(ii) Historical cost convention

The financial statements have been prepared on a 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

(iii) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2018:

- Ind AS 115, Revenue from Contracts with Customers

The Company had to change its accounting policies and make adjustments following adoption of Ind AS 115. This is disclosed in Note 17 and 18.

b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements 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.

(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 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 of property, plant and equipment 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.

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.

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 assets. 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
Motor vehicles	5-7
Laboratory equipment	10
Office equipment	5
Data processing equipment	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 actual usage of the fixed assets. The assets' useful lives are reviewed at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Assets are treated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 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 with finite useful life are shown at historical cost and are subsequently carried at cost less accumulated amortisation and impairment losses.

ii) Amortisation

The Company amortises intangible assets with 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) Recognition

Regular way purchases and sales of financial assets are recognised on trade date, on which the Company commits to purchase or sale the financial asset.

(iii) 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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit and loss.

- **Fair value through other comprehensive income (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 fair value through other comprehensive income (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. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit and loss.

- **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.

Investments 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 amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The Company holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

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. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

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 impairment losses, if any.

(iv) 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 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.

(v) 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 retains 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.

(vi) Income recognition

Interest income

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest rate method and is recognised in the statement of profit and loss as part of other income.

Interest income is calculated applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of loss allowance)

Dividends

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

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

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised 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 their intended use or sale.

Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

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 realise 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 cost of raw 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 the basis of weighted average. 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. Obsolete, slow moving and defective stocks are identified on the basis of regular reviews by the management and, where necessary, adequate provision is made for such stock.

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 asset 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 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.

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 recognise 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 scheme 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 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 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 using the projected unit credit method.

(iii) 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.

o) Revenue recognition

Sale of goods

The Company adopted the new standard – Ind AS 115 from 1 April 2018, applying the modified retrospective approach.

Sales are recognised when control of the products is transferred, which happens when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the acceptance of the products by the customer.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts and incentive schemes. Accumulated experience is used to estimate and provide for such variable consideration, and the revenue is only recognised to the extent that it is highly probable that a significant reversal in the revenue will not occur. A refund liability (included in other current liabilities) is recognised for the variable consideration payable to the customer in relation to sales made until the end of the reporting period. Refund liability is also recognised for expected return of products as at the period end with corresponding recognition of right to recover the returned goods (included in other current assets). Revenue is net of sales returns. The validity of assumptions used to estimate variable consideration and expected return of products is reassessed annually.

A receivable is recognised when the goods are delivered as this is the point in time when the consideration is unconditional because only passage of time is required before the payment is due.

Service revenue

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.

Financing Components

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

p) 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 in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

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 not accounted for if it arises from initial recognition of an asset or liability that 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.

q) 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, Head HR, Company Secretary) which has been identified as the chief operating decision maker (CODM), to assess the financial performance and position of the Company and make strategic decisions.

Refer note 32 for reportable segments determined by the Company.

r) 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.

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.

s) 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 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.

t) 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.

u) Discontinued operations

A discontinued operation is a component of an entity that has been disposed off and that represents a major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such line of business area or operations. The results of the discontinued operations are presented separately in the statement of profit and loss.

v) Exceptional items

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

w) 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 Act, 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 higher 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 Employee benefit obligations (Refer note 34)
- Estimation for fair value measurement of financial assets and liabilities (Refer note 30)
- Estimation for contingencies (Refer note 26(a),(b),(c))
- Customer Incentive (Refer note 18)
- Impairment of Trade receivable (Refer note 8.2)
- Inventory obsolescence (Refer note 7)

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.

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

Note: 3. Property, plant and equipment

	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
Particulars	**As at 31 March 2018**	**Additions**	**Deletions/ Adjustment**	**As at 31 March 2019**	**Up to 31 March 2018**	**Additions**	**Deletions/ Adjustment**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2019**
Tangible assets										
Land (Refer note 'a', 'b' and 'c' below)										
- Leasehold taken on finance lease	377	2	-	379	4	2	-	6	373	373
- Freehold	265	-	-	265	-	-	-	-	265	265
Buildings	2,009	152	-	2,161	245	90	-	335	1,764	1,826
Plant and Equipment										
- owned	2,872	154	(1)	3,025	692	325	(1)	1,016	2,180	2,009
- given under operating lease	781	234	(7)	1,008	316	140	(7)	449	465	559
Motor vehicles	2	-	-	2	1	1	-	2	1	-
Furniture and fixtures	303	15	-	318	148	31	-	179	155	139
Office equipment	49	3	-	52	27	9	-	36	22	16
Leasehold improvements	52	-	-	52	32	15	-	47	20	5
Data processing equipment	137	4	-	141	94	25	-	119	43	22
Total	**6,847**	**564**	**(8)**	**7,403**	**1,559**	**638**	**(8)**	**2,189**	**5,288**	**5,214**

Particulars	**As at 31 March 2018**	**Additions**	**Deletions**	**As at 31 March 2019**
Capital work-in-progress (Refer note 'd' below)	268	462	(561)	169

(a) The Company had received the final possession of leasehold land at Mysore from Karnataka Industrial Area Development Board (KIADB) in March 2016. The registration of lease deed in respect of the said land is pending finalisation 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 had acquired revaluation reserve attributable to certain land as part of amalgamation done with various companies in the previous periods.

(d) Capital Work in Progress includes certain plant and machinery amounting to ₹ 48 which is pending installation at customer premises.

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

(f) Refer note 27 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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 2019

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

Note: 3. Property, plant and equipment (contd..)

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 31 March 2017	Additions	Deletions/ Adjustment	As at 31 March 2018	Up to 31 March 2017	Additions (Refer note 'h' below)	Deletions/ Adjustment	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018
Tangible assets										
Land (Refer note 'a', 'b' and 'c' below)										
- Leasehold taken on finance lease	399	-	(22)	377	3	2	(1)	4	396	373
- Freehold	265	-	-	265	-	-	-	-	265	265
Buildings	1,995	77	(63)	2,009	165	88	(8)	245	1,830	1,764
Plant and Equipment										
- owned	2,341	652	(121)	2,872	445	277	(30)	692	1,896	2,180
- given under operating lease	562	230	(11)	781	201	122	(7)	316	361	465
Motor vehicles	22	6	(26)	2	6	5	(10)	1	16	1
Furniture and fixtures	317	14	(28)	303	130	35	(17)	148	187	155
Office equipment	49	10	(10)	49	19	13	(5)	27	30	22
Leasehold improvements	52	-	-	52	20	12	-	32	32	20
Data processing equipment	123	23	(9)	137	60	39	(5)	94	63	43
Total	**6,125**	**1,012**	**(290)**	**6,847**	**1,049**	**593**	**(83)**	**1,559**	**5,076**	**5,288**

Particulars	As at 31 March 2017	Additions	Deletions	As at 31 March 2018
Capital work-in-progress (Refer note 'd' below)	232	766	(729)	268

(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 registration of lease deed in respect of the said land is pending finalisation 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 had acquired revaluation reserve attributable to certain land as part of amalgamation done with various companies in the previous periods.

(d) 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.

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

(f) During the previous year, the company executed Business Transfer Agreement ('BTA') for transferring its chemicals business to Akzo Nobel Chemicals India Private Limited ('ANCIPL'). The Deletions/Adjustments include ₹ 270 and ₹ 71 for Gross carrying amount and Accumulated Depreciation relating to the discontinued operations transferred to ANCIPL. The transferred assets also include leasehold land at Mahad, which was pending registration in the name of the company. An intimation regarding the execution of business transfer agreement and consequential transfer to ANCIPL has been sent to authorities, refer note 35.

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

Note: 3. Property, plant and equipment (contd..)

(g) Refer note 27 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(h) Additions include depreciation charge on fixed assets pertaining to discontinued operation till the date of transfer (Refer note 35).

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.

Note: 4. Intangible Assets

	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount	
Particulars	As at 31 March 2018	Additions	Deletions/ Adjustment	As at 31 March 2019	Up to 31 March 2018	Additions	Deletions/ Adjustment	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019
Intangible assets (Acquired)										
Customer Relationships	110	-	-	110	14	11	-	25	96	85
Non Compete Fees	9	-	-	9	4	3	-	7	5	2
Total	**119**	**-**	**-**	**119**	**18**	**14**	**-**	**32**	**101**	**87**

	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount	
Particulars	As at 31 March 2017	Additions	Deletions	As at 31 March 2018	Up to 31 March 2017	Additions	Deletions	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018
Intangible assets (Acquired)										
Customer Relationships	110	-	-	110	3	11	-	14	107	96
Non Compete Fees	9	-	-	9	1	3	-	4	8	5
Total	**119**	**-**	**-**	**119**	**4**	**14**	**-**	**18**	**115**	**101**

Pursuant to business transfer agreement with BASF India Private Limited, the Company had acquired Intangible assets with respect to customer relationships and non-compete fees during the year ended 31 March 2017. The estimate for the useful life of the customer relationships is based on the expected economic benefits from such assets, however, which 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 ₹ 60 (₹ 82 as at 31 March 2018). If the useful life were estimated to be 15 years, the carrying amount would be ₹ 93 (₹ 101 as at 31 March 2018).

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 5.1 Non current financial assets- investments

	Number as at 31 March 2019	Number as at 31 March 2018	Face value ₹ per unit	As at 31 March 2019	As at 31 March 2018
a) Investment in equity instruments (at FVTPL)					
Unquoted					
Adyar Property Holding Company Limited (paid up ₹ 65 per share)	**105**	105	100	*	*
Kohinoor Mills Limited (fully paid up)	**5**	5	100	*	*
Maneck-Chowk & Ahmedabad Manufacturing Co. Limited (fully paid up)	**144**	144	250	*	*
Paints and Coatings Skill Council (fully paid up)	**17**	10	25,000	*	*
b) Investment in equity instruments (at FVOCI)					
Unquoted (fully paid up)					
Woodlands Multispecialty Hospital Limited (Refer note 'a' below)	**10,810**	10,810	10	6	4
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	13,580	772	713
Unquoted					
6.5% Bengal Chamber of Commerce and Industry	**19**	19	1,000	*	*
6% Sholapur Spinning & Weaving Co. Limited (in Liquidation)	**523**	523	100	*	*
				778	**717**

	As at 31 March 2019	As at 31 March 2018
Aggregate amount of quoted investments and market value thereof	772	713
Aggregate value of unquoted investments	6	4
Aggregate amount of impairment in value of investments	-	-
	778	**717**

*Amount is below rounding off norms, adopted by the Company

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

The Company designated the investments shown below as equity shares at fair value through other comprehensive income (FVOCI).

	Fair value at 31 March 2019	Dividend income recognised during 2018-19	Fair value at 31 March 2018	Dividend income recognised during 2017-18	Fair value at 31 March 2017
Woodlands Multispecialty Hospital Limited	6	-	4	-	4

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 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). Information about the Company's exposure to credit and market risk and fair value measurement is included in note 30.

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 5.2. Non current financial assets - Other bank balances

	As at 31 March 2019	As at 31 March 2018
Fixed deposits	6	6
	6	6

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.

Note: 5.3. Non current financial assets - Loans

	As at 31 March 2019	As at 31 March 2018
Loan given to employees (Refer note 'a' and 'b' below)	4	3
Security deposits	74	86
Less : Loss allowance	(8)	(8)
	70	81
Break - up of security details		
Loans considered good - Secured	4	3
Loans considered good - Unsecured	66	78
Loans which have significant increase in credit risk	-	-
Loans Credit impaired	8	8
Total	78	89
Less : Loss allowance	(8)	(8)
	70	81

(a) Loan given to employees include dues from a key managerial person ₹ 0.7 (31 March 2018 ₹ 0.8)

(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: 6. Other non-current assets

	As at 31 March 2019	As at 31 March 2018
Capital Advances	10	66
Advances other than capital advances		
Indirect taxes recoverable		
- Considered good	70	58
- Considered doubtful	31	31
Less: Provision for doubtful indirect taxes recoverable	(31)	(31)
Retirement benefit trusts surplus (Refer note 34)	67	58
Advances to customers	357	358
Deferred payroll cost	2	4
Prepaid rent	12	13
Miscellaneous	4	2
	522	559

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 7. Inventories

	As at 31 March 2019	As at 31 March 2018
Raw material (Refer note 'a' below)	1,464	1,200
Work in progress	87	78
Finished products (Refer note 'b' below)	2,152	2,004
Stock in trade (traded goods) (Refer note 'a' below)	209	222
Stores and spares parts	7	4
	3,919	3,508
(a) Includes in-transit inventory:		
Raw materials	40	31
Stock in trade	95	202

(b) Finished products are written down by ₹ 16 (31 March 2018 ₹ 6) 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 products, work-in-progress and stock-in-trade' in the statement of profit and loss.

Note: 8.1. Current financial assets - Investments

	Number as at 31 March 2019	Number as at 31 March 2018	Face value ₹ per unit	As at 31 March 2019	As at 31 March 2018
Investment in mutual funds (at FVTPL)					
Quoted					
(i) Fixed Maturity Plans of Mutual Funds					
HDFC FMP - March 2018 (39) - 1 - 92D - Direct - Growth	-	15,000,000	10	-	151
Aditya Birla Sun Life Interval Income Fund Quarterly Plan - Series I - Direct - Growth	-	6,715,526	10	-	151
Kotak Quarterly Interval Plan Series 12 - Direct - Growth	5,292,099	-	10	55	-
				55	302
(ii) Liquid/Floater Schemes of Mutual Funds					
Aditya Birla Sun Life Banking & PSU Debt Fund - Reg - Growth	-	3,978,713	10	-	202
Aditya Birla Sun Life Floating Rate - Short Term - Growth - Direct Plan	-	1,516,321	100	-	352
Aditya Birla Sun Life Money Manager Fund - Direct - Growth	2,036,821	-	100	513	-
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	426,291	426,291	100	128	119
Axis Liquid Fund - Direct - Growth Plan	172,196	-	1,000	357	-
DSP BlackRock Low Duration Fund - Direct - Growth	-	27,609,709	10	-	352
HDFC Liquid Fund - Regular Plan - Growth	181,060	137,675	1,000	663	469
IDFC Money Manager Fund - Growth - Direct Plan	3,438,701	3,438,701	10	103	96
IDFC Cash Fund - Direct - Growth	-	166,626	1,000	-	352
Invesco Ultra Short Term Fund - Direct - Growth	-	143,868	1,000	-	352
Invesco Ultra Short Term Fund - Regular - Growth	-	42,278	1,000	-	101
Invesco Ultra Short Term Fund - Direct - Bonus	-	44,819	1,000	-	61
Kotak Liquid Fund - Regular - Growth	18,570	-	1,000	70	-
Kotak Corporate Bond Fund - Std - Growth	-	88,813	1,000	-	203
Kotak Floater - ST - Direct - Growth	-	105,662	1,000	-	301
Reliance Money Manager - Direct - Growth	-	61,716	1,000	-	151
Reliance Banking & PSU Debt Fund - Direct - Growth	-	16,140,488	10	-	203
SBI Magnum Low Duration Fund - Regular - Growth	161,630	-	1,000	391	-
SBI Premier Liquid Fund - Direct - Growth	-	143,818	1,000	-	392
Sundaram Money Fund -Regular - Growth	1,324,331	-	10	52	-
UTI Banking & PSU Debt Fund - Direct - Growth	-	28,462,333	10	-	407
UTI Liquid Cash Plan - Inst. - Direct - Growth	216,655	123,615	1,000	663	352
				2,940	4,465
(iii) Short Term Income Schemes of Mutual Funds					
IDFC Money Manager Fund - Investment Plan Growth		9,277,471	10	-	249
				-	249
				2,995	5,016

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

Note: 8.1. Current financial assets - Investments (contd..)

	As at 31 March 2019	As at 31 March 2018
Aggregate amount of quoted investments and market value thereof	2,995	5,016
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-
	2,995	5,016

(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 30.

Note: 8.2. Current financial assets - Trade receivables

	As at 31 March 2019	As at 31 March 2018
Trade receivable	4,375	3,915
Receivable from related parties (Refer note 33)	339	235
Less : Loss allowance	(274)	(197)
	4,440	3,953
Break - up of security details		
Trade receivables considered good - secured	295	184
Trade receivables considered good - unsecured	4,387	3,953
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	32	13
Total	4,714	4,150
Less : Loss allowance	(274)	(197)
	4,440	3,953

8.3. Current financial assets - Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Balance with banks:		
- In current accounts	324	660
Deposits with maturity of less than three months	-	2
	324	662

Note: 8.4. Current financial assets - Other bank balances

	As at 31 March 2019	As at 31 March 2018
Fixed deposits (Refer note 'a' below)	115	6
Unpaid dividend accounts (Refer note 'b' below)	177	173
	292	179

(a) Fixed deposits include deposits held as margin money amounting to ₹ 6 (31 March 2018 ₹ 6) 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.

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 8.5. Current financial assets - Loans

	As at 31 March 2019	As at 31 March 2018
Loan given to employees (Refer note 'a' and 'b' below)	3	7
Security deposits	34	4
	37	11
Break - up of security details		
Loans considered good - Secured	3	7
Loans considered good - Unsecured	34	4
Loans which have significant increase in credit risk	-	-
Loans Credit impaired	-	-
	37	11

(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 2018 ₹ 0.1)

Note: 8.6. Current financial assets - Others

	As at 31 March 2019	As at 31 March 2018
(Unsecured, considered good unless otherwise stated)		
Amount recoverable from related parties (Refer note 33)	16	90
Government grant receivable	50	67
Others	*	11
	66	168

*Amount is below rounding off norms, adopted by the Company

(a) The carrying value of loans and advances may be affected by changes in the credit risk of the counterparties. Refer note 30 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 19 for details.

Note: 9. Other current assets

	As at 31 March 2019	As at 31 March 2018
(Unsecured, considered good unless otherwise stated)		
Advances to suppliers		
- Considered good	139	45
- Considered doubtful	18	12
Less: Provision for doubtful advances	(18)	(12)
Advances to employees		
- Considered good	3	6
- Considered doubtful	3	3
Less: Provision for doubtful advances	(3)	(3)
Advances to customers		
- Considered good	433	395
- Considered doubtful	5	6
Less: Provision for doubtful advances	(5)	(6)
Prepaid expenses	158	88
Indirect tax recoverable	591	763
Deferred payroll cost	-	1
Prepaid rent	4	4
Others	18	27
	1,346	1,329

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 9.1. Current tax assets (net)

	As at 31 March 2019	As at 31 March 2018
Income tax {net of provision ₹ 13,134 (31 March 2018 ₹ 12,309)}	675	467
	675	467

Note: 10. Equity share capital

	As at 31 March 2019	As at 31 March 2018
Authorised:		
126,690,000 (31 March 2018 - 126,690,000) equity shares of ₹ 10 each	1,267	1,267
Issued, subscribed & fully paid up:		
45,540,314 (31 March 2018 - 46,660,314) equity shares of ₹ 10 each	456	467
	456	467

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

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Opening balance	46,660,314	467	46,660,314	467
Less: Equity shares bought back during the year	(1,120,000)	(11)	-	-
Closing balance	45,540,314	456	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., The Netherlands, which does not hold any shares directly in the Company.

	As at 31 March 2019	As at 31 March 2018
	No. of Shares	No. of Shares
Imperial Chemical Industries Limited, England	22,977,544	22,977,544
Akzo Nobel Coatings International B.V., The Netherlands (Refer note 'i' below)	11,066,791	11,066,495
Akzo Nobel Coatings Holdings B.V., The Netherlands	-	291
Panter B.V., The Netherlands	-	5
	34,044,335	34,044,335

(i) Consequent to inter se transfer of shares from Akzo Nobel Coatings Holdings B.V. and Panter B.V. to Akzo Nobel Coatings International B.V. during the year.

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

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	% holding	No. of Shares	% holding
Imperial Chemical Industries Limited, England	22,977,544	50.46%	22,977,544	49.24%
Akzo Nobel Coatings International B.V., The Netherlands	11,066,791	24.30%	11,066,495	23.72%
	34,044,335	74.76%	34,044,039	72.96%

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

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 10. Equity share capital (contd..)

e. In terms of the shareholders resolution approved on 22 May 2018, 11,20,000 shares of the Company were bought back through a Tender offer at a fixed price of ₹ 2,100 per share. Total amount spent in the Buyback was ₹ 2,366, including related costs.The shares so bought back were extinguished on 30 July 2018.

Note: 11. Other equity

	As at 31 March 2019	As at 31 March 2018
Capital reserve	503	503
Capital redemption reserve	64	53
Revaluation reserve	12	12
General reserve	4,519	6,496
Retained earnings	5,798	5,368
Other reserves		
Equity instruments through OCI	4	3
	10,900	12,435

	As at 31 March 2019	As at 31 March 2018
a Capital reserve	503	503
Pursuant to various amalgamation schemes 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	53	53
Add : Amount transferred from general reserve pursuant to shares bought back during the year 2018-19	11	-
	64	53
Pursuant to the buy back scheme for purchase of equity shares offered by the Company during the period 2006-2019, the Company had created a capital redemption reserve in those years as per the regulatory requirements.		
c Revaluation reserve	12	12
It represents revaluation of certain land acquired as part of amalgamation done with various companies in the previous periods. This reserve is not available for distribution as dividend.		
d General reserve		
Balance at the beginning of the year	6,496	6,246
Add: Amount transferred from surplus balance	400	250
Less: Share buy back amount paid	(2,366)	-
Less: Share buy back amount transferred to Capital Redemption Reserve	(11)	-
Balance at the end of the year	4,519	6,496

The General reserve is used from time to time to transfer profit from retained earnings as appropriation. 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.

e Retained earnings		
Balance at the beginning of the year	5,368	2,805
Net profit for the year	2,110	4,006
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(72)	43
Dividends (including dividend distribution tax)	(1,208)	(1,236)
Amount transferred to general reserve	(400)	(250)
Balance at the end of the year	5,798	5,368

Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

Notes

to the financial statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 11. Other equity (contd..)

f Other reserves		
Equity instruments through OCI		
Balance at the beginning of the year	3	3
Add: Fair value gain on equity instruments for the year	1	-
Balance at the end of the year	**4**	**3**

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.

Note: 12.1. Non current financial liabilities - Borrowings

	As at 31 March 2019	As at 31 March 2018
Non - current maturities of finance lease obligations (unsecured)		
Obligations under finance leases (Refer note 'a' & 'b' below)	29	29
	29	**29**

(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 2019	As at 31 March 2018
Minimum lease payments payable		
Not later than one year	3	3
Later than one year and not later than five years	13	13
Later than five years	277	280
	293	**296**
Present value of minimum lease payments payable		
Not later than one year	*	*
Later than one year and not later than five years	*	*
Later than five years	29	29
Total minimum lease payments payable	29	**29**
Current (Refer note 16.2)	*	*
Non-current	29	29
	29	**29**

*Amount is below rounding off norms, adopted by the Company

(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 2019	As at 31 March 2018
Security Deposits (Refer note 'a' below)	118	126
Deferred Government Grant (Refer note 'b' below)	24	18
	142	**144**

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

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

Note: 12.2 Non current financial liabilities - Others (contd..)

	As at 31 March 2019	As at 31 March 2018
(b) Opening balance of Deferred/(Accrued) Government grant	18	*
Add : Government grant receivable	13	27
Less : Government grant recognised during the year	(7)	(9)
Closing balance of (Deferred) /Accrued Government grant	24	18

*Amount is below rounding off norms, adopted by the Company

Note: 13. Provisions

	Non- current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Employee benefits (Refer note 34)				
Pension	10	19	-	-
Gratuity	144	60	-	-
Leave obligations	118	105	23	23
Post retirement medical and others	270	223	21	20
Long service award	11	10	1	1
Indirect taxes	-	-	223	212
Divested businesses	20	20	38	42
Asset retirement obligation	3	3	-	-
Others	3	6	8	25
	579	446	314	323

Additional disclosure relating to provisions:

(a) Movement in provisions

For the year ended 31 March 2019	Class of provisions			
	Indirect taxes	Divested business	Asset retirement obligation	Others
Opening balance	212	62	3	31
Provision created during the year	11	-	-	-
Provision utilised during the year	-	-	-	(17)
Provision written back	-	(4)	-	(3)
Closing balance	223	58	3	11

For the year ended 31 March 2018	Class of provisions			
	Indirect taxes	Divested business	Asset retirement obligation	Others
Opening balance	136	77	3	8
Provision created during the year	76	5	*	23
Provision written back	*	(20)	-	-
Closing balance	212	62	3	31

*Amount is below rounding off norms adopted by the Company

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

Note: 13. Provisions (contd..)

(b) Nature of provisions

(i) Indirect taxes

Provisions relating to indirect taxes are in respect of proceedings of various sales tax, excise duty 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 of the timing.

(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 certain.

(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 claims arising during the course of the business. Outflows in these cases will depend upon settlement of claims, if any for which timing and amount of outflow is not certain.

Note: 14. Income Tax

	For the year ended 31 March 2019	For the year ended 31 March 2018
A. Income tax expense		
Current tax expense		
Current tax on profits for the year	1,157	1,562
Adjustments relating to prior periods	(59)	(166)
Total current tax expense	1,098	**1,396**
Deferred tax		
Decrease (increase) in deferred tax assets	(56)	(1)
(Decrease) increase in deferred tax liabilities	4	22
Total deferred tax expense/(benefit)	(52)	**21**
Income tax expense	1,046	**1,417**
Income tax expense is attributable to:		
Profit from continuing operations	1,046	775
Profit from discontinued operation	-	642
	1,046	**1,417**
B. Reconciliation of effective tax rate		
Profit from continuing operations before tax	3,156	2,832
Profit from discontinued operation before tax	-	2,591
Tax at the Indian tax rate of 34.944% (31 March 2018 - 34.608%)	1,103	1,877
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Long term capital gains taxed at different rate	(13)	(21)
Slump sale of chemical business taxed at lower rate as per Income Tax Act, 1961	-	(289)
Corporate social responsibility expenditure	15	18
Income Tax Provision of prior year written back	(59)	(166)
Non-taxable Interest Income on REC Bond	(12)	(4)
Others	12	2
Income tax expense	1,046	**1,417**

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 14. Income Tax (contd..)

	As at 31 March 2018	Recognised in P&L	Recognised in OCI	As at 31 March 2019
C. Movement in deferred tax balances				
Deferred tax liabilities				
Property, plant and equipment	397	1	-	398
Surplus payments to retirement trusts	25	(2)	-	23
Investments at fair value through profit or loss	34	4	-	38
Investments at fair value through OCI	1	-	1	2
Others	42	1	-	43
Sub - total (a)	**499**	**4**	**1**	**504**
Deferred tax assets				
Provision for doubtful debts and advances	98	21	-	119
Expenditure disallowed u/s 43B of Income Tax Act, 1961	161	9	38	208
Provisions relating to divested businesses	33	(5)	-	28
Other disallowances under the Income Tax Act, 1961	149	31	-	180
Sub - total (b)	**441**	**56**	**38**	**535**
Net deferred tax liabilities/(assets) (a)-(b)	**58**	**(52)**	**(37)**	**(31)**

	As at 1 April 2017	Recognised in P&L	Recognised in OCI	As at 31 March 2018
D. Movement in deferred tax balances (Refer note 'i' below)				
Deferred tax liabilities				
Property, plant and equipment	379	18	-	397
Surplus payments to retirement trusts	27	(2)	-	25
Investments at fair value through profit or loss	42	(8)	-	34
Investments at fair value through OCI	1	-	-	1
Others	28	14	-	42
Sub- total (a)	**477**	**22**	**-**	**499**
Deferred tax assets				
Provision for doubtful debts and advances	78	20	-	98
Expenditure disallowed u/s 43B of Income Tax Act, 1961	213	(29)	(23)	161
Provisions relating to divested businesses	26	7	-	33
Other disallowances under the Income Tax Act, 1961	146	3	-	149
Sub- total (b)	**463**	**1**	**(23)**	**441**
Net deferred tax liabilities/(assets) (a)-(b)	**14**	**21**	**23**	**58**

(i) Deferred tax recognised in statement of profit and loss as a part of continuing and discontinued operations.

Note: 15. Other non-current liabilities

	As at 31 March 2019	As at 31 March 2018
Deferred lease rentals (Refer note 'a' below)	20	31
Others	1	16
	21	47

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

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 16.1. Current financial liabilities - Trade payables

	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises (Refer note 'b' below)	35	67
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Related Party Payables to various entities (Refer note 33)	672	1,296
- Acceptances	499	291
- Others	4,857	4,990
	6,063	**6,644**

(a) Refer note 30 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 2019	As at 31 March 2018
(i) principal amount due thereon remaining unpaid to any supplier as at the end of the accounting year	27	61
(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	363	435
(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)	2	3
(v) amount of interest accrued and remaining unpaid at the end of the accounting year; and	8	6
(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	8	6

*Amount is below rounding off norms adopted by the Company

Note: 16.2. Current financial liabilities - Others

	As at 31 March 2019	As at 31 March 2018
Current maturities of finance lease obligations	*	*
Security Deposits	395	319
Others		
Unpaid dividends (Refer note 'a' below)	177	173
Payable to employees	254	218
Capital creditors	72	82
Derivatives not designated as hedges- forward contracts (Refer note 30)	9	*
Retention money payable	14	26
	921	**818**

*Amount is below rounding off norms adopted by the Company

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

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 17. Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Statutory liabilities	316	523
Advance from customers	13	14
Deferred revenue (Refer note 'a' below)	358	272
Deferred lease rental (Refer note 'b' below)	32	32
Liability towards dealer incentive	-	43
Refund liabilities (Refer note 'c' below)	817	-
Others	10	18
	1,546	902

(a) Invoicing in excess of revenue are classified as contract liabilities which we refer to as deferred revenue. Revenue recognised during the year that was included in the deferred revenue balances at the beginning of the period amounting to ₹ 272.

(b) It includes fair valuation of security deposits received from customers, as explained in note 30.

(c) When a customer has a right to return the product within a given period, the Company recognises a refund liability for the amount of consideration received for which it does not expect to be entitled amounting to ₹ 15. Refund Liabilities are also recognised for expected volume discount and other incentives payable to customers amounting to ₹ 802 pending settlement.

Pursuant to adoption of Ind AS 115, the Company has changed the presentation of liabilities relating to expected returns, volume discounts and other incentives payable, which were previously netted off against Trade Receivables are now included as Refund Liabilities under Other Current Liabilities.

Note: 18. Revenue from operations

	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from contracts with customers		
- Sale of products (including excise duty Nil, 31 March 2018: ₹ 735)	28,407	27,241
- Sale of services	395	330
Other operating revenue	382	357
	29,184	27,928

(a) The customer incentive is recognised based on purchases made by the customers and contractors in line with ongoing schemes and incentive programmes rolled out by the Company. Judgements include past history of incentive, likelihood of achieving targets, other variable inputs etc. Changes in assumptions about these factors could affect the reported accrual of customer incentive. Revenue are net of incentives to customers and contractors amounting to ₹ 5,410 (31 March 2018 ₹ 4,004).

Pursuant to adoption of Ind AS 115, following is the reconciliation of revenue recognised with contract price :

	For the year ended 31 March 2019
Contract price	33,817
Adjustments for:	
Deferred revenue	(86)
Refund liability	(817)
Incentive to customers	(4,507)
Revenue from operations	28,407

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 18. Revenue from operations (contd..)

	For the year ended 31 March 2019	For the year ended 31 March 2018
(b) Breakup of other operating revenue		
Duty drawback on exports	14	10
Lease rentals	175	122
Scrap sales	32	33
Business auxiliary services	157	167
Miscellaneous income	4	25
	382	**357**

Note: 19. Other Income

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income from financial assets at amortised cost - Bonds	59	54
Net fair value gain/(loss) on investments measured at FVTPL	(3)	(30)
Gain on sale of investments	259	183
Government grants (Refer note 'a' below)	7	9
Interest income:		
- on income tax refund	65	166
- on others	31	52
Miscellaneous income	4	4
	422	**438**

(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 and 12.2.

Note: 20. Cost of materials consumed (excluding those relating to discontinued operations - refer note 35)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Raw materials as at the beginning of the year	1,200	1,217
Add: Purchases	15,254	13,191
Less: Raw materials as at the end of the year	(1,464)	(1,200)
Total cost of materials consumed	**14,990**	**13,208**

Note: 21. Changes in inventories of finished products, work-in-progress and stock-in-trade (excluding those relating to discontinued operations - refer note 35)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventory at the beginning of the year		
- Finished products	2,004	2,033
- Stock-in-trade	222	453
- Work-in-progress	78	**63**
	2,304	**2,549**
Inventory at the end of the year		
- Finished products	2,152	2,004
- Stock-in-trade	209	222
- Work-in-progress	87	78
	2,448	**2,304**
(Increase)/ decrease in inventory	(144)	245

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 22. Employee benefits expense

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus (net)	2,403	2,511
Contribution to provident and other funds (Refer note 34)	137	130
Other retirement benefits	11	16
Staff welfare expenses	99	106
	2,650	2,763

Note: 23. Finance cost

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest and finance charges on financial liabilities not at FVTPL	17	20
Interest on delayed payment of income tax	10	-
Unwinding of interest on security deposit and finance lease obligations	17	13
Others	1	2
	45	35

Note: 24. Other expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
Stores and spare parts consumed	50	30
Repairs and maintenance		
- Plant and Machinery	211	176
- Others	44	22
Power and fuel	172	157
Travelling	338	347
Rates and taxes	47	41
Rent	217	222
Insurance	49	56
Freight and transport	1,499	1,512
Advertisement and publicity	903	1,079
Royalty	878	818
Consultancy charges	481	552
Net foreign exchange loss	20	17
Payments to the auditor (Refer note 'a' below)	13	14
Corporate Social responsibility expenditure (Refer note 'b' below)	57	48
IT Support and Maintenance	165	157
External service charges	275	266
Provision for doubtful debts and advances (Refer note 'c' below)	124	31
Loss on sale of property, plant and equipment (net)	1	5
Miscellaneous expenses	655	628
	6,199	6,178

	For the year ended 31 March 2019	For the year ended 31 March 2018
(a) Details of payments to auditors (Refer note 'i' below)		
Statutory audit for the year	6	6
Limited reviews	2	2
Other audit related services (Refer note 'ii' below)	4	4
Reimbursement of expenses	2	2
	14	14

(i) Excluding Service Tax or Goods and Service Tax, as applicable

(ii) Includes ₹ 1 fees towards buy back certification adjusted against general reserves

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

Note: 24. Other expenses (contd..)

	For the year ended 31 March 2019	For the year ended 31 March 2018
(b) Corporate social responsibility expenditure		
Amount required to be spent as per section 135 of the Act from combined operations	54	52
Amount spent during the year on		
i) Construction/acquisition of an asset	-	-
ii) On purposes other than (i) above {₹ Nil (31 March 2018 ₹ 4) is considered as part of expenses pertaining to discontinued operations, refer note 35}	57	52

(c) Excluding bad debts written off during the year amounting to H 42 (31 March 2018 H 10)

Note: 25. Exceptional items (Income)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Divestment provision no longer required written back (Refer note 'a' below)	7	20
	7	**20**

Note: 26. Contingent liabilities

	As at 31 March 2019	As at 31 March 2018
(a) Claims against the Company not acknowledged as debts	116	116

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 more likely than not, these disputes would not result in additional outflow of resources.

	As at 31 March 2019	As at 31 March 2018
(b) Contingent liability of direct and indirect tax		
Income tax matters in dispute / under appeal (Refer note 'i' below)	2,353	1,450
Sales tax/VAT matters under appeal	164	118
Excise and Service Tax matters in dispute / under appeal	74	74

(i) The Income tax assessments for the Company has been completed up to the financial year ended 31 March 2014 and demands aggregating from such assessments and appellate orders amount to ₹ 2,353 (31 March 2018- ₹ 1,450). 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 believes that 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 more likely than not, these disputes would not result in additional outflow of resources.

Significant Estimates: The assessments 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.

(c) The Company is in the process of evaluating the impact of the Supreme Court judgement in case of Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II), West Bengal and the related circular (Circular No. C-1/1(33)2019-Vivekananda Vidyamandir/284) dated 20 March 2019 issued by the Employees' Provident Fund Organisation in relation to non

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

Note: 26. Contingent liabilities : (contd..)

exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purpose of determining contribution to provident fund under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid has an element of uncertainty with respect to reliable determination of the Company's liability. Because of this uncertainty and impact not likely to be significant, no provision has been created in these financial statements.

There are no contingent assets as at 31 March 2019 and as at 31 March 2018.

Note: 27. Capital and other commitments

	As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	29	48
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*

*Amount is below rounding off norms adopted by the Company

Note: 28. Earnings per share

	As at 31 March 2019	As at 31 March 2018
Weighted average number of shares outstanding during the year	45,911,602	46,660,314
Net profit after tax available for equity shareholders from continuing operations	2,110	2,057
Basic earning per share (in ₹) [Face value of ₹ 10 each]	45.96	44.08
Diluted earning per share (in ₹) [Face value of ₹ 10 each]	45.96	44.08
Net profit after tax available for equity shareholders from discontinued operations	-	1,949
Basic earning per share (in ₹) [Face value of ₹ 10 each]	-	41.77
Diluted earning per share (in ₹) [Face value of ₹ 10 each]	-	41.77
Net profit after tax available for equity shareholders from combined operations	2,110	4,006
Basic earning per share (in ₹) [Face value of ₹ 10 each]	45.96	85.85
Diluted earning per share (in ₹) [Face value of ₹ 10 each]	45.96	85.85

Note: 29. 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 :

	As at 31 March 2019	As at 31 March 2018
Within one year	159	163
Later than one year and not later than five years	126	130
Later than five years	*	*
	285	293

*Amount is below rounding off norms, adopted by the Company

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

Note: 30. Fair value measurement

a) Financial instruments by category

	As at 31 March 2019			As at 31 March 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial Assets						
Investments in Equity shares	*	6	-	*	4	-
Investments in Mutual funds	2,995	-	-	5,016	-	-
Investments in Bonds	-	-	772	-	-	713
Loans	-	-	107	-	-	92
Other financial assets	-	-	66	-	-	168
Trade receivables	-	-	4,440	-	-	3,953
Cash and cash equivalents	-	-	324	-	-	662
Other bank balances	-	-	298	-	-	185
Total Financial Assets	**2,995**	**6**	**6,007**	**5,016**	**4**	**5,773**
Financial Liabilities						
Borrowings	-	-	29	-	-	29
Trade payables	-	-	6,063	-	-	6,644
Other financial liabilities	-	-	1,054	-	-	962
Other financial liabilities - Foreign exchange forward contracts	9	-	-	-	-	-
Total Financial Liabilities	**9**	**-**	**7,146**	**-**	**-**	**7,635**

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 as at 31 March 2019

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial instruments at FVTPL				
- Mutual funds	2,995	-	-	2,995
Financial instruments at FVOCI				
- Unquoted Equity shares	-	-	6	6
Financial Liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	9	-	9

Note: 30. Fair value measurement (contd..)

Financial assets and liabilities measured at fair value as at 31 March 2018

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial instruments at FVTPL				
- Mutual funds	5,016	-	-	5,016
Financial instruments at FVOCI				
- Unquoted Equity shares	-	-	4	4
Financial Liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	*	-	-

*Amount is below rounding off norms adopted by the Company

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 Net Assets Value (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 price earning multiples of companies comparable to the investee and the net asset value and price earning multiples 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 the 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.

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

Note: 30. Fair Value Measurement (contd..)

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.

e) Financial assets and liabilities measured at amortised cost

Fair value of financial assets and liabilities measured at amortised cost

	As at 31 March 2019		As at 31 March 2018		
	Carrying amount	Fair value	Carrying amount	Fair value	Level
Financial Assets					
Investments in Bonds	772	772	713	713	3
Loans	107	109	92	94	3
Other financial assets	66	66	168	168	3
Trade receivables	4,440	4,440	3,953	3,953	Refer note 'a'
Cash and cash equivalents	324	324	662	662	Refer note 'a'
Other bank balances	298	298	185	185	Refer note 'a'
Total Financial Assets	**6,007**	**6,009**	**5,772**	**5,774**	
Financial Liabilities					
Borrowings	29	34	29	34	3
Trade payables	6,063	6,063	6,644	6,644	Refer note 'a'
Other financial liabilities	1,054	1,061	962	969	3
Total Financial Liabilities	**7,146**	**7,158**	**7,635**	**7,647**	

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.

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.

Note: 30. Fair Value Measurement (contd..)

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 counterparty resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from Trade Receivable amounting to ₹ 4,440 and ₹ 3,953 as at 31 March 2019 and 31 March 2018 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 revise 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.

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 30. Fair Value Measurement (contd..)

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 combined into homogenous entities 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. Specific case to case provision is made in respect of credit impaired customers.

Reconciliation of loss allowance provision – Trade receivables

	As at 31 March 2019	As at 31 March 2018
Opening balance	197	174
Changes in loss allowance (net)	(165)	23
Closing balance	**32**	**197**

Reconciliation of loss allowance provision – Other receivables

	As at 31 March 2019	As at 31 March 2018
Opening balance	60	52
Changes in loss allowance (net)	5	8
Closing balance	**65**	**60**

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 2019 and 31 March 2018. 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 (Refer note 17) :

Financial Assets	Gross amount	Gross amount set off in the balance sheet	Net amount presented in the balance sheet
As at 31 March, 2019			
Trade receivable	4,440	-	4,440
As at 31 March, 2018			
Trade receivable	4,451	(498)	3,953

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.

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

Note: 30. Fair Value Measurement (contd..)

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.

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
As at 31 March 2019						
Non-derivative financial liabilities						
Finance lease obligations (including interest)	293	3	-	3	10	277
Trade and other payables	6,063	6,063	-	-	-	-
Other financial liabilities	1,054	713	199	23	87	32
Derivative financial liabilities						
Forward exchange contracts	9	9	-	-	-	-

*Amount is below rounding off norms, adopted by the Company

	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2018						
Non-derivative financial liabilities						
Finance lease obligations (including interest)	296	3	-	3	10	280
Trade and other payables	6,644	6,644	-	-	-	-
Other financial liabilities	962	616	202	26	60	58
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:

	As at 31 March 2019	As at 31 March 2018
Borrowing facilities		
- Expiring within one year (bank overdraft facilities)	663	1,051

Note: 30. Fair Value Measurement (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 2019 and 31 March 2018 are reinstated in millions Indian Rupees which is stated below :

	USD	Euro	Other
As at 31 March 2019			
Financial assets			
Trade and other receivables	266	4	9
Derivative Assets			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
Net Exposure to Foreign Currency Risk (Assets)	**266**	**4**	**9**
Financial liabilities			
Trade and other payables	769	173	161
Derivative liabilities			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(488)	(12)	(6)
Net Exposure to Foreign Currency Risk (Liabilities)	**281**	**161**	**155**

	USD	Euro	Other
As at 31 March 2018			
Financial assets			
Trade and other receivables	342	26	-
Derivative Assets			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
Net Exposure to Foreign Currency Risk (Assets)	**342**	**26**	**-**
Financial liabilities			
Trade and other payables	689	72	73
Derivative liabilities			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(249)	(9)	-
Net Exposure to Foreign Currency Risk (Liabilities)	**440**	**63**	**73**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars/EURO as at year end 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.

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

Note: 30. Fair Value Measurement (contd..)

	Impact on Profit after tax	
Effect in INR	**Increase**	**Decrease**
31 March 2019		
10% movement		
USD	(1)	1
Euro	(10)	10
Others	(10)	10
	(21)	**21**
31 March 2018		
10% movement		
USD	(6)	6
Euro	(2)	2
Others	(5)	5
	(13)	**13**

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 2019**	**31 March 2018**
Increase 10%	195	328
Decrease 10%	(195)	(328)

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.

Note: 31. 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 31 March 2018 and 31 March 2019.

	For the year ended 31 March 2019	For the year ended 31 March 2018
The following dividends were declared and paid by the Company during the year:		
31 March 2018 ₹ 22 per equity share (31 March 2017 ₹ 22 per equity share)	1,002	1,027
Dividend distribution tax on dividend to equity shareholders	206	209
	1,208	**1,236**

In terms of the shareholders' resolution approved on 22 May 2018, 11,20,000 shares of the Company were bought back through a Tender offer at a fixed price of ₹ 2100 per share and dividend was paid by the Company on the balance shares.

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 24 per equity share (31 March 2018 ₹ 22 per equity share). The proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.

Notes

to the financial statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 31. Capital management (contd..)

Dividend not recognised at the end of the Reporting period	For the year ended 31 March 2019	For the year ended 31 March 2018
31 March 2019 ₹ 24 per equity share (31 March 2018 ₹ 22 per equity share)	1,093	1,027
Dividend distribution tax on dividend to equity shareholders	225	211
	1,318	**1,238**

Note: 32. Segment Information

A. General Information

The chief operating decision maker (CODM) (i.e. the country leadership team comprising Managing Director, Chief Financial Officer, Head HR, Company Secretary) 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, which are disclosed below:

i) **Coatings :** Consisting of decorative, automotive and industrial paints and related activities

ii) **Others :** Consisting of chemicals business which has been discontinued during the year ended 31 March 2018 (Refer note 35).

B. Information about reportable segments and reconciliations to amounts reflected in the financial statements:

Particulars	Coatings		Others (Discontinued operations)		Total	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
1. Revenue						
External revenue	28,802	27,571	-	2,387	28,802	29,958
Inter-segment revenue	-	139	-	48	-	187
Inter-segment eliminations	-	(139)	-	(48)	-	(187)
Other operating income	382	357	-	102	382	459
Total Revenue	29,184	**27,928**	-	**2,489**	29,184	**30,417**
2. Results						
Segment profit before income tax and exceptional items	3,194	2,493	-	196	3,194	2,689
3. Results reconciled to Profit after tax as follows					3,194	2,689
Less: Finance cost					(45)	(35)
Add: Unallocated income (net of unallocated expense)					-	307
Add: Profit on sale of chemicals business					-	2,442
Profit before exceptional items					3,149	5,403
Exceptional items					7	20
Profit before taxation					3,156	**5,423**
Income taxes						
- Current tax (net)					(1,098)	(1,396)
- Deferred tax					52	(21)
Profit after taxation					2,110	**4,006**

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 32. Segment Information (contd..)

C. Other Information

Particulars	Coatings		Others (Discontinued operations)		Total	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
a. Assets						
Segment assets	20,971	16,188	-	-	20,971	16,188
Unallocated Assets					-	6,125
Total assets	**20,971**	**16,188**	-	**-**	**20,971**	**22,313**
b. Liabilities/ Shareholders' funds						
Segment Liabilities	9,615	8,475	-	-	9,615	8,475
Unallocated Other liabilities					-	936
Share Capital					456	467
Reserves and surplus					10,900	12,435
Total liabilities/ shareholders' funds	**9,615**	**8,475**	-	**-**	**20,971**	**22,313**
c. Revenue from external customers						
India	27,263	26,165	-	2,361	27,263	28,526
Outside India	1,144	1,406	-	26	1,144	1,432
Total Revenue from external customers	**28,407**	**27,571**	-	**2,387**	**28,407**	**29,958**

i) Inter segment prices are normally negotiated between 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 un-allocable items in segment results include income from investment of surplus funds of the Company and corporate expenses upto March 2018. Unallocable assets include un-allocable property, plant and equipment and other assets. Unallocable liabilities include un-allocable current liabilities and net deferred tax liability upto March 2018.

iii) After the conclusion of the sale transaction of speciality chemicals business during the year ended 31 March 2018, the Company has only one segment viz. "Coatings." Accordingly for comparitive purposes, the Company has made disclosures under 'Coatings' for the year ended 31 March 2019 (Refer note 35).

D. Information about major customers

No external customer individually accounted for more than 10% of the revenues during the years ended 31 March 2019 and 31 March 2018.

Note: 33. Related Party Disclosures

1. (a) The Company is controlled by:

Akzo Nobel N.V., The Netherlands (Ultimate Holding Company)

Imperial Chemical Industries Limited, England, which is wholly owned by Akzo Nobel N.V.

Akzo Nobel Coatings International B.V., The Netherlands which is wholly owned by Akzo Nobel N.V.

(b) The Company controls the following related party:

ICI India Research and Technology Centre*

Notes

to the financial statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 33. Related Party Disclosures (contd..)

(c) Fellow subsidiaries

Akzo Nobel Decorative Coatings B.V.	Akzo Nobel Paints (Singapore) Pte. Ltd.
Akzo Nobel Industrial Coatings Korea Ltd.	Akzo Nobel Packaging Coatings S.A.
Akzo Nobel Industrial Paints, S.L.	Akzo Nobel Paints (Malaysia) Sdn. Bhd.
Akzo Nobel Pakistan Limited	Akzo Nobel Paints (Thailand) Limited
Akzo Nobel Powder Coatings (Vietnam) Co. Ltd.	Akzo Nobel Paints Lanka (Pvt) Ltd
Akzo Nobel Powder Coatings GMBH	Akzo Nobel Paints Taiwan Limited
Akzo Nobel Swire Paints (Shanghai) Ltd.	Akzo Nobel Paints Vietnam Ltd.
Akzo Nobel Server Boya Sanayi ve Ticaret A.S.	Akzo Nobel Powder Coatings Korea Co., Ltd.
Akzo Nobel Car Refinishes (Singapore) Pte. Ltd.	Akzo Nobel UAE Paints L.L.C.
Akzo Nobel Car Refinishes B.V.	International Paint Limited
Akzo Nobel Car Refinishes SL	International Paint (Akzo Nobel Chile) Ltda
Akzo Nobel Chemicals AG	International Paint (Korea) Ltd
Akzo Nobel Coatings (Dongguan) Co. Ltd.	International Paint (Nederland) B.V.
Akzo Nobel Coatings (Jiaxing) Co. Ltd.	International Paint (Panama) Inc.
Akzo Nobel Coatings Inc.	International Paint (Taiwan) Ltd
Akzo Nobel Coatings International B.V.	International Paint LLC
Akzo Nobel Coatings Limited	International Paint of Shanghai Co Ltd
Akzo Nobel Coatings SPA	International Paint Pazarlama Ltd. Sirketi
Akzo Nobel Ltda	International Paint Singapore Pte. Ltd.
Akzo Nobel Packaging Coatings Limited	International Peinture
Akzo Nobel Saudi Arabia Ltd.	PT ICI Paints Indonesia
Akzo Nobel Global Business Services LLP	PT International Paint Indonesia
Akzo Nobel Oman SAOC	PT Akzo Nobel Car Refinishes Indonesia
Akzo Nobel Adhesives Pte. Ltd.	International Farbenwerke GmbH
Akzo Nobel Coatings AS	International Farvefabrik A/S
Akzo Nobel Coatings Vietnam Limited	International Paint (Hong Kong) Ltd.
Akzo Nobel Hilden GmbH	International Paint Sdn Bhd
Akzo Nobel LLC	Oy International Paint (Finland) AB
Akzo Nobel Performance Coatings (Changzhou) Co., Ltd.	Akzo Nobel Powder Coatings SAS
Akzo Nobel N.V.	Akzo Nobel South Africa (Pty) Ltd.
Akzo Nobel Pty. Limited	International Paint (Hellas) S.A.
Akzo Nobel Coatings Limited	Akzo Nobel Decorative Paints L.L.C.
Imperial Chemical Industries Limited	Akzo Nobel Car Refinishes AB
Akzo Nobel Argentina S.A.	Akzo Nobel Boya Sanayi ve Ticaret A.S.
Akzo Nobel Chang Cheng Ltd	International Paint Limited
Akzo Nobel Egypt LLC	Akzo Nobel Dekor CJSC
Akzo Nobel Limited	Akzo Nobel Coatings K.K.
International Coatings Ltd	Akzo Nobel Powder Coatings (Suzhou) Co. Ltd.
International Paint Limited (UK)	Akzo Nobel UAE Paints L.L.C.
Akzo Nobel Chemicals India Private Limited (Upto 30 September 2018)	

(d) Key Management Personnel

Mr. Nihal Kaviratne CBE - Chairman (upto 14 August 2017)
Mr. Amit Jain - Chairman (from 15 August 2017)
Mr. Jayakumar Krishnaswamy - Managing Director (upto 11 September 2018)
Mr Rajiv Rajgopal- Managing Director (from 1 November 2018)
Mr. Pradip Menon - Wholetime Director and CFO (WTD upto 2 August 2018; CFO upto 13 September 2018)
Mr. Lakshay Kataria - Wholetime Director and CFO (CFO from 7 January 2019; WTD from 1 February 2019)
Mr. Arabinda Ghosh - Non-Executive Director (upto 2 August 2018)
Mr. Jeremy Rowe - Non-Executive Director (from 6 April 2018; upto 30 November 2018)
Mr. R Gopalakrishnan - Independent Director (upto 22 July 2018)
Mr. Hemant Sahai- Independent Director (from 3 August 2018)
Mr. Arvind Uppal - Independent Director
Mr. Raj S Kapur - Independent Director
Ms. Kimsuka Narsimhan - Independent Director
Dr. Sanjiv Misra - Independent Director (upto 22 July 2018)
Mr. R Guha- Company Secretary (WTD from 10 September 2018 to 8 February 2019)

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

Note: 33. Related Party Disclosures (contd..)

(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
Akzo Nobel Coatings Employees Superannuation Fund
Gratuity Trusts
ICI India Limited Employees' Gratuity Fund
ICI India Management Staff Gratuity Fund
Akzo Nobel India Employees Gratuity Trust 2016
Akzo Nobel Coatings India P Ltd Employees Group Gratuity Cum Life Assurance Scheme
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

*As per Ind AS 110, the Company exercises 'control' on ICI India Research and Technology Centre under the definition of 'Control' as it has exposure/right to variable returns from its involvement with the Research and Technology Centre.

2. The following transactions were carried out with related parties in the ordinary course of business (continuing and discontinued operations) :

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research & Technology Centre
	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19
	(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)
a) Transactions during the year							
Purchase of materials / finished goods	-	-	-	1,434	-	-	-
	-	-	-	(2,615)	-	-	-
Purchase of Fixed Assets	-	-	-	-	-	-	-
	-	-	-	(2)	-	-	-
Sale of finished goods	-	-	-	346	-	-	2
	-	-	-	(448)	-	-	-
Sales proceeds from divestment of Chemicals Business	-	-	-	-	-	-	-
	-	-	-	(3,098)	-	-	-
Interest income	-	-	-	-	-	-	-
	-	-	-	(39)	-	-	-
Expenses incurred and recovered/recoverable from other Companies (Income)	6	*	-	82	-	2	*
	(176)	*	-	(99)	-	(7)	-
Expenses reimbursed to other Companies (Expense)	21	-	-	37	-	-	-
	(230)	-	-	(11)	-	-	-
Royalty	-	-	878	-	-	-	-
	-	-	(818)	(25)	-	-	-
Dividend paid	-	506	-	243	-	-	-
	-	(506)	-	(243)	-	-	-
Services provided (Income)	133	-	-	418	-	-	-
	(2)	-	-	(433)	-	-	-
Services received (expenses)	203	-	-	-	-	-	12
	(27)	-	-	(14)	-	-	(39)
Advances given during the year	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 33. Related Party Disclosures (contd..)

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research & Technology Centre
	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19
	(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)
Managerial remuneration							
Short-term employee benefits	-	-	-	-	41	-	-
	-	-	-	-	(46)	-	-
Post employment benefits	-	-	-	-	5	-	-
	-	-	-	-	(4)	-	-
Other long - term benefits	-	-	-	-	1	-	-
	-	-	-	-	(6)	-	-
Contributions made to trust	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Guarantee issued on behalf of the Company for credit facilities from banks	871	-	-	-	-	-	-
	(1,051)	-	-	-	-	-	-

*Amount is below rounding off norms, adopted by the Company

	Akzo Nobel N.V., The Netherlands	Imperial Chemical Industries Limited, England	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research & Technology Centre
	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19
	(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)
b) Balances as at the end of the year							
Dues to related parties	34	32	85	521	32	-	-
	(35)	(33)	(720)	(508)	(21)	-	-
Dues from related parties	27	-	-	327	-	-	1
	(46)	-	-	(263)	-	-	(16)
c) Share Capital outstanding as at end of the year	-	230	-	111	-	-	-
	-	(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 2019 (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 2017-18

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

Note: 33. Related Party Disclosures (contd..)

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:

	2018-19	2017-18
Purchase of materials / finished goods		
PT Akzo Nobel Car Refinishes Indonesia	373	286
Akzo Nobel Hilden GmbH	198	132
Akzo Nobel Surface Chemistry AB	-	527
Akzo Nobel Surface Chemistry LLC	-	322
Akzo Nobel Functional Chemicals BV	-	318
Others	863	1,030
	1,434	**2,615**
Purchase of fixed assets		
Akzo Nobel Functional Chemicals B.V.	-	2
	-	**2**
Sales of finished goods		
International Paint Singapore Pte. Ltd	9	4
Akzo Nobel Paints Vietnam Ltd	62	58
PT ICI Paints Indonesia	92	116
Akzo Nobel LLC	76	-
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	61	55
Akzo Nobel Saudi Arabia LTD.	-	9
Akzo Nobel Paints (Thailand) LTD.	18	59
Akzo Nobel Paints LLC	-	49
Other	28	98
	346	**448**
Sales proceeds from divestment of Chemicals Business (Refer note 35)		
Akzo Nobel Chemicals India Private Limited	-	3,098
	-	**3,098**
Interest Income		
Akzo Nobel Chemicals India Private Limited	-	39
	-	**39**
Expenses incurred and recovered/recoverable from other Companies (Income)		
Akzo Nobel Lanka (Pvt.) Limited	*	*
Akzo Nobel N.V. Netherlands	6	176
Akzo Nobel Decorative Coatings B.V.	2	25
Akzo Nobel Car Refinishes B.V.	6	10
International Paint Limited	-	*
Akzo Nobel Chemicals India Private Limited	42	-
Akzo Nobel Global Services India LLP	14	-
Akzo Nobel UAE Paints L.L.C.	12	29
Others	8	42
	90	**282**
Expenses reimbursed to other Companies (Expense)		
Akzo Nobel N.V. Netherlands	21	230
Akzo Nobel Paints (Singapore) Pte. Ltd.	16	2
Akzo Nobel Car Refinishes B.V.	13	-
Others	8	9
	58	**241**
Royalty		
Akzo Nobel Coatings International B.V.	878	818
Others	-	25
	878	**843**
Dividend paid		
Imperial Chemical Industries Limited, England	506	506
Akzo Nobel Coatings International B.V.	243	190
Others	-	54
	749	**750**

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

Note: 33. Related Party Disclosures (contd..)

	2018-19	2017-18
Services provided (Income)		
Akzo Nobel Car Refinishes B.V.	389	334
Akzo Nobel N.V.	133	2
Other	29	100
	551	**436**
Services received (Expense)		
ICI India Research & Technology Centre	12	39
Akzo Nobel N.V. Netherlands	203	27
Akzo Nobel Projects & Engineering B.V.	-	14
Others	-	*
	215	**80**
Managerial remuneration		
Mr. Jayakumar Krishnaswamy	11	24
Mr. Pradip Menon	7	18
Mr. Rajiv Rajgopal	11	-
Mr. R. Guha	7	-
Mr. Lakshay Kataria	4	-
Non-Executive Directors	7	8
	47	**50**
Dues to related parties		
Akzo Nobel Coatings International B.V.	85	720
PT. Akzo Nobel Car Refinishes Indonesia	86	110
Akzo Nobel Hilden GmbH	121	24
Others	412	463
	704	**1,317**
Dues from related parties		
Akzo Nobel Car Refinishes B.V.	192	65
International Paint Singapore Pte. Ltd.	36	26
Akzo Nobel Decorative Coatings B.V.	*	12
PT ICI Paints Indonesia	13	38
Akzo Nobel N.V. Netherlands	27	46
Akzo Nobel LLC	32	36
Others	55	102
	355	**325**
Share Capital Outstanding		
Imperial Chemical Industries Limited, England	230	230
Akzo Nobel Coatings International B.V.	111	111
Others	*	*
	341	**341**

*Amount is below rounding off norms adopted by the Company

3. 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 arm's 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.

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

Note: 34. 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.

Defined benefit plans

The Company makes specified monthly contributions towards employees' provident fund to the 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. Also refer note 26 (c).

Post-employment medical benefits

The Company provides post-retirement healthcare benefits to certain categories 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 and when they are due. The Company has no further payment obligations once the contributions have been made. Also refer note 26 (c).

Significant Estimates : Employee benefit obligations 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	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
(A) Employee benefit expense recognised in profit or loss								
(a) Current service cost	42	53	3	1	2	(4)	69	22
(b) Interest cost (net)	4	11	(9)	(16)	17	16	(2)	14
(c) Write back on account of assets recognition	-	-	-	-	-	-	-	2
(d) Past service cost - plan amendments	-	2	-	-	-	-	-	-
Total expense /(gain)	**46**	**66**	**(6)**	**(15)**	**19**	**12**	**67**	**38**

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

Note: 34. Employee benefits (contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
Remeasurements recognised directly in other comprehensive income								
(a) Return on plan assets (greater)/less than discount rate	(1)	2	(8)	10	-	-	-	(13)
(b) Actuarial (gains) / losses								
- From changes in demographic assumptions	33	-	-	-	-	-	-	-
- From changes in financial assumptions	20	(121)	9	(8)	41	(11)	-	-
- Experience adjustments	-	22	(11)	60	20	30	-	-
(c) Adjustment for limit on net asset	-	-	7	(50)	-	-	-	13
Total expense / (gain)	**52**	**(97)**	**(3)**	**12**	**61**	**19**	**-**	**-**

(Refer below details for amount recognised in balance sheet)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
(B) Net Asset / (Liability) as at year end								
(a) Present value of obligations as at year end	454	359	121	125	291	243	996	830
(b) Fair value of plan assets as at year end	310	300	249	249	-	-	1,020	830
(c) Fair value of plan assets, limited to present value of future contributions	310	300	188	182	-	-	1,020	830
Net Asset / (Liability) (b)-(a)	(144)	(59)	128	124	(291)	(243)	24	-
Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	**(144)**	**(59)**	**67**	**57**	**(291)**	**(243)**	**-**	**-**
Provision in Balance Sheet (Refer Note 13)								
Current	-	-	-	-	(21)	(20)	-	-
Non-Current	(144)	(60)	-	-	(270)	(223)	-	-
	(144)	**(60)**	**-**	**-**	**(291)**	**(243)**	**-**	**-**
Retirement Benefit Trust Surplus (Refer Note 6)								
Current	-	-	-	-	-	-	-	-
Non-Current	-	1	67	57	-	-	-	-
	-	**1**	**67**	**57**	**-**	**-**	**-**	**-**
Net Asset / (Liability) recognised in Balance Sheet								
Current	-	-	-	-	(21)	(20)	-	-
Non-Current	(144)	(59)	67	57	(270)	(223)	-	-
	(144)	**(59)**	**67**	**57**	**(291)**	**(243)**	**-**	**-**

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.

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

Note: 34. Employee benefits (contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
(C) Change in defined benefit obligations during the year								
Present value of obligations at beginning of the year	359	452	125	80	243	247	830	734
(a) Current service cost	42	53	3	1	2	(4)	69	22
(b) Interest cost	26	30	9	5	17	16	61	64
(c) Benefits paid	(28)	(47)	(14)	(13)	(33)	(31)	(118)	(52)
(d) Actuarial (gains) / losses	53	(99)	(2)	52	62	19	1	-
(e) Liabilities extinguished on settlements	-	-	-	-	-	-	-	-
(f) Employee Contributions	-	-	-	-	-	-	92	56
(g) Transfer In/(Out)	2	-	*	-	*	-	45	1
(h) Other Adjustments	-	-	-	-	-	-	16	5
(i) Past service cost - plan amendments	-	2	-	-	-	(4)	-	-
(j) Liability for discontinued operations	-	(32)	-	-	-	-	-	-
Present value of obligations at end of the year	**454**	**359**	**121**	**125**	**291**	**243**	**996**	**830**
(D) Change in fair value of plan assets during the year								
Fair value of plan assets as at beginning of the year	300	309	249	258	-	-	830	779
(a) Return on plan assets (greater)/less than discount rate	1	(2)	(5)	(10)	-	-	-	-
(b) Interest income on plan assets	22	19	18	14	-	-	71	50
(c) Company contributions	-	1	-	-	-	-	150	37
(d) Employee contributions	-	-	-	-			52	56
(e) Benefits paid	(15)	(19)	(14)	(13)	-	-	(118)	(52)
(f) Adjustment of defined contribution	-	-	-	-	-	-	25	(40)
(g) Actuarial gains / (losses)	-	-	-	-	-	-	-	-
(h) Transfer In/(Out)	2	-	1	-	-	-	10	-
(i) Assets for discontinued operations	-	(8)	-	-	-	-	-	-
Fair value of plan assets	**310**	**300**	**249**	**249**	**-**	**-**	**1,020**	**830**
(E) Change in Irrevocable Surplus								
Irrevocable Surplus as at the beginning of the year	-	-	67	110	-	-	-	45
(a) Interest in Irrevocable Surplus	-	-	5	7	-	-	-	-
(b) Change in Irrevocable Surplus in excess of interest	-	-	(11)	(50)	-	-	-	(45)
Irrevocable Surplus as at the end of the year	-	-	61	67	-	-	-	-
(F) Expected maturity analysis of undiscounted defined benefit plans								
Less than a year	64	58	34	16	22	21	4	1
Between 1-2 years	64	63	17	16	23	21	1	1
Between 2-5 years	199	190	38	42	71	65	4	3
Over 5 years	359	307	40	52	122	109	14	7
Total	**686**	**618**	**129**	**126**	**238**	**216**	**23**	**12**
(G) Weighted Average Duration	6	6	6	9 to 10	6	10	6	6
(H) Sensitivity Analysis								
Discount Rate (%age)								
Effect of DBO due to 0.5% increase in Discount Rate	-2.9%	-2.6%	-4.1%	-4.0%	-4.8%	-4.1%	-	-
Effect of DBO due to 0.5% decrease in Discount Rate	3.1%	2.8%	4.1%	4.0%	5.2%	4.5%	-	-
Salary Escalation Rate (%age)								
Effect of DBO due to 0.5% increase in Salary Escalation Rate	3.1%	2.8%	-	-	-	-	-	-
Effect of DBO due to 0.5% decrease in Salary Escalation Rate	-2.9%	-2.8%	-	-	-	-	-	-
Medical Inflation Rate (%)								
Effect on DBO due to 0.5% increase in Medical Inflation	-	-	-	-	4.5%	3.7%	-	-
Effect on DBO due to 0.5% decrease in Medical Inflation	-	-	-	-	-4.1%	-3.7%	-	-
Mortality Rate (%)								
Effect on DBO if Post Retirement Medical Rates are scaled up by one year	-	-	-	-	-4.1%	-4.5%	-	-
Effect on DBO if Post Retirement Medical Rates are scaled down by one year	-	-	-	-	4.5%	4.5%	-	-

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

Note: 34. Employee benefits (contd..)

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:

	As at 31 March 2019	As at 31 March 2018
Long service award obligation		
Current	(1)	(1)
Non-Current	(11)	(10)
Total	(12)	**(11)**
Leave obligation		
Current	(23)	(23)
Non-Current	(118)	(105)
Total	(141)	**(128)**
Pension obligation		
Current	-	-
Non-Current	(10)	(19)
Total	(10)	**(19)**

(J) Expected contributions to post-employment benefit plans for the year ending 31 March 2020 is ₹ 147 (31 March 2019 ₹ 88).

(K) Major category of plan assets

	Gratuity				Pension			
	As at 31 March 2019		As at 31 March 2018		As at 31 March 2019		As at 31 March 2018	
	%	Amount	%	Amount	%	Amount	%	Amount
Government of India Securities (Central & State)	10%	31	12%	37	25%	63	20%	50
High Quality Corporate Bonds (including Public sector bonds)	12%	38	12%	37	26%	65	41%	103
Cash (including special deposits)	2%	5	4%	11	2%	5	6%	15
Scheme of Insurance-conventional Products	0%	-	2%	7	0%	-	0%	-
Scheme of Insurance-ULIP products	70%	218	37%	112	0%	-	0%	-
Other	6%	18	33%	96	47%	116	33%	81
	100%	310	**100%**	**300**	100%	249	**100%**	**249**

Major category of plan assets

	Provident Fund			
	As at 31 March 2019		As at 31 March 2018	
	%	Amount	%	Amount
Government of India Securities (Central & State)	39%	393	31%	261
High Quality Corporate Bonds (including Public sector bonds)	47%	487	56%	466
Cash (including special deposits)	2%	21	3%	24
Other	12%	119	10%	79
	100%	1020	**100%**	**830**

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

Note: 34. Employee benefits (contd..)

Actuarial Assumptions

	2018-19	2017-18
Discount Rate (annual)	7.10%	7.50%
Salary growth rate	8.00%	8.00%
Expected rate of return (Annualised)	8.00%	8.00%
Medical Inflation Rate	8.00%	8.00%

(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 are 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.

(M) The impact on employee benefit obligations pursuant to change in actuarial assumptions is taken to other comprehensive income.

Note: 35. Discontinued Operations

(a) Description

Pursuant to the Board of Directors decision on 7 November 2017 and subsequent shareholders' approval on 18 December 2017, the Company had entered into a Business Transfer Agreement ("BTA") on 30 March 2018 and addendums thereto to sell by way of slump sale its Specialty Chemicals Business ("the Business") as a going concern to Akzo Nobel Chemicals India Private Limited ('ANCIPL'), which was then an affiliate of the ultimate holding company.

In accordance with the BTA the following major categories of assets and liabilities were transferred to ANCIPL with effect from the close of business on 31 March 2018, being the date of transfer of control.

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 35. Discontinued Operations (contd..)

	As at 31 March 2018
Property, plant and equipment	199
Capital work in progress	37
Inventories	330
Trade receivables	559
Other assets	23
Total Assets	**1,148**
Trade payables	511
Provisions	40
Others	17
Total Liabilities	**568**
Net Assets	**580**

(b) Financial performance and cash flow information

The following results of operations and cash flows for the year ended 31 March 2018 have been presented as discontinued operations in the financial statements :

	For the year ended 31 March 2018
Revenue from operations	2,489
Expenses	2,340
Profit before tax	**149**
Tax expense	62
Profit after income tax	**87**
Profit on sale of chemicals business after income tax (see (c) below)	1,862
Profit from discontinued operations	**1,949**
Remeasurement of defined benefit plans arising from discontinued operations	3
Income tax relating to Other comprehensive income/(loss) arising from discontinued operations	(1)
Other Comprehensive Income from discontinued operations	**2**
Total Comprehensive Income from discontinued operations	**1,951**
Cash Flow Statement	
Net cash inflow from operating activities	30
Net cash inflow/(outflow) from investing activities	3,031
Net increase in cash generated from discontinued operations	**3,061**

(c) Details of the sale of the Business

The profit on sale of the Business is computed as follows :

	For the year ended 31 March 2018
Sale consideration adjusted for working capital movement and taxes as per the BTA	3,098
Less: Net assets transferred (Refer note 'a' above)	(580)
Less: Transaction cost in relation to the transfer	(76)
Profit on sale	**2,442**
Less: Income tax expense	580
Profit on sale after tax	**1,862**

Notes

to the financial statements for the year ended 31 March 2019

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

Note: 36. Other information

(a) Recent accounting pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA), on 30 March 2019, notified Ind AS 116, Leases as a part of the Companies (Indian Accounting Standards) Amendment Rules, 2019. Ind AS 116 replaces the existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1 April 2019.

Amendment to Ind AS 19: Employee Benefits

This amendment requires an entity to: (i) use updated assumptions to determine current service cost and net interest and (ii) recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus

Amendment to Ind AS 109

This amendment enables an entity to measure at amortised cost some prepayable financial assets with negative compensation.

Ind AS 12, Income Taxes

The appendix C provides accounting for uncertainty over income tax treatments.

New paragraph 57A has been added to clarify the income tax consequences of dividends on financial instruments classified as equity.

The Company is evaluating the requirements of the above amendments and their effect on the financial statements.

(b) Consequent to the amendments in schedule III to Companies Act 2013, presentation of financial statements is amended to comply with new requirements.

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. AN Coatings had, therefore, made applications with the Central Government for approval of the excess remuneration paid, for which response is awaited.

Note: 38. In accordance with Ind AS 18 on Revenue and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, revenue for the period ended 30 June 2017 are reported inclusive of Excise Duty. Consequent to the implementation of the Goods and Service Tax ("GST") w.e.f. 1 July 2017, Excise Duty, VAT, Service Tax and various other Indirect Taxes have been subsumed into GST. As per Ind AS 18, revenue for the period 1 July 2017 to 31 March 2018 is reported net of GST.

Note: 39. Previous year figures have been regrouped and reclassified where ever necessary to conform to the current year classifications.

As per our report of even date attached.

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

Anurag Khandelwal
Partner
Membership No. : 078571

Date: 3 May 2019
Place: Gurugram

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Rajasekaran Guha
Company Secretary
ACS 3838

Date: 3 May 2019
Place: Gurugram

Consolidated Financial Statements

Independent Auditors' Report

To
The Members of **Akzo Nobel India Limited**

Report on the audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated 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 1(b) to the attached consolidated financial statements) which comprise the Consolidated Balance Sheet as at 31 March 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 2019, and consolidated total comprehensive income (comprising profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Description of the Key Audit matter	How our audit addressed the key audit matter
Assessment of ongoing income tax and indirect tax litigations [Refer to Note 26 (b) (Contingent liabilities), Note 9.1 [Current tax assets(net)], Note 13 (Provisions), and 1(m) and 1(n) (Significant accounting policies) to the financial statements]	Our procedures on the management's assessment of these matters included: • Understanding and evaluating process and controls designed and implemented by the management including testing of relevant controls;
As at 31 March 2019, the Holding Company is subjected to a number of significant income tax litigations relating to disallowance of expenses, transfer pricing adjustments etc. and indirect tax litigations relating to taxable turnover, availability of statutory forms etc. (together referred to as "litigations"). These matters are in appeal before various judicial forums.	• Gaining an understanding of the tax related litigations through discussions with the management, including the significant developments, additions and settlements during the year and subsequent to 31 March 2019; • Inspecting demand notices received from tax authorities and evaluating the Company's response to those matters;
The eventual outcome of these litigations is uncertain and the positions taken by the management are based on the application of significant judgement and estimation. The review of these matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements.	• Obtaining independent confirmations from the Holding Company's external tax experts including the status of the significant litigations, their views regarding the likely outcome and magnitude of the potential exposure;
Based on management judgement and the advice from external legal and tax consultants and considering the merits of the case, the Holding Company has recognised provisions wherever required and for the balance matters, where the management expects favourable outcome, these litigations have been disclosed as contingent liabilities in the consolidated financial statements unless the possibility of outflow of resources is considered to be remote.	• Evaluating the management's assessment on the likely outcome and potential magnitude by involving auditor's experts on complex or significant matters as considered necessary; and • Assessing the adequacy of the Company's disclosures.

Description of the Key Audit matter	How our audit addressed the key audit matter
Given the uncertainty and application of significant judgment in this area in terms of the eventual outcome of litigations, we determined this to be a key audit matter.	We did not identify any significant exceptions to the management's assessment of the ongoing income tax and indirect tax litigations as a result of the above procedures.

Other information

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

6. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirement of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. 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 of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by Directors of the Holding Company, as aforesaid.

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

8. The respective Board of Directors of the companies are responsible for overseeing the financial reporting process of the Group.

Auditor's responsibilities for the audit of the consolidated financial statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

11. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

14. 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 of the aforesaid consolidated 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 relating to preparation of the aforesaid consolidated financial statements have been kept 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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account and records maintained for the purpose of preparation of the consolidated financial statements.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the 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 2019 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 2019 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 14(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 with reference to consolidated financial statements of the Group 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 Consolidated Financial Statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group – Refer Note 26(a) and 26(b) to the Consolidated Financial Statements.

ii. The Group had long term contracts including derivative contracts as at 31 March 2019 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.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended 31 March 2019.

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

Anurag Khandelwal
Partner
Membership Number 078571

Place: Gurugram
Date: 3 May 2019

Annexure to Independent Auditors’ Report

Annexure A

Referred to in paragraph 14(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 2019

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 2019, we have audited the internal financial controls with reference to financial statements 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 and it 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 based on 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 with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements

6. A company’s internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to

financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2019, 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 Number: 012754N/N500016
Chartered Accountants

Anurag Khandelwal
Partner
Membership Number 078571

Place: Gurugram
Date: 3 May 2019

Consolidated Balance Sheet

(All amounts are in millions Indian ₹ unless otherwise stated)	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	5,214	5,288
Capital work-in-progress	3	169	268
Intangible Assets	4	87	101
Financial assets			
(i) Investments	5.1	778	717
(ii) Other bank balances	5.2	6	6
(iii) Loans	5.3	70	82
Deferred tax assets (net)	14	31	-
Other non-current assets	6	522	560
Total non-current assets		**6,877**	**7,021**
Current assets			
Inventories	7	3,919	3,508
Financial assets			
(i) Investments	8.1	2,995	5,016
(ii) Trade receivables	8.2	4,440	3,953
(iii) Cash and cash equivalents	8.3	333	689
(iv) Bank balances other than (iii) above	8.4	292	179
(v) Loans	8.5	37	11
(vi) Other financial assets	8.6	65	152
Other current assets	9	1,346	1,329
Current tax assets (net)	9.1	675	467
Total current assets		**14,102**	**15,304**
Total assets		**20,979**	**22,326**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	456	467
Other equity	11	10,907	12,442
Total equity		**11,363**	**12,909**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	12.1	29	29
(ii) Other financial liabilities	12.2	142	144
Provisions	13	579	448
Deferred tax liabilities (net)	14	-	58
Other non-current liabilities	15	21	47
Total non-current liabilities		**771**	**726**
Current liabilities			
Financial liabilities			
(i) Trade payables	16.1		
- Total outstanding dues of micro enterprises and small enterprises		35	67
- Total outstanding dues of creditors other than micro enterprises and small enterprises		6,029	6,578
(ii) Other financial liabilities	16.2	921	820
Provisions	13	314	323
Other current liabilities	17	1,546	903
Total current liabilities		**8,845**	**8,691**
Total liabilities		**9,616**	**9,417**
Total equity and liabilities		**20,979**	**22,326**

The notes from note no. 1 to 40 form an integral part of these financial statements.

As per our report of even date attached.

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

Anurag Khandelwal
Partner
Membership No. : 078571

Date: 3 May 2019
Place: Gurugram

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Rajasekaran Guha
Company Secretary
ACS 3838

Date: 3 May 2019
Place: Gurugram

Consolidated Statement of Profit and Loss

(All amounts are in millions Indian ₹ unless otherwise stated)	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
Continuing operations			
Revenue from operations	18	29,184	27,928
Other income	19	422	438
Total income		29,606	28,366
Expenses			
Cost of materials consumed	20	14,990	13,208
Purchases of stock-in-trade		2,065	1,808
Changes in inventories of finished products, work-in-progress and stock-in-trade	21	(144)	245
Excise duty		-	735
Employee benefits expense	22	2,656	2,802
Finance costs	23	45	35
Depreciation and amortisation expense		652	582
Other expenses	24	6,193	6,144
Total expenses		26,457	25,559
Profit from continuing operations before exceptional items and tax		3,149	2,807
Exceptional items	25	7	20
Profit before tax from continuing operations		3,156	2,827
Income tax expense:			
Current tax (includes taxes of ₹ 59 relating to prior years written back, 31 March 2018 ₹ 171)	14	1,098	758
Deferred tax		(52)	17
Total tax expense		1,046	775
Profit after tax from continuing operations		2,110	2,052
Discontinued operations	35		
Profit from discontinued operations before tax		-	2,591
Tax expense of discontinued operations (includes tax of ₹ Nil relating to prior year paid, 31 March 2018 ₹ 5)	14	-	(642)
Profit after tax from discontinued operations		-	1,949
Profit after tax for the year (A)		2,110	4,001
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years:			
Remeasurement of defined benefit plans arising from continuing operations		(110)	68
Remeasurement of defined benefit plans arising from discontinued operations		-	3
Changes in fair value of equity instruments at FVOCI		2	-
Income tax relating to these items			
Income tax relating to remeasurement of defined benefit plans arising from continuing operations		38	(22)
Income tax relating to remeasurement of defined benefit plans arising from discontinued operations		-	(1)
Income tax relating to fair value of equity shares at FVOCI		(1)	-
Total other comprehensive income for the year (B)		(71)	48
Total comprehensive income for the year (A + B)		2,039	4,049
Earnings per share for profit from continuing operation attributable to owners of Akzo Nobel India Limited:	28		
Basic earning per share (in ₹) [Face value of ₹ 10 each]		45.96	43.98
Diluted earning per share (in ₹) [Face value of ₹ 10 each]		45.96	43.98
Earnings per share for profit from discontinued operation attributable to owners of Akzo Nobel India Limited:	28		
Basic earning per share (in ₹) [Face value of ₹ 10 each]		-	41.77
Diluted earning per share (in ₹) [Face value of ₹ 10 each]		-	41.77
Earnings per share for profit from combined operation attributable to owners of Akzo Nobel India Limited:	28		
Basic earning per share (in ₹) [Face value of ₹ 10 each]		45.96	85.75
Diluted earning per share (in ₹) [Face value of ₹ 10 each]		45.96	85.75

The notes from note no. 1 to 40 form an integral part of these financial statements.

As per our report of even date attached.

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

Anurag Khandelwal
Partner
Membership No. : 078571

Date: 3 May 2019
Place: Gurugram

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Rajasekaran Guha
Company Secretary
ACS 3838

Date: 3 May 2019
Place: Gurugram

Consolidated Statement of Cash Flows

(All amounts are in millions Indian ₹ unless otherwise stated)	For the year ended 31 March 2019	For the year ended 31 March 2018
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from		
Continuing operations	3,156	2,827
Discontinued operations	-	2,591
Profit before tax including discontinued operations	**3,156**	**5,418**
Adjustments for:		
Depreciation and amortisation expense	652	607
Loss on write-off of property, plant and equipment (net)	1	5
Exceptional Income	(7)	(20)
Gain on sale of chemicals business	-	(2,442)
Provision for inventory obsolescence	106	(41)
Provision for bad and doubtful debts/advances (including write offs)	166	41
Government grant income	(7)	(9)
Interest income	(96)	(218)
Interest income from financial assets at amortised cost - Bonds	(59)	(54)
Net fair value gain/(loss) on investments measured at FVTPL	3	30
Gain on sale of investments	(259)	(183)
Finance costs (including fair value change in financial instruments)	45	35
Operating Profit / (Loss) before working capital changes	**3,701**	**3,169**
Movements in working capital:		
Decrease / (Increase) in inventories	(517)	257
(Increase) in trade receivables	(606)	(424)
Decrease in loans	(15)	13
(Increase) / Decrease in other financial assets	(44)	(22)
(Increase) in other assets	(41)	(640)
Increase in trade payables	(583)	879
Increase / (Decrease) in other financial liabilities	100	200
Increase / (Decrease) in provisions	19	(22)
Increase / (Decrease) in other liabilities	617	187
Net cash generated from operations	**2,631**	**3,597**
Income tax paid (net)	(1,239)	(1,771)
Net cash inflow from operating activities (A)	**1,392**	**1,826**
B CASH FLOW FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	(418)	(1,030)
Proceeds from sale of property, plant and equipment	-	3
Proceeds from sale of chemical business (Refer note 35)	-	3,098
Payment for purchase of investments	(15,440)	(19,040)
Proceeds from sale of investments	17,649	16,871
Government Grant received	30	-
Interest received	31	42
Net cash (outflow) / inflow from investing activities (B)	**1,852**	**(56)**

Consolidated Statement of Cash Flows

(All amounts are in millions Indian ₹ unless otherwise stated)	For the year ended 31 March 2019	For the year ended 31 March 2018
C CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(1,002)	(1,027)
Dividend distribution tax paid	(206)	(209)
Payment towards buy back of shares	(2,377)	-
Interest paid	(15)	(20)
Net cash (outflow) from financing activities (C)	**(3,600)**	**(1,256)**
Net increase/ (decrease) in cash and cash equivalents (a+b+c)	**(356)**	**514**
Cash and cash equivalents at the beginning of the year	689	175
Effect of exchange rate changes on cash and cash equivalents	*	*
Cash and cash equivalents at the end of the year	**333**	**689**
Non-cash financing activities		
- Acquisition of property, plant and equipment by means of finance lease	-	-

*Amount is below rounding off norms adopted by the company

Notes:

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

(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	333	687
- Deposits with original maturity of upto 3 months	-	2
Cash and cash equivalents (Refer Note 8.3)	**333**	**689**

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

Anurag Khandelwal
Partner
Membership No. : 078571

Date: 3 May 2019
Place: Gurugram

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Rajasekaran Guha
Company Secretary
ACS 3838

Date: 3 May 2019
Place: Gurugram

Consolidated Statement of Changes in Equity

for the year ended 31 march 2019

(a) Equity share capital

(All amounts are in millions Indian ₹ unless otherwise stated)	Number of Shares	Amount
As at 31 March 2017	46,660,314	467
Changes in equity share capital during 2017-18	-	-
As at 31 March 2018	46,660,314	467
Equity shares bought back during 2018-19	(1,120,000)	(11)
As at 31 March 2019	**45,540,314**	**456**

(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 31 March 2017	503	53	12	6,246	2,812	3	9,629
Profit for the year	-	-	-	-	4,001	-	4,001
Other Comprehensive Income	-	-	-	-	48	-	48
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**4,049**	**-**	**4,049**
Transactions with owners in their capacity as owners:							
Dividends paid (including dividend distribution tax)	-	-	-	-	(1,236)	-	(1,236)
Transfer to general reserve	-	-	-	250	(250)	-	-
Balance as at 31 March 2018	**503**	**53**	**12**	**6,496**	**5,375**	**3**	**12,442**
Balance as at 1 April 2018	503	53	12	6,496	5,375	3	12,442
Profit for the year	-	-	-	-	2,110	-	2,110
Other Comprehensive Income	-	-	-	-	(72)	1	(71)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,038**	**1**	**2,039**
Transactions with owners in their capacity as owners:							
Dividends paid (including dividend distribution tax)	-	-	-	-	(1,208)	-	(1,208)
Share buyback	-	-	-	(2,366)	-	-	(2,366)
Transfer pursuant to share buyback	-	11	-	(11)	-	-	-
Transfer to general reserve	-	-	-	400	(400)	-	-
Balance as at 31 March 2019	**503**	**64**	**12**	**4,519**	**5,805**	**4**	**10,907**

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

Anurag Khandelwal
Partner
Membership No. : 078571

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Rajasekaran Guha
Company Secretary
ACS 3838

Date: 3 May 2019
Place: Gurugram

Date: 3 May 2019
Place: Gurugram

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Background

Akzo Nobel India Limited ('the Company') was incorporated in India on 12 March 1954 as Indian Explosives Limited. It is currently known as Akzo Nobel India Limited with effect from 15 February 2010. 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 and related products. The Group also provides research and development 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.

(ii) Historical cost convention

The financial statements have been prepared on a 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

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2018:

- Ind AS 115, Revenue from Contracts with Customers

The Group had to change its accounting policies and make adjustments following adoption of Ind AS 115. This is disclosed in Note 17 and 18.

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 unrealised gains or losses.

c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements 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.

(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 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 of property, plant and equipment 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.

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.

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
Motor vehicles	5-7
Laboratory equipment	10
Office equipment	5
Data processing equipment	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 actual usage of the fixed assets. The assets' useful lives are reviewed at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Assets are treated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Amortisation

The Group amortises intangible assets with 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) Recognition

Regular way purchases and sales of financial assets are recognised on trade date, on which the Group commits to purchase or sale the financial asset.

(iii) 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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit and loss.
- **Fair value through other comprehensive income (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 fair value through other comprehensive income (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. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit and loss.
- **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.

Investments 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 originanted and are intially measured at fair value plus any directly attributable transaction cost.

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

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. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

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.

(iv) 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 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.

(v) 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.

(vi) 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.

Interest income is calculated applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of loss allowance)

Dividends

Dividends are recognised in profit or 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.

Effective Interest Rate(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 effective interest rate, 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 cost of raw 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 the basis of weighted average. 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. Obsolete, slow moving and defective stocks are identified on the basis of regular reviews by the management and, where necessary, adequate provision is made for such stock.

l) 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 Group 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 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 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 and 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 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 obligation:- 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. 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.

(iii) 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.

p) Revenue recognition

Sale of goods

The Group adopted the new standard – Ind AS 115 from 1 April 2018, applying the modified retrospective approach.

Sales are recognised when control of the products is transferred, which happens when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the acceptance of the products by the customer.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts and incentive schemes. Accumulated experience is used to estimate and provide for such variable consideration, and the revenue is only recognised to the extent that it is highly probable that a significant reversal in the revenue will not occur. A refund liability (included in other current liabilities) is recognised for the variable consideration payable to the customer in relation to sales made until the end of the reporting period. Refund liability is also recognised for expected return of products as at the period end with corresponding recognition of right to recover the returned goods (included in other current assets). Revenue is net of sales returns. The validity of assumptions used to estimate variable consideration and expected return of products is reassessed annually.

A receivable is recognised when the goods are delivered as this is the point in time when the consideration is unconditional because only passage of time is required before the payment is due.

Service revenue

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.

Financing Components

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

q) 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 other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

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 not accounted for if it arises from initial recognition of an asset or liability that 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.

r) 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, Head HR and Company Secretary) which has been identified as the chief operating decision maker (CODM), to assess the financial performance and position of the Group and make strategic decisions.

Refer note 32 for reportable segments determined by the Group.

s) 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 transitional 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.

t) 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 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.

u) 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.

v) Discontinued operations

A discontinued operation is a component of an entity that has been disposed off and that represents a major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such line of business area or operations. The results of the discontinued operations are presented separately in the statement of profit and loss.

w) Exceptional items

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

x) Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as permitted under Schedule III, 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 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 consolidated financial statements.

- Estimation of useful life of Fixed Assets (Refer note 3)
- Estimation of Employee benefit obligations (Refer note 34)
- Estimation for fair value measurement of financial assets and liabilities (Refer note 30)
- Estimation for contingencies (Refer note 26(a),(b),(c))
- Customer Loyalty Incentive (Refer note 18)
- Impairment of Trade receivable (Refer note 8.2)
- Inventory obsolescence (Refer note 7)

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

to the Consolidated Financial Statements for the year ended 31 March 2019

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

Note: 3. Property, plant and equipment

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 31 March 2018	Additions	Deletions/ Adjustment	As at 31 March 2019	Up to 31 March 2018	Additions	Deletions/ Adjustment	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019
Tangible assets										
Land (Refer note 'a', 'b' and 'c' below)										
- Leasehold taken on finance lease	377	2	-	379	4	2	-	6	373	373
- Freehold	265	-	-	265	-	-	-	-	265	265
Buildings	2,009	152	-	2,161	245	90	-	335	1,764	1,826
Plant and Equipment										
- owned	2,872	154	(1)	3,025	692	325	(1)	1,016	2,180	2,009
- given under operating lease	781	234	(7)	1,008	316	140	(7)	449	465	559
Motor vehicles	2	-	-	2	1	1	-	2	1	-
Furniture and fixtures	303	15	-	318	148	31	-	179	155	139
Office equipment	49	3	-	52	27	9	-	36	22	16
Leasehold improvements	52	-	-	52	32	15	-	47	20	5
Data processing equipment	137	4	-	141	94	25	-	119	43	22
Total	**6,847**	**564**	**(8)**	**7,403**	**1,559**	**638**	**(8)**	**2,189**	**5,288**	**5,214**

Particulars	As at 31 March 2018	Additions	Deletions	As at 31 March 2019
Capital work-in-progress (Refer note 'd' below)	268	462	(561)	169

(a) The Group had received the final possession of leasehold land at Mysore from Karnataka Industrial Area Development Board (KIADB) in March 2016. The registration of lease deed in respect of the said land is pending finalisation 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 had acquired revaluation reserve attributable to certain land as part of amalgamation done with various companies in the previous periods.

(d) Capital Work in Progress includes certain plant and machinery amounting to ₹ 48 which is pending installation at customer premises.

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

(f) Refer note 27 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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 millions Indian ₹ unless otherwise stated)

Note: 3. Property, plant and equipment (contd..)

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 31 March 2017	Additions	Deletions/ Adjustment	As at 31 March 2018	Up to 31 March 2017	Additions (Refer note 'h' below)	Deletions/ Adjustment	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018
Tangible assets										
Land (Refer note 'a', 'b' and 'c' below)										
- Leasehold taken on finance lease	399	-	(22)	377	3	2	(1)	4	396	373
- Freehold	265	-	-	265	-	-	-	-	265	265
Buildings	1,995	77	(63)	2,009	165	88	(8)	245	1,830	1,764
Plant and Equipment										
- owned	2,341	652	(121)	2,872	445	277	(30)	692	1,896	2,180
- given under operating lease	562	230	(11)	781	201	122	(7)	316	361	465
Motor vehicles	22	6	(26)	2	6	5	(10)	1	16	1
Furniture and fixtures	317	14	(28)	303	130	35	(17)	148	187	155
Office equipment	49	10	(10)	49	19	13	(5)	27	30	22
Leasehold improvements	52	-	-	52	20	12	-	32	32	20
Data processing equipment	123	23	(9)	137	60	39	(5)	94	63	43
Total	**6,125**	**1,012**	**(290)**	**6,847**	**1,049**	**593**	**(83)**	**1,559**	**5,076**	**5,288**

Particulars	As at 31 March 2017	Additions	Deletions	As at 31 March 2018
Capital work-in-progress (Refer note 'd' below)	232	765	(729)	268

(a) The Group 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 registration of lease deed in respect of the said land is pending finalisation 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 had acquired revaluation reserve attributable to certain land as part of amalgamation done with various companies in the previous periods.

(d) 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.

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

(f) During the previous year, the Group executed Business Transfer Agreement ('BTA') for transferring its chemicals business to Akzo Nobel Chemicals India Private Limited ('ANCIPL'). The Deletions/Adjustments include ₹ 270 and ₹ 71 for Gross carrying amount and Accumulated Depreciation relating to the discontinued operations transferred to ANCIPL. The transferred assets also include leasehold land at Mahad, which was pending registration in the name of the Group. An intimation regarding the execution of business transfer agreement and consequential transfer to ANCIPL has been sent to authorities, refer note 35.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 3. Property, plant and equipment (contd..)

(g) Refer note 27 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(h) Additions include depreciation charge on fixed assets pertaining to discontinued operation till the date of transfer (Refer note 35).

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.

Note: 4. Intangible Assets

	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount	
Particulars	As at 31 March 2018	Additions	Deletions/ Adjustment	As at 31 March 2019	Up to 31 March 2018	Additions	Deletions/ Adjustment	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019
Intangible assets (Acquired)										
Customer Relationships	110	-	-	110	14	11	-	25	96	85
Non Compete Fees	9	-	-	9	4	3	-	7	5	2
Total	119	-	-	119	18	14	-	32	101	87

	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount	
Particulars	As at 31 March 2017	Additions	Deletions/ Adjustment	As at 31 March 2018	Up to 31 March 2017	Additions	Deletions/ Adjustment	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018
Intangible assets (Acquired)										
Customer Relationships	110	-	-	110	3	11	-	14	107	96
Non Compete Fees	9	-	-	9	1	3	-	4	8	5
Total	119	-	-	119	4	14	-	18	115	101

Pursuant to business transfer agreement with BASF India Limited, the Group had acquired Intangible assets with respect to customer relationships and non-compete fees during the year ended 31 March 2017. The estimate for the useful life of the customer relationships is based on the expected economic benefits from such assets, however, which 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 ₹ 60 (₹ 82 as at 31 March 2018). If the useful life were estimated to be 15 years, the carrying amount would be ₹ 93 (₹ 101 as at 31 March 2018).

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 5.1. Non current financial assets- investments

	Number as at 31 March 2019	Number as at 31 March 2018	Face value ₹ per unit	As at 31 March 2019	As at 31 March 2018
(a) Investment in equity instruments (at FVTPL)					
Unquoted					
Adyar Property Holding Company Limited (paid up ₹ 65 per share)	105	105	100	*	*
Kohinoor Mills Limited (fully paid up)	5	5	100	*	*
Maneck-Chowk & Ahmedabad Manufacturing Co. Limited (fully paid up)	144	144	250	*	*
Paints and Coatings Skill Council (fully paid up)	17	10	25,000	*	*
(b) Investment in equity instruments (at FVOCI)					
Unquoted (fully paid up)					
Woodlands Multispecialty Hospital Limited (Refer note 'a' below)	10,810	10,810	10	6	4
(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	13,580	772	713
Unquoted					
6.5% Bengal Chamber of Commerce and Industry	19	19	1,000	*	*
6% Sholapur Spinning & Weaving Co. Limited (in Liquidation)	523	523	100	*	*
				778	**717**

	As at 31 March 2019	As at 31 March 2018
Aggregate amount of quoted investments and market value thereof	772	713
Aggregate value of unquoted investments	6	4
Aggregate amount of impairment in value of investments	-	-
	778	**717**

*Amount is below rounding off norms, adopted by the Group

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

The Group designated the investments shown below as equity shares at fair value through other comprehensive income (FVOCI).

	Fair value at 31 March 2019	Dividend income recognised during 2018-19	Fair value at 31 March 2018	Dividend income recognised during 2017-18	Fair value at 31 March 2017
Woodlands Multispecialty Hospital Limited	6	-	4	-	4

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 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). Information about the Group's exposure to credit and market risk and fair value measurement is included in note 30.

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

Note: 5.2. Non current financial assets - Other bank balances

	As at 31 March 2019	As at 31 March 2018
Fixed deposits	6	6
	6	6

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.

Note: 5.3. Non current financial assets - Loans

	As at 31 March 2019	As at 31 March 2018
Loan given to employees (Refer note 'a' and 'b' below)	4	4
Security deposits	74	86
Less : Loss allowance	(8)	(8)
	70	82
Break - up of security details		
Loans considered good - Secured	4	4
Loans considered good - Unsecured	66	78
Loans which have significant increase in credit risk	-	-
Loans Credit impaired	8	8
Total	78	90
Less : Loss allowance	(8)	(8)
	70	82

(a). Loan given to employees include dues from a key managerial person ₹ 0.7 (31 March 2018 ₹ 0.8)

(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: 6. Other non-current assets

	As at 31 March 2019	As at 31 March 2018
Capital Advances	10	66
Advances other than capital advances		
Indirect taxes recoverable		
- Considered good	70	58
- Considered doubtful	31	31
Less: Provision for doubtful indirect taxes recoverable	(31)	(31)
Retirement benefit trusts surplus (Refer note 34)	67	59
Advances to customers	357	358
Deferred payroll cost	2	4
Prepaid rent	12	13
Miscellaneous	4	2
	522	560

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019

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

Note: 7. Inventories

	As at 31 March 2019	As at 31 March 2018
Raw Materials (Refer note 'a' below)	1,464	1,200
Work in progress	87	78
Finished products (Refer note 'b' below)	2,152	2,004
Stock in trade (traded goods) (Refer note 'a' below)	209	222
Stores and spares parts	7	4
	3,919	3,508
(a) Includes in-transit inventory:		
Raw materials	40	31
Stock in trade	95	202

(b) Finished products are written down by ₹ 16 (31 March 2018 ₹ 6) 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 products, work-in-progress and stock-in-trade' in the statement of profit and loss.

Note: 8.1. Current financial assets - Investments

	Number as at 31 March 2019	Number as at 31 March 2018	Face value ₹ per unit	As at 31 March 2019	As at 31 March 2018
Investment in mutual funds (At FVTPL)					
Quoted					
(i) Fixed maturity plans of mutual funds					
HDFC FMP - March 2018 (39) - 1 - 92D - Direct - Growth	-	15,000,000	10	-	151
Aditya Birla Sun Life Interval Income Fund Quarterly Plan - Series I - Direct - Growth	-	6,715,526	10	-	151
Kotak Quarterly Interval Plan Series 12 - Direct - Growth	5,292,099	-	10	55	-
				55	302
(ii) Liquid/Floater Schemes of Mutual Funds					
Aditya Birla Sun Life Banking & PSU Debt Fund - Reg - Growth	-	3,978,713	10	-	202
Aditya Birla Sun Life Floating Rate - Short Term - Growth - Direct Plan	-	1,516,321	100	-	352
Aditya Birla Sun Life Money Manager Fund - Direct - Growth	2,036,821	-	100	513	-
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	426,291	426,291	100	128	119
Axis Liquid Fund - Direct - Growth Plan	172,196	-	1,000	357	-
DSP BlackRock Low Duration Fund - Direct - Growth	-	27,609,709	10	-	352
HDFC Liquid Fund - Regular Plan - Growth	181,060	137,675	1,000	663	469
IDFC Money Manager Fund - Growth - Direct Plan	3,438,701	3,438,701	10	103	96
IDFC Cash Fund - Direct - Growth	-	166,626	1,000	-	352
Invesco Ultra Short Term Fund - Direct - Growth	-	143,868	1,000	-	352
Invesco Ultra Short Term Fund - Regular - Growth	-	42,278	1,000	-	101
Invesco Ultra Short Term Fund - Direct - Bonus	-	44,819	1,000	-	61
Kotak Liquid Fund - Regular - Growth	18,570	-	1,000	70	-
Kotak Corporate Bond Fund - Std - Growth	-	88,813	1,000	-	203
Kotak Floater - ST - Direct - Growth	-	105,662	1,000	-	301
Reliance Money Manager - Direct - Growth	-	61,716	1,000	-	151
Reliance Banking & PSU Debt Fund - Direct - Growth	-	16,140,488	10	-	203
SBI Magnum Low Duration Fund - Regular - Growth	161,630	-	1,000	391	-
SBI Premier Liquid Fund - Direct - Growth	-	143,818	1,000	-	392
Sundaram Money Fund -Regular - Growth	1,324,331	-	10	52	-
UTI Banking & PSU Debt Fund - Direct - Growth	-	28,462,333	10	-	407
UTI Liquid Cash Plan - Inst. - Direct - Growth	216,655	123,615	1,000	663	352
				2,940	4,465
(iii) Short Term Income Schemes of Mutual Funds					
IDFC Money Manager Fund - Investment Plan Growth		9,277,471	10	-	249
				-	249
				2,995	5,016

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 8.1. Current financial assets - Investments (contd..)

	As at 31 March 2019	As at 31 March 2018
Aggregate amount of quoted investments and market value thereof	2,995	5,016
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-
	2,995	**5,016**

(a). Various plans of mutual funds wherever considered quoted are so considered based on readily available net asset values.

(b). Information about the Group's exposure to credit and market risk and fair value measurement is included in note 30.

Note: 8.2. Current financial assets - Trade receivables

	As at 31 March 2019	As at 31 March 2018
Trade receivables	4,375	3,915
Receivables from related parties (Refer note 33)	339	235
Less : Loss allowance	(274)	(197)
	4,440	**3,953**
Break - up of security details		
Trade receivables considered good - Secured	295	184
Trade receivables considered good - Unsecured	4,387	3,953
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	32	13
	4,714	**4,150**
Less : Loss allowance	(274)	(197)
	4,440	**3,953**

Note: 8.3. Current financial assets - Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Balance with banks:		
- In current accounts	333	687
Deposits with maturity of less than three months	-	2
	333	**689**

Note: 8.4. Current financial assets - Other bank balances

	As at 31 March 2019	As at 31 March 2018
Fixed deposits (Refer note 'a' below)	115	6
Unpaid dividend accounts (Refer note 'b' below)	177	173
	292	**179**

(a). Fixed deposits include deposits held as margin money amounting to ₹ 6 (31 March 2018 ₹ 6) 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.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 8.5. Current financial assets - Loans

	As at 31 March 2019	As at 31 March 2018
Loan given to employees (Refer note 'a' and 'b' below)	3	7
Security deposits	34	4
	37	11
Break - up of security details		
Loans considered good - Secured	3	7
Loans considered good - Unsecured	34	4
Loans which have significant increase in credit risk	-	-
Loans Credit impaired	-	-
	37	11

(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 2018 ₹ 0.1)

Note: 8.6. Current financial assets - Others

	As at 31 March 2019	As at 31 March 2018
(Unsecured, considered good unless otherwise stated)		
Amount recoverable from related parties (Refer note 33)	15	74
Government grant receivable	50	67
Others	*	11
	65	152

*Amount is below rounding off norms adopted by the Group

(a) The carrying value of loans and advances may be affected by changes in the credit risk of the counterparties. Refer note 30 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 Group's factory at Gwalior. Refer note 19 for details.

Note: 9. Other current assets

	As at 31 March 2019	As at 31 March 2018
(Unsecured, considered good unless otherwise stated)		
Advances to suppliers		
- Considered good	139	45
- Considered doubtful	18	12
Less: Provision for doubtful advances	(18)	(12)
Advances to employees		
- Considered good	3	6
- Considered doubtful	3	3
Less: Provision for doubtful advances	(3)	(3)
Advances to customers		
- Considered good	433	394
- Considered doubtful	5	6
Less: Provision for doubtful advances	(5)	(6)
Prepaid expenses	158	89
Indirect tax recoverable	591	763
Deferred payroll cost	-	1
Prepaid rent	4	4
Others	18	27
	1,346	1,329

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 9.1. Current tax assets (net)

	As at 31 March 2019	As at 31 March 2018
Income tax {net of provision ₹ 13,134 (31 March 2018 ₹ 12,309)}	675	467
	675	467

Note: 10. Equity share capital

	As at 31 March 2019	As at 31 March 2018
Authorised:		
126,690,000 (31 March 2018 - 126,690,000) equity shares of ₹ 10 each	1,267	1,267
Issued, subscribed & fully paid up:		
45,540,314 (31 March 2018 - 46,660,314) equity shares of ₹ 10 each	456	467
	456	467

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

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Opening balance	46,660,314	467	46,660,314	467
Less: Equity shares bought back during the year	(1,120,000)	(11)	-	-
Closing balance	45,540,314	456	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 Group 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 Group, 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., The Netherlands, which does not hold any shares directly in the Company.

	As at 31 March 2019	As at 31 March 2018
	No. of Shares	No. of Shares
Imperial Chemical Industries Limited, England	22,977,544	22,977,544
Akzo Nobel Coatings International B.V., The Netherlands (Refer note 'i' below)	11,066,791	11,066,495
Akzo Nobel (C) Holdings B.V., The Netherlands	-	291
Panter B.V.	-	5
	34,044,335	34,044,335

(i) Consequent to inter se transfer of shares from Akzo Nobel (C) Holdings B.V. and Panter B.V. to Akzo Nobel Coatings International B.V. during the year.

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

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	% holding	No. of Shares	% holding
Imperial Chemical Industries Limited, England	22,977,544	50.46%	22,977,544	49.24%
Akzo Nobel Coatings International B.V., The Netherlands	11,066,791	24.30%	11,066,495	23.72%
	34,044,335	74.76%	34,044,039	72.96%

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

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 10. Equity share capital (contd..)

e. In terms of the shareholders resolution approved on 22 May 2018, 1,120,000 shares of the Group were bought back through a Tender offer at a fixed price of ₹ 2,100 per share. Total amount spent in the Buyback was ₹ 2,366, including related costs.The shares so bought back were extinguished on 30 July 2018.

Note: 11. Other equity

	As at 31 March 2019	As at 31 March 2018
Capital reserve	503	503
Capital redemption reserve	64	53
Revaluation reserve	12	12
General reserve	4,519	6,496
Retained earnings	5,805	5,375
Other reserves	-	-
Equity instruments through OCI	4	3
	10,907	12,442

		As at 31 March 2019	As at 31 March 2018
a	**Capital reserve**	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**	53	53
	Add : Amount transferred from general reserve pursuant to shares bought back during the year 2018-19	11	-
		64	53
	Pursuant to the buy back scheme for purchase of equity shares offered by the Group during the period 2006-2019, the Group had created a capital redemption reserve in those years as per the regulatory requirements.		
c	**Revaluation reserve**	12	12
	It represents revaluation of certain land acquired as part of amalgamation done with various companies in the previous periods. This reserve is not available for distribution as dividend.		
d	**General reserve**		
	Balance at the beginning of the year	6,496	6,246
	Add: Amount transferred from surplus balance	400	250
	Less: Share buy back amount paid	(2,366)	-
	Less: Share buy back amount transferred to Capital Redemption Reserve	(11)	-
	Balance at the end of the year	4,519	6,496

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 reserves will not be reclassified subsequently to profit and loss.

e	**Retained earnings**		
	Balance at the beginning of the year	5,375	2,812
	Net profit for the year	2,110	4,001
	Items of other comprehensive income recognised directly in retained earnings		
	- Remeasurements of post-employment benefit obligation, net of tax	(72)	48
	Dividends (including dividend distribution tax)	(1,208)	(1,236)
	Amount transferred to general reserve	(400)	(250)
	Balance at the end of the year	5,805	5,375
	Remeasurement of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).		

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 11. Other equity (contd..)

	As at 31 March 2019	As at 31 March 2018
f Other reserves		
Equity instruments through OCI		
Balance at the beginning of the year	3	3
Add: Fair value gain on equity instruments for the year	1	-
Balance at the end of the year	**4**	**3**

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 derecognised.

Note: 12.1. Non current financial liabilities - Borrowings

	As at 31 March 2019	As at 31 March 2018
Non - current maturities of finance lease obligations (unsecured)		
Obligations under finance leases (Refer note 'a' & 'b' below)	29	29
	29	**29**

(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 2019	As at 31 March 2018
Minimum lease payments payable		
Not later than one year	3	3
Later than one year and not later than five years	13	13
Later than five years	277	280
	293	**296**
Present value of minimum lease payments payable		
Not later than one year	*	*
Later than one year and not later than five years	*	*
Later than five years	29	29
Total minimum lease payments payable	**29**	**29**
Current (Refer note 16.2)	*	*
Non-current	29	29
	29	**29**

*Amount is below rounding off norms adopted by the Group

(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 2019	As at 31 March 2018
Security Deposits (Refer note 'a' below)	118	126
Deferred Government grant (Refer note 'b' below)	24	18
	142	**144**

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

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 12.2. Non current financial liabilities - Others (contd..)

	As at 31 March 2019	As at 31 March 2018
(b) Opening balance of Deferred/(Accrued) Government grant	18	*
Add : Government grant receivable	13	27
Less : Government grant recognised during the year	(7)	(9)
Closing balance of (deferred) / accrued Government grant	24	**18**

*Amount is below rounding off norms, adopted by the Group

Note: 13. Provisions

	Non - current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Employee benefits (Refer note 34)				
Pension	10	19	-	-
Gratuity	144	60	-	-
Leave obligations	118	106	23	23
Post retirement medical and others	270	224	21	20
Long service award	11	10	1	1
Indirect taxes	-	-	223	212
Divested businesses	20	20	38	42
Asset retirement obligation	3	3	-	-
Others	3	6	8	25
	579	**448**	314	**323**

Additional disclosure relating to provisions:

(a) Movement in provisions

For the year ended 31 March 2019	**Class of provisions**			
	Indirect taxes	**Divested businesses**	**Asset retirement obligation**	**Others**
Opening balance	212	62	3	31
Provision created during the year	11	-	-	-
Provision utilised during the year	-	-	-	(17)
Provision written back	-	(4)	-	(3)
Closing balance	**223**	**58**	**3**	**11**

For the year ended 31 March 2018	**Class of provisions**			
	Indirect taxes	**Divested businesses**	**Asset retirement obligation**	**Others**
Opening balance	136	77	3	8
Provision created during the year	76	5	*	23
Provision written back	*	(20)	-	-
Closing balance	**212**	**62**	**3**	**31**

*Amount is below rounding off norms, adopted by the Group

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

Note: 13. Provisions (Contd..)

(b) Nature of provisions:

(i) Indirect taxes

Provisions relating to indirect taxes are in respect of proceedings of various sales tax, excise duty 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 of the timing.

(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 certain.

(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 claims arising during the course of the business. Outflows in these cases will depend upon settlement of claims, if any for which timing and amount of outflow is not certain.

Note: 14. Income tax

	For the year ended 31 March 2019	For the year ended 31 March 2018
A. Income tax expense		
Current tax expense		
Current tax on profits for the year	1,157	1,562
Adjustments relating to prior periods	(59)	(166)
Total current tax expense	1,098	**1,396**
Deferred tax		
Decrease (increase) in deferred tax assets	(56)	(1)
(Decrease) increase in deferred tax liabilities	4	22
Total deferred tax expense/(benefit)	(52)	**21**
Income tax expense	1,046	1,417
Income tax expense is attributable to:		
Profit from continuing operations	1,046	775
Profit from discontinued operations	-	642
	1,046	**1,417**

	For the year ended 31 March 2019	For the year ended 31 March 2018
B. Reconciliation of effective tax rate		
Profit from continuing operations before tax	3,156	2,827
Profit from discontinued operation before tax	-	2,591
Tax at the Indian tax rate of 34.944% (31 March 2018 - 34.608%)	1,103	1,875
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Long term capital gains taxed at different rate	(13)	(21)
Slump sale of chemical business taxed at lower rate as per Income Tax Act, 1961	-	(289)
Corporate social responsibility expenditure	15	18
Income Tax Provision of prior year written back	(59)	(166)
Non-taxable Interest Income on REC Bond	(12)	(4)
Others	12	4
Income tax expense	1,046	**1,417**

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 14. Income tax (contd..)

	As at 31 March 2018	Recognised in P&L	Recognised in OCI	As at 31 March 2019
C. Movement in deferred tax balances				
Deferred tax liabilities				
Property, plant and equipment	397	1	-	398
Surplus payments to retirement trusts	25	(2)	-	23
Investments at fair value through profit or loss	34	4	-	38
Investments at fair value through OCI	1	-	1	2
Others	42	1	-	43
Sub - total (a)	**499**	**4**	**1**	**504**
Deferred tax assets				
Provision for doubtful debts and advances	98	21	-	119
Expenditure disallowed u/s 43B of Income Tax Act, 1961	161	9	38	208
Provisions relating to divested businesses	33	(5)	-	28
Other disallowances under the Income Tax Act, 1961	149	31	-	180
Sub - total (b)	**441**	**56**	**38**	**535**
Net deferred tax liabilities/(assets) (a)-(b)	**58**	**(52)**	**(37)**	**(31)**

	As at 1 April 2017	Recognised in P&L	Recognised in OCI	As at 31 March 2018
D. Movement in deferred tax balances (Refer note 'i' below)				
Deferred tax liabilities				
Property, plant and equipment	379	18	-	397
Surplus payments to retirement trusts	27	(2)	-	25
Investments at fair value through profit or loss	42	(8)	-	34
Investments at fair value through OCI	1	-	-	1
Others	28	14	-	42
Sub - total (a)	**477**	**22**	**-**	**499**
Deferred tax assets				
Provision for doubtful debts and advances	78	20	-	98
Expenditure disallowed u/s 43B of Income tax Act, 1961	213	(29)	(23)	161
Provisions relating to divested businesses	26	7	-	33
Other disallowances under the Income Tax Act, 1961	146	3	-	149
Sub - total (b)	**463**	**1**	**(23)**	**441**
Net deferred tax liabilities/(assets) (a)-(b)	**14**	**21**	**23**	**58**

(i) Deferred tax recognised in statement of profit and loss as a part of continuing and discontinued operation.

Note: 15. Other non-current liabilities

	As at 31 March 2019	As at 31 March 2018
Deferred lease rentals (Refer note 'a' below)	20	31
Others	1	16
	21	**47**

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

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 16.1. Current financial liabilities - Trade payables

	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises (Refer note 'b' below)	35	67
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Related Party Payables to various entities (Refer note 33)	672	1,296
- Acceptances	499	291
- Others	4,858	4,991
	6,064	6,645

(a) Refer note 30 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 2019	As at 31 March 2018
(i) principal amount due thereon remaining unpaid to any supplier as at the end of the accounting year	27	61
(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	363	435
(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)	2	3
(v) amount of interest accrued and remaining unpaid at the end of the accounting year; and	8	6
(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	8	6

*Amount is below rounding off norm adopted by the Group

Note: 16.2. Current financial liabilities - Others

	As at 31 March 2019	As at 31 March 2018
Current maturities of finance lease obligations	*	*
Security deposits	395	320
Others		
Unpaid dividends (Refer note 'a' below)	177	173
Payable to employees	254	219
Capital creditors	72	82
Derivatives not designated as hedges- forward contracts (Refer note 30)	9	*
Retention money payable	14	26
	921	820

*Amount is below rounding off norm, adopted by the Group

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

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

Note: 17. Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Statutory liabilities	316	524
Advance from customers	13	14
Deferred revenue (Refer note 'a' below)	358	272
Deferred lease rental (Refer note 'b' below)	32	32
Liability towards dealer incentive	-	43
Refund liabilities (Refer note 'c' below)	817	-
Others	10	18
	1,546	**903**

(a) Invoicing in excess of revenue are classified as contract liabilities which we refer to as deferred revenue. Revenue recognised during the year that was included in the deferred revenue balances at the beginning of the period amounting to ₹ 272.

(b) It includes fair valuation of security deposits received from customers, as explained in note 30.

(c) When a customer has a right to return product within a given period, the Group recognises a refund liability for the amount of consideration received for which it does not expect to be entitled amounting to ₹ 15. Refund Liabilities are also recognised for expected volume discount and other incentives payable to customers amounting to ₹ 802 pending settlement.

Pursuant to adoption of Ind AS 115, the Group has changed the presentation of liabilities relating to expected returns, volume discounts and other incentives payable, which were previously netted off against Trade Receivables are now included as Refund Liabilities under Other Current Liabilities.

Note: 18. Revenue from operations

	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from contracts with customers		
- Sale of products (including excise duty Nil, 31 March 2018: ₹ 735)	28,407	27,241
- Sale of services	395	330
Other operating revenue	382	357
	29,184	**27,928**

(a) The customer incentive is recognised based on purchases made by the customers and contractors in line with ongoing schemes and incentive programmes rolled out by the Group. Judgements include past history of incentive, likelihood of achieving targets, other variable inputs etc. Changes in assumptions about these factors could affect the reported accrual of customer incentive. Revenue are net of incentives to customers and contractors amounting to ₹ 5,410 (31 March 2018 ₹ 4,004).

Pursuant to adoption of Ind AS 115, following is the reconciliation of revenue recognised with contract price:

	For the year ended 31 March 2019
Contract price	33,817
Adjustments for:	
Deferred revenue	(86)
Refund liability	(817)
Incentive to customers	(4,507)
Revenue from operations	**28,407**

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

Note: 18. Revenue from operations (contd..)

(b) Breakup of other operating revenue

	For the year ended 31 March 2019	For the year ended 31 March 2018
Duty drawback on exports	14	10
Lease rentals	175	122
Scrap sales	32	33
Business auxiliary services	157	167
Miscellaneous income	4	25
	382	**357**

Note: 19. Other income

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income from financial assets at amortised cost - Bonds	59	54
Net fair value gain/(loss) on investments measured at FVTPL	(3)	(30)
Gain on sale of investments	259	183
Government grants (Refer note 'a' below)	7	9
Interest income:		
- on income tax refund	65	166
- on others	31	52
Miscellaneous income	4	4
	422	**438**

(a) Government grants are related to investment 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 and 12.2.

Note: 20. Cost of materials consumed (excluding those relating to discontinued operations - refer note 35)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Raw materials as at the beginning of the year	1,200	1,217
Add: Purchases	15,254	13,191
Less: Raw materials as at the end of the year	1,464	1,200
Total cost of materials consumed	**14,990**	**13,208**

Note: 21. Changes in inventories of finished products, work-in-progress and stock-in-trade (excluding those relating to discontinued operations - refer note 35)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventory at the beginning of the year		
- Finished products	2,004	2,033
- Stock-in-trade	222	453
- Work-in-progress	78	63
	2,304	**2,549**
Inventory at the end of the year		
- Finished products	2,152	2,004
- Stock-in-trade	209	222
- Work-in-progress	87	78
	2,448	**2,304**
(Increase)/ decrease in inventory	**(144)**	**245**

Note: 22. Employee benefits expense

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus (net)	2,409	2,545
Contribution to provident and other funds (Refer note 34)	137	131
Other retirement benefits	11	19
Staff welfare expenses	99	107
	2,656	**2,802**

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 23. Finance cost

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest and finance charges on financial liabilities not at FVTPL	17	20
Interest on delayed payment of income tax	10	-
Unwinding of interest on security deposit and finance lease obligations	17	13
Others	1	2
	45	35

Note: 24. Other expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
Stores and spare parts consumed	52	30
Repairs and maintenance		
- Plant and Machinery	211	176
- Others	44	22
Power and fuel	172	157
Travelling	339	350
Rates and taxes	47	41
Rent	217	222
Insurance	49	56
Freight and transport	1,500	1,513
Advertisement and publicity	903	1,079
Royalty	878	818
Consultancy charges	481	553
Net foreign exchange loss	20	17
Payments to the auditor (Refer note 'a' below)	13	14
Corporate Social responsibility expenditure (Refer note 'b' below)	57	48
IT Support and Maintenance	165	157
External service charges	275	266
Provision for doubtful debts and advances (Refer note 'c' below)	124	31
Loss on sale of property, plant and equipment (net)	1	5
Miscellaneous expenses	645	589
	6,193	6,144

	For the year ended 31 March 2019	For the year ended 31 March 2018
(a) Details of payments to auditors (Refer note 'i' below)		
Statutory audit for the year	6	6
Limited reviews	2	2
Other audit related services (Refer note 'ii' below)	4	4
Reimbursement of expenses	2	2
	14	14

(i) Excluding Service Tax or Goods and Service Tax, as applicable
(ii) Includes ₹ 1 fees towards buy back certification adjusted against general reserves

	For the year ended 31 March 2019	For the year ended 31 March 2018
(b) Corporate social responsibility expenditure		
Amount required to be spent as per section 135 of the Act from combined operations	54	52
Amount spent during the year on		
i) Construction/acquisition of an asset	-	-
ii) On purposes other than (i) above {₹ Nil (31 March 2018 ₹ 4) is considered as part of expenses pertaining to discontinued operations, refer note 35}	57	52

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

(c) Excluding bad debts written off during the year amounting to ₹ 42 (31 March 2018 ₹ 10)

Note: 25. Exceptional items (Income)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Divestment provision no longer required written back (Refer note 'a' below)	7	20
	7	20

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

Note: 26. Contingent liabilities

	As at 31 March 2019	As at 31 March 2018
(a) Claims against the Group not acknowledged as debts	116	116

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 more likely than not, these disputes would not result in additional outflow of resources.

	As at 31 March 2019	As at 31 March 2018
(b) Contingent liability of direct and indirect tax		
Income tax matters in dispute / under appeal (Refer note 'i' below)	2,353	1,450
Sales tax/VAT matters under appeal	164	118
Excise and Service Tax matters in dispute / under appeal	74	74

(i) The Income tax assessments for the Holding Company has been completed up to the financial year ended 31 March 2014 and demands aggregating from such assessments and appellate orders amount to ₹ 2,353 (31 March 2018- ₹ 1,450). The Holding 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 Holding Company has created provisions wherever required and for the balance matters, it believes that more likely than not, these disputes would not result in additional outflow of resources.

The Holding 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 Holding Company has created provisions wherever required and for the balance matters, it believes that more likely than not, these disputes would not result in additional outflow of resources.

Significant Estimates: The assessments 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.

(c) The Group is in the process of evaluating the impact of the recent Supreme Court judgement in case of Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II), West Bengal and the related circular (Circular No. C-1/1(33)2019-Vivekananda Vidyamandir/284) dated 20 March 2019 issued by the Employees' Provident Fund Organisation in relation to non exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purpose of determining contribution to provident fund under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid has an element of uncertainty with respect to reliable determination of the Group's liability. Because of this uncertainty and impact not likely to be significant, no provision has been created in these financial statements.

(d) There are no contingent assets as at 31 March 2019 and as at 31 March 2018.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 27. Capital and other commitments

	As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	29	48
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*

*Amount is below rounding off norm, adopted by the Group

Note: 28. Earnings per share

	As at 31 March 2019	As at 31 March 2018
Weighted average number of shares outstanding the during the year	**45,911,602**	**46,660,314**
Net profit after tax available for equity shareholders from continuing operations	2,110	2,052
Basic earning per share (in ₹) [Face value of ₹ 10 each]	45.96	43.98
Diluted earning per share (in ₹) [Face value of ₹ 10 each]	45.96	43.98
Net profit after tax available for equity shareholders from discontinued operations	-	1,949
Basic earning per share (in ₹) [Face value of ₹ 10 each]	-	41.77
Diluted earning per share (in ₹) [Face value of ₹ 10 each]	-	41.77
Net profit after tax available for equity shareholders from combined operations	2,110	4,001
Basic earning per share (in ₹) [Face value of ₹ 10 each]	45.96	85.75
Diluted earning per share (in ₹) [Face value of ₹ 10 each]	45.96	85.75

Note: 29. Operating lease

(a) The Group has given colour solution machines under operating lease 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 :

	As at 31 March 2019	As at 31 March 2018
Within one year	159	163
Later than one year and not later than five years	126	130
Later than five years	*	*
	285	**293**

*Amount is below rounding off norm adopted by the Group

Note: 30. Fair value measurement

a) Financial instruments by category

	As at 31 March 2019			As at 31 March 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial Assets						
Investments in equity shares	*	6	-	*	4	-
Investments in mutual funds	2,995	-	-	5,016	-	-
Investments in Bonds	-	-	772	-	-	713
Loans	-	-	107	-	-	93
Other financial assets	-	-	65	-	-	152
Trade receivables	-	-	4,440	-	-	3,953
Cash and cash equivalents	-	-	333	-	-	689
Other bank balances	-	-	298	-	-	185
Total Financial Assets	**2,995**	**6**	**6,015**	**5,016**	**4**	**5,785**

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 30. Fair value measurement (contd..)

a) Financial instruments by category (contd..)

	As at 31 March 2019			As at 31 March 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial Liabilities						
Borrowings	-	-	29	-	-	29
Trade payables	-	-	6,064	-	-	6,645
Other financial liabilities	-	-	1,054	-	-	964
Other financial liabilities - Foreign exchange forward contracts	9	-	-	-	-	-
Total Financial Liabilities	**9**	**-**	**7,147**	**-**	**-**	**7,638**

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 as at 31 March 2019

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial instruments at FVTPL				
- Mutual funds	2,995	-	-	2,995
Financial instruments at FVOCI				
- Unquoted Equity shares	-	-	6	6
Financial Liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	9	-	9

Financial assets and liabilities measured at fair value as at 31 March 2018

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial instruments at FVTPL				
- Mutual funds	5,016	-	-	5,016
Financial instruments at FVOCI				
- Unquoted Equity shares	-	-	4	4
Financial Liabilities				
Derivative not designated as hedges				
- Foreign exchange forward contracts	-	*	-	-

*Amount is below rounding off norms adopted by the Group

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 Net Assets Value (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.

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

Note: 30. Fair value measurement (contd..)

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 price earning multiples of companies comparable to the investee and the net assest value and price earning multiples 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 the 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.

e) Financial assets and liabilities measured at amortised cost

Fair value of financial assets and liabilities measured at amortised cost :

	31 March 2019		31 March 2018		
	Carrying amount	Fair value	Carrying amount	Fair value	Level
Financial Assets					
Investments in Bonds	772	772	713	713	3
Loans	107	109	93	95	3
Other financial assets	65	65	152	152	3
Trade receivables	4,440	4,440	3,953	3,953	Refer note 'a'
Cash and cash equivalents	333	333	689	689	Refer note 'a'
Other bank balances	298	298	185	185	Refer note 'a'
Total Financial Assets	**6,015**	**6,017**	**5,785**	**5,787**	
Financial Liabilities					
Borrowings	29	34	29	34	3
Trade payables	6,064	6,064	6,645	6,645	Refer note 'a'
Other financial liabilities	1,054	1,061	964	971	3
Total Financial Liabilities	**7,147**	**7,159**	**7,638**	**7,650**	

Note: 30. Fair value measurement (contd..)

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.

The Group'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	Investment 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.

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

Note: 30. Fair value measurement (contd..)

Trade and other receivables

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from Trade Receivable amounting to ₹ 4,440 and ₹ 3,953 as at 31 March 2019 and 31 March 2018 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 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 revise 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 combined into homogenous entities 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 IndAS 109, the Group uses a simplified approach (lifetime expected credit loss model) for the purpose of computation of expected credit loss for trade receivables. Specific case to case provision is made in respect of credit impaired customers.

Reconciliation of loss allowance provision – Trade receivables

	As at 31 March 2019	As at 31 March 2018
Opening balance	197	174
Changes in loss allowance (net)	(165)	23
Closing balance	**32**	**197**

Reconciliation of loss allowance provision – Other receivables

	As at 31 March 2019	As at 31 March 2018
Opening balance	60	52
Changes in loss allowance (net)	5	8
Closing balance	**65**	**60**

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 2019 and 31 March 2018. 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 (Refer note 17) :

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

Note: 30. Fair value measurement (contd..)

Financial Assets	Gross amount	Gross amount set off in the balance sheet	Net amount presented in the balance sheet
As at 31 March 2019			
Trade receivables	4,440	-	4,440
As at 31 March 2018			
Trade receivables	4,451	(498)	3,953

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.

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
As at 31 March 2019						
Non-derivative financial liabilities						
Finance lease obligations (including interest)	293	3	-	3	10	277
Trade and other payables	6,063	6,063	-	-	-	-
Other financial liabilities	1,054	713	199	23	87	32
Derivative financial liabilities						
Forward exchange contracts	9	9	-	-	-	-

	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2018						
Non-derivative financial liabilities						
Finance lease obligations (including interest)	296	3	-	3	10	280
Trade and other payables	6,645	6,645	-	-	-	-
Other financial liabilities	964	618	202	26	60	58
Derivative financial liabilities						
Forward exchange contracts	*	*	-	-	-	-

*Amount is below rounding off norms, adopted by the Group

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.

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

Note: 30. Fair value measurement (contd..)

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

Borrowing facilities	As at 31 March 2019	As at 31 March 2018
- Expiring within one year (bank overdraft facilities)	663	1,051

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 2019 and 31 March 2018 are reinstated in millions Indian Rupees which is stated below :

	USD	Euro	Other
As at 31 March 2019			
Financial assets			
Trade and other receivables	266	4	9
Derivative Assets			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
Net Exposure to Foreign Currency Risk (Assets)	**266**	**4**	**9**
Financial liabilities			
Trade and other payables	769	173	161
Derivative liabilities			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(488)	(12)	(6)
Net Exposure to Foreign Currency Risk (Liabilities)	**281**	**161**	**155**

	USD	Euro	Other
As at 31 March 2018			
Financial assets			
Trade and other receivables	342	26	-
Derivative Assets			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
Net Exposure to Foreign Currency Risk (Assets)	**342**	**26**	**-**
Financial liabilities			
Trade and other payables	689	72	73
Derivative liabilities			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(249)	(9)	-
Net Exposure to Foreign Currency Risk (Liabilities)	**440**	**63**	**73**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars/EURO as at year end 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.

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

Note: 30. Fair value measurement (contd..)

	Impact on Profit after tax	
Effect INR	**Increase**	**Decrease**
31 March 2019		
10% movement		
USD	(1)	1
Euro	(10)	10
Others	(10)	10
	(21)	**21**
31 March 2018		
10% movement		
USD	(6)	6
Euro	(2)	2
Others	(5)	5
	(13)	**13**

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 INR	**31 March 2019**	**31 March 2018**
Increase of 10%	195	328
Decrease of 10%	(195)	(328)

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.

Note: 31. 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 Group. 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 31 March 2018 and 31 March 2019.

	For the year ended 31 March 2019	**For the year ended 31 March 2018**
The following dividends were declared and paid by the Group during the year:		
31 March 2018 ₹ 22 per equity share (31 March 2017 ₹ 22 per equity share)	1,002	1,027
Dividend distribution tax on dividend to equity shareholders	206	209
	1,208	**1,236**

In terms of the shareholders' resolution approved on 22 May 2018, 11,20,000 shares of the Group were bought back through a Tender offer at a fixed price of ₹ 2100 per share and dividend was paid by the Group on the balance shares.

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 24 per equity share (31 March 2018 ₹ 22 per equity share). The proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 31. Capital management (contd..)

Dividend not recognised at the end of the reporting period

	For the year ended 31 March 2019	For the year ended 31 March 2018
31 March 2019 ₹ 24 per equity share (31 March 2018 ₹ 22 per equity share)	1,093	1,027
Dividend distribution tax on dividend to equity shareholders	225	211
	1,318	**1,238**

Note: 32. Segment information

A. General Information

The chief operating decision maker (CODM) (i.e. the country leadership team comprising Managing Director, Chief Financial Officer, Head HR and Company Secretary) 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, which are disclosed below:

i) **Coatings** : Consisting of decorative, automotive and industrial paints and related activities.

ii) **Others :** Consisting of chemicals business which has been discontinued during the year ended 31 March 2018 (Refer note 35).

B. Information about reportable segments and reconciliations to amounts reflected in the financial statements:

	Coatings		Others (Discontinued Operations)		Total	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
1. Revenue						
External revenue	28,802	27,571	-	2,387	28,802	29,958
Inter-segment revenue	-	139	-	48	-	187
Inter-segment eliminations	-	(139)	-	(48)	-	(187)
Other operating income	382	357	-	102	382	459
Total Revenue	29,184	**27,928**	-	**2,489**	29,184	**30,417**
2. Results						
Segment profit before income tax and exceptional items	3,194	2,493	-	196	3,194	2,689
3. Results reconciled to Profit after tax as follows					3,194	2,689
Less: Finance cost					(45)	(35)
Add: Unallocated income (net of unallocated expense)					-	302
Add: Profit on sale of chemicals business					-	2,442
Profit before exceptional items					3,149	5,398
Exceptional items					7	20
Profit before taxation					3,156	5,418
Income taxes						
- Current tax (net)					(1,098)	(1,396)
- Deferred tax					52	(21)
Profit after taxation					2,110	**4,001**

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 32. Segment information (contd..)

C. Other Information

	Coatings		Others (Discontinued Operations)		Total	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
a. Assets						
Segment Assets	20,979	16,188	-	-	20,979	16,188
Unallocated Assets					-	6,138
Total assets	**20,979**	**16,188**	**-**	**-**	**20,979**	**22,326**
b. Liabilities/ Shareholders' funds						
Segment Liabilities	9,616	8,475	-	-	9,616	8,475
Unallocated Other liabilities					-	942
Share Capital					456	467
Reserves and surplus					10,907	12,442
Total liabilities/ shareholders' funds	**9,616**	**8,475**	**-**	**-**	**20,979**	**22,326**
C. Revenue from external customers						
India	27,263	26,165	-	2,361	27,263	28,526
Outside India	1,144	1,406	-	26	1,144	1,432
Total Revenue from external customers	**28,407**	**27,571**	**-**	**2,387**	**28,407**	**29,958**

i) Inter segment prices are normally negotiated between 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 un-allocable items in segment results include income from investment of surplus funds of the Group and corporate expenses upto March 2018. Unallocable assets include un-allocable property, plant and equipment and other assets. Unallocable liabilities include un-allocable current liabilities and net deferred tax liability upto March 2018.

iii) After the conclusion of the sale transaction of speciality chemicals business during the year ended 31 March 2018, the Group has only one segment viz. “Coatings.” Accordingly for comparitive purposes, the Group has made disclosures under ‘Coatings’ for the year ended 31 March 2019 (Refer note 35).

D. Information about major customers

No external customer individually accounted for more than 10% of the revenues during the year ended 31 March 2019 and 31 March 2018.

Note: 33. Related party disclosures

1. (a) The Company is controlled by:

Akzo Nobel N.V., The Netherlands (Ultimate Holding Company)

Imperial Chemical Industries Limited, England, which is wholly owned by Akzo Nobel N.V.

Akzo Nobel Coatings International B.V., The Netherlands which is wholly owned by Akzo Nobel N.V.

(b) Fellow subsidiaries

Akzo Nobel Decorative Coatings B.V.	Akzo Nobel Paints (Singapore) Pte. Ltd.
Akzo Nobel Industrial Coatings Korea Ltd.	Akzo Nobel Packaging Coatings S.A.
Akzo Nobel Industrial Paints, S.L.	Akzo Nobel Paints (Malaysia) Sdn. Bhd.
Akzo Nobel Pakistan Limited	Akzo Nobel Paints (Thailand) Limited
Akzo Nobel Powder Coatings (Vietnam) Co. Ltd.	Akzo Nobel Paints Lanka (Pvt) Ltd
Akzo Nobel Powder Coatings GMBH	Akzo Nobel Paints Taiwan Limited
Akzo Nobel Swire Paints (Shanghai) Ltd.	Akzo Nobel Paints Vietnam Ltd.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019

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

Note: 33. Related party disclosures (contd..)

(b) Fellow subsidiaries

Akzo Nobel Server Boya Sanayi ve Ticaret A.S.
Akzo Nobel Car Refinishes (Singapore) Pte. Ltd.
Akzo Nobel Car Refinishes B.V.
Akzo Nobel Car Refinishes SL
Akzo Nobel Chemicals AG
Akzo Nobel Coatings (Dongguan) Co. Ltd.
Akzo Nobel Coatings (Jiaxing) Co. Ltd.
Akzo Nobel Coatings Inc.
Akzo Nobel Coatings International B.V.
Akzo Nobel Coatings Limited
Akzo Nobel Coatings SPA
Akzo Nobel Ltda
Akzo Nobel Packaging Coatings Limited
Akzo Nobel Saudi Arabia Ltd.
Akzo Nobel Global Business Services LLP
Akzo Nobel Oman SAOC
Akzo Nobel Adhesives Pte. Ltd.
Akzo Nobel Coatings AS
Akzo Nobel Coatings Vietnam Limited
Akzo Nobel Hilden GmbH
Akzo Nobel LLC
Akzo Nobel Performance Coatings (Changzhou) Co., Ltd.
Akzo Nobel N.V.
Akzo Nobel Pty. Limited
Akzo Nobel Coatings Limited
Imperial Chemical Industries Limited
Akzo Nobel Argentina S.A.
Akzo Nobel Chang Cheng Ltd
Akzo Nobel Egypt LLC
Akzo Nobel Limited
International Coatings Ltd
International Paint Limited (UK)
Akzo Nobel Chemicals India Private Limited (Upto 30 September 2018)
Akzo Nobel Powder Coatings Korea Co., Ltd.
Akzo Nobel UAE Paints L.L.C.
International Paint Limited
International Paint (Akzo Nobel Chile) Ltda
International Paint (Korea) Ltd
International Paint (Nederland) B.V.
International Paint (Panama) Inc.
International Paint (Taiwan) Ltd
International Paint LLC
International Paint of Shanghai Co Ltd
International Paint Pazarlama Ltd. Sirketi
International Paint Singapore Pte. Ltd.
International Peinture
PT ICI Paints Indonesia
PT International Paint Indonesia
PT Akzo Nobel Car Refinishes Indonesia
International Farbenwerke GmbH
International Farvefabrik A/S
International Paint (Hong Kong) Ltd.
International Paint Sdn Bhd
Oy International Paint (Finland) AB
Akzo Nobel Powder Coatings SAS
Akzo Nobel South Africa (Pty) Ltd.
International Paint (Hellas) S.A.
Akzo Nobel Decorative Paints L.L.C.
Akzo Nobel Car Refinishes AB
Akzo Nobel Boya Sanayi ve Ticaret A.S.
International Paint Limited
Akzo Nobel Dekor CJSC
Akzo Nobel Coatings K.K.
Akzo Nobel Powder Coatings (Suzhou) Co. Ltd.
Akzo Nobel UAE Paints L.L.C.

(c) Key management personnel

Mr. Nihal Kaviratne CBE - Chairman (upto 14 August 2017)
Mr. Amit Jain - Chairman (from 15 August 2017)
Mr. Jayakumar Krishnaswamy - Managing Director (upto 11 September 2018)
Mr Rajiv Rajgopal- Managing Director (from 1 November 2018)
Mr. Pradip Menon - Wholetime Director and CFO (WTD upto 2 August 2018; CFO upto 13 September 2018)
Mr. Lakshay Kataria - Wholetime Director and CFO (CFO from 7 January 2019; WTD from 1 February 2019)
Mr. Arabinda Ghosh - Non-Executive Director (upto 2 August 2018)
Mr. Jeremy Rowe - Non-Executive Director (from 6 April 2018 to 30 November 2018)
Mr. R Gopalakrishnan - Independent Director (upto 22 July 2018)
Mr. Hemant Sahai- Independent Director (from 3 August 2018)
Mr. Arvind Uppal - Independent Director
Mr. Raj S Kapur - Independent Director
Ms. Kimsuka Narsimhan - Independent Director
Dr. Sanjiv Misra - Independent Director (upto 22 July 2018)
Mr. R Guha- Company Secretary (WTD from 10 September 2018 to 8 February 2019)

(d) 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
Akzo Nobel Coatings Employees Superannuation Fund

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

Note: 33. Related party disclosures (contd..)

Gratuity trusts
ICI India Limited Employees' Gratuity Fund
ICI India Management Staff Gratuity Fund
Akzo Nobel India Employees Gratuity Trust 2016
Akzo Nobel Coatings India P Ltd Employees Group Gratuity Cum Life Assurance Scheme
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

2. The following transactions were carried out with related parties in the ordinary course of business (Continuing and discontinued operations) :

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts
	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19
	(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)
a) **Transactions during the year**						
Purchase of materials / finished goods	-	-	-	1,434	-	-
	-	-	-	(2,615)	-	-
Purchase of Fixed Assets	-	-	-	-	-	-
	-	-	-	(2)	-	-
Sale of finished goods	-	-	-	346	-	-
	-	-	-	(448)	-	-
Sales proceeds from divestment of Chemicals Business	-	-	-	-	-	-
	-	-	-	(3,098)	-	-
Interest income	-	-	-	-	-	-
	-	-	-	(39)	-	-
Expenses incurred and recovered/recoverable from other Companies (Income)	6	*	-	82	-	2
	(176)	*	-	(99)	-	(7)
Expenses reimbursed to other Companies (Expense)	21	-	-	37	-	-
	(230)	-	-	(11)	-	-
Royalty	-	-	878	-	-	-
	-	-	(818)	(25)	-	-
Dividend paid	-	506	-	243	-	-
	-	(506)	-	(243)	-	-
Services provided (Income)	133	-	-	418	-	-
	(2)	-	-	(433)	-	-
Services received (expenses)	203	-	-	-	-	-
	(27)	-	-	(14)	-	-
Managerial remuneration						
Short-term employee benefits	-	-	-	-	41	-
	-	-	-	-	(46)	-
Post employment benefits	-	-	-	-	5	-
	-	-	-	-	(4)	-
Other long - term benefits	-	-	-	-	1	-
	-	-	-	-	(6)	-
Guarantee issued on behalf of the Group for credit facilities from banks	871	-	-	-	-	-
	(1,051)	-	-	-	-	-

*Amount is below rounding off norm, adopted by the Group

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

Note: 33. Related party disclosures (contd..)

		Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts
		2018-19	2018-19	2018-19	2018-19	2018-19	2018-19
		(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)	(2017-18)
b)	**Balances as at the end of the year**						
	Dues to related parties	34	32	85	521	32	-
		(35)	(33)	(720)	(508)	(21)	-
	Dues from related parties	27	-	-	327	-	-
		(46)	-	-	(263)	-	-
c)	**Share Capital outstanding as at end of the year**	-	230	111	-	-	-
		-	(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 2019 (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 2017-18

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:

	2018-19	2017-18
Purchase of materials / finished goods		
PT Akzo Nobel Car Refinishes Indonesia	373	286
Akzo Nobel Hilden GmbH	198	132
Akzo Nobel Surface Chemistry AB	-	527
Akzo Nobel Surface Chemistry LLC	-	322
Akzo Nobel Functional Chemicals BV	-	318
Others	863	1,030
	1,434	**2,615**
Purchase of fixed assets		
Akzo Nobel Functional Chemicals B.V.	-	2
	-	**2**
Sales of finished goods		
International Paint Singapore Pte. Ltd	9	4
Akzo Nobel Paints Vietnam Ltd	62	58
PT ICI Paints Indonesia	92	116
Akzo Nobel LLC	76	-
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	61	55
Akzo Nobel Saudi Arabia LTD.	-	9
Akzo Nobel Paints (Thailand) LTD.	18	59
Akzo Nobel Paints LLC	-	49
Other	28	98
	346	**448**
Sales proceeds from divestment of Chemicals business (Refer note 35)		
Akzo Nobel Chemicals India Private Limited	-	3,098
	-	**3,098**

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 33. Related party disclosures (contd..)

	2018-19	2017-18
Interest Income		
Akzo Nobel Chemicals India Private Limited	-	39
	-	**39**
Expenses incurred and recovered/recoverable from other companies (Income)		
Akzo Nobel Lanka (Pvt.) Limited	*	*
Akzo Nobel N.V. Netherlands	6	176
Akzo Nobel Decorative Coatings B.V.	2	25
Akzo Nobel Car Refinishes B.V.	6	10
International Paint Limited	-	*
Akzo Nobel Chemicals India Private Limited	42	-
Akzo Nobel Global Services India LLP	14	-
Akzo Nobel UAE Paints L.L.C.	12	29
Others	8	42
	90	**282**

*Amount is below rounding off norms, adopted by the Group

	2018-19	2017-18
Expenses reimbursed to other companies (Expense)		
Akzo Nobel N.V. Netherlands	21	230
Akzo Nobel Paints (Singapore) Pte. Ltd.	16	2
Akzo Nobel Car Refinishes B.V.	13	-
Others	8	9
	58	**241**
Royalty		
Akzo Nobel Coatings International B.V.	878	818
Others	-	25
	878	**843**
Dividend paid		
Imperial Chemical Industries Limited, England	506	506
Akzo Nobel Coatings International B.V.	243	190
Others	-	54
	749	**750**
Services provided (Income)		
Akzo Nobel Car Refinishes B.V.	389	334
Akzo Nobel N.V.	133	2
Other	29	100
	551	**436**
Services received (Expense)		
Akzo Nobel N.V. Netherlands	203	27
Akzo Nobel Projects & Engineering B.V.	-	14
Others	-	*
	203	**41**

*Amount is below rounding off norms, adopted by the Group

	31 March 2019	31 March 2018
Managerial remuneration		
Mr. Jayakumar Krishnaswamy	11	24
Mr. Pradip Menon	7	18
Mr. Rajiv Rajgopal	11	-
Mr. R. Guha	7	-
Mr. Lakshay Kataria	4	-
Non-Executive Directors	7	8
	47	**50**

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 33. Related party disclosures (contd..)

	As at 31 March 2019	As at 31 March 2018
Dues to related parties		
Akzo Nobel Coatings International B.V.	85	720
PT. Akzo Nobel Car Refinishes Indonesia	86	110
Akzo Nobel Hilden GmbH	121	24
Others	412	463
	704	1,317
Dues from related parties		
Akzo Nobel Car Refinishes B.V.	192	65
International Paint Singapore Pte. Ltd.	36	26
Akzo Nobel Decorative Coatings B.V.	*	12
PT ICI Paints Indonesia	13	38
Akzo Nobel N.V. Netherlands	27	46
Akzo Nobel LLC	32	36
Others	54	86
	354	309
Share Capital Outstanding		
Imperial Chemical Industries Limited, England	230	230
Akzo Nobel Coatings International B.V.	111	111
Others	*	*
	341	341

3. 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 Group 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 arm's 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: 34. 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.

Defined benefit plans

The Group makes specified monthly contributions towards employees' provident fund to the 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. Also refer note 26 (c).

Post-employment medical benefits

The Group provides post-retirement healthcare benefits to certain categories of0 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.

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

Note: 34. Employee benefits (contd..)

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 and when they are due. The Group has no further payment obligations once the contributions have been made. Also refer note 26 (c).

Significant Estimates : Employee benefit obligations 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	
		For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
(A)	**Employee benefit expense recognised in profit or loss**								
	(a) Current service cost	42	56	3	2	2	1	69	39
	(b) Interest cost (net)	4	8	(9)	(22)	17	16	(2)	(2)
	(c) Write back on account of assets recognition	-	*	-	-	-	*	-	2
	(d) Past service cost - plan amendments	-	2	-	-	-	-	-	-
	Total expense / (gain)	46	**66**	(6)	**(20)**	19	**17**	67	**39**
	Remeasurements recognised directly in other comprehensive income								
	(a) Return on plan assets (greater)/ less than discount rate	(1)	2	(8)	15	-	-	-	(13)
	(b) Actuarial (gains) / losses								
	- From changes in demographic assumptions	33	*	-	*	-	*	-	-
	- From changes in financial assumptions	20	(121)	9	(8)	41	(11)	-	-
	- Experience adjustments	-	22	(11)	59	20	25	-	-
	(c) Adjustment for limit on net asset	-	-	7	(52)	-	-	-	13
	Total expense / (gain)	52	**(97)**	(3)	**13**	61	**14**	-	**-**

*Amount is below rounding off norms, adopted by the Group

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
(B)	**Net Asset / (Liability) as at year end**								
	(a) Present value of obligations as at year end	455	363	123	125	292	244	999	843
	(b) Fair value of plan assets as at year end	311	303	250	250	-	-	1,022	843
	(c) Fair value of plan assets, limited to present value of future contributions	311	303	190	183	-	-	1,022	843
	Net Asset / (Liability) (b)-(a)	(144)	(59)	128	**124**	(292)	**(244)**	23	**-**
	Net Asset / (Liability) recognised in Balance Sheet (c)-(a)	(144)	**(59)**	67	**58**	(292)	**(244)**	-	**-**
	(Refer below details for amount recognised in balance sheet)								
	Provision in Balance Sheet (Refer Note 13)								
	Current	-	-	-	-	(21)	(20)	-	-
	Non-Current	(144)	(60)	-	-	(270)	(224)	-	-
		(144)	(60)	-	**-**	(291)	**(244)**	-	-

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

Note: 34. Employee benefits (contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Retirement Benefit Trust Surplus (Refer Note 6)								
Current	-	-	-	-	-	-	-	-
Non-Current	-	1	67	58	-	-	-	-
	-	**1**	67	**58**	-	**-**	-	**-**
Net Asset / (Liability) recognised in Balance Sheet								
Current	-	-	-	-	(21)	(20)	-	-
Non-Current	(144)	(59)	67	58	(270)	(224)	-	-
	(144)	**(59)**	67	**58**	(291)	**(244)**	-	**-**

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	
		As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
(C)	**Change in defined benefit obligations during the year**								
	Present value of obligations at beginning of the year	362	452	125	80	244	247	843	734
	(a) Current service cost	42	56	3	2	2	1	69	39
	(b) Interest cost	26	30	9	5	17	16	61	65
	(c) Benefits paid	(28)	(47)	(12)	(13)	(33)	(30)	(118)	(52)
	(d) Actuarial (gains) / losses	53	(99)	(2)	51	62	14	1	*
	(e) Liabilities extinguished on settlements	-	-	-	-	-	-	-	*
	(f) Employee contributions	-	-	-	-	-	-	92	57
	(g) Transfer In/ (Out)	-	-	-	-	-	-	35	1
	(h) Other Adjustments	-	*	-	*	-	*	16	(1)
	(i) Past service cost - plan amendments	-	2	-	-	-	(4)	-	-
	(j) Liability for discontinued operations	-	(32)	-	-	-	-	-	-
	Present value of obligations at end of the year	455	**362**	123	**125**	292	**244**	999	**843**

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31March 2018
(D)	**Change in fair value of plan assets during the year**								
	Fair value of plan assets as at beginning of the year	303	309	250	258	-	-	843	779
	(a) Return on plan assets (greater)/less than discount rate	1	(2)	(5)	(15)	-	-	-	-
	(b) Interest income on plan assets	22	22	18	20	-	-	71	67
	(c) Company contributions	-	1	-	-	-	-	149	38
	(d) Employee contributions	-	-	-	-	-	-	52	57
	(e) Benefits paid	(15)	(19)	(13)	(13)	-	-	(118)	(52)
	(f) Adjustment of defined contribution	-	-	-	-	-	-	25	(46)
	(g) Actuarial gains / (losses)	-	-	-	-	-	-	-	-
	(h) Transfer In/ (Out)	-	-	-	-	-	-	-	-
	(i) Assets for discontinued operations	-	(8)	-	-	-	-	-	-
	Fair value of plan assets	311	**303**	250	**250**	-	**-**	1,022	**843**
(E)	**Change in Irrevocable Surplus**								
	Irrevocable Surplus as at the beginning of the year	-	-	67	110	-	-	-	45
	(a) Interest in Irrevocable Surplus	-	-	4	7	-	-	-	-
	(b) Change in Irrevocable Surplus in excess of interest	-	-	(11)	(50)	-	-	-	(45)
	Irrevocable Surplus as at the end of the year	-	**-**	60	**67**	-	**-**	-	**-**

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 34. Employee benefits (contd..)

		Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
		As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31March 2018
(F)	**Expected maturity analysis of undiscounted defined benefit plans**								
	Less than a year	64	58	34	16	22	21	4	1
	Between 1-2 years	64	63	17	16	23	21	1	1
	Between 2-5 years	199	191	38	42	71	65	4	3
	Over 5 years	359	309	40	52	122	109	14	7
	Total	**686**	**621**	**129**	**126**	**238**	**216**	**23**	**12**
(G)	Weighted Average Duration	6	6	6	9 to 10	6	10	6	6
(H)	**Sensitivity Analysis**								
	Discount Rate (%age)								
	Effect of DBO due to 0.5% increase in Discount Rate	-2.9%	-2.6%	-4.1%	-4.0%	-4.8%	-4.1%	-	-
	Effect of DBO due to 0.5% decrease in Discount Rate	3.1%	2.8%	4.1%	4.0%	5.2%	4.5%	-	-
	Salary Escalation Rate (%age)								
	Effect of DBO due to 0.5% increase in Salary Escalation Rate	3.1%	2.8%	-	-	-	-	-	-
	Effect of DBO due to 0.5% decrease in Salary Escalation Rate	-2.9%	-2.8%	-	-	-	-	-	-
	Medical Inflation Rate (%)								
	Effect on DBO due to 0.5% increase in Medical Inflation	-	-	-	-	4.5%	3.7%	-	-
	Effect on DBO due to 0.5% decrease in Medical Inflation	-	-	-	-	-4.1%	-3.7%	-	-
	Mortality Rate (%)								
	Effect on DBO if Post Retirement Medical Rates are scaled up by one year	-	-	-	-	-4.1%	-4.5%	-	-
	Effect on DBO if Post Retirement Medical Rates are scaled down by one year	-	-	-	-	4.5%	4.5%	-	-

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:

	As at 31 March 2019	As at 31 March 2018
Long service award obligation		
Current	(1)	(1)
Non-Current	(11)	(10)
Total	**(12)**	**(11)**
Leave obligation		
Current	(23)	(23)
Non-Current	(118)	(106)
Total	**(141)**	**(129)**
Pension obligation		
Current	-	-
Non-Current	(10)	(19)
Total	**(10)**	**(19)**

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

Note: 34. Employee benefits (contd..)

(J) Expected contributions to post-employment benefit plans for the year ending 31 March 2020 is ₹ 147 (31 March 2019 ₹ 88).

(K) Major category of plan assets.

	Gratuity				Pension			
	As at 31 March 2019		As at 31 March 2018		As at 31 March 2019		As at 31 March 2018	
	%	Amount	%	Amount	%	Amount	%	Amount
Government of India Securities (Central & State)	10%	31	13%	38	25%	63	20%	51
High Quality Corporate Bonds (including Public sector bonds)	12%	38	12%	38	26%	65	41%	103
Cash (including special deposits)	2%	5	4%	11	2%	5	6%	15
Scheme of Insurance-conventional Products	0%	-	2%	7	0%	-	0%	-
Scheme of Insurance-ULIP products	70%	218	37%	112	0%	-	0%	-
Other	6%	18	32%	96	47%	116	33%	81
	100%	310	100%	303	100%	249	100%	250

Major category of plan assets

	Provident Fund			
	As at 31 March 2019		As at 31 March 2018	
	%	Amount	%	Amount
Government of India securities (Central & State)	39%	393	31%	265
High quality corporate bonds (including Public sector bonds)	47%	487	56%	474
Cash (including special deposits)	2%	21	3%	24
Other	12%	119	10%	80
	100%	1020	100%	843

Actuarial Assumptions

	2018-19	2017-18
	%	%
Discount Rate (Annual)	7.10%	7.50%
Salary growth rate	8.00%	8.00%
Expected rate of return (Annualised)	8.00%	8.00%
Medical Inflation Rate	8.00%	8.00%

(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 are 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.

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

Note: 34. Employee benefits (contd..)

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.

(M) The impact on employee benefit obligations pursuant to change in actuarial assumptions is taken to other comprehensive income.

Note: 35. Discontinued operations

(a) Description

Pursuant to the Board of Directors' decision on 7 November 2017 and subsequent shareholders' approval on 18 December 2017, the Company had entered into a Business Transfer Agreement ("BTA") on 30 March 2018 and addendums thereto to sell by way of slump sale its Specialty Chemicals business ("the Business") as a going concern to Akzo Nobel Chemicals India Private Limited ('ANCIPL'), which was then an affiliate of the ultimate holding company.

In accordance with the BTA the following major categories of assets and liabilities were transferred to ANCIPL with effect from the close of business on 31 March 2018, being the date of transfer of control.

	As at 31 March 2018
Property, plant and equipment	199
Capital work in progress	37
Inventories	330
Trade receivables	559
Other assets	23
Total Assets	**1,148**
Trade payables	511
Provisions	40
Others	17
Total Liabilities	**568**
Net Assets	**580**

(b) Financial Performance and cash flow information

The following results of operations and cash flows for the year ended 31 March 2018 have been presented as discontinued operations in the financial statements:

Particulars	For the year ended 31 March 2018
Revenue from operations	2,489
Expenses	2,340
Profit before tax	149
Tax expense	62
Profit after income tax	87
Profit on sale of chemicals business after income tax (see (c) below)	1,862
Profit from discontinued operations	1,949
Remeasurement of defined benefit plans arising from discontinued operations	3
Income tax relating to Other comprehensive income/(loss) arising from discontinued operations	(1)
Other Comprehensive Income from discontinued operations	2
Total Comprehensive Income from discontinued operations	**1,951**
Cash Flow Statement	
Net cash inflow from operating activities	30
Net cash inflow/(outflow) from investing activities	3,031
Net increase in cash generated from discontinued operations	**3,061**

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 35. Discontinued operations (contd..)

(c) Details of the sale of the business

The profit on sale of the Business is computed as follows :

Particulars	For the year ended 31 March 2018
Sale consideration adjusted for working capital movement and taxes as per the BTA	3,098
Less: Net assets transferred (Refer note 'a' above)	(580)
Less: Transaction cost in relation to the transfer	(76)
Profit on sale	**2,442**
Less: Income tax expense	(580)
Profit on sale after tax	**1,862**

Note: 36. 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	₹	As % of consolidated profit and loss	₹	As % of consolidated other comprehensive income	₹	As % of total comprehensive income	₹
Parent								
Akzo Nobel India Limited								
Balance as at 31st March 2019	99.94%	11,356	99.99%	2,110	99.99%	(71)	99.99%	2,039
Balance as at 31st March 2018	99.95%	12,902	100.12%	4,006	89.58%	43	99.99%	4,049
Indian Subsidiary								
ICI India Research & Technology Centre								
Balance as at 31st March 2019	0.06%	7	0.01%	*	0.01%	*	0.01%	*
Balance as at 31st March 2018	0.05%	7	-0.12%	(5)	10.42%	5	0.01%	*
Total								
Balance as at 31st March 2019	**100.00%**	**11,363**	**100.00%**	**2,110**	**100.00%**	**(71)**	**100.00%**	**2,039**
Balance as at 31st March 2018	**100.00%**	**12,909**	**100.00%**	**4,001**	**100.00%**	**48**	**100.00%**	**4,049**

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: 37. Other information

(a) Recent accounting pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA), on 30 March 2019, notified Ind AS 116, Leases as a part of the Companies (Indian Accounting Standards) Amendment Rules, 2019. Ind AS 116 replaces the existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1 April 2019.

Amendment to Ind AS 19: Employee Benefits

This amendment requires an entity to: (i) use updated assumptions to determine current service cost and net interest and (ii) recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus

Notes

to the Consolidated Financial Statements for the year ended 31 March 2019
(All amounts are in millions Indian ₹ unless otherwise stated)

Note: 37. Recent accounting pronouncements (contd..)

Amendment to Ind AS 109

This amendment enables an entity to measure at amortised cost some prepayable financial assets with negative compensation.

Ind AS 12, Income Taxes

The appendix C provides accounting for uncertainty over income tax treatments.

New paragraph 57A has been added to clarify the income tax consequences of dividends on financial instruments classified as equity.

The Company is evaluating the requirements of the above amendments and their effect on the financial statements.

(b) Consequent to the amendments in schedule III to Companies Act 2013, presentation of financial statements is amended to comply with new requirements.

Note: 38 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. AN Coatings had, therefore, made applications with the Central Government for approval of the excess remuneration paid, for which response is awaited.

Note: 39 In accordance with Ind AS 18 on Revenue and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, revenue for the period ended 30 June 2017 are reported inclusive of Excise Duty. Consequent to the implementation of the Goods and Service Tax ("GST") w.e.f. 1 July 2017, Excise Duty, VAT, Service Tax and various other Indirect Taxes have been subsumed into GST. As per Ind AS 18, revenue for the period 1 July 2017 to 31 March 2018 is reported net of GST.

Note: 40 Previous year figures have been regrouped and reclassified where ever necessary to conform to the current year classifications.

As per our report of even date attached.

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

Anurag Khandelwal
Partner
Membership No. : 078571

Date: 3 May 2019
Place: Gurugram

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

Amit Jain
Chairman
DIN : 01770475

Rajiv Rajgopal
Managing Director
DIN : 06685599

Lakshay Kataria
Wholetime Director and CFO
DIN : 08345477

Rajasekaran Guha
Company Secretary
ACS 3838

Date: 3 May 2019
Place: Gurugram

Notice of Annual General Meeting

Notice is hereby given that the 65th Annual General Meeting (AGM) of the members of Akzo Nobel India Limited will be held on Thursday, 8 August 2019 at 1400 hours at Bharatiyam, Eastern Zonal Cultural Centre, IB-201, Sector III, Salt Lake City, Kolkata 700 106, to transact the following business:

Ordinary Business

1. To consider and adopt the audited financial statements for the year ended 31 March 2019 and the reports of the Directors and Auditors thereon.

2. To declare a Dividend on equity shares for the year ended 31 March 2019.

3. To appoint a Director in place of Mr Amit Jain who retires by rotation and being eligible, offers himself for re-appointment as a Director of the Company

Special Business

4. To appoint Mr Lakshay Kataria as a Wholetime Director of the Company and approve his remuneration:

   Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board, at its meeting held on 1 February 2019, has appointed Mr Lakshay Kataria as an Additional Director of the Company with effect from 1 February 2019 (to be designated as a Wholetime Director for a period of five years with effect from 1 February 2019), subject to the approval of the members.

   Accordingly, the members may consider and, if thought fit, pass the following resolution as an ordinary resolution:

   "RESOLVED that pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr Lakshay Kataria (DIN 08345477), be and is hereby appointed a Director of the Company, liable to retire by rotation."

   "RESOLVED further that in accordance with the provisions of sections 196, 197 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr Lakshay Kataria (DIN 08345477), Director of the company, be and is hereby appointed as Whole time Director of the Company for a period of 5 (five) years with effect from 1 February 2019 to 31 January 2024 as per the terms set out in the agreement dated 1 February 2019 entered into between him and the Company, a copy of which was placed before the Meeting."

5. To appoint Mr Oscar Christian Maria Józef Wezenbeek as a Non-Executive Director:

   Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board, at its meeting held on 3 May 2019, has appointed Mr Oscar Christian Maria Józef Wezenbeek as an Additional Director of the Company with effect from 4 May 2019 to hold office till the date of the next Annual General meeting and continue thereafter as a Non-Executive Director, subject to the approval of the members.

   Accordingly, the members may consider and, if thought fit, pass the following resolution as an ordinary resolution:

   "Resolved that pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr Oscar Christian Maria Józef Wezenbeek (DIN 08432564), be and is hereby appointed a Director of the Company, liable to retire by rotation."

6. To appoint Mr Arvind Uppal as an Independent Director for a second term:

   The present term of appointment of Mr Arvind Uppal as an Independent Director of the Company ends on 13 August 2019. Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board, at its meeting held on 3 May 2019, resolved to recommend his re-appointment for another term of five years.

   Accordingly, the members may consider and, if thought fit, pass the following resolution as a special resolution:

   "RESOLVED that pursuant to the provisions of sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr Arvind Uppal (DIN: 00104992), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of five consecutive years with effect from 14 August 2019 to 13 August 2024 and he shall not be liable to retire by rotation".

7. Ratification of remuneration to M/s Chandra Wadhwa & Co., Cost Auditors:

   The Board, at its meeting held on 3 May 2019, has re-appointed M/s Chandra Wadhwa & Co., Cost Accountants, as the Cost Auditors of the Company for the year ending 31 March 2020, subject to ratification of their remuneration by the members at the next general meeting of the Company.,

   Accordingly, the members may consider and, if thought fit, pass the following resolution as an ordinary resolution:

   "RESOLVED that the remuneration of ₹ 0.60 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 2019-20 by the Board of Directors, be and is hereby ratified."

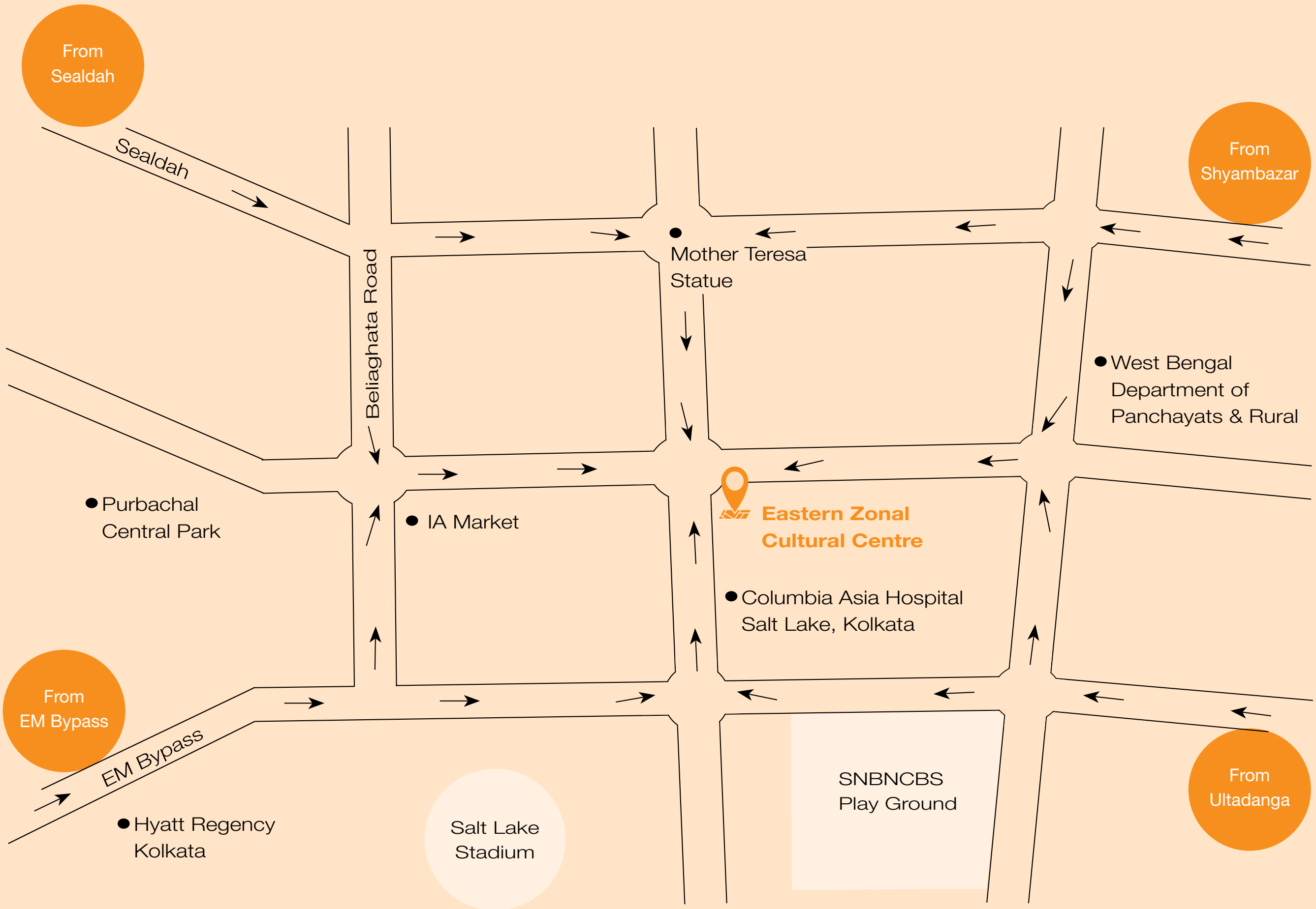
By order of the Board

Gurugram
3 May 2019

Rajasekaran Guha
Company Secretary
ACS 3838

Registered office:
8-B, Middleton Street
Kolkata 700 071

Route Map of AGM venue



Scan the QR code on your smartphone for directions on Google Maps

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.

A person can act as Proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy of any other person or shareholder.

ii) Explanatory statement pursuant to Section 102 of the Companies Act, 2013 ('the Act') in respect of items covered under Special Business is annexed hereto.

iii) Information under Regulation 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as required under Secretarial Standard - 2 relating to Directors proposed to be appointed / re-appointed are provided hereunder.

iv) The Register of Members and Share Transfer books of the Company will remain closed from 2 August 2019 to 8 August 2019 both days inclusive.

v) Dividend, if approved at the Meeting, will be paid on or around 22 August 2019 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 1 August 2019 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 as on 1 August 2019.

vi) As per 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 IFS 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.

vii) Members holding shares in physical form and are desirous of making nomination in terms of section 72 of the Act, may write to the RTA for the prescribed form.

viii) Members/Proxy holders must bring the Attendance Slip to the Meeting and hand it over at the entrance, duly signed. A blank format of the same is appended to the Annual Report.

viii) Corporate members intending to send their authorized representative to attend the AGM are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the AGM.

ix) Members who wish to obtain any information on the Company or the financial statements 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, Gurugram 122 002.

x) Pursuant to the provisions of section 124 of the Act, 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 31 March 2012 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 2019.

Further, pursuant to Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 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 the same by making an application in the prescribed form and manner to the IEPF Authority.

xii) All documents referred to in the accompanying Notice of the AGM and the Explanatory Statement shall be open for inspection without any fee at the Registered Office of the Company between 10 am to 12 noon on all working days, except Saturday, upto and including the date of the AGM of the Company and will also be kept open at the venue of the AGM till the conclusion of the AGM.

xiii) Complete particulars of the Route Map showing prominent landmarks to reach the venue of the AGM is annexed with the Notice.

xiv) Pursuant to section 108 of the Act, 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 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

DIN 01770475

Mr Amit Jain ('Mr Jain') is the Chairman of the Company since 15 August 2017. Earlier he served as the Managing Director of the Company from 2009-2013 and continued as a Non-Executive Director from January 2014. He is currently the Managing Director of L'Oreal India Private Limited. He is also on the board of ICI India Research & Technology Centre and a member of the Nomination and Remuneration Committee.

Born in 1964, Mr Jain started his career with the Company, where he managed a diverse set of responsibilities in sales and marketing. He subsequently served in business leadership roles with Coca-Cola and Viacom & MTV across Asia. In 2009, he re-joined the Company as the Managing Director, before moving to Akzo Nobel NV to lead the Europe Decorative Paints Business in 2014.

He is an MBA from the Faculty of Management Studies, Delhi and has attended the prestigious Advanced Management Programme at Wharton Business School.

Mr Jain is not related to any of the Directors of the Company nor does he hold any shares of the Company. Further, it is affirmed that Mr Jain is not debarred from holding the office of director by virtue of any order of SEBI or any other such authority.

The Board recommends the resolution for approval by the shareholders. Except Mr Amit Jain, no other Director or Key Managerial Personnel (KMPs) has any interest or concern in this resolution.

Explanatory statement pursuant to Section 102 of the Companies Act, 2013

Item No. 4

Mr Lakshay Kataria

DIN 08345477

Mr Lakshay Kataria ('Mr Kataria') joined the Board of the Company in February 2019.

Born in 1978, Mr Kataria is a rank-holder Chartered Accountant from ICAI and Bachelor in Commerce from Shriram College of Commerce, Delhi University. Mr Kataria has 17 years of experience with organisations like Unilever, GSK Consumer, Microsoft and 21st Century Fox (Star India). Mr Kataria's experience ranges across Finance and Commercial roles including business partnering, finance controllership, investor relations, commercial management, treasury and M&A. In his last assignment at ACG Associated Capsules, Mr Kataria was VP Finance reporting to the CEO and was responsible for India and Global finance.

The remuneration and other terms relating to Mr Lakshay Kataria's appointment as a Wholetime Director of the Company are contained in the agreement dated 1 February 2019 between Mr Lakshay Kataria and the Company (the 'Agreement'). The key terms of Mr Lakshay Kataria's appointment are set out below:

1. **Term**

   Five years with effect from 1 February 2019, subject to the rules of the Company.

2. **Emoluments**

   Mr Lakshay Kataria shall be entitled to receive from the Company the following remuneration, subject to the overall limits specified herein and as laid down in sections 197 and 198 of the Act, (the "Act"):

   a) Base Salary

      Basic Salary: ₹ 375,000 per month

      Allowances including Leave Travel Allowance: ₹ 375,000 per month

   b) Commission/ Annual Bonus and Deferred Performance Pay (Long Term Incentive Plan)

      As may be approved by the Board for each financial year based on the net profit of the Company for that year, computed in the manner laid down in section 198 of the Act and after considering all relevant circumstances.

   c) Perquisites

      The following perquisites would be provided by the Company, subject to tax as applicable:

      i) Accommodation: Provision of residential accommodation subject to the Rules of the Company.

      ii) Car and Telephone: Provision of car for use on Company's business and telephone at residence. These will not be considered as perquisites. However, personal long distance calls shall be billed by the Company.

      iii) Contribution to Retiral Benefit Funds

         a) Mr Lakshay Kataria shall become a member of the Alkali & Chemical Corporation of India Provident Fund with the Company's contribution not exceeding the limit permissible under law (currently 12% of the salary).

         b) Mr Lakshay Kataria will be entitled to pension benefits in accordance with the Pension Fund Rules applicable to the Company's Management Staff under the Defined Contribution Scheme. The Company's contribution will be 15% of his Basic Salary.

            Provided however that the contributions to the Pension Fund shall not, together with the Company's contribution to the

Provident Fund, exceed the maximum limit permissible under law.

c) Mr Lakshay Kataria will be entitled to Gratuity in accordance with the Gratuity Fund Rules applicable to the Company's Management Staff not exceeding half a month's salary for each completed year of service.

iv) **Club Fees:** Fees of a maximum of one club.

v) **Leave:** Leave on full pay and allowances, as per rules of the Company, but not exceeding 22 days leave for every 12 months of service.

vi) **Encashment of Leave:** In accordance with the Company's rules.

vii) **Medical Benefits:** Reimbursement of expenses incurred for self and family.

viii) **Personal Accident/Medical Insurance:** As per Company policy.

The aforesaid perquisites shall be valued as per Income Tax Rules wherever applicable and in the absence thereof, at cost.

Mr Lakshay Kataria shall have the option to forego any of the perquisites as above and opt for an allowance in lieu thereof, as per rules of the Company and as approved by the Board.

The Board may review and determine from time to time any revision and/or modification in the above perquisites during the tenure of his appointment.

The aforesaid remuneration shall be subject to the limit of ₹ 1.2 million per month plus perquisites and Commission/ Annual Bonus/ Deferred Performance Pay, which taken together shall not exceed 250% of the aforesaid limit, as specified in the resolution approved by the shareholders at the Annual General Meeting held on 22 July 2011.

For calculating the ceiling as above, encashment of leave at the end of tenure, expenses on car and telephone for official duties, Company's contribution to Retiral Benefit Funds to the extent not taxable under the Income Tax Act, shall not be considered.

3. The Board while approving any change in the remuneration of Mr Lakshay Kataria in his Base Salary, Commission/ Annual Bonus and Deferred Performance Pay (Long Term Incentive Plan) and Perquisites, may consider the recommendations of the Nomination & Remuneration Committee.

4. Minimum Remuneration

In the event of absence or inadequacy of profit of the Company in any financial year, Mr Lakshay Kataria will be entitled to receive such minimum remuneration as is permissible under the provisions of the Act.

5. Termination

The Agreement provides that either party may terminate the appointment by giving to the other three months' previous notice in writing or such other shorter period as may be mutually agreed between the Board and Mr Lakshay Kataria.

6. Duties and Obligations

The Agreement also sets out the duties and obligations of Mr Lakshay Kataria.

7. Sitting Fees

Mr Lakshay Kataria will not be entitled to receive Sitting Fees from the Company for attending Meetings of the Board of Directors or any Committee thereof.

8. Approval of the Company in General Meeting

Mr Lakshay Kataria's appointment as a Wholetime Director and the remuneration payable to him, as aforesaid, is subject to the approval of the Members in General Meeting and to the extent any of the provisions herein are inconsistent with or contrary to the terms of such approval, the latter shall prevail.This resolution is intended for the purpose.

When this agreement expires or is terminated for any reason whatsoever, Mr Lakshay Kataria shall cease to be the Wholetime Director and shall also cease to be a Director of the Company. Similarly, if at any time, Mr Lakshay Kataria ceases to be a Director of the Company for any reason whatsoever, he will cease to be the Wholetime Director and this agreement will forthwith terminate. If at any time, Mr Lakshay Kataria ceases to be in the employment of the Company for any reason whatsoever, he will cease to be a Director and Wholetime Director of the Company.

The terms of Mr Lakshay Kataria's appointment are more fully set out in the said Agreement dated 1 February 2019, which will be available for inspection by any member at the registered office of the Company between 10 am to 12 noon on any working day (excluding Saturdays) prior to the date of the Annual General Meeting as well as at the Meeting.

Mr Kataria is also on the Board of ICI India Research & Technology Centre. He is a member of the Stakeholders Relationship Committee, CSR Committee and Risk Management Committee.

Mr Kataria is not related to any of the Directors of the Company nor does he hold any shares of the Company. Further, it is affirmed that Mr Kataria is not debarred from holding the office of director by virtue of any order of SEBI or any other such authority.

The Board recommends the resolution for approval of the shareholders. Except Mr Lakshay Kataria, no other Director or KMP has any interest or concern in this resolution.

Item No. 5

Mr Oscar Wezenbeek

DIN 08432564

Mr Oscar Wezenbeek ('Mr Wezenbeek') joined the Board of the Company as an Additional Director (Non-executive) in May 2019. He is a member of the Audit Committee and Nomination and Remuneration Committee.

Born in 1964, Mr Wezenbeek is currently the Managing Director for Akzo Nobel Paints (Singapore) Pte Ltd and responsible for AkzoNobel Decorative Paints in South East & South Asia (SESA). He is also Chairman of Akzo Nobel Paints (Lanka) Pvt Ltd and President of PT ICI Paints Indonesia. Over the course of his 28-year career with AkzoNobel Group, he has successfully led various portfolios in the coatings and automobile departments. He is a passionate people manager, driving customer focus and performance improvement in all business areas. Other areas of his expertise include market research, business planning, strategy development and innovation.

With a key interest in Sustainability, Mr Wezenbeek also actively promotes painting the construction industry green and collaborates closely with the World Green Building Council in Asia in many initiatives and thought leadership platform.

Mr Wezenbeek has attended an Advanced Management Program at INSEAD in 2006 and Global Executive Leadership Program at Yale School of Management in 2016. He graduated from Technical University Eindhoven with a Masters in Business Engineering and Management Sciences in 1988.

Copy of the draft letter of appointment for Mr Wezenbeek as a Non-Executive Director setting out the terms and conditions will be open for inspection by any member at the registered office of the Company between 10 am to 12 noon on any working day (excluding Saturdays) prior to the date of the Annual General Meeting as well as at the Meeting.

Mr Wezenbeek is not related to any of the Directors of the Company nor does he hold any shares of the Company. Further, it is affirmed that Mr Wezenbeek is not debarred from holding the office of director by virtue of any order of SEBI or any other such authority.

The Board recommends the resolution for approval by the shareholders. Except Mr Oscar Wezenbeek, none of the Directors or KMPs has any concern or interest in this resolution.

Item No. 6

Mr Arvind Uppal

DIN: 00104992

Mr Arvind Uppal ('Mr Uppal') joined the Board of the Company as a Non-Executive / Independent Director in April 2011. He is currently the Chairman of the Nomination and Remuneration Committee and the Risk Management Committee and is a member of the Audit Committee.

Under the provisions of the Act, a person can serve as an independent Director on the Board of a company for a maximum of two consecutive terms of five years each. In case the Board decides to recommend a Board member for a second term as an Independent Director, such appointment shall require approval of shareholders by means of a special resolution.

Mr Uppal's current term as an Independent Director coming to an end on 13 August 2019. The Board at its meeting held on 3 May 2019 decided to recommend a second term of five years as an Independent Director for Mr Arvind Uppal, subject to the approval of the shareholders by means of a special resolution.

Born in 1962, Mr Uppal is a Chemical Engineer from IIT, Delhi and holds a Master in Business Administration from the Faculty of Management Studies, Delhi. He has also attended a programme for Executive Development at IMD, Lausanne, Switzerland.

Mr Uppal is currently the Chairman of 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, Whirlpool (Australia) and OneDegreeTurn (opc) Pvt Ltd

Copy of the draft letter of appointment for Mr Uppal as an Independent Director setting out the terms and conditions will be open for inspection by any member at the registered office of the Company between 10 am to 12 noon on any working day (excluding Saturdays) prior to the date of the Annual General Meeting as well as at the Meeting.

Mr Uppal is not related to any of the Directors of the Company nor does he hold any shares of the Company. Further, it is affirmed that Mr Uppal is not debarred from holding the office of director by virtue of any order of SEBI or any other such authority.

The Board recommends the resolution for approval by the shareholders. Except Mr Arvind Uppal, none of the Directors or KMPs has any concern or interest in this resolution.

Item No. 7

Ratification of remuneration to Cost Auditors

The Board, at its meeting held on 3 May 2019, reappointed 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 section 148 of the Act, at a remuneration of ₹ 0.60 million, for the financial year 2019-20, as recommended by the Audit Committee, subject to ratification by the shareholders.

The Board recommends the resolution for ratification by the shareholders. None of the Directors or KMPs has any concern or interest in this resolution.

E-Voting Instructions

1. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by National Securities Depository Limited ('NSDL').

2. The facility for voting through ballot paper shall be made available at the Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting will be able to exercise their right at the meeting through ballot paper.

3. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.

4. The remote e-voting period commences on 05.08.2019 (9 am) and ends on 07.08.2019 (5 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 01.08.2019 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter.

5. How do I vote electronically using NSDL e-Voting system?

   The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

   Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

   Step 2 : Cast your vote electronically on NSDL e-Voting system.

   Details on Step 1 are mentioned below:

   How to Log-in to NSDL e-Voting website?

   1. Visit the e-Voting website of NSDL. Open web browser by typing the URL: https://www.evoting.nsdl.com/ either on a Computer or on a mobile.

   2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

   3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

      Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

   4. Your User ID details are given below :

   5. Your password details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a PDF file. Open the file. The password to open the PDF file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The PDF file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl. com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

a. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to **aklabhcs@gmail.com** with a copy marked to **evoting@nsdl.co.in.**

b. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

c. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of **www.evoting.nsdl.com** or call on toll free no.: 1800-222-990 or send a request at **evoting@nsdl.co.in**

6. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 01.08.2019.

7. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e 1 August 2019 may obtain the login ID and password by sending a request to evoting@nsdl.co.in or rta@cbmsl.com.

8. A member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the Meeting.

9. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting through ballot paper.

10. Mr A K Labh, Practicing Company Secretary (Membership No. FCS4848, C.P. No. 3238) and sole proprietor M/s A K Labh & Co. Company Secretaries, 40 Weston Street, 3rd Floor, Kolkata 700 013 has been appointed as the Scrutinizer to conduct the voting process in a fair and transparent manner.

11. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of “ballot paper” for all those members who are present at the Meeting but have not cast their votes by availing the remote e-voting facility.

12. The Scrutinizer shall, after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting, a consolidated Scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

13. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.akzonobel.co.in and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited.

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

AkzoNobel

www.akzonobel.co.in

About AkzoNobel:
AkzoNobel has a passion for paint. We're experts in the proud craft of making paints and coatings, setting the standard in color and protection since 1792. Our world class portfolio of brands – including Dulux, International, Sikkens and Interpon – is trusted by customers around the globe. Headquartered in the Netherlands, we are active in over 150 countries and employ around 34,500 talented people who are passionate about delivering the high-performance products and services our customers expect.

About AkzoNobel India:
AkzoNobel 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. With an employee strength of around 1,700, AkzoNobel India has manufacturing sites, offices and a distribution network spread across the country. All manufacturing facilities have a state-of-the art environmental management system. Its commitment to Health, Safety, Environment & Security (HSE&S) has been among the best in class globally, with due care being taken to protect the people and the environment.

AN_204401_100619

AkzoNobel

Akzo Nobel India Limited

CIN: L24292WB1954PLC021516
Regd Off.: Geetanjali Apartment, 1st Floor,
8-B, Middleton Street, Kolkata - 700 071
Tel: 033 - 222 67462 **Fax:** 033 - 222 77925

ATTENDANCE SLIP

65th Annual General Meeting
Thursday, 08 August, 2019

Name & Address of the Holders

Joint holder, if any

Folio / D.P. & Client I.D. No

No. of Equity Shares held

Name of the Proxy / Representative, if any

I/We hereby record my/our presence at the 65th Annual General Meeting of the Company, being held at Bharatiyam, IB-201, Sector III, Salt Lake City, Kolkata 700 106 on Thursday, 08 August, 2019 at 1400 hours.

....
(Signature of the Shareholder/Proxy/Authorised Representative)

IMPORTANT : This attendance slip may please be handed over at the entrance of the Meeting Hall.

E-VOTING PARTICULARS

Shareholders may please note the electronic voting particulars set out below for the purpose of e-voting in terms of section 108 of the Companies Act, 2013 and Regulation 44 of the Listing Regulations.

EVEN (E-voting Event Number)	USER ID	PASSWORD/PIN

The e-voting period commences on 05 August, 2019 (9:00 A.M.) and ends on 07 August, 2019 (5:00 P.M.).
Please refer the e-voting instructions mentioned in the AGM notice before exercising the vote. These e-voting particulars form an integral part of the Notice of the 65th AGM.

AkzoNobel

Akzo Nobel India Limited

CIN: L24292WB1954PLC021516
Regd Off.: Geetanjali Apartment, 1st Floor,
8-B, Middleton Street, Kolkata - 700 071
Tel: 033 - 222 67462 **Fax:** 033 - 222 77925

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member:	Folio no. / DP ID:
Registered Address :	Client ID :
	E-mail id :

I/We being the member(s) of ………………...... shares of the above named Company hereby appoint:

1. Name:...E-mail id:...
   Address:...Signature:...............................or failing him/her
2. Name:...E-mail id:...
   Address:...Signature:...............................or failing him/her
3. Name:...E-mail id:...
   Address:...Signature:...

as my/our proxy to attend and vote (on a poll) for me/us on my/our behalf at the 65th Annual General Meeting of the Company, to be held at Bharatiyam, IB-201, Sector III, Salt Lake City, Kolkata 700 106 on Thursday, 08 August, 2019 at 1400 hours and at any adjournment thereof in respect of resolutions as indicated below:

S.No.	Resolution	For*	Against*
Ordinary Business			
1.	Adoption of audited financial statements for the year ended 31 March 2019 and the Reports of the Directors and Auditors thereon		
2.	Declaration of Dividend on equity shares for the year ended 31 March 2019		
3.	Re-appointment of Mr Amit Jain as a Director who retires by rotation and offers himself for re-appointment		
Special Business			
4.	Appointment of Mr Lakshay Kataria as a Wholetime Director and approve his remuneration		
5.	Appointment of Mr Oscar Wezenbeek as a Non-Executive Director		
6.	Re-appointment of Mr Arvind Uppal as an Independent Director		
7.	Ratification of remuneration to Cost Auditors for the year 2019-20		

Signed this __________ day of ________________2019

Affix Revenue Stamp

....
Signature of Proxy holder(s)

....
Signature of Shareholder

Notes :

1. **This form of Proxy, in order to be effective, should be deposited at the Registered office of the Company, not later than 48 hours before the commencement of the aforesaid meeting.**
2. For the resolutions, explanatory statement, notes and e-voting instructions, please refer to the Notice of the 65th Annual General Meeting.

*This is optional. Please put a '✓' in the appropriate column against the resolutions indicated in the Box. If the 'For' or 'Against' column is left blank against the resolution, the Proxy will be entitled to vote in the manner as he/she thinks appropriate.