

4 August 2020

Department of Corporate Services  
BSE Limited  
1st floor, New Trading Ring  
Rotunda Building, P J Towers  
Dalal Street, Fort  
Mumbai - 400 001

The Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza, 5th floor,  
Bandra-Kurla Complex  
Bandra (E)  
Mumbai - 400051

Dear Sir,

**Sub: Notice of AGM and Annual Report**

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed Notice convening the 66th AGM and the Annual Report of the Company for the financial year 2019-20.

In compliance with relevant circulars issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India, the Notice convening the AGM along with the Annual Report of the Company for the financial year 2019-20 is being circulated to all the members of the Company, whose email addresses are registered with the Company or Depository Participant(s).

The AGM of the Company will be held on Friday, 28th August, 2020, at 10.30 a.m. through Video Conferencing/ Other Audio Visual Means in accordance with the aforesaid circulars.

The Notice of AGM along with the Annual Report for the financial year 2019-20 is also available on the website of the Company at: <https://akzonobel.co.in/investors#reports>

Thanking you,

Yours faithfully  
for Akzo Nobel India Limited



**Harshi Rastogi**  
Company Secretary  
Membership#A13642

Encl: as above.



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20

Akzo Nobel India Limited  
Annual Report





“  
We have been proactively and consistently been engaging with investors through analyst calls and face-to-face meetings throughout the year in order to create shared value.  
”



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Amit Jain  
Chairman

# INSIDE THE REPORT



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### Notice of Annual General Meeting 200



This annual report reflects our commitment towards creating a better tomorrow and can be accessed digitally at

[www.akzonobel.co.in](http://www.akzonobel.co.in)



Scan QR code to visit our website

# CHAIRMAN'S STATEMENT

“  
In the midst of every crisis,  
lies great opportunity  
— Albert Einstein ”



These are extraordinary times. Never did I imagine that a Hollywood thriller movie, Contagion that I watched long ago will be playing in real life - an invisible and unknown virus is gripping the world, leaving an indelible mark on the socio-economic fabric of the world we live in.

As the battle with the coronavirus continues, the measures taken to contain the spread of the pandemic has triggered an economic downturn. According to the World Bank, the GDP rate in India is expected to shrink to 3.2% in the fiscal year 2020-21. The eight infrastructure industries dipped to a record low in April. Construction industry is expected to contract 7.5% in 2020

The Indian government announced an economic rescue package of ₹ 20-lakh-crore which is approximately 10 per cent of the GDP. The major thrust of the Atmanirbhar Bharat Abhiyan is to make the country self-reliant and identified economy, infrastructure, system, vibrant demography and demand as its key drivers. Various other measures have been introduced to drive the country on a new pro-business economic course. These structural interventions are expected to drive faster recovery.

Due to this crisis, consumer priorities are changing rapidly, and certain behavioral changes are here to stay for a long-term. The pandemic has paved way for acceleration of digital transformation as organisations are learning to work remotely, adapting their strategies to the changing environment, and caring for their ecosystem. As businesses and individuals are coping with the new normal measures, more productive ways of doing work is coming to light, which is in turn having a ripple effect on digital roadmaps.

India's ₹ 50,000 crore paints industry, which has been growing at a compounded annual growth rate (CAGR) of 8.5 per cent in the last three years, has declined in the first half of 2020. Paints is a discretionary category and re-painting activity is expected to resume around September before the festive season.

In the Paints industry some green shoots are sprouting after the lifting of the lockdown with the release of the pent-up demand from incomplete re-painting projects. Segments related to packaging and critical medical

equipment (powder coatings) are witnessing an uptake.

The nationwide lockdown critically impacted the migrant workers. AkzoNobel India launched several initiatives to help communities deal with this outbreak.

- Provided essential food items to ~6,000 migrant workers.
- In partnership with Faridabad District Prison, 20,000 face masks were prepared by its inmates
- Provided initial screening for COVID through the e-health program benefiting ~ 1,000 people. Additionally, we contributed to the PM Cares Fund.
- Employees volunteered in six cities during the lockdown to provide dry food items to ~9,000 family members of our painters as a part of our Community Program.

We continued to partner with various NGOs and government schools to provide education for more than 10,000 underprivileged children in five states across India, raised road safety awareness among 20,000 youngsters, and provided skills development training to 3,000 painters and underprivileged people.

“

**Employees volunteered in six cities during the lockdown to provide dry food items to ~9,000 family members of our painters as a part of our Community Program**

”

AkzoNobel India has always believed in generating sustainable total shareholder return (TSR). Due to the prevailing pandemic situation and the uncertainties around it, the Board has recommended a dividend of ₹ 14 per share.

I would like to welcome Ms. Harshi Rastogi as the Company Secretary having taken over from Mr. R. Guha who retired recently. I would like to thank Guha for his outstanding contribution and being a pillar of strength for more than three decades. Let

me also welcome Ms. Smriti Rekha Vijay and Mr Rahul Bhatnagar as the new independent members on the Board. Their wisdom and experience will help us navigate through these unprecedented times and achieve our strategic goals.

We have pro-actively and consistently been engaging with investors through analyst calls and face-to-face meetings throughout the year in order to create shared value. On behalf of all the Board Members, I would like to thank you, our shareholders for your continuing support, loyalty and above all for your trust.

Almost a decade ago, we rechristened ourselves as AkzoNobel India after AkzoNobel's acquisition of ICI . So, big thank you to everyone who has contributed in this journey. We have a world class portfolio of established brands which is trusted by customers. We've never stopped pushing the boundaries of what we can collectively achieve. We are in a good financial shape and will emerge stronger. And all this would not have been possible without the dedicated, resilient and diverse team whose passion for paint helps to deliver powerful performance.

Stay safe, stay healthy!

**Amit Jain**  
Chairman



# MANAGING DIRECTOR'S STATEMENT

## Adapting to the New World

“  
It is not the strongest of the species that survive, nor the most intelligent, but the one more responsive to change.

— Charles Darwin ”

**Rajiv Rajgopal**  
MD, AkzoNobel India



As I write this statement, COVID-19 has changed things that we took for granted. It has created both challenges and opportunities and it will now be on us to recalibrate the journey ahead and make AkzoNobel India more adaptable in these changing times. It seems even more that change is the only constant.

The financial year ending 31 March 2020 was a year of transformations. During 2019, we continued our transformation into a focused paints and coatings company. The transformation journey enabled us to drive further efficiencies, implement new ways of working and making the organization agile and adopt best practices to get ready for the next decade.



On a visit to India towards the end of 2019, Global CEO Thierry Vanlancker and CFO Maarten de Vries officially inaugurated our new office in Gurugram, India.

We continued to build on our solid foundation of operational excellence to create long-term value for our people, our customers and our shareholders. Though, our revenue from operations stood at ₹ 2,661.8 crore, it declined 9% over the previous year. However, EBIT at ₹ 300.1 crore grew by 9% over the previous year. Profit after Tax at ₹ 237.4 crore grew by 13% over the previous year. We achieved a double-digit ROS% for the very first time which stood at 11.3%.

We set an ambitious improvement target and identified significant improvement opportunities across the Company. Simplification of our Enterprise Resource Planning (ERP) systems to one single system was implemented to increase agility and reduce costs. Transformations across various functions increased focus, efficiency and more importantly simplicity in the way we run our business across the Paints and Coatings organization. The implementation of Integrated Business Planning (IBP) including warehouse consolidation resulted in performance improvement and cost efficiencies.

Towards the end of 2019, we moved into a new Corporate office in Gurugram which was officially inaugurated by Thierry Vanlancker, CEO and Maarten de Vries, CFO, AkzoNobel N.V. The new office signifies our rich heritage, vibrancy and open culture fostering teamwork and collaboration.

### Key Initiatives

Our strategy is focused on:

- 1) Strengthening the core propositions,
- 2) Driving reach in our Paints business to smaller towns,
- 3) Building and growing adjacent categories, and
- 4) Delivering the right cost structure to build a long-term profitable growth journey,

while ensuring our teams are engaged, motivated and living our core values of Safety, Integrity and Sustainability.

In order to strengthen the core, we launched our global brand Ambiance in India in the super premium interior range.

Its best in class specially crafted design finishes were showcased through a new advertising campaign. Our flagship brand, Weathershield Powerflex, a new campaign with Boman Irani was launched to bring alive the 2X protection for the exterior walls.

Our strategic focus on driving innovation to support organic growth gathered momentum. We launched Sadolin wood protector and Dulux Ambiance Velvet Touch. In the adjacent categories, we strengthened Dulux AquaTech, a range of superior waterproofing products to address specific needs and make sure we drive long-term category growth.

AkzoNobel N.V. secured a supply deal with leading luxury car manufacturer, the BMW Group to provide vehicle refinish products and services to a large part of its distribution network worldwide.

Our coatings technology drives the fastest train in the Indian Railways- Vande Bharat Express. Our Sikkens BT coatings system is helping the carriages look good as well as providing functional benefits of corrosion protection and being anti-scratch.



“

The process of digitalizing the sales process by 80% is already underway. This will improve sales productivity, transparency amongst distributors and dealers.

— **Rajiv Rajgopal** ”  
MD, AkzoNobel India



One of our manufacturing sites in Thane, launched phase three of a major solar installation project.

In line with the global approach towards sustainability, we too embraced the new approach: People. Planet. Paint. Our sustainability agenda was brought into sharper focus as we stepped up our activities. One of our manufacturing sites in Thane, launched phase three of a major solar installation project. The panels are situated next to our Powder Coatings plant,

which opened in 2018. Given the fact that the products made at the site are inherently sustainable, it's somehow fitting that the facility's renewable energy use is steadily increasing. Our other manufacturing sites in Bangalore, Gwalior, Hyderabad, and Mohali – use significant power from roof top solar panels to meet their power consumption needs.

## Adapting to new ways of working: The COVID Age

These are unprecedented times that require extraordinary actions and leadership.

### We created a framework-

'Three Rings of Protection' to help us navigate in these difficult times. The three rings of protection comprise of Self & Family,



Team & Site, and Company.

Over the years we have been continuously investing in the digital sphere. However, this situation accelerated the drive towards our digital journey. Overnight more than 1,400 employees of our Company started working from home.

Virtual learning, engagement and communication processes are being increasingly used to upskill as well as keep employees abreast of the latest company update. We are leveraging a wellness app to cater to the emotional and physical wellbeing of the employees. Additionally, Amber, an AI chatbot is helping us understand the sentiments and mood of the organisation so that we can intuitively respond to the ever-changing scenario.

The process of digitalizing the sales process by 80% is already underway. This will improve sales productivity, transparency amongst distributors and dealers. Similarly, digital marketing will lead the way as the media consumption patterns have also undergone changes in this period.

We extended support to over 12,000 painters whose livelihoods have been

impacted by the pandemic by providing an out of turn pay-out through the annual loyalty program – Colour Guru. This early disbursement of funds is aimed at placing cash in the hands of painting contractors so that they can fulfil their essential needs and cater to any emergency during the extended lockdown period.

With COVID-19, the situation continues to evolve, and we are constantly adapting our actions. We are also taking all reasonable steps to continue serving our customers and maintain business continuity. Our focus has become People, Customers & Operations, Cash and Cost. Some of the key elements of our post COVID-19 strategic approach comprise of:

- **Immediate term:** War Room & Business Continuity
- **Near Term:** Reinforce supply and demand recovery
- **Medium Term:** Win in the new reality and identify new consumers

I take this opportunity to welcome Anushree Singh, Country Manager, HR who joined the Country Leadership Team last year. I am certain that she will effectively drive employee engagement and talent development making AkzoNobel India a truly great place to work. I would like to thank the outstanding contribution of Mr. R. Guha who retired as Company Secretary after serving the organization for more than three decades.

All our achievements were made possible by our dedicated and proud teams. On behalf of the Country Leadership Team, I thank everyone for their passion, dedication and hard work. The progress we've made, and the innovations we've delivered, are all important in terms of building the foundation for profitable growth.

As a team we have an unfinished agenda regarding how to make sure we move faster and gain market share profitably. I am confident that we will continue to deliver on the journey of profitable growth and now focus on our market share, despite the many difficulties being posed by the current situation and emerge as a stronger, more agile Company, with best in class quality products, and a solid operational and financial foundation while creating tangible value for our people, customers and shareholders. I would like to thank our shareholders who have kept an unstinted faith in the Company, our brand and our teams.

I would like to end by remembering following quote from Robert Frost:

“  
These woods are lovely, dark and deep,  
But I have promises to keep,  
And miles to go before I sleep,  
And miles to go before I sleep.”

**Rajiv Rajgopal**  
MD, AkzoNobel India

# BOARD OF DIRECTORS



**Mr Amit Jain**  
Chairman



**Mr Rajiv Rajgopal**  
Managing Director



**Mr Lakshay Kataria**  
Wholtime Director and CFO



**Mr Oscar Wezenbeek**  
Non Executive Director



**Mr Arvind Uppal**  
Independent Director



**Mr Hemant Sahai**  
Independent Director



**Mr Rahul Bhatnagar**  
Independent Director



**Ms Smriti Rekha Vijay**  
Independent Director

**Mr Amit Jain**  
Chairman

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

Earlier, he served as the Managing Director of the Company from 2009-13 and continued on the Board as a Non-Executive Director from Jan 2014 consequent to 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 ICI India, where he managed a diverse set of responsibilities within sales & marketing. He subsequently served in business leadership roles with Coca-Cola and Viacom & MTV across Asia.

He 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 underprivileged children.

**Mr Rajiv Rajgopal**  
Managing Director

Rajiv Rajgopal was appointed as the Managing Director of the Company from November 2018. He joined AkzoNobel in 2013 as Head of Sales and Marketing, Decorative Paints, AkzoNobel India and was appointed Country General Manager India in 2014. Rajiv was appointed as the Regional Director, Performance Coatings, Middle East & Africa in January 2017 and has served on the Boards of several AkzoNobel group companies in the Middle-East and Africa.

Prior to joining AkzoNobel India, Rajiv was the CEO - Broadband & Data at Bharti

Airtel Limited. He has also worked with organizations such as Hindustan Unilever and BP/Castrol India primarily in Sales, Marketing and Business Leadership roles.

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.

**Mr Lakshay Kataria**  
Wholtime Director and CFO

Lakshay Kataria is the Wholtime Director and CFO of the Company since February 2019.

He has 18 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. Lakshay is a rankholder Chartered Accountant from ICAI and Bachelors in Commerce from SRCC, Delhi University.

**Mr Oscar Wezenbeek**  
Non Executive Director

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

Oscar is currently the Managing Director, Decorative Paints, South East & South Asia (SESA) at AkzoNobel. Over the course of his 31 year career with AkzoNobel Group, he has successfully led various portfolios in the coatings and automobile businesses in different countries.

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

Oscar went through an ELT Training Program at IMD Business School in 2019, Global Executive Leadership Program at Yale School of Management in 2016 and an Advanced Management Program at INSEAD in 2006. He has done his Masters in Business Engineering and Management Sciences from Technical University Eindhoven in 1988.

Having a keen interest in sustainability, Oscar actively promotes painting the construction industry green and collaborates closely with the World Green Building Council in Asia in many initiatives and thought leadership platforms.

**Mr Arvind Uppal**  
Independent Director

Arvind Uppal joined the Board of the Company as an Independent Director in April 2011. He is the Chairman of the

Remuneration and Nomination Committee and Risk Management Committee.

Arvind is the Chairman of Whirlpool of India, and is also a Director on the Boards of Gulf Oil Lubricants, Tuscan Ventures (a private equity company) and an Industry Advisor to Advent International.

Arvind was President Asia Pacific for Whirlpool Corporation and is credited with the dramatic turnaround of its India operations. He has over 31 years of experience in the consumer industry. Prior to Whirlpool, Arvind worked with Nestle for over 18 years in India, Switzerland, China and South East Asia. He was closely associated with the Maggi brand and was responsible for the launch and success of this brand across these markets.

Arvind has been recognized as an astute strategist, with a proven track record of having turned around businesses, in both the durables and non-durables, across many countries. He is a game changer and a mentor to many startups with demonstrable leadership skills.

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

**Mr Hemant Sahai**  
Independent Director

Hemant Sahai 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.

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. He has also been highly recommended as a leading lawyer by Asia Pacific Legal 500, Chambers Asia Pacific as well as Chambers Global, among many others.

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.

**Mr Rahul Bhatnagar**  
Independent Director

Rahul Bhatnagar joined the Board of the Company as an Independent Director in August 2019. He is the Chairman of the Audit Committee.

He has had a long career in Finance and Strategy with reputed organizations like Nestle, Pepsi and Bharti Group. Rahul last served as the Managing Director and Chief Financial Officer at Bharti Enterprises Limited until 2016.

He is an Independent Director on the boards of Whirlpool of India Limited and Rossell India Limited. He has previously served as a Director of Comviva Technologies Limited, Bharti Enterprises Limited and Bharti AXA General Insurance Company Limited.

Rahul is a Chartered Accountant and a MBA from Wharton.

**Ms Smriti Rekha Vijay**  
Independent Director

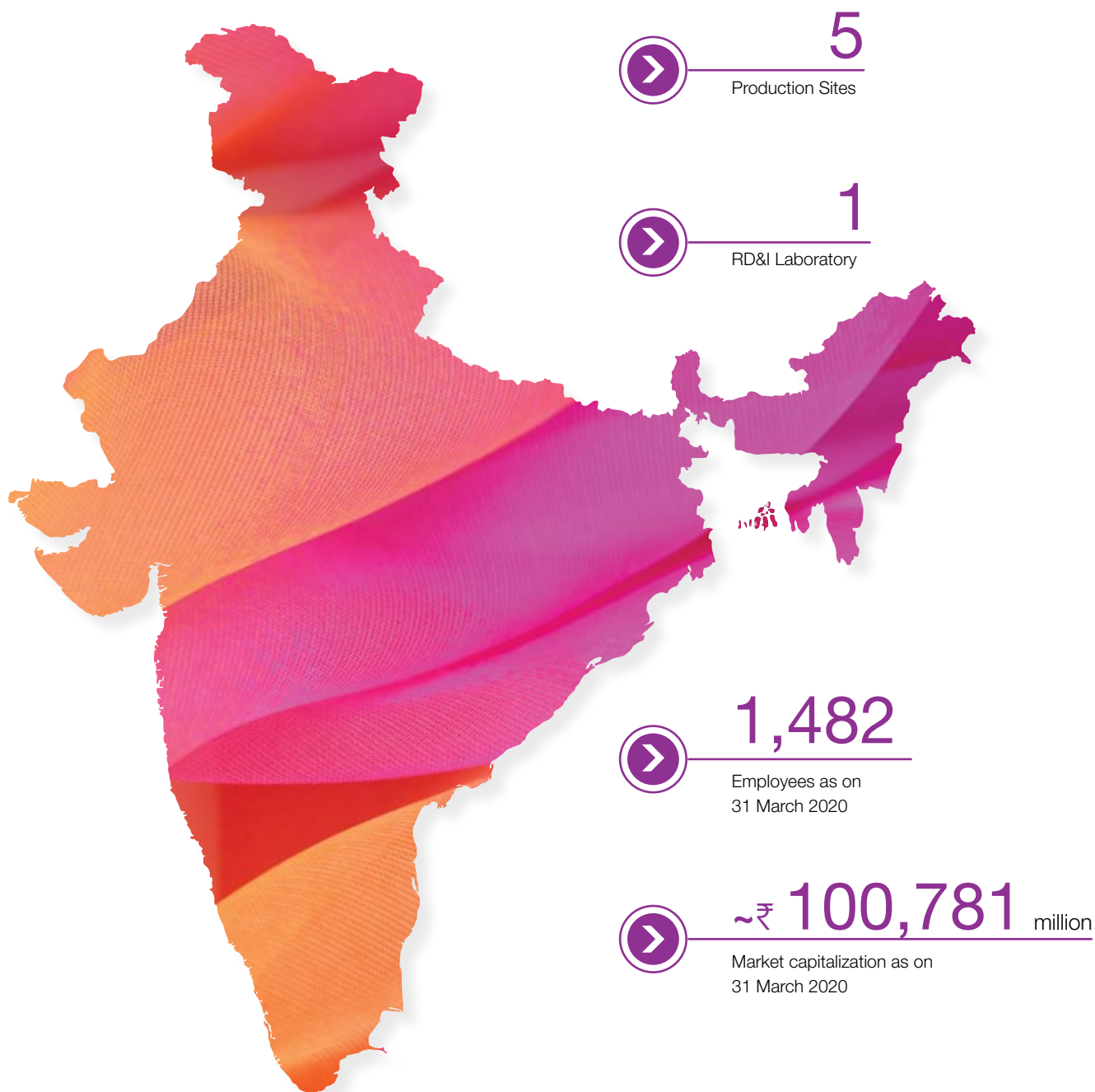
Smriti Rekha Vijay joined the Board of the Company as an Independent Director in August 2019. She is the Chairperson of the CSR Committee.

Smriti has a long experience of being a CFO of a Norwegian engineering services company, Aker Solutions India and served on the Board of Aker Powergas Subsea Pvt limited until December 2019. Prior to joining Aker Solutions, she worked with Progress Software Ltd, GE Industrial India Ltd, Bharat Heavy Electricals, IndusInd Media & Communications and Hindustan Unilever Limited.

Smriti is a Chartered Accountant and is an alumni of Yale School of Management. A strong advocate of volunteering services towards protecting environment, developing community and social welfare she is a very active participant in social activities.

# AKZO NOBEL INDIA AT A GLANCE

Key figures: 2019-20



₹ **26,618** million  
Revenue

₹ **3,232** million  
PBT

₹ **2,374** million  
PAT

**AkzoNobel is a leading paints and coatings company. Headquartered in Amsterdam, the Netherlands, the Company is active in over 150 countries with around 33,000 employees.**

#### Who are we

We're experts in the proud craft of making paints and coatings. In fact, there's a good chance you're rarely more than a few meters away from one of our products. Our world class portfolio of brands is trusted by customers. We have been setting standard in colour and protection. It's no more than you'd expect from a sustainable paint company which has been inventing the future for more than 60 colourful years in India.

#### What we do

You might think we just make paint. Although that doesn't even begin to tell the whole story. Because we use our passion for paint to make a difference... both big and small. So the things our products can do may surprise you, whether they're applied to boats, buildings, cars, concrete, planes, phones, walls or wood. It's all about giving our customers what they want – and what they didn't even realize they needed.



# PERFORMANCE HIGHLIGHTS

(₹ million)

## Statement of income

**9%** ▼

Revenue from operations

2018 - 19      29,184

**2019 - 20      26,618**

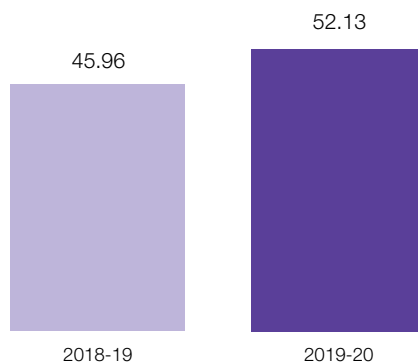
**8%** ▲

EBIT from operations

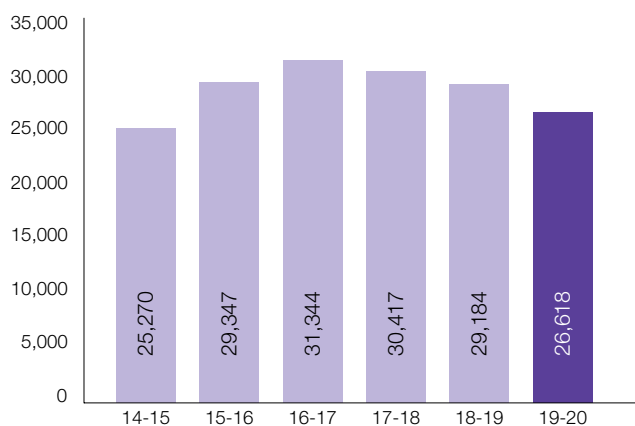
2018 - 19      2,772

**2019 - 20      3,001**

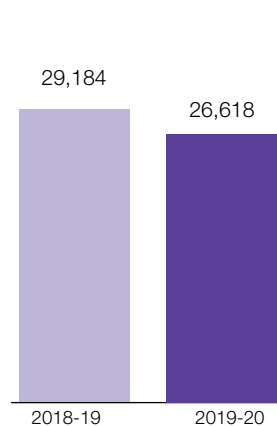
## Earnings per share (In ₹)



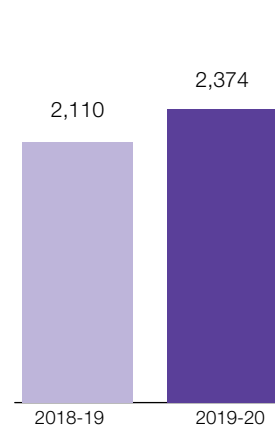
## Revenue from operations



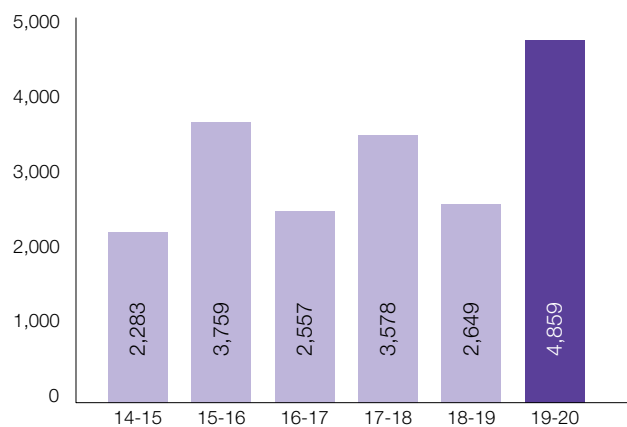
## Revenue



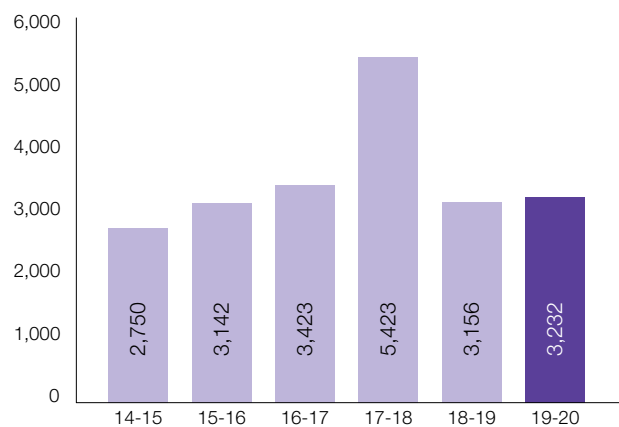
## PAT



## Cash flow from operations (before tax)



## Profit before tax



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

# RECENT YEARS AT A GLANCE

## Balance Sheet

(₹ million)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Assets</b>								
Property, Plant & Equipment	4,605	5,331	5,306	5,318	5,423	5,656	5,470	5,894
Current & Non Current Investments	9,472	6,286	4,325	6,004	3,356	5,733	3,773	840
Current & Non Current Assets	8,233	8,580	8,575	9,112	10,057	10,456	11,022	15,481
<b>Total Assets</b>	<b>22,310</b>	<b>20,197</b>	<b>18,206</b>	<b>20,434</b>	<b>18,836</b>	<b>21,845</b>	<b>20,265</b>	<b>22,215</b>
<b>Equity &amp; Liabilities</b>								
Share Capital	467	467	467	467	467	467	456	456
Reserves	10,586	8,011	10,159	11,158	9,622	12,435	10,900	11,917
<b>Shareholder Funds</b>	<b>11,053</b>	<b>8,478</b>	<b>10,626</b>	<b>11,625</b>	<b>10,089</b>	<b>12,902</b>	<b>11,356</b>	<b>12,373</b>
<b>Total Liabilities</b>	<b>11,257</b>	<b>11,719</b>	<b>7,580</b>	<b>8,809</b>	<b>8,748</b>	<b>8,943</b>	<b>8,909</b>	<b>9,843</b>
<b>Total equity and liabilities</b>	<b>22,310</b>	<b>20,197</b>	<b>18,206</b>	<b>20,434</b>	<b>18,836</b>	<b>21,845</b>	<b>20,265</b>	<b>22,215</b>

## Statement of Profit and Loss

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Revenue from operations</b>	<b>22,320</b>	<b>24,179</b>	<b>25,270</b>	<b>29,347</b>	<b>31,344</b>	<b>30,417</b>	<b>29,184</b>	<b>26,618</b>
Other income	1,381	567	650	567	493	434	422	376
<b>Total income</b>	<b>23,701</b>	<b>24,746</b>	<b>25,920</b>	<b>29,914</b>	<b>31,837</b>	<b>30,851</b>	<b>29,606</b>	<b>26,994</b>
Depreciation & Amortisation Expense	386	437	526	537	565	607	652	790
Finance Cost	89	15	15	22	32	35	45	93
<b>Profit before exceptional items and tax</b>	<b>2,791</b>	<b>2,034</b>	<b>2,723</b>	<b>3,043</b>	<b>3,384</b>	<b>2,961</b>	<b>3,149</b>	<b>3,284</b>
<b>Profit on sale of chemicals business</b>	-	-	-	-	-	<b>2,442</b>	-	-
Exceptional items	-	-	27	99	39	20	7	(52)
Taxation	603	532	887	1,000	953	1,417	1,046	858
<b>Profit After Tax</b>	<b>2,188</b>	<b>1,502</b>	<b>1,863</b>	<b>2,142</b>	<b>2,470</b>	<b>4,006</b>	<b>2,110</b>	<b>2,374</b>
<b>Earnings per share (Rupees)</b>	<b>32.18</b>	<b>39.93</b>	<b>43.32</b>	<b>45.90</b>	<b>52.93</b>	<b>85.84</b>	<b>45.96</b>	<b>52.13</b>
<b>Equity Dividend (₹) per share</b>	<b>80.00</b>	<b>75.00</b>	<b>20.00</b>	<b>70.00</b>	<b>22.00</b>	<b>22.00</b>	<b>24.00</b>	<b>14.00</b>

Notes:

- 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
- The Statement of P&L for 2016-17 & 2017-18 include results of discontinued operation; EPS for 2017-18 relates to combined operations
- The Balance sheet as at 31 March 2018 reflects only Coatings & retained assets after divestment of Specialty Chemicals business
- Prior years figures have been regrouped or reclassified where necessary



# COMPANY INFORMATION

## Board of Directors

**Mr Amit Jain**  
Chairman

**Mr Rajiv Rajgopal**  
Managing Director

**Mr Lakshay Kataria**  
CFO and Wholetime Director

**Mr Oscar Wezenbeek**  
Non Executive Director

**Mr Arvind Uppal**  
Independent Director

**Mr Hemant Sahai**  
Independent Director

**Mr Rahul Bhatnagar**  
Independent Director

**Ms Smriti Rekha Vijay**  
Independent Director

## Company Secretary

Ms Harshi Rastogi

## Registered Office

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

## Corporate Office

9th Floor, Magnum Towers,  
Golf Course Extension Road,  
Sector 58, Gurugram 122 011, India  
Tel: +91 124 4852400  
Website: [www.akzonobel.co.in](http://www.akzonobel.co.in)  
Email: [investor.india@akzonobel.com](mailto:investor.india@akzonobel.com)

## Customer Care

Email: [customercare.india@akzonobel.com](mailto: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](mailto: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

Mr Rahul Bhatnagar (Chairman)  
Mr Arvind Uppal  
Mr Hemant Sahai  
Ms Smriti Rekha Vijay  
Mr Oscar Wezenbeek

### Nomination and Remuneration Committee

Mr Arvind Uppal (Chairman)  
Mr Amit Jain  
Mr Hemant Sahai  
Mr Rahul Bhatnagar  
Ms Smriti Rekha Vijay  
Mr Oscar Wezenbeek

### Stakeholders Relationship Committee

Mr Hemant Sahai (Chairman)  
Mr Rajiv Rajgopal  
Mr Lakshay Kataria

### CSR Committee

Ms Smriti Rekha Vijay (Chairperson)  
Mr Rajiv Rajgopal  
Mr Lakshay Kataria

### Risk Management Committee

Mr A Uppal (Chairman)  
Mr Hemant Sahai  
Mr Rahul Bhatnagar  
Mr Rajiv Rajgopal  
Mr Lakshay Kataria  
Mr Rohit Totla  
Mr Prasanth Chandrasekharan  
Mr Sumit Khatuja  
Ms Harshi Rastogi



# STATUTORY REPORTS

# Directors' Report

## Dear Members,

The Board of Directors hereby presents their 66th report on the business and operations of your Company along with the audited financial statements for the financial year ended 31 March 2020.

## Business Environment

### Indian Economy

The Indian economy was already facing some headwinds before the outbreak of Covid-19 pandemic. India's growth slowed down to multi quarter low in the last quarter of 2019-20 to 3.1% as the pandemic affected the economy. Growth for FY 2019-20 was at 4.2%, the lowest in a decade. Industrial activity growth across sectors, measured by Index of Industrial Production (IIP), slipped to 0.7% during the year as against 3.8 per cent in 2018-19. Crude prices were relatively range-bound during the year, before plunging in March 2020. However, headline inflation had been on an upward trajectory due to higher food prices, before ending the year at 5.84%.

Factoring the challenges to economic growth, RBI continued to move towards a soft interest rate policy by lowering the reference interest rate in a calibrated manner. In response to the crisis due to COVID-19 pandemic, RBI cut repo rate by 75 bps to 4.4%, the lowest-ever, in March 2020. The Central Bank also announced a slew of liquidity measures to bolster the economy.

Rupee averaged 74.4 against the US Dollar in March 2020, depreciating ~7% since March 2019 due to FII risk aversion.

### Outlook

Coronavirus-induced lockdowns resulted in supply disruptions and slowdown in demand during and post lockdown. As a result, economic conditions have slipped since the first lockdown.

Successive lockdowns may have had a non-linear and multiplicative impact on the economy, which is difficult to quantify. Partial relaxations continue to disrupt supply chain, transportation and logistics. There will be a negative impact on GDP, despite the economic stimulus and easing crude prices.

The impact of the pandemic is evolving and hence difficult to estimate, and the approach of your Company has been to plan for the worst and aim for the best. Despite an increase in number of cases, and predictability becoming a challenge, the paints Industry outlook seems positive in the medium term due to structural opportunities of increasing urbanisation, reducing painting cycles, shift from unorganized to organized sector, infrastructure building efforts of the Government to name a few.

## 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 & Technology Centre, on which the Company exercises effective control.

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## The COVID-19 pandemic has impacted the economic activity

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The highlights of the performance during the year are:

(₹ million)

	Stand-alone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
<b>Revenue from operations</b>	<b>26,618</b>	29,184	<b>26,618</b>	29,184
<b>Operating profit (EBITDA)*</b>	<b>3,791</b>	3,424	<b>3,791</b>	3,424
Depreciation	(790)	(652)	(790)	(652)
Other income net of finance costs	283	377	283	377
Exceptional items	(52)	7	(52)	7
<b>Profit before tax</b>	<b>3,232</b>	3,156	<b>3,232</b>	3,156
Tax	(858)	(1,046)	(858)	(1,046)
<b>Profit after tax</b>	<b>2,374</b>	2,110	<b>2,374</b>	2,110

\*before exceptional items

### Key financial Ratios

(₹ million)

Particulars	Stand-alone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Debtors Turnover	6.7	6.6	6.7	6.6
Inventory Turnover	3.4	4.3	3.4	4.3
Interest Coverage	40.6	76.6	40.6	76.6
Current Ratio	1.6	1.6	1.6	1.6
Operating Profit Margin (%)	11	9	11	9
Net Profit Margin (%)	9	7	9	7

\*Interest coverage ratio has dropped because of accounting impact of Ind AS 116. Debt equity ratio not covered as the Company does not have debt.

There is no significant change (i.e. change of 25% or more as compared to the immediately previous financial year) in the key financial ratios except Interest coverage ratio.

2019-20 was a challenging year marked by sluggish economic environment and slowdown in automobile and real estate, our key end-segments. Your Company's revenue declined 9% YoY in 2019-20. After two quarters of muted topline due to extended rainfall season and overall slowdown in the paints industry, Q4 2019-20 had started to show signs of stability, however the lockdown in second fortnight of March led to a decline of 18% in revenue in fourth quarter. In line with our stated strategy of Value over Volume, your Company continued its effort on strengthening the mix and driving growth in focus segments. Our business diversity in the Coatings business brought us some growth opportunities even during industry slowdown. We saw revival in the Power sector last year and expansion in Oil & Gas segments. Although Auto sector is yet to gain a growth traction, we are poised to grow through Railways and Consumer Electronic segments. AkzoNobel Group has bagged a 44-countries' (including India) supply deal with BMW, and we are confident of delivering value for our Auto and Specialty Coatings business. We are also very proud to have partnered with the Indian Railways in coating the Vande Bharat Express, also known as Train 18. Overall our strategy has reflected in improved Gross Margins and EBIT margins. At 46%, we achieved our highest ever GM% in recent years, improving ~400 bps since last year.

Our transformation journey continued during the year. From getting the Company under a single ERP platform to transforming

Functions and adapting new technology platforms, we successfully built in efficiency and agility in the way we operate. The company has attained sustainable double-digit EBIT% in last few quarters on the back of:

1. Growth in focus segments,
2. Structural cost interventions like a single ERP platform, setting up of Shared services, Integrations across businesses, etc.,
3. Relentless focus on driving cost and working capital efficiency across areas.

This has enabled us to not only grow our EBIT by 8% and ~200 bps Y-o-Y but also kept us strong in the current challenging times.

In addition, reduction in corporate tax rates has further helped in improving the net profit by 13% Y-o-Y in 2019-20.

# 13%

Net profit growth in FY 2019-20



## 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 up to the date of the Annual General Meeting ('AGM'). Due to prevailing COVID-19 restrictions, members are requested to email a request for obtaining a copy of the said financial statements at [investor.india@akzonobel.com](mailto:investor.india@akzonobel.com) so that necessary arrangements can be made at the registered office of the Company. The financial statements including the Consolidated Financial Statement 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](http://www.akzonobel.co.in).

## Share Capital

The paid up share capital of the Company as on 31 March 2020 was ₹ 455,403,140 comprising 45,540,314 of equity shares of ₹ 10 each (Previous year ₹ 455,403,140 comprising 45,540,314 equity shares of ₹ 10 each).

## Dividend

The Board of your Company continuously looks for opportunities to maximise shareholder value, including a consistent dividend pay-out policy. Despite prevailing pandemic situation and the uncertainties around it, the Board is pleased to recommend a dividend of ₹ 14 per share, compared to ₹ 24 per share in the previous year, which will be paid after your approval.

Company's Dividend Distribution policy is annexed to this report. The Policy is also uploaded on Company's website [www.akzonobel.co.in](http://www.akzonobel.co.in)

## Transfer to Reserve

During the financial year, there was no amount proposed to be transferred to the Reserves.

## Management Discussion and Analysis

### Industry structure

India's Paints & Coatings industry is a fairly structured one, with organized players accounting for ~ 65-70% of the industry's sales. 'Paints' account for around 75% of the

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₹ 14 per share

Dividend for the financial year 2019-20

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overall market and 'Coatings' account for the rest. Product performance, differentiation and quality service 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.

### Business Performance

Your Company has a well spread out foot print across India to service different parts of the country with manufacturing capacity to support growth for the next few years. Your company has been an integrated player, covering all segments and coating all surfaces while having a strong presence in the premium/niche segments. With access to global R&D technology, your Company continues to focus on innovations by bringing best in class differentiated products to the Indian consumer and focussing on key brands. Keeping customer centricity at the core of our operations, your Company continues to manufacture best in class quality products. Your Company has expanded footprint into adjacent categories of waterproofing (Dulux Aquatech) and woodcare (Sadolin) during the year. The company has strengthened its distributor footprint with the much-needed reach into the under-served districts of India.

Sustainability remains at the heart of everything we do. Taking a leap towards AkzoNobel's ambition to use 100% renewable energy by 2030, all our factories have started deriving significant portion of their energy requirements through solar energy.

**Paints business** has a presence across segments, with strong positioning in the premium segment. It is focused on buildings and infrastructure end-user industries, serving both consumers and professional painters. In this, we are supported by our parent company in maintaining a technology-led differentiation. During the year, we introduced two new premium products in this segment. Some of our noteworthy achievements this year have been as follows:

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### With access to global R&D technology, your Company continues to focus on innovations.

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- Launch of global sub brand Ambiance under Dulux in the Super Premium Interior range in India was enthusiastically received, catapulting Dulux to feature among the top 15 Household Care brands in ET's Brand Equity:
  - o Brought alive through a brand-new TVC for Dulux Ambiance on TV and Digital Media,
  - o Special effect paints inspired by artisans, categorized under six collections - Potter's Collection (inspired by Clay), Stonemason's Collection (inspired by Stone), Jeweller's collection (inspired by Jewel), Stylist Collection (inspired by Cloth), Carpenters Collection (inspired by Wood) and Blacksmith Collection (inspired by Metal),
  - o Dulux Ambiance Velvet Touch Elastoglo paint, powered by cutting edge elastomeric technology, that allows paint film to cover hairline cracks and protect the wall.
- Introduction of Smart Release Technology in the core exterior brand – Weathershield Protect, offering consumers advanced algae and fungus protection,
- Launch of brand-new TV campaign with Boman Irani focusing on creating awareness for the new 2X crackproof and 2X fungus proof benefits of Weathershield Powerflexx,
- Launch of Weathershield Signature – Ultra Premium Stone Finishes for Exteriors providing unmatched aesthetics & protection to home Exteriors,
- Dulux Aquatech, the waterproofing range, expanded with the launch of Aquatech Roof Waterproof for household & commercial building roofs, and Aquatech Interior Waterproof Basecoat for protecting Interior home walls,



- Dulux Professional range of products were felicitated with the coveted “GreenPro” certification by CII-GBCI,
- Dulux Professional introduced curated colour themes for Hospitality and Leisure sector in the B2B space in India, enabling Developers & Specifiers to seamlessly align their aesthetics with Hip Design, Classical Chic, Modern Simplicity or Easy Living colour themes.

**Coatings business** has a presence across segments and allied Industries. Summary of each of the businesses along with highlights of the year are given below:

- **Marine Coatings** business mainly deals in providing anti-corrosive, fouling control technologies and aesthetic solutions for ships, vessels, tankers, barges etc. 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 because of oversupply in the market. Current market conditions will have an adverse impact on this business in the near term as global trade is hit by adverse economic conditions.

During the year, we launched a new product called Intershield 4000 USP, which is a high performance Universal System primer based on passivation enhanced, alkylated amine epoxy technology. It is developed as an alternate for zinc-based primers, cures rapidly and has a very low VOC content of 227 gram/litres.

- **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 & cleaner energy and acceleration of infrastructure projects, along with rehabilitation of Oil & Gas and Chemical Industries assets. Continued innovation in sustainable technologies with new product launches will sustain the momentum of the business.
- **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 helps 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 sector has seen some headwinds from slowdown in automotive industry and IT (Telecom) sector because of 4G rollout.

During the year, we launched Interpon Redox Corrossion protection range which finds usage in Electrical Charging stations, Transformers and Electrical Panels.

- **Industrial Coatings** business covers coil, packaging and wood coatings. Coil coatings market is dominated by roofing, building & construction product category, aluminium composite panels and domestic appliance segments. This business has seen a difficult year due to challenges faced by the steel sector. Packaging coatings business supplies coatings and inks for the protection & aesthetics of food, beverages, aerosol and general line metal cans, metal closures and collapsible tubes. Your Company helps its customers keep building facades, kitchens and wooden floors protected & beautiful and 50% of all canned drinks safe.

During the year we introduced ‘Antibacterial Coatings’ in Coil coatings for local coil coaters.

- **Automotive and Specialty Coatings (ASC)** business covers vehicle refinishes, commercial vehicles, railways and specialty coatings. The year was extremely challenging and difficult for the Automotive industry. The industry recorded a decline. We used this time to channelize our focus on profitable revenue growth by relooking at Route to Market (RTM), strengthening our brand portfolio and optimizing costs.

At AkzoNobel India, our focus has always been to continuously look at delivering value to our customers through constant innovation - both in products and services. Our value brand WANDA continued its accelerated growth across India aided by wider channel acceptance and end user advocacy. Our premium brand, Sikkens, has a lineage of more than 200 years and over the years we have constantly improved and brought innovations to this brand.

During the year, we launched :

- 1) Sikkens Auto Surfacer UV - One of the fastest curing fillers in the refinishing market which requires 30-120 seconds of UV-A LED exposure to fully cure. This rapid cure filler enables body shops to work more efficiently and to cut down on labour and energy cost.
- 2) Liquid Chrome - We have introduced Liquid Chrome to meet the needs of Auto OEMs to eliminate harmful carcinogenic ingredients like Lead and Cadmium present in traditional chrome plating.

## 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 is focusing on:

- a) Leveraging world class global brands and colour expertise and developing relevant offerings for the Indian market to create sustainable profitable growth,
- b) Growing profitably, while increasing returns to all our stakeholders, and
- c) Driving digital and sustainable innovation.

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## **‘Own your family at work and at home’ concept for driving safety and higher connect during the COVID crisis**

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### **COVID-19 update**

There has been an unprecedented downturn in business activity, sharpest in the decade owing to countrywide lockdowns and lack of demand. With cases on the rise, a second phase of COVID in the offing and reverse urbanisation causing migrant labour to move back to their villages, there are indeed challenges in returning to normalcy once markets open up.

The non-essential and labour-intensive sectors of the Industry have been affected the most. Auto & Auto Components, Infrastructure, Construction, Consumer durables and Shipping have had an impact due to production shutdown, supply chain disruption and adverse consumer sentiment while Oil & Gas sector has had an economic challenge due to falling crude price. Industries are seeing varying challenges in the current business environment, but opportunities are also emerging in a few segments.

During this unprecedented situation, your company’s focus has been on the safety of its employees & operations, while ensuring we stay connected with our customers, preserve Cash & liquidity and work on reducing costs:

- **Business and Customer**

The cycles of containment and outbreak required flexibility and agility in planning and response.

The large towns and metros have been more impacted than the others and the Industry could also see movement towards value for money offerings and functional paints in the short term. Being a discretionary segment, the

customers have been playing cautious towards painting leading to extension of painting cycles. The Company also provided PPE kits to the painters and dealer community to enable them to resume their work safely and ensure safety of customers as well.

- **Managing Cash and Cost**

While your Company has always maintained a strong liquidity position, the need to conserve cash continues. It has become imperative for your Company to rationalize its cost structure and build more efficiencies with minimal impact on employees.

- **People**

During the lockdown, the company had shutdown warehouses, plants, and offices in line with government directives. In accordance with guidelines issued by the Ministry of Home Affairs and various State Government authorities, your company has obtained approvals for resuming operations where restrictions have been lifted. We advocated “Own your family at work and at home” concept for driving safety and higher connect during the COVID crisis. Various virtual engagement programs and learning challenges were driven across businesses and functions.

The Company’s priority continues to keep our employees, their families, and our partners safe.

### **Responding to the new normal**

The Company has seen a significant amount of transformation on the organisational and profitability front that has helped the business steer these tough times. Our future strategy shall address the emerging trends of changes in the ecosystem, negative buying sentiment, rise of AI and digital, strengthening of the supply chain, shift to e-commerce and alternate channels and focussing on health and hygiene.





The Company has evaluated the impact of COVID-19 on its operations & financial position. Based on its review of the macro economic conditions & current outlook for the Indian economy, there is no additional impact on the financial statements apart from the financial impact already considered in financial statements of the Company as on 31 March 2020. However, given the evolving scenario & uncertainties with respect to its nature & duration, the impact may be different from estimates as on the date of approval of financial results. The Company will continue to monitor any material changes to its future business and economic conditions.

## Risks and Concerns

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the Company are systematically addressed through mitigating actions on a continuing basis. Listed below are some of the key risks, their anticipated impact on the Company and mitigation strategies:

**People risk:** This is a critical risk for any company and includes a risk of talent retention due to the fast pace of the Industry and demand for experienced people. The Company is carrying out initiatives around talent management across levels, building capability and skills to prepare them for enriched careers within Akzonobel. The organization is also using various creative ways to stay connected with talent and take their inputs in co-creating the people strategy.

**Commodity/Raw Material risk:** Prices of several raw materials used by the Company are driven by crude oil price and foreign exchange movement. The Company monitors this based on international forecasts and price trends. Further, there are ongoing localisation and value creation initiatives to reduce dependency on imported raw materials and mitigate the cost increase.

**Cyber security risk:** Cyberattacks can impact the business operations and cause loss of sensitive information, intellectual property, cash and reputation. The Company's service provider has a program to manage IT security which encompasses Cyber Security training to employees, phishing tests, diagnostics tests on firewalls and vulnerability / penetration tests done at regular intervals. Further, a Security Operating Center (SOC) is being established to monitor security performance across systems.

**Statutory Compliance:** The risk of non adherence to compliances in view of regulatory changes during COVID-19 or otherwise leading to a fine, penalty, reputation damage, customer claims, etc. The Company ensures complete adherence to the compliance requirements and has a structured framework to manage and report compliance to the Board. Regular audits are also undertaken to reduce the risks.

**Currency risk:** The risk of adverse movement in exchange rates can impact Company's margin and profitability. The Company tries to balance its risk by close monitoring and taking forward contracts to hedge foreign currency exposure.

## 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 / Whistle blower Policy

Your Company has adopted a Vigil Mechanism / Whistle blower Policy as detailed in the Corporate Governance Report. The Policy may be accessed on the company's website [www.akzonobel.co.in](http://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 of 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

CSR forms an integral part of our sustainability agenda as we strive to make a positive difference to the world around us. We engage with local communities and stakeholders to partner them in supporting sustainable social developmental projects and causes. Your Company's CSR agenda is based on pillars of education, economic development through skill building, community health and safety. Over the years, our commitment to the development of our country and our communities has always remained significant, and a guiding principle of the way we do business. Some of the highlights of the CSR activities conducted during the year are given below:

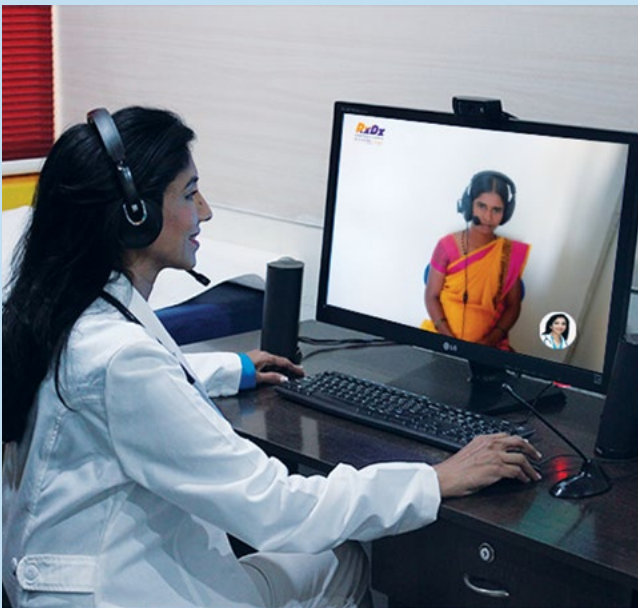
## AkzoNobel Paint Academy

Your Company continued its focus on empowering the youth in India by providing skill training in painting. This year we trained 2,680 youngsters and post training they were linked to employment with painting contractors and automobile body shops. During the year your Company opened a new Paint Academy campus at Navi Mumbai offering ultra-modern training facilities along with accommodation.

Your Company rolled out a paints training project for the inmates of Faridabad district jail, as a part of its rehabilitation programme for prison inmates. Under this project, 125 inmates were provided training post which some of them were provided employment after completion of their prison term.

## E Arogya Kendra Project

AkzoNobel initiated the second E Arogya Kendra at Hoskote, Bengaluru. With this, there are two E Arogya Kendras in Hoskote which provide access of super specialist doctors to ~10,000 villagers through tele medicine.



## Education Projects

Your Company, in partnership with Government Education Department schools and non-formal schools, continue to support education to underprivileged children in six states of India.

This year AkzoNobel N.V. CEO Mr Thierry Vanlancker and Global CFO Mr Maarten De Vries visited your Company's non-formal school in Gurugram and interacted with school children and teachers.



## Response to COVID-19 pandemic

In order to fight the pandemic, your Company has taken the following initiatives:

- Donation to the PM Cares fund to strengthen Government of India's fight against COVID-19,
- Provision of PPE kits to frontline healthcare workers, police force & daily wage labourers,
- Distribution of essential food items to family members of daily wage earners around our sites,
- E-Health initiative near Bangalore for symptomatic screening of villagers to detect COVID-19 symptoms,
- Partnering with Faridabad District Prison for creating triple layered masks for distribution to villagers near Gurugram.

Details of the CSR policy of the Company is available on our website at [www.akzonobel.co.in](http://www.akzonobel.co.in)

A report on the CSR activities undertaken by your Company during the fiscal year 2019-20 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.

## Awards

Your Company was awarded:

- The Golden Globe Tiger Award 2019 in Kuala Lumpur for undertaking CSR project in Vocational Skill Training in Painting, and
- Honored with Excellence in Supply Chain Planning in an event organised by The Alden Global, the 7th Inflection Conference & Awards in India.

## 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 2020 was 1,482 (previous year 1,695). The reduction in employees is mainly because of transformation initiatives in recent years. Your Company considers Human Resources as a vital asset and give utmost importance to employee engagement, development and wellbeing.

- **Engagement:** During the year employees' participation moved to 95% in the Organizational Health Index Survey (OHI) carried out worldwide by McKinsey & Company. While the year saw various creative actions, notable amongst them was the introduction of Artificial Intelligence (AI) engagement chatbot to gauge the sentiments of employees.
- **Capability building:** The year saw several programs launched to upskill technical and behavioural competence. A few focused programs specially designed to drive culture and leadership such as "HPT-High Performing Team" were

delivered across businesses. ILEAD program was launched to build commercial managers. In line with the 'Growing with AkzoNobel' philosophy, we have globally launched the new Talent Management framework

- **Rewards:** Annual Compensation Process (ACP) for all employees was fairly and effectively executed. In order to enhance the effectiveness and experience of employees, we revamped Employee Outpatient Treatment policies with more employee friendly interfaces providing a seamless, speedy and digital experience.

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 by writing an email to [investor.india@akzonobel.com](mailto:investor.india@akzonobel.com).

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)	(ii)
		Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20	Percentage increase in remuneration during 2019-20 over 2018-19
Mr Amit Jain	Non Executive	2.16	Nil
Mr Rajiv Rajgopal	Managing Director	32.78	NA - only part of the year in 2018-19
Mr Lakshay Kataria	Wholetime Director and CFO	19.50	NA - only part of the year in 2018-19
Mr Oscar Wezenbeek (from 4 May 2019)	Non Executive	-	NA - no remuneration was paid to him during his tenure as a Director
Mr Raj S Kapur (upto 14 August 2019)	Non Executive – Independent	0.94	NA - only part of the year in 2019-20
Ms Kimsuka Narsimhan (upto 14 August 2019)	Non Executive – Independent	0.60	NA - only part of the year in 2019-20
Mr Arvind Uppal	Non Executive – Independent	1.95	Nil
Mr Hemant Sahai	Non Executive – Independent	1.82	NA - only part of the year in 2018-19
Mr Rahul Bhatnagar (from 16 August 2019)	Non Executive – Independent	1.15	NA - only part of the year in 2019-20
Ms Smriti Rekha Vijay (from 16 August 2019)	Non Executive – Independent	1.15	NA - only part of the year in 2019-20
Mr Rajasekaran Guha (upto 29 February 2020)	Company Secretary	NA	NA
Ms Harshi Rastogi (from 1 March 2020)	Company Secretary	NA	NA

<b>Description</b>	<b>Remarks</b>
(iii) Percentage increase in the median remuneration of employees in the financial year	6.9%
(iv) Number of permanent employees on the rolls of the Company	1,482 as on 31 March 2020
(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 increase in base salary of non-managerial personnel was 6.9%, 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 2019-20.
2. Remuneration to Directors includes sitting fees paid to them for the financial year 2019-20.
3. Median remuneration in the Company (Base Salary) for all its employees was ₹ 7,40,859 for the financial year 2019-20.
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 take all opportunities to leverage IT to become customer centric and win in the market.

Over the year, the PRISM program enabled the Company to operate through a single ERP platform which is aligned to AkzoNobel's strategic technology journey.

The Company has gone through significant digital transformation and completed the Next Gen Workplace Program, that has given significant boost to consolidate and digitalize its IT assets and services.

AkzoNobel is embracing the AI (Artificial Intelligence) platform and analytics to get more employee and customer insight to deliver outcomes that will ensure organizational success.

## 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 which updates 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 were two complaints reported during 2019-20 which were investigated and resolved to the satisfaction of the complainants 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](http://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

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**Completed the Next Gen Workplace Program that has given a significant boost to consolidate and digitalize IT assets and services.**

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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](http://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.

Form AOC - 2 pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 forms part of this report.

## 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 up to 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 2020-21.

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 2019-20 by M/s A K Labh & Co., Kolkata. Their report is appended.

Secretarial audit report for financial year 2019-20 contained one area of non compliance by a promoter entity in respect of dematerialization of its shareholding. The shareholding entity has completed the necessary formalities in this regard and submitted the equity shares for demat as of date of this report and dematerialisation is in process.

The Board has re-appointed M/s A K Labh & Co., Kolkata to conduct Secretarial Audit for the financial year 2020-21.

### Cost Auditors

In terms of Section 148 of the Companies Act 2013, Cost Audit was conducted for the year 2019-20 by M/s Chandra Wadhwa & Co., New Delhi. Their report for the year 2018-19 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 2020-21, 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](http://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 2019-20:

Mr Oscar Wezenbeek	Non-Executive Director	Appointed with effect from 4 May 2019
Ms Kimsuka Narsimhan	Independent Director	Resigned with effect from 14 August 2019
Mr Raj Kapur	Independent Director	Retired with effect from 14 August 2019
Mr Rahul Bhatnagar	Independent Director	Appointed with effect from 16 Aug 2019
Ms Smriti Rakha Vijay	Independent Director	Appointed with effect from 16 Aug 2019

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

A brief resume of Mr Lakshay Kataria, as required under regulation 36 of the Listing Regulations, is given in the Notice convening the AGM.

During the year, Ms Kimsuka Narsimhan and Mr Raj Kapur ceased to be the Directors of the Company with effect from 14 August 2019. The Board places on record its appreciation for their invaluable contribution and guidance.

Mr R Guha relinquished his office as the Secretary of the Company with effect from 29 February 2020, after having served the Company for over three decades in different capacities. The Board records its appreciation of the valuable services rendered by Mr Guha. Ms Harshi Rastogi was appointed as the Company Secretary with effect from 01 March 2020.

Mr Rajiv Rajgopal, Managing Director, Mr Lakshay Kataria, Chief Financial Officer and Ms Harshi Rastogi, Company Secretary are

the whole-time Key Managerial Personnel of the Company in terms of Section 203 of the Act.

## 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](http://www.akzonobel.co.in).

## Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable Indian accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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.
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.
8. The Corporate Office of the Company was shifted to a new premise within Gurugram at 9th Floor, Magnum Towers, Golf Course Extension Road, Sector 58, Gurugram 122 011 with effect from 11 November 2019.

## 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, government and regulatory authorities, stock exchanges and other business associates for their cooperation and continued support. The Directors regret the loss of life due to COVID-19 pandemic and have immense respect for every person who risked their life and safety to fight this pandemic.

On behalf of the Board

**Amit Jain**

Chairman

DIN 01770475

Place: Gurugram

Date: 20 June 2020

# 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 improve its corporate governance performance, emphasizing transparency and embedding a sustainable culture of long-term value creation.

Your Company takes utmost care to safeguard the interests of all its stakeholders. The Board represents the shareholders' interest in 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](http://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:

<u>Name of the Director</u>	<u>Category of Directorship in the Company</u>	<u>Directorship held in other listed entities</u>	<u>Directorship in other Companies# (Chairmanship)</u>	<u>Membership in specified* committees (Chairmanship)</u>
Mr A Jain	Non Executive Chairman	-	-	-
Mr O Wezenbeek <sup>1</sup>	Non Executive Director	-	-	1
Mr R Rajgopal	Managing Director	-	-	1
Mr L Kataria	Wholetime Director	-	-	1
Mr A Uppal	Independent Director	2 [Whirlpool of India Limited (Non Executive Chairman) Gulf Oil Lubricants India Limited (Independent Director)]	2(1)	4(2)
Mr H Sahai	Independent Director	-	-	2(1)
Mr Rahul Bhatnagar <sup>2</sup>	Independent Director	2 [Whirlpool of India Limited (Independent Director) Rossell India Limited (Independent Director)]	2	3(3)
Ms Smriti Rekha Vijay <sup>2</sup>	Independent Director	-	-	1

# Private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013 have not been considered.

\*Specified committees include only Audit and Stakeholders Relationship committees

<sup>1</sup>from 4 May 2019

<sup>2</sup>from 16 Aug 2019



Following changes were made in the composition of the Board during 2019-20:

Mr Oscar Wezenbeek	Non-Executive Director	Appointed with effect from 4 May 2019
Ms Kimsuka Narsimhan*	Independent Director	Resigned with effect from 14 August 2019
Mr Raj Kapur	Independent Director	Retired with effect from 14 August 2019
Mr Rahul Bhatnagar	Independent Director	Appointed with effect from 16 Aug 2019
Ms Smriti Rakha Vijay	Independent Director	Appointed with effect from 16 Aug 2019

\*Ms. Kimsuka Narasimhan, Independent Director of the Company had tendered her resignation from the Board of Directors with effect from 14 August, 2019 due to her various professional and personal commitments. She has also confirmed that apart from these reasons, there were no other material reason for her resignation.

## 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 Board of Directors are collectively responsible for selection of a member on the Board.

The Company's core business is manufacturing, distribution and sale of paints and coatings. In terms of the Listing Regulations, 2015, the Board has identified the following core skills / expertise / competencies of the Directors in the context of the Company's business for effective functioning of its operations:

Skills & its description	Amit J	Oscar W	Rajiv R	Lakshay K	Arvind U	Hemant S	Rahul B	Smriti V
<b>Sales &amp; Marketing:</b> Experience in developing strategies to grow sales & market share, build brand awareness and equity and enhance reputation based on understanding of the consumer & consumer goods industry	✓	✓	✓	✓	✓	-	✓	-
<b>Technical:</b> Significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation	✓	✓	✓	✓	✓	-	-	-
<b>General Management:</b> Protect interest of all stakeholders, observing appropriate governance practices while nurturing talent to create strong & competent future business leaders	✓	✓	✓	✓	✓	✓	✓	✓
<b>Legal and Governance:</b> Professional skills & knowledge of changing regulatory frameworks	✓	-	-	✓	-	✓	-	✓

<b>Skills &amp; its description</b>	<b>Amit J</b>	<b>Oscar W</b>	<b>Rajiv R</b>	<b>Lakshay K</b>	<b>Arvind U</b>	<b>Hemant S</b>	<b>Rahul B</b>	<b>Smriti V</b>
<b>Strategic thinking and decision making:</b> Ability to review & guide strategy by analysing Companies Competitive position & benchmarking taking into account market & Industry trends while consistently growing profitability in the diverse business environments	✓	✓	✓	✓	✓	✓	✓	✓
<b>Financial:</b> Ability to comprehend, interpret & guide on the financial statements, financial controls, risk management, mergers and acquisition, etc	✓	✓	✓	✓	✓	✓	✓	✓
<b>International Business:</b> Experience in leading & driving businesses success in geographies/markets around the world with an understanding of diverse business environments, economic conditions	✓	✓	✓	-	✓	✓	✓	-

## Meetings and attendance

Given below is the consolidated list of meetings of the shareholders, Board and committees held during April 2019 to March 2020 and attendance details of Directors:

<b>Meeting</b>	<b>Date</b>
Annual General Meeting (AGM)	8 Aug 2019
Board	3 May 2019, 8 Aug 2019, 8 Nov 2019 and 6 Feb 2020
Audit Committee	3 May 2019, 8 Aug 2019, 8 Nov 2019 and 6 Feb 2020
Stakeholders Relationship Committee (SRC)	27 Mar 2020
Nomination and Remuneration Committee (NRC)	3 May 2019, 7 Aug 2019, 8 Nov 2019 and 6 Feb 2020
CSR Committee	16 Apr 2019, 2 Aug 2019 and 5 Feb 2020
Risk Management Committee (RMC)	22 Oct 2019
Independent Directors Meeting	5 Feb 2020

## Attendance

<b>No. of Meetings held</b>			<b>AGM</b>	<b>Board</b>	<b>Audit</b>	<b>RMC</b>	<b>NRC</b>	<b>SRC</b>	<b>CSR</b>
			1	4	4	1	4	1	3
<b>Directors</b>	<b>Date of joining the Board</b>	<b>Date of cessation</b>							
Mr A Jain	02 Jan 2014	Continuing	1	4	NA	NA	4	NA	NA
Mr O Wezenbeek	04 May 2019	Continuing	1	3	3	NA	3	NA	NA
Mr R Rajgopal	01 Nov 2018	Continuing	1	4	NA	1	NA	1	3
Mr L Kataria	01 Feb 2019	Continuing	1	4	NA	1	NA	1	3
Mr A Uppal	01 Apr 2011	Continuing	1	4	4	1	4	NA	NA
Mr H Sahai	03 Aug 2018	Continuing	1	3	3	1	3	1	NA
Mr R Bhatnagar	16 Aug 2019	Continuing	NA	2	2	1	2	NA	NA
Ms S Vijay	16 Aug 2019	Continuing	NA	2	2	NA	2	NA	1
Mr R S Kapur	01 Mar 2014	14 Aug 2019	1	2	2	NA	2	NA	2
Ms K Narsimhan	30 Jan 2015	14 Aug 2019	-	1	1	NA	1	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

Mr R Bhatnagar (Chairman <sup>1</sup> )	Independent Director
Mr H Sahai	Independent Director
Mr A Uppal	Independent Director
Ms S Vijay <sup>1</sup>	Independent Director
Mr O Wezenbeek <sup>2</sup>	Non Executive Director

<sup>1</sup>from 16 Aug 2019

<sup>2</sup>from 4 May 2019

The terms of reference of the Committee are in alignment with the norms specified in the Listing Regulations and relevant provisions of the Act and include overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; recommending the appointment, remuneration and terms of appointment of statutory auditors of the Company, approval of payment to statutory auditors for any other services rendered by them, reviewing and monitoring the auditor's independence and performance and effectiveness of the audit process, reviewing, with the management, the annual financial statements and auditor's report thereon, approval or any subsequent modification of transactions of the Company with related parties, evaluation of internal financial controls and risk management systems, reviewing with the management, performance of statutory and internal auditors, reviewing the functioning of the whistle blower mechanism of the Company and carrying out such other function as is mentioned in the terms of reference.

The members of the Committee possess necessary knowledge in financial, accounting and business matters. The Chairman, Managing Director, Wholtime Director and CFO, Internal Auditors and Statutory Auditors are permanent invitees to the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee. 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 Audit Committee also meets the internal and external auditors separately, without the presence of Management representatives.

Ms Kimsuka Narsimhan, former Chairperson of the Committee, could not attend the AGM of the Company held on 8 August 2019 due to prior commitments. Instead, Mr Arvind Uppal was nominated by the Board to act as the Chairman of Committee on that day and was present at the AGM.

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 R Rajgopal	Managing Director
Mr L Kataria	Wholtime Director and CFO
Mr H Sahai	Independent Director

Mr R Bhatnagar	Independent Director
Mr R Totla*	Director Sales
Mr P Chandrasekharan*	Sales Manager - ASC
Mr S Khatuja*	Head - Manufacturing
Ms H Rastogi	Company Secretary and Compliance Officer

\*joined after 31 March 2020

The purpose of the committee is to frame, monitor and review the risk management plan for the company. There is an ongoing process to track the evolution of risks and delivery of mitigating action plans. Robust and continuous internal monitoring mechanisms ensure timely identification of risks and issues. The Management, Statutory and Internal Auditors undertake testing of the control environment 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 to para 2 above.

### 5. Nomination and Remuneration Committee

#### Composition

Mr A Uppal (Chairman)	Independent Director
Mr A Jain	Non Executive Director
Mr H Sahai	Independent Director
Mr O Wezenbeek <sup>1</sup>	Non Executive Director
Mr R Bhatnagar <sup>2</sup>	Independent Director
Ms S Vijay <sup>2</sup>	Independent Director

<sup>1</sup>from 4 May 2019

<sup>2</sup>from 16 Aug 2019

The terms of reference of the Nomination and Remuneration Committee include determining the criteria for appointment of an executive, non executive and independent director, recommending to the board of directors a policy relating to the remuneration of the directors & key managerial personnel and other senior employees, formulating criteria for evaluation of performance of independent directors and the board of directors, devising a policy on diversity of board of directors; identifying persons who are qualified to become directors and who may be appointed in senior management, deciding on extending or continuing the term of appointment of the independent director on the basis of the report of performance evaluation.

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

Mr Arvind Uppal, Chairman of the Committee was present at the AGM of the Company held on 8 August 2019.

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. Stakeholders Relationship Committee

### Composition

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

The terms of reference of the Stakeholders Relationship Committee includes resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, reviewing measures taken for effective exercise of voting rights by shareholders, reviewing of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent, reviewing various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

The Company received 2 complaints from its investors during 2019-20, both of which have been resolved and no complaint was pending as on 31 March 2020. 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.

Mr Hemant Sahai, Chairman of the Committee, was present at the AGM of the Company held on 8 August 2019.

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

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

## 7. Corporate Social Responsibility Committee

### Composition

Ms S Vijay (Chairperson*)	Independent Director
Mr L Kataria	Wholetime Director
Mr R Rajgopal	Managing Director

\*from 16 August 2019

The terms of reference of the Corporate Social Responsibility Committee includes formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on CSR activities of the Company, reviewing the performance of Company in the areas of CSR.

The Company Secretary functions as the Secretary to this Committee.

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

## 8. Board Evaluation

In terms of the requirements of the Act and the Listing Regulations, an annual performance evaluation of the Board is 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 2019-20, the evaluation was done in compliance with the SEBI Guidance note on Board Evaluation dated 5 January 2017. During the year, Board Evaluation process was completed by the Company internally which included the Evaluation of the Board as a whole, Board Committees and Peer Evaluation of the Directors. 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 overall performance being better than the previous year and no Board Member receiving negative feedback on any aspect. As an outcome of the above exercise, it was noted that the Board as a whole is functioning as a cohesive body which is well engaged with different perspectives. The Board Members from different backgrounds bring about different complementarities and deliberations in the Board and Committee Meetings are enriched by this. It was noted that these findings were positive, either meeting/exceeding expectations. Several suggestions for improvement were also noted for action. The survey also revealed that some previous year's low rating items have moved up the scale and no longer remain a concern.

One meeting of the Independent Directors was held on 5 February 2020 to inter alia discuss the issues arising out of committee meetings and board discussions including the quality, quantity and timely flow of information between the company management and the board to enable board to effectively and reasonably perform their duties. Further, the performance of non-independent directors, the Board as a whole and the Chairman of the Company was also evaluated. All the Independent Directors of the Company were present at that meeting.

## 9. 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 Oscar Wezenbeek, 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. Criteria of making payments to non-executive directors

have been uploaded on the website of the Company at [www.akzonobel.co.in](http://www.akzonobel.co.in). 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 2019-20 are given below:

	Fixed component a	Performance linked bonus b	(₹ million)
	Salary and allowances	Performance Pay	Total remuneration c (c = a+b)
<b>Managing/Wholetime Directors</b>			
Mr R Rajgopal	17.26	7.03	24.29
Mr L Kataria	11.25	3.19	14.44
<b>Total</b>	<b>28.51</b>	<b>10.22</b>	<b>38.73</b>
<b>Non-Executive Directors</b>			
	Sitting fees	Commission	Commission
Mr A Jain (Chairman)	0.40	1.20	1.60
Mr A Uppal	0.65	0.80	1.45
Mr H Sahai	0.55	0.80	1.35
Mr R Bhatnagar <sup>1</sup>	0.35	0.50	0.85
Ms S Vijay <sup>1</sup>	0.35	0.50	0.85
Ms K Narsimhan <sup>2</sup>	0.15	0.30	0.45
Mr R S Kapur <sup>2</sup>	0.40	0.30	0.70
<b>Total</b>	<b>2.85</b>	<b>4.40</b>	<b>7.25</b>

<sup>1</sup>from 16 August 2019

<sup>2</sup>upto 14 August 2019

Notes:

- Service contracts with the Managing Director and Wholetime Director are terminable by notice of three months.
- No severance fee was paid to any Director during the year.
- Performance linked bonus was paid to the Managing Director and Wholetime Director based on pre-agreed parameters and considering the recommendations of the NR Committee.
- 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.
- The remuneration includes the post retirement and long-term benefit for the Managing/Wholetime Director.
- Remuneration paid to the directors are within the stipulated limits as specified vide Regulation 17 to SEBI (LODR) Regulations, 2015.

## 10. General Body Meetings

- Details of the last three Annual General Meetings of the Company are given below:

Date of AGM	Time	Venue
08 August 2019	2:00 pm	Bharatiyam, EZCC, Salt Lake City, Kolkata 700 106
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

- One special resolution for appointment of Mr Arvind Uppal as an Independent Director for a second term was passed by the shareholders at the 2019 AGM
- Two ordinary resolutions were passed by the shareholders through postal ballot during the year 2019-20 for appointment of Mr Rahul Bhatnagar and Ms Smriti Vijay as Independent Directors as per details given below:

Date of Postal Ballot Notice: 8 November 2019

Voting period: 18 November 2019 to 17 December 2019

Date of passing of resolutions: 17 December 2019

Date of declaration of result: 19 December 2019

Summary of the voting pattern is as follows:

Resolution	Votes cast in favor (in %)	Votes cast against (in %)
Appointment of Mr R Bhatnagar as an Independent Director	99.9978	0.0022
Appointment of Ms S Vijay as an Independent Director	99.9979	0.0021

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 2019-20.

## 11. 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	The results, press releases, presentations and other relevant information are displayed on the Company's website
iv. Whether it also displays official news releases	<a href="http://www.akzonobel.co.in">www.akzonobel.co.in</a>
v. Presentations made to institutional investors or to the analysts	

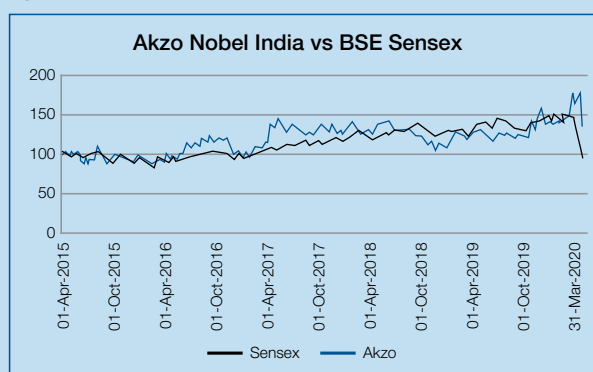
## 12. General Shareholder Information

i. AGM: date, time and venue	28 August, 2020 at 1030 hours through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	
ii. Financial year	1 April to 31 March	
iii. Financial calendar (Tentative)	<b>Quarterly / Annual Results</b>	<b>Publication on or before</b>
	1st quarter ending 30 Jun 2020	14 Aug 2020
	2nd quarter ending 30 Sep 2020	14 Nov 2020
	3rd quarter ending 31 Dec 2020	14 Feb 2021
	Year ending 31 Mar 2021	30 May 2021
iv. Date of book closure	22 Aug 2020 to 28 Aug 2020 (both days inclusive)	
v. Dividend payment date	On or around 10 September 2020 (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 2020 to 31 Mar 2021 have been paid.	
vii. Stock code	BSE : 500710 NSE : AKZOINDIA-EQ ISIN : INE133A01011	

### viii. Market price data and stock performance during the year 2019-20

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-19	1,861.80	1,685.45	5,293	1,860.00	1,702.05	98,627
May-19	1,830.00	1,600.00	11,820	1,786.00	1,600.00	123,201
Jun-19	1,806.40	1,700.00	10,540	1,817.90	1,701.70	204,130
Jul-19	1,823.00	1,689.00	4,595	1,824.00	1,690.00	61,066
Aug-19	1,800.00	1,654.00	56,399	1,799.00	1,629.15	145,471
Sep-19	2,060.00	1,690.10	37,235	2,075.00	1,688.55	570,989
Oct-19	2,152.00	1,750.10	25,024	2,151.85	1,816.25	350,150
Nov-19	2,275.00	1,893.60	35,572	2,270.00	1,890.00	365,206
Dec-19	2,021.80	1,893.60	8,221	2,028.65	1,905.00	288,830
Jan-20	2,134.65	1,926.85	78,499	2,134.60	1,928.80	748,894
Feb-20	2,500.00	2,000.00	43,496	2,500.00	2,002.00	538,287
Mar-20	2,515.00	1,730.00	55,225	2,499.00	1,750.00	720,853

### ix. Stock performance in comparison to BSE Sensex from April 2015 to March 2020



Note: Comparison is made by anchoring the share price and Sensex value at a base value of 100 as on 1 April 2015. 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](http://www.akzonobel.co.in).

Your Company has transferred a sum of ₹ 10.47 million and 28,488 shares, after 122 and 126 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 2012, within the due dates.

Amounts of unclaimed dividend as on 31 March 2020 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)
2012-13	46.3	13 Sep 2020
2013-14	44.7	16 Sep 2021
2014-15	12.3	19 Sep 2022
2015-16	39.1	31 Aug 2023
2016-17	13.7	19 Sep 2024
2017-18	7.8	7 Sep 2025
2018-19	7.8	13 Sep 2026
<b>Total</b>	<b>171.7</b>	

### 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](mailto:rta@cbmsl.com)

### xii. Share transfer system

Share transfers in physical form has been discontinued from 1 April 2019. However, requests received upto 31 March 2019 and pending for various reasons have been processed during the year.

**xiii. Distribution of shareholding as on 31 March 2020**

Range (No. of shares)	No. of shareholders	% of shareholders	No. of shares	% to total shares
1-50	29,117	69	503,949	1.1
51-500	12,000	28	1,715,290	3.8
501-5000	1,095	3	1,273,035	2.8
5001-50000	50	*	643,814	1.4
50001-1000000	24	*	5,349,265	11.7
1000001 & above	4	*	36,054,961	79.2
<b>Total</b>	<b>42,290</b>	<b>100</b>	<b>45,540,314</b>	<b>100.0</b>

\*less than 0.5%

**Shareholding Pattern as on 31 March 2020**

Category of shareholders	No. of shares	%
<b>(A) Promoter and Promoter Group</b>	34,044,335	74.8
<b>Total</b>	<b>34,044,335</b>	<b>74.8</b>
<b>(B) Public shareholding</b>		
(a) Mutual funds	2,533,416	5.6
(b) Insurance companies	1,345,127	3.0
(c) Nationalised Banks	18,102	0.0
(d) Other Banks	11,016	0.0
(e) Foreign Institutional Investors	575,809	1.3
(f) NRIs	142,612	0.3
(g) Bodies Corporate	3,206,394	7.0
(h) Individuals/others	3,663,503	8.1
<b>Total public shareholding</b>	<b>11,495,979</b>	<b>25.2</b>
<b>Total (A) + (B)</b>	<b>45,540,314</b>	<b>100.0</b>

**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 2020, 74.29% of the Company's equity shares involving 33.83 million shares have been dematerialized (No. of demat accounts: 32,129).

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:

- Plot No 9-29, Narsapur Road, Balanagar, Hyderabad, Telangana - 500 037
- Plot No 62, Hoskote Industrial Area, Bengaluru, Karnataka - 562 114
- Plot No. GAF-1 & 2, Industrial Area, Ghirongi (Malanpur), Bhind, Madhya Pradesh - 477 117
- Plot No. A-42, Phase-VIII-B, Focal Point, SAS Nagar, Mohali, Punjab - 160 059
- 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:

- 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  
9th Floor, Magnum Towers  
Golf Course Extension Road  
Sector 58, Gurugram 122 011  
Tel: +91 124 4852400  
Email: investor.india@akzonobel.com

**xix. Compliance Officer :**

Name : Ms Harshi Rastogi  
Designation : Company Secretary  
Phone no. : 0124 4852400  
E-mail : harshi.rastogi@akzonobel.com

### 13. 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](http://www.akzonobel.co.in)
- d. CEO / CFO certification in respect of Financial Statements pursuant to Regulation 17(8) of Listing Regulations has been provided.
- e. The Policy on dealing with related party transactions can be accessed on the Company's website [www.akzonobel.co.in](http://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](http://www.akzonobel.co.in)
- g. The Policy on determining material subsidiaries can be accessed on the Company's website [www.akzonobel.co.in](http://www.akzonobel.co.in)
- h. 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 entitled to remuneration and other benefits for his role in the AkzoNobel Group, during his tenure of employment with that Group.

- i. All Directors have confirmed that they do not hold any shares in the Company.
- j. None of the Directors are related to each other.
- k. 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.
- l. It is hereby confirmed that in the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the management.
- m. All Independent Directors have confirmed their independence to the Company.
- n. All the Independent Directors have also confirmed that their names are duly registered in the data bank of Independent Directors as maintained by The Indian Institute of Corporate Affairs in terms of Rule 6 of The Companies (Appointment and Qualification of Directors) Rules, 2014.
- o. The terms and conditions of appointment of Independent Directors have been posted on Company's website [www.akzonobel.co.in](http://www.akzonobel.co.in)
- p. 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.
- q. 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	5
<b>Total</b>	<b>15</b>

- r. 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 2
- b. Number of complaints disposed of during the financial year 2
- c. Number of complaints pending as on end of the financial year Nil

- s. Management Discussion and Analysis is annexed to the Directors' Report and forms part of Annual Report.
- t. Web link where details of familiarisation programmes imparted to independent directors : <https://akzonobel.co.in/familiarization>

## 14. 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.

## 15. 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](http://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 2020.

**Rajiv Rajgopal**  
Managing Director  
DIN 06685599

Gurugram  
20 June 2020

## 16. 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.

## 17. Certificate of Non-Disqualification of Directors

A certificate from a practicing company secretary pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) is appended.

## 18. 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:	115 shareholders and 4,273 shares
ii) Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year:	3 shareholders and 134 shares
iii) Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year:	3 shareholders and 134 shares
iv) Number of shareholders whose shares were transferred from the Unclaimed Suspense Account to IEPF Authority:	10 shareholders and 368 shares
v) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year:	102 shareholders and 3,771 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.

## 19. 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:

<b>Description</b>	<b>Status as on 31 March 2020</b>
(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	<p>There is no audit qualification in the report of the statutory auditors for the current financial year.</p> <p>However, one area of non compliance by a promoter entity in respect of dematerialization of its shareholding has been reported by the Secretarial Auditor. The shareholding entity has completed the necessary formalities in this regard and submitted the equity shares for demat as of date of this report and dematerialisation is in process.</p>
(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: 20 June 2020

# Certificate on Corporate governance

To  
The Members,  
Akzo Nobel India Limited  
"Geetanjali Apartment", 1st Floor  
8-B, Middleton Street  
Kolkata – 700071  
West Bengal

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 31.03.2020.

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

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

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

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

**(CS A. K. LABH)**  
Practicing Company Secretary  
FCS – 4848 / CP No 3238  
UDIN : F0048488000358553

Place : Kolkata  
Dated : 20.06.2020

# Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
Akzo Nobel India Limited  
"Geetanjali Apartment", 1st Floor  
8-B, Middleton Street  
Kolkata – 700071  
West Bengal

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Akzo Nobel India Limited having CIN : L24292WB1954PLC021516 and having registered office at Geetanjali Apartment, 1st Floor, 8-B, Middleton Street, Kolkata – 700071, West Bengal (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March, 2020 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 other Statutory Authority:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>DIN</b>	<b>Date of appointment in Company</b>
1.	Hemant Sahai	00088238	03.08.2018
2.	Arvind Uppal	00104992	01.04.2011
3.	Amit Jain	01770475	02.01.2014
4.	Smriti Rekha	03305041	16.08.2019
5.	Rajiv Rajgopal	06685599	01.11.2018
6.	Rahul Bhatnagar	07268064	16.08.2019
7.	Lakshay Kataria	08345477	01.02.2019
8.	Oscar Christian Maria Jozef Wezenbeek	08432564	04.05.2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Name : CS A. K. LABH**  
Membership No. : FCS - 4848  
CP No. : 3238  
UDIN : F0048488000358498

Place : Kolkata  
Dated : 20.06.2020

# Annexure II-A

## Business Responsibility (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

- Corporate Identity Number (CIN) of the Company: L24292WB1954PLC021516
- Name of the Company: Akzo Nobel India Limited
- Registered address: Geetanjali Apartment, 1st Floor, 8-B, Middleton Street, Kolkata 700 071
- Website : [www.akzonobel.co.in](http://www.akzonobel.co.in)
- E-mail id : [investor.india@akzonobel.com](mailto:investor.india@akzonobel.com)
- Financial year reported: April 2019 - March 2020

- Sectors that the Company is engaged in (industrial activity code-wise):

Code #	Description
20221	Paints, varnishes, enamels or lacquers

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

- 1) Paints/Synthetic Enamels
- 2) Colorants
- 3) Thinners

- 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

- Markets served by the Company: National and International

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital : ₹ 455.4 million
- Total Turnover : ₹ 26,618 million
- Total profit after taxes : ₹ 2,374 million
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax : ₹ 58.94 million amounting to 2.5% of PAT (2% of net profit computed under Section 198 of the Act)
- List of activities in which expenditure in 4 above has been incurred:
  - Promotion of Education
  - Road Safety Awareness
  - Skill Development
  - Healthcare

## SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies: Yes – ICI India Research & Technology Centre, a not for profit company engaged in scientific research, where the Company has effective control.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company?: Yes
- 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.

## 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 and Sustainability Policy	Sustainability and CSR Policies	HSE&S and Sustainability Policies

All the above policies are available at [www.akzonobel.co.in](http://www.akzonobel.co.in)

## 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 Harshi Rastogi  
Designation Company Secretary  
Telephone number 0124-4852400  
Email ID investor.india@akzonobel.com

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](http://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 2 shareholder complaints during the past financial year, all of which have been resolved. It also received 10 cases reported through 'Speak up' (Vigil Mechanism) during the year; 6 of which were investigated and resolved and 4 are under



investigation. There were 1,538 consumer complaints received by the Company of which 1,269 were resolved and 269 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 People.Planet.Paint.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 1,482 among which 102 were female. There were 3 regular employees with disabilities. It also has about 791 contractual/temporary workforce.

There are recognized trade unions at some of the Company's locations representing the workmen. Approximately 8.23% 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. Two complaints of sexual harassment were received which were investigated and resolved to the satisfaction of the complainants.

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 2019-20 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. The company strongly drives product stewardship policy and adopted hierarchy of controls to eliminate, substitute or reduce the hazardous content in the production process and finished products..

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 2019-20. It has no pending show cause notices from CPCB or SPCB as at end of the financial year 2019-20.

**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)
- c) Paints and Coatings Skills Council (PCSC)

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 2019-20, a sum of ₹ 58.94 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: 20 June 2020

# 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]

- 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](https://akzonobel.co.in/pdf/policy/ANI_CSR_Policy.pdf)

- The CSR committee consists of three Directors including an Independent Director. The Chairperson of the committee is Ms Smriti Rekha Vijay (Independent Director) and the other members are Mr. Rajiv Rajgopal (Managing Director) and Mr. Lakshay Kataria (Wholtime Director & CFO).
- Average net profit of the Company for last three financial years was ₹ 2,807 million, computed under Section 198 of the Act.
- Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) is ₹ 56.13 million.
- Details of CSR spent during the financial year:

(a) Total amount spent for the financial year: ₹ 58.94 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.	Vocational Skill Training - Kaushal Vahan	Skill Training	Various towns of Uttar Pradesh, Bihar and Madhya Pradesh	4.56	Direct Project Expenditure: 2.80	2.80	In partnership with HASS (NGO)	The project through mobile van provided skill training and safety awareness to more than 5,000 existing painters in Decorative Paints and Vehicle Refinish
2.	Vocational Skill Training at Faridabad Dist. Jail	Skill Training	Faridabad (Haryana)	0.47	Direct Project Expenditure: 0.47	0.47	In partnership with Global Hunt Foundation (NGO)	As a part of rehabilitation programme for ex jail inmates, the project provided skill training in decorative paints to 125 inmates and linked 20 of them to employment.

(1) S. No	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (₹ million)	(6) Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ million)	(7) Cumulative expenditure up to the reporting period (₹ million)	(8) Amount spent : Direct or through implementing agency	(9) Project Synopsis
3.	Vocational Skill Training to youth and Painters	Skill Training	Delhi (Delhi), Kolkata (West Bengal), Gorakhpur (UP), Navi Mumbai (Maharashtra), Bengaluru (Karnataka) and all major towns of Tamil Nadu, Kerala, Gujarat and Madhya Pradesh.	28.00	Direct Project Expenditure: 28.00	28.00	In partnership with ILRT, Anirban Rural Welfare Society, SEEDS, Skill Sonics, Team lease and Sambhav Foundation	AkzoNobel provided vocational skill Training to 2,680 youth and painters in Decorative Paints and Vehicle Refinish. The training helped the fresh youth to get employment while for existing painters it improved their skills and helped to increase their wage level.
4.	Vocational Skill Training	Skill Training	Navi Mumbai (Maharashtra)	5.00	Direct Project Expenditure: 4.83	4.83	Directly	AkzoNobel established a new state of the art paint academy at Navi Mumbai. The residential training centre will help training more than 200 youth/year.
5.	Community Health project	Promoting Preventive health care	Bengaluru (Karnataka)	2.50	Direct Project Expenditure: 2.50	2.50	In partnership with Telerad Foundation	Provided preventive and diagnostic health care in 10 villages in Bengaluru Rural covering through Tele Medicine.
6.	Education Project for underprivileged children	Promoting Education	Gurugram (Haryana)	2.50	Direct Project Expenditure: 1.62	1.62	In partnership with Sakshi (NGO)	The project provided early childhood, remedial and non-formal education to 400 children in Gurugram district.
7.	Girls Education Project	Education	Bengaluru (Karnataka)	2.50	Direct Project Expenditure: 2.50	2.50	In partnership with APSA (NGO)	The project promoted girl's education for 1,000 children in five Govt. schools of Bengaluru through providing supplementary education, life skill education and making communities aware about importance of girl's education.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ million)	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ million)	Cumulative expenditure up to the reporting period (₹ million)	Amount spent : Direct or through implementing agency	Project Synopsis
8.	Education Project for underprivileged Children	Education	Mohali (Punjab)	2.50	Direct Project: Expenditure: 2.00	2.00	In partnership With Deepalaya (NGO)	The project is facilitating Education for 1,500 school children in three schools through providing them remedial and life skill education.
9.	Education Project for underprivileged Children	Promoting Education	Thane (Maharashtra)	0.59	Direct Expenditure: 0.59	0.59	In partnership with Room to Read (NGO)	The project promoted reading and learning in five Govt. schools of Thane district. Covering 750 children.
10.	Education Project for underprivileged children	Promoting Education	Bhind (Madhya Pradesh)	2.50	Direct Project Expenditure: 2.47	2.47	In partnership with Sambhav Social Services (NGO)	This project is promoting education among children and health for children specially girls. This year more than 200 children were provided computer, non-formal and supplementary education through this project.
11.	Education Project for underprivileged children	Promoting Education	Pune (Maharashtra)	2.50	Direct Expenditure: 1.00	1.00	In partnership with American India Foundation	The project is facilitating digital education for children in 15 Govt. schools of Pune.
12.	Road Safety Awareness Project	Promoting Education	Navi Mumbai (Maharashtra)	1.81	Direct Project Expenditure: 1.96	1.96	In partnership with YUVA	In partnership with Navi Mumbai Traffic Police, Akzo Nobel India spread awareness on road safety in 20 schools and colleges of Navi Mumbai, covering 4,000 children, youth and motorists.
13.	Education Project for underprivileged Children	Promoting Education	Navi Mumbai (Maharashtra)	1.83	Direct Project Expenditure 1.53	1.53	Directly	The project is facilitating remedial and health education for 500 children in four Govt. schools of Navi Mumbai.
14.	Education Project for underprivileged children	Promoting Education	Hyderabad (Telangana)	2.50	Direct Project Expenditure: 2.49	2.49	In partnership with APSA (NGO)	Supporting supplementary and remedial education for 1,000 children across five govt. schools of Hyderabad.

(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
15.	Others- Less than ₹ 0.4 million each	Various	Various	1.38	1.38	1.38	Directly	NA
16.	Administrative Cost (Salaries, Travel etc.)			2.80	2.80	2.80	NA	NA
<b>TOTAL CSR EXPENDITURE</b>					<b>58.94</b>			

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.
8. The Company has also contributed ₹ 5 million to the PM Cares Fund on 31 March 2020 in connection with the COVID-19 pandemic pursuant to Section 135(2)(7) of the Companies Amendment Act 2020 and Circular No 10/2020 dated 23 March 2020 issued by MCA. The company has decided to consider this spent against the succeeding financial year. Hence, in the total amount spent for FY 2019-20, this amount of ₹ 5 million has not been considered.

Place: Gurugram  
Date: 20 June 2020

**Smriti Rekha Vijay**  
Chairman - CSR Committee  
DIN 03305041

**Rajiv Rajgopal**  
Managing Director  
DIN 06685599

# 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 2019-20, various energy conservation measures were implemented by the Company:

i.	Conservation measures taken	Energy saving measures adopted across all offices & manufacturing facilities with Continued efforts towards technological upgradation and optimization of processes to reduce carbon footprint. Some of the key measures are: <ol style="list-style-type: none"> <li>1. Lighting upgraded to LED for reduced energy consumption across all the offices and plant.</li> <li>2. Harvested the exhaust air wastage released to atmosphere from Discharge valve (DV) dust collector air purging system.</li> <li>3. Shut down management system implemented for various energy saving measures in the plant.</li> <li>4. Separate control switch for plant individual lights to avoid excess running of lights</li> <li>5. AC mapping done across the site for minimum usage and maximum coverage</li> <li>6. Timers installed in Process Equipment's and various other utilities to automatically switch ON and OFF for optimum utilization</li> <li>7. Capacitor Replacements maintaining the power factor close to unity</li> <li>8. Chiller pump rpm reduction, yield improvement and batch cycle time improvement etc</li> <li>9. HVLS Fan Installation in Powder Plant in replacement of AHU unit resulting in high energy savings.</li> </ol>
ii.	Steps taken by the Company for utilizing alternate sources of energy	The Company has taken initiatives to use non-conventional energy like solar panel and as part of the initiative, roof top solar panels are installed by third party, AkzoNobel is charged on per unit basis.
iii.	Capital investment on energy conservation equipment	Solar energy used has been extended to all sites on BOT basis. Exhaust air harvesting system and LED project was installed.

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)	
iv.	Expenditure on R&D	2019-20	2018-19
	Capital	-	-
	Recurring*	167	123
	<b>Total</b>	<b>167</b>	<b>123</b>

\*Excludes Royalty Charge and recoveries

### C. Foreign exchange earnings and outgo

		(₹ million)	
		2019-20	2018-19
Earnings		551	586
Outgo <sup>@</sup>		3,875	2,899

@ 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: 20 June 2020

# Annexure IV

## Extract of Annual Return - Form MGT-9 for the financial year ended on 31 March 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(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 (01-04-2019)				No. of Shares held at the end of the year (31-03-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoter</b>									
<b>(1) Indian</b>	-	-	-	-	-	-	-	-	-
(a) Individuals/ HUF									
(b) Central Government(s)									
(c) State Government(s)									
(d) Bodies Corporate									
(e) Bank/Financial Institutions									
(f) Others									
<b>Sub Total(A)(1)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
(a) NRIs-Individuals									
(b) Other-Individuals									
(c) Bodies Corporate	22,977,544	11,066,791	34,044,335	74.76	22,977,544	11,066,791	34,044,335	74.76	-
(d) Bank/Financial Institutions									
(e) Any Others									
<b>Sub Total(A)(2)</b>	22,977,544	11,066,791	34,044,335	74.76	22,977,544	11,066,791	34,044,335	74.76	-
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	22,977,544	11,066,791	34,044,335	74.76	22,977,544	11,066,791	34,044,335	74.76	-
<b>(B) Public shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	1,734,123	27,215	1,761,338	3.87	2,506,456	26,960	2,533,416	5.56	1.70
(b) Bank/Financial Institutions	9,533	16,638	26,171	0.06	12,480	16,638	29,118	0.06	0.01
(c) Central Government(s)	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	276	276	-	-	276	276	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	19,616,37	-	1,961,637	4.31	1,345,127	-	1,345,127	2.95	-1.35
(g) Foreign Portfolio Investor	651,109	-	651,109	1.43	575,809	-	575,809	1.26	-0.17
(h) Foreign Institutional Investors (FII)	-	-	-	-	-	-	-	-	-
(i) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(j) FFI	-	-	-	-	-	-	-	-	-
(k) Other (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	4,356,402	44,129	4,400,531	9.66	4,439,872	43,874	4,483,746	9.85	0.18
<b>(2) Non-institutions</b>									
(a) Bodies Corporate									
i) Indian	3,293,917	6,823	3,300,740	7.25	3,200,132	6262	3,206,394	7.04	-0.21
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	2,537,116	654,984	3,192,100	7.01	2,630,638	586,784	3,217,422	7.06	0.06
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	171,274	-	171,274	0.38	82,931	-	82,931	0.18	-0.19
(c) Other (specify)									
(1) NRI	112,430	4,170	116,600	0.26	139,088	3,524	142,612	0.31	0.06
(2) Clearing Member	5,523	-	5,523	0.01	11,287	-	11,287	0.02	0.01
(3) Trust	1,109	24	1,133	-	294	24	318	-	-
(4) Unclaimed Suspense Account	4,273	-	4,273	0.01	3,771	-	3,771	0.01	-

Category of Shareholder	No. of Shares held at the beginning of the year (01-04-2019)				No. of Shares held at the end of the year (31-03-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(5) LLP	1,162	-	1,162	-	17,495	-	17,495	0.04	0.04
(6) Investor Education And Protection Fund	302,643	-	302,643	0.66	330,003	-	330,003	0.72	0.06
<b>Sub-Total (B)(2)</b>	<b>6,429,447</b>	<b>666,001</b>	<b>7,095,448</b>	<b>15.58</b>	<b>6,415,639</b>	<b>596,594</b>	<b>7,012,233</b>	<b>15.40</b>	<b>-0.18</b>
<b>(B) Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>10,785,849</b>	<b>710,130</b>	<b>11,495,979</b>	<b>25.24</b>	<b>10,855,511</b>	<b>640,468</b>	<b>11,495,979</b>	<b>25.24</b>	<b>-</b>
<b>TOTAL (A)+(B)</b>	<b>33,763,393</b>	<b>11,776,921</b>	<b>45,540,314</b>	<b>100.00</b>	<b>33,833,055</b>	<b>11,707,259</b>	<b>45,540,314</b>	<b>100.00</b>	<b>-</b>
(C) Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>33,763,393</b>	<b>11,776,921</b>	<b>45,540,314</b>	<b>100.00</b>	<b>33,833,055</b>	<b>11,707,259</b>	<b>45,540,314</b>	<b>100.00</b>	<b>-</b>

## (II) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2019)			Shareholding at the end of the year (31-03-2020)		
		No of Shares	% of total shares of Company	% of shares Pledged/ encumbered to total shares	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	50.46	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	11,066,791	24.30	NIL			
	b) Change during the year	No change					
	c) At the end of the year				11,066,791	24.30	NIL
	<b>TOTAL</b>	<b>34,044,335</b>	<b>74.76</b>	<b>NIL</b>	<b>34,044,335</b>	<b>74.76</b>	<b>NIL</b>

## (iii) Change in Promoter's Shareholding

	Shareholding at the beginning of the year (01-04-2019)		Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
	Total	% of Total Shares	Total	% of Total Shares
	34,044,335	74.76	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		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1 Asian Paints Limited</b>	At the beginning of the year	01-04-2019	2,010,626	4.42	<b>2,010,626</b>	<b>4.42</b>
	At the end of the year	30-03-2020			<b>2,010,626</b>	<b>4.42</b>
<b>2 Aditya Birla Sun Life Trustee Private Limited</b>	At the beginning of the year	01-04-2019	906,442	1.99	<b>906,442</b>	<b>1.99</b>
	Increase	07-06-2019	4,000	0.01	<b>910,442</b>	<b>2.00</b>
	Increase	14-06-2019	23,000	0.05	<b>933,442</b>	<b>2.05</b>
	Increase	20-09-2019	5,000	0.01	<b>938,442</b>	<b>2.06</b>
	Increase	27-09-2019	53,772	0.12	<b>992,214</b>	<b>2.18</b>
	Increase	04-10-2019	5,000	0.01	<b>997,214</b>	<b>2.19</b>
	Increase	11-10-2019	25,000	0.05	<b>1,022,214</b>	<b>2.24</b>
	Increase	08-11-2019	50	-	<b>1,022,264</b>	<b>2.24</b>
	Increase	29-11-2019	18,300	0.04	<b>1,040,564</b>	<b>2.28</b>
	Increase	06-12-2019	1,295	-	<b>1,041,859</b>	<b>2.29</b>
	Increase	13-12-2019	1,087	-	<b>1,042,946</b>	<b>2.29</b>
	Increase	20-12-2019	79,318	0.17	<b>1,122,264</b>	<b>2.46</b>
	Decrease	10-01-2020	100,000	0.22	<b>1,022,264</b>	<b>2.24</b>
	Increase	17-01-2020	100,000	0.22	<b>1,122,264</b>	<b>2.46</b>
	Decrease	31-01-2020	57,196	0.13	<b>1,065,068</b>	<b>2.34</b>
	Increase	14-02-2020	24,320	0.05	<b>1,089,388</b>	<b>2.39</b>
	Increase	28-02-2020	5,000	0.01	<b>1,094,388</b>	<b>2.40</b>
Increase	31-03-2020	15,386	0.03	<b>1,109,774</b>	<b>2.44</b>	
At the end of the year	31-03-2020			<b>1,109,774</b>	<b>2.44</b>	
<b>3 General Insurance Corporation of India</b>	At the beginning of the year	01-04-2019	700,100	1.54	<b>700,100</b>	<b>1.54</b>
	Increase	24-05-2019	2,148	-	<b>702,248</b>	<b>1.54</b>
	Decrease	09-08-2019	4,138	0.01	<b>698,110</b>	<b>1.53</b>
	Decrease	16-08-2019	18,382	0.04	<b>679,728</b>	<b>1.49</b>
	Decrease	23-08-2019	18,674	0.04	<b>661,054</b>	<b>1.45</b>
	Decrease	30-08-2019	2,899	0.01	<b>658,155</b>	<b>1.45</b>
	Decrease	06-09-2019	1,082	-	<b>657,073</b>	<b>1.44</b>
	Decrease	13-09-2019	14,229	0.03	<b>642,844</b>	<b>1.41</b>
	Decrease	20-09-2019	34,796	0.08	<b>608,048</b>	<b>1.34</b>
	Decrease	27-09-2019	60,000	0.13	<b>548,048</b>	<b>1.20</b>
	Decrease	21-02-2020	13,431	0.03	<b>534,617</b>	<b>1.17</b>
	Decrease	28-02-2020	23,371	0.05	<b>511,246</b>	<b>1.12</b>
	Decrease	06-03-2020	11,146	0.02	<b>500,100</b>	<b>1.10</b>
	At the end of the year	31-03-2020			<b>500,100</b>	<b>1.10</b>
<b>4 The New India Assurance Company Limited</b>	At the beginning of the year	01-04-2019	693,275	1.52	<b>693,275</b>	<b>1.52</b>
	Increase	29-11-2019	5,642	0.01	<b>698,917</b>	<b>1.53</b>
	Increase	06-12-2019	2,555	0.01	<b>701,472</b>	<b>1.54</b>
	Increase	13-12-2019	9,500	0.02	<b>710,972</b>	<b>1.56</b>
	Increase	20-12-2019	12,022	0.03	<b>722,994</b>	<b>1.59</b>
	Increase	27-12-2019	17,968	0.04	<b>740,962</b>	<b>1.63</b>
	Increase	31-12-2019	3,500	0.01	<b>744,462</b>	<b>1.63</b>
	Increase	03-01-2020	15,023	0.03	<b>759,485</b>	<b>1.67</b>
	Increase	10-01-2020	7,622	0.02	<b>767,107</b>	<b>1.68</b>
	Increase	17-01-2020	10,154	0.02	<b>777,261</b>	<b>1.71</b>
	Decrease	06-03-2020	10,500	0.02	<b>766,761</b>	<b>1.68</b>
	At the end of the year	31-03-2020			<b>766,761</b>	<b>1.68</b>

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 Bajaj Allianz Life Insurance Company Limited	At the beginning of the year	01-04-2019	549,140	1.21	549,140	1.21
	Increase	05-04-2019	8,000	0.02	557,140	1.22
	Increase	12-04-2019	2,000	-	559,140	1.23
	Increase	26-04-2019	1,200	-	560,340	1.23
	Increase	24-05-2019	3,000	0.01	563,340	1.24
	Decrease	31-05-2019	40,000	0.09	523,340	1.15
	Decrease	28-06-2019	50,000	0.11	473,340	1.04
	Increase	05-07-2019	5,000	0.01	478,340	1.05
	Increase	02-08-2019	1,500	-	479,840	1.05
	Increase	06-09-2019	1,000	-	480,840	1.06
	Decrease	20-09-2019	35,000	0.08	445,840	0.98
	Increase	27-09-2019	15,000	0.03	460,840	1.01
	Increase	30-09-2019	12,500	0.03	473,340	1.04
	Decrease	04-10-2019	22,000	0.05	451,340	0.99
	Decrease	25-10-2019	8,000	0.02	443,340	0.97
	Increase	01-11-2019	7,500	0.02	450,840	0.99
	Increase	08-11-2019	11,500	0.03	462,340	1.02
	Increase	22-11-2019	12,300	0.03	474,640	1.04
	Increase	29-11-2019	6,617	0.01	481,257	1.06
	Increase	06-12-2019	12,000	0.03	493,257	1.08
	Increase	13-12-2019	2,000	-	495,257	1.09
	Decrease	20-12-2019	22,000	0.05	473,257	1.04
	Increase	27-12-2019	1,977	-	475,234	1.04
	Increase	31-12-2019	3,023	0.01	478,257	1.05
	Increase	03-01-2020	12,000	0.03	490,257	1.08
	Increase	10-01-2020	1,000	-	491,257	1.08
	Increase	24-01-2020	28,000	0.06	519,257	1.14
	Increase	31-01-2020	12,000	0.03	531,257	1.17
	Increase	07-02-2020	5,000	0.01	536,257	1.18
	Increase	14-02-2020	11,000	0.02	547,257	1.20
	Increase	21-02-2020	7,700	0.02	554,957	1.22
Increase	28-02-2020	1,000	-	555,957	1.22	
Increase	06-03-2020	12,000	0.03	567,957	1.25	
Increase	13-03-2020	6,000	0.01	573,957	1.26	
Increase	31-03-2020	7,178	0.02	581,135	1.28	
At the end of the year	31-03-2020			581,135	1.28	
6 ICICI Prudential Life Insurance Company Limited	At the beginning of the year	01-04-2019	464,158	1.02	464,158	1.02
	Decrease	05-04-2019	5,144	0.01	459,014	1.01
	Decrease	12-04-2019	5,069	0.01	453,945	1.00
	Decrease	03-05-2019	15,215	0.03	438,730	0.96
	Decrease	10-05-2019	1,808	-	436,922	0.96
	Decrease	31-05-2019	5,603	0.01	431,319	0.95
	Decrease	07-06-2019	5,542	0.01	425,777	0.93
	Decrease	21-06-2019	6,656	0.01	419,121	0.92
	Decrease	28-06-2019	36,649	0.08	382,472	0.84
	Decrease	05-07-2019	315	-	382,157	0.84
	Decrease	01-08-2019	5,509	0.01	376,648	0.83
	Decrease	09-08-2019	1,645	-	375,003	0.82
	Decrease	06-09-2019	22	-	374,981	0.82
	Decrease	13-09-2019	593	-	374,388	0.82
	Decrease	27-09-2019	20,831	0.05	353,557	0.78
	Decrease	30-09-2019	1,112	-	352,445	0.77
	Decrease	04-10-2019	3,220	0.01	349,225	0.77
	Decrease	11-10-2019	2,016	-	347,209	0.76
	Decrease	18-10-2019	5,879	0.01	341,330	0.75

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
	Decrease	25-10-2019	4,022	0.01	337,308	0.74
	Decrease	01-11-2019	4,271	0.01	333,037	0.73
	Decrease	08-11-2019	20,499	0.05	312,538	0.69
	Decrease	15-11-2019	13,958	0.03	298,580	0.66
	Decrease	22-11-2019	5,517	0.01	293,063	0.64
	Decrease	29-11-2019	14,258	0.03	278,805	0.61
	Decrease	06-12-2019	12,095	0.03	266,710	0.59
	Decrease	13-12-2019	1,073	-	265,637	0.58
	Decrease	03-01-2020	540	-	265,097	0.58
	Decrease	10-01-2020	401	-	264,696	0.58
	Decrease	17-01-2020	772	-	263,924	0.58
	Decrease	24-01-2020	3,164	0.01	260,760	0.57
	Decrease	31-01-2020	5,123	0.01	255,637	0.56
	Increase	21-02-2020	2,261	-	257,898	0.57
	At the end of the year	31-03-2020			257,898	0.57
<b>7 L&amp;T Mutual Fund Trustee Limited</b>	At the beginning of the year	01-04-2019	448,027	0.98	448,027	0.98
	Increase	03-05-2019	10,063	0.02	458,090	1.01
	Increase	10-05-2019	2,403	0.01	460,493	1.01
	Increase	17-05-2019	2,000	-	462,493	1.02
	Increase	24-05-2019	2,074	-	464,567	1.02
	Increase	21-06-2019	10,031	0.02	474,598	1.04
	Increase	28-06-2019	18,883	0.04	493,481	1.08
	Increase	19-07-2019	165	-	493,646	1.08
	Increase	26-07-2019	4,064	0.01	497,710	1.09
	Increase	01-08-2019	3,029	0.01	500,739	1.10
	Increase	02-08-2019	423	-	501,162	1.10
	Increase	09-08-2019	4,993	0.01	506,155	1.11
	Increase	16-08-2019	4,000	0.01	510,155	1.12
	Increase	23-08-2019	12,481	0.03	522,636	1.15
	Increase	30-08-2019	60,518	0.13	583,154	1.28
	Increase	06-09-2019	503	-	583,657	1.28
	Increase	13-09-2019	22,963	0.05	606,620	1.33
	Increase	20-09-2019	10,000	0.02	616,620	1.35
	Increase	27-09-2019	2,000	-	618,620	1.36
	Increase	30-09-2019	355	-	618,975	1.36
	Increase	11-10-2019	2,000	-	620,975	1.36
	Increase	18-10-2019	5,000	0.01	625,975	1.37
	Decrease	08-11-2019	21,000	0.05	604,975	1.33
	Increase	15-11-2019	10,480	0.02	615,455	1.35
	Increase	22-11-2019	1,450	-	616,905	1.35
	Increase	29-11-2019	10,414	0.02	627,319	1.38
	Increase	06-12-2019	1,853	-	629,172	1.38
	Increase	13-12-2019	610	-	629,782	1.38
	Increase	20-12-2019	677	-	630,459	1.38
	At the end of the year	31-03-2020			630,459	1.38
<b>8 India Midcap (Mauritius) Limited</b>	At the beginning of the year	01-04-2019	282,690	0.62	282,690	0.62
	Decrease	12-04-2019	3,060	0.01	279,630	0.61
	Decrease	26-04-2019	794	-	278,836	0.61
	Decrease	07-06-2019	19,669	0.04	259,167	0.57
	Decrease	21-06-2019	446	-	258,721	0.57
	Decrease	28-06-2019	3,091	0.01	255,630	0.56
	Decrease	05-07-2019	2,000	-	253,630	0.56
	Decrease	27-09-2019	12,000	0.03	241,630	0.53
	Decrease	30-09-2019	1,095	-	240,535	0.53
	Decrease	20-12-2019	42,132	0.09	198,403	0.44

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
	Decrease	17-01-2020	1,060	-	197,343	0.43
	Decrease	07-02-2020	500	-	196,843	0.43
	Decrease	14-02-2020	21,766	0.05	175,077	0.38
	Decrease	28-02-2020	1,573	-	173,504	0.38
	Decrease	06-03-2020	192	-	173,312	0.38
	Decrease	13-03-2020	2,971	0.01	170,341	0.37
	Decrease	31-03-2020	1,193	-	169,148	0.37
	At the end of the year	31-03-2020			169,148	0.37
<b>9 The Oriental Insurance Company Limited</b>	At the beginning of the year	01-04-2019	268,548	0.59	268,548	0.59
	Decrease	30-08-2019	8,120	0.02	260,428	0.57
	Decrease	06-09-2019	865	-	259,563	0.57
	Decrease	13-09-2019	4,275	0.01	255,288	0.56
	Decrease	20-09-2019	5,119	0.01	250,169	0.55
	Decrease	27-09-2019	14,606	0.03	235,563	0.52
	Decrease	30-09-2019	1,500	-	234,063	0.51
	Decrease	04-10-2019	1,771	-	232,292	0.51
	Decrease	11-10-2019	809	-	231,483	0.51
	Decrease	25-10-2019	6,483	0.01	225,000	0.49
	Decrease	01-11-2019	8,950	0.02	216,050	0.47
	Decrease	08-11-2019	9,242	0.02	206,808	0.45
	Decrease	15-11-2019	1,517	-	205,291	0.45
	Decrease	22-11-2019	19,900	0.04	185,391	0.41
	Decrease	29-11-2019	16,346	0.04	169,045	0.37
	Decrease	06-12-2019	12,454	0.03	156,591	0.34
	Decrease	13-12-2019	3,842	0.01	152,749	0.34
	Decrease	20-12-2019	32,193	0.07	120,556	0.26
	Decrease	27-12-2019	15,332	0.03	105,224	0.23
	Decrease	31-12-2019	14,907	0.03	90,317	0.20
	Decrease	03-01-2020	8,000	0.02	82,317	0.18
	Decrease	10-01-2020	6,420	0.01	75,897	0.17
	Decrease	17-01-2020	12,080	0.03	63,817	0.14
	Decrease	24-01-2020	5,174	0.01	58,643	0.13
	Decrease	31-01-2020	24,643	0.05	34,000	0.07
	Decrease	07-02-2020	8,578	0.02	25,422	0.06
	Decrease	14-02-2020	17,200	0.04	8,222	0.02
	Decrease	21-02-2020	6,236	0.01	1,986	-
	Decrease	28-02-2020	983	-	1,003	-
	Decrease	06-03-2020	160	-	843	-
	Decrease	13-03-2020	843	-	-	-
	At the end of the year	31-03-2020			-	-
<b>10 Life Insurance Corporation of India</b>	At the beginning of the year	01-04-2019	221,448	0.49	221,448	0.49
	Decrease	13-09-2019	28,785	0.06	192,663	0.42
	Decrease	20-09-2019	44,490	0.10	148,173	0.33
	Decrease	27-09-2019	50,000	0.11	98,173	0.22
	Decrease	04-10-2019	13,685	0.03	84,488	0.19
	Decrease	11-10-2019	7,376	0.02	77,112	0.17
	Decrease	18-10-2019	49,741	0.11	27,371	0.06
	Decrease	25-10-2019	17,708	0.04	9,663	0.02
	Decrease	01-11-2019	9,663	0.02	-	-
	At the end of the year	31-03-2020			-	-

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
<b>11 TATA Mutual Fund</b>	At the beginning of the year	01-04-2019	-	-	-	-
	Increase	31-01-2020	335,000	0.74	<b>335,000</b>	<b>0.74</b>
	Increase	07-02-2020	115,000	0.25	<b>450,000</b>	<b>0.99</b>
	Increase	21-02-2020	5,000	0.01	<b>455,000</b>	<b>1.00</b>
	Increase	13-03-2020	5,300	0.01	<b>460,300</b>	<b>1.01</b>
	Increase	31-03-2020	65,200	0.14	<b>525,500</b>	<b>1.15</b>
	At the end of the year	31-03-2020			<b>525,500</b>	<b>1.15</b>
<b>12 UTI Mutual Fund</b>	At the beginning of the year	01-04-2019	207,000	0.45	<b>207,000</b>	<b>0.45</b>
	Decrease	24-01-2020	2,263	-	<b>204,737</b>	<b>0.45</b>
	Decrease	31-01-2020	6,737	0.01	<b>198,000</b>	<b>0.43</b>
	At the end of the year	31-03-2020			<b>198,000</b>	<b>0.43</b>
<b>13 OHM Stock Broker Private Limited</b>	At the beginning of the year	01-04-2019	40,000	0.09	<b>40,000</b>	<b>0.09</b>
	Increase	05-04-2019	7,000	0.02	<b>47,000</b>	<b>0.10</b>
	Increase	04-10-2019	20,000	0.04	<b>67,000</b>	<b>0.15</b>
	Increase	11-10-2019	200	-	<b>67,200</b>	<b>0.15</b>
	Decrease	18-10-2019	200	-	<b>67,000</b>	<b>0.15</b>
	Increase	01-11-2019	38,000	0.08	<b>105,000</b>	<b>0.23</b>
	Decrease	31-01-2020	3,000	0.01	<b>102,000</b>	<b>0.22</b>
	Increase	13-03-2020	500	-	<b>102,500</b>	<b>0.23</b>
	Decrease	31-03-2020	500	-	<b>102,000</b>	<b>0.22</b>
	At the end of the year	31-03-2020			<b>102,000</b>	<b>0.22</b>

#### (v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative shareholding at year end 31.03.2020	
		No. of shares at the beginning of the year (01.04.19) /end of the year (31.03.20)	% of total shares of the Company				No. of shares	% of total shares of the Company
<b>Directors</b>								
1	Mr A Jain	}	Nil	01.04.2019	-	No movement during the year	Nil	-
2	Mr O Wezenbeek							
3	Mr R Rajgopal							
4	Mr L Kataria							
5	Mr A Uppal							
6	Mr H Sahai							
7	Mr R Bhatnagar <sup>1</sup>							
8	Ms S Vijay <sup>1</sup>							
9	Ms K Narsimhan <sup>2</sup>							
10	Mr R S Kapur <sup>2</sup>							
<b>Key Managerial Personnel</b>								
1	Mr R Rajgopal	}	Nil	01.04.2019	-	No movement during the year	Nil	-
2	Mr L Kataria							
3	Mr R Guha <sup>3</sup>							
4	Ms H Rastogi <sup>4</sup>							

<sup>1</sup>from 16 August 2019

<sup>3</sup>upto 29 February 2020

<sup>2</sup>upto 14 August 2019

<sup>4</sup>from 1 March 2020

## V. INDEBTEDNESS

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

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

## 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 Whole-time Director	Total
		R Rajgopal	L Kataria	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	23.03	13.06	36.09
	(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	1.26	1.38	2.64
	<b>Total</b>	<b>24.29</b>	<b>14.44</b>	<b>38.73</b>
	<b>Ceiling as per the Companies Act, 2013</b>			<b>322.3</b>



## B. Remuneration to other Directors

### 1. Independent Directors

Name of Director	Fee for attending Board/ committee meetings	Commission	Total
Mr A Uppal	0.65	0.80	1.45
Mr H Sahai	0.55	0.80	1.35
Mr R Bhatnagar	0.35	0.50	0.85
Ms S Vijay	0.35	0.50	0.85
Ms K Narasimhan	0.15	0.30	0.45
Mr R S Kapur	0.40	0.30	0.70
<b>Total (1)</b>	<b>2.45</b>	<b>3.20</b>	<b>5.65</b>

### 2. Non executive Directors

Name of Director	Fee for attending Board/ committee meetings	Commission	Total
Mr A Jain	0.40	1.20	1.60
Mr O Wezenbeek	-	-	-
<b>Total (2)</b>	<b>0.40</b>	<b>1.20</b>	<b>1.60</b>
<b>Total (1+2)</b>	<b>2.85</b>	<b>4.40</b>	<b>7.25</b>
<b>Ceiling as per the Act</b>			<b>32.23</b>

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		Company Secretary	
		R Guha (from 1 Apr 2019 to 29 Feb 2020)	Harshi Rastogi (from 1 Mar 2020 to 31 Mar 2020)
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	9.38	0.58
	(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	0.93	0.04
	<b>Total</b>	<b>10.31</b>	<b>0.62</b>

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

During the financial year 2019-20, no penalties/punishment/compounding of offences were levied under the Companies Act, 2013.

On behalf of the Board

Place: Gurugram  
Date: 20 June 2020

**Amit Jain**  
Chairman  
DIN 01770475

# 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	10.2
7 Total Liabilities (excluding 5 above)	3.1
8 Investments	-
9 Turnover (excluding other Income)	12.2
10 Profit before taxation	0.45
11 Provision for taxation	-
12 Profit after taxation	0.45
13 Proposed Dividend	-
14 % of shareholding	25% voting rights and effective control is exercised through voting rights of related parties.

### Part B: Associates and Joint Ventures

Nil

- Names of subsidiaries which are yet to commence operations : Nil
- 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

Date: 20 June 2020  
Place: Gurugram

**Lakshay Kataria**  
Wholetime Director and CFO  
DIN : 08345477

**Harshi Rastogi**  
Company Secretary  
ACS 13642

# Form AOC - 2

## Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

### 1. Details of contracts or arrangements or transactions not at arm's length basis

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts/arrangements/transactions: Not Applicable
- (c) Duration of the contracts/arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
- (f) Date of approval by the Board: Not Applicable
- (g) Amount paid as advances, if any: None
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

### 2. Details of material contracts or arrangement or transactions at arm's length basis

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts/arrangements/transactions: Not Applicable
- (c) Duration of the contracts/arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Date(s) of approval by the Board, if any: Not Applicable
- (f) Amount paid as advances, if any: None

Note: All related party transactions are in the ordinary course of business and on arm's length basis and are approved by Audit Committee of the Company.

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

**Harshi Rastogi**

Company Secretary

ACS 13642

Date: 20 June 2020

Place: Gurugram

# Secretarial Audit Report

## for the financial year ended 31.03.2020

[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 conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31.03.2020 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 statutes 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.

We have relied upon the accuracy of the documents and information as shared by the Company with us through appropriate Information Technology tools to assist us in completing the secretarial audit work during lock down period due to unprecedented situation prevailing in the Country due to CoVID-19 virus pandemic and the same is subject to physical verification by us post normalization of the situation.

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 31.03.2020 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;

**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 31.03.2020 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, However, as informed by the Registrar and Transfer Agent of the Company, the relevant shares have been lodged for dematerialization and is pending for process at their end.”*

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

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018;
- (v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

**We further report that:**

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place, if any, during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) 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) The Company had taken approval from the shareholders through Postal Ballot for appointment of Mr. Rahul Bhatnagar and Mrs. Smriti Rekha Vijay as Independent Directors of the Company during the period under review.
- (b) The Company had shifted its Corporate Office to Magnum Towers, 9th Floor, Golf Course Extension Road, Sector 58, Gurugram 122 011 with effect from 11 November, 2019.
- (c) In the light of heightened concern on spread of COVID-19 across the nation and as per the notifications issued by the Central / State Government(s), the Company had temporarily shut down operations at all its Offices, Plants and Warehouses with effect from 23.03.2020. However, the Company had resumed operations w.e.f. 11 May, 2020 in specified zones where restrictions have been lifted and gradually trying to normalize activities at all its locations in phase wise manner in compliance of the directives issued and permissions granted by Central/ State Government(s) Authorities.

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

**(CS A. K. LABH)**

Practicing Company Secretary  
FCS – 4848 / CP No.- 3238  
UDIN :F004848B000358511

Place : Kolkata  
Dated : 20.06.2020

# 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 01 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
- f) any other business reason, uncertainty of environment, natural disaster, economic downturn, etc

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.



# FINANCIAL STATEMENTS



# INDEPENDENT AUDITORS' REPORT

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

## Report on the audit of the Standalone Financial Statements

### Opinion

- We have audited the accompanying standalone financial statements of Akzo Nobel India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, 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 standalone financial statements, including a summary of significant accounting policies and other explanatory information.
- 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 2020, 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

- We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 standalone financial statements under the provisions of the Act 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.

### Emphasis of Matter

- We draw your attention to Note 37 to the standalone financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments, other than those already considered, are required in the standalone financial statements as it does not impact the current financial year, however, in view of the various preventive

measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

### Key audit matter

- Key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the standalone 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
<p>Assessment of ongoing income tax and indirect tax litigations</p> <p>[Refer to Note 26 (b) (Contingent liabilities), Note 6.2 [Non-current tax assets(net)], Note 13 (Provisions), and 1(l) and 1(m) (Significant accounting policies) to the standalone financial statements]</p> <p>As at 31 March 2020, 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.</p> <p>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.</p> <p>Based on management judgement and the advice from external legal and tax</p>	<p>Our procedures on the management's assessment of these matters included:</p> <ul style="list-style-type: none"> <li>Understanding and evaluating process and controls designed and implemented by the management including testing of relevant controls;</li> <li>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 2020;</li> <li>Inspecting demand notices received from tax authorities and evaluating the Company's response to those matters;</li> <li>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;</li> <li>Evaluating the management's assessment on the likely outcome and potential magnitude by involving auditor's experts</li> </ul>

<b>Description of the Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p>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 standalone financial statements unless the possibility of outflow of resources is considered to be remote.</p> <p>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.</p>	<p>on complex or significant matters as considered necessary; and</p> <ul style="list-style-type: none"> <li>Assessing the adequacy of the Company's disclosures.</li> </ul> <p>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.</p>

## Other Information

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

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 standalone financial statements

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone 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 accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, 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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the standalone financial statements

9. Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 with reference to the standalone financial statements 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 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. 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.
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 standalone 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 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.
15. 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 Cash Flow Statement 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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 15(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 the standalone 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The 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 as at 31 March 2020 for which there were no material foreseeable losses. The Company did not have any long term derivative contracts as at 31 March 2020.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31 March 2020.
16. 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.

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Chartered Accountants

**Anurag Khandelwal**

Partner

Place: Gurugram

Membership Number: 078571

Date: 20 June 2020

UDIN: 20078571AAAABA8245

# ANNEXURE TO INDEPENDENT AUDITORS' REPORT

## Annexure A

### **Referred to in paragraph 15(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 2020**

#### **Report on the Internal Financial Controls with reference to 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 financial statements of Akzo Nobel India Limited ("the Company") as of 31 March 2020 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 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 control 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 2020, 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. Also refer paragraph 4 of the main audit report.

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Chartered Accountants

**Anurag Khandelwal**

Partner

Place: Gurugram

Membership Number: 078571

Date: 20 June 2020

UDIN: 20078571AAAABA8245

## Annexure B

### Referred to in paragraph 14 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 2020

- 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 subsequent to the year-end due to the lockdown restrictions imposed by the Government of India 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:

Nature	₹ in Million	
	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 during the year ended 31 March 2018	188	185
One case of leasehold land at Thane location for which original title deed is not in possession of the Company	7	3

- ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. Also physical verification of inventory has been carried out by the management subsequent to the year-end due to the lockdown restrictions imposed by the Government of India for which roll-back procedures have been performed to determine the existence

and condition of inventory as at the year-end. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed 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, duty of excise, value added tax as at 31 March 2020 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 where the dispute is pending
Income Tax Act, 1961	Income tax	158	157	2011-12, 2012-13 and 2013-14	Assessing Officer
Income Tax Act, 1961	Income tax	95	85	2008-09 to 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	1,024	571	2008-09, 2011-12, 2014-15 and 2015-16	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	159	-	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	42	-	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
The Finance Act, 1994	Service Tax	26	-	2012-13, 2013-14, 2014-15 & 2016-17	Customs Excise And Service Tax Appellate Tribunal
The Finance Act, 1994	Service Tax	30	-	2014-15 to 2017-18	Commissioner Appeals
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	285	67	1982-83 to 2000-01, 2002-03 to 2017-18	Additional Commissioner/Joint Commissioner/ Deputy Commissioner/ Assistant Commissioner/ Commercial Tax Inspector

(₹ 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 where the dispute is pending
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	29	11	2005-06 to 2008-09 and 2011-12 to 2015-16	Appellate and Revisional Board/ Commissioner Appeal/Additional Commissioner (Appeals)
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	22	5	2004-05 to 2006-07, 2008-09 to 2011-12	Sales Tax Tribunal
State Sales Tax / Value Added Tax as per statutes applicable in various states	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
<b>Total</b>		<b>1,964</b>	<b>902</b>		

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to 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 (Ind AS) 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

Place: Gurugram                      Membership Number: 078571  
Date: 20 June 2020                      UDIN: 20078571AAAABA8245



# BALANCE SHEET

All amounts are in millions Indian ₹ unless otherwise stated)	Notes	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.1	4,659	5,214
Right-of-use assets	3.2	1,002	-
Capital work-in-progress	3.1	159	169
Intangible assets	4	74	87
<b>Financial assets</b>			
(i) Investments	5.1	5	778
(ii) Other bank balances	5.2	1	6
(iii) Loans	5.3	80	70
Deferred tax assets (net)	14	116	31
Other non-current assets	6.1	737	522
Non current tax assets (net)	6.2	922	-
<b>Total non-current assets</b>		<b>7,755</b>	<b>6,877</b>
<b>Current assets</b>			
Inventories	7	4,237	3,919
<b>Financial assets</b>			
(i) Investments	8.1	835	2,995
(ii) Trade receivables	8.2	3,961	4,440
(iii) Cash and cash equivalents	8.3	2,541	324
(iv) Bank balances other than (iii) above	8.4	2,985	292
(v) Loans	8.5	20	37
(vi) Other financial assets	8.6	70	66
Other current assets	9.1	850	1,346
Current tax assets (net)	9.2	-	675
<b>Total current assets</b>		<b>15,499</b>	<b>14,094</b>
<b>Total assets</b>		<b>23,254</b>	<b>20,971</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	456	456
Other equity	11	11,917	10,900
<b>Total equity</b>		<b>12,373</b>	<b>11,356</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	12.1	-	29
(ii) Lease liabilities	3.2	532	-
(iii) Other financial liabilities	12.2	169	118
Provisions	13	633	579
Other non-current liabilities	15	66	45
<b>Total non-current liabilities</b>		<b>1,400</b>	<b>771</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Lease liabilities	3.2	111	-
(ii) Trade payables	16.1		
- Total outstanding dues of micro enterprises and small enterprises		39	35
- Total outstanding dues of creditors other than micro enterprises and small enterprises		6,727	6,028
(iii) Other financial liabilities	16.2	910	921
Provisions	13	308	314
Other current liabilities	17	1,386	1,546
<b>Total current liabilities</b>		<b>9,481</b>	<b>8,844</b>
<b>Total liabilities</b>		<b>10,881</b>	<b>9,615</b>
<b>Total equity and liabilities</b>		<b>23,254</b>	<b>20,971</b>

The notes from note no. 1 to 38 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**

**Amit Jain**  
Chairman  
DIN : 01770475

**Lakshay Kataria**  
Wholetime Director and CFO  
DIN : 08345477

**Rajiv Rajgopal**  
Managing Director  
DIN : 06685599

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 20 June 2020

Place: Gurugram  
Date: 20 June 2020

# STATEMENT OF PROFIT AND LOSS

(All amounts are in millions Indian ₹ unless otherwise stated)	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	18	26,618	29,184
Other income	19	376	422
<b>Total income</b>		<b>26,994</b>	<b>29,606</b>
<b>Expenses</b>			
Cost of materials consumed	20	12,009	14,990
Purchases of stock-in-trade		2,675	2,065
Changes in inventories of finished products, work-in-progress and stock-in-trade	21	(259)	(144)
Employee benefits expense	22	2,551	2,650
Finance costs	23	93	45
Depreciation and amortisation expense	23.1	790	652
Other expenses	24	5,851	6,199
<b>Total expenses</b>		<b>23,710</b>	<b>26,457</b>
<b>Profit before exceptional items and tax</b>		<b>3,284</b>	<b>3,149</b>
Exceptional items (net)	25	(52)	7
<b>Profit before tax</b>		<b>3,232</b>	<b>3,156</b>
<b>Income tax expense:</b>			
Current tax (includes taxes of ₹ 1 relating to prior years written back, 31 March 2019 ₹ 59)	14	930	1,098
Deferred tax		(72)	(52)
<b>Total tax expense</b>		<b>858</b>	<b>1,046</b>
<b>Profit after tax for the year (A)</b>		<b>2,374</b>	<b>2,110</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss in subsequent years:</b>			
Remeasurement of defined benefit plans	34	(51)	(110)
Changes in fair value of equity instruments at FVOCI	5.1	(1)	2
<b>Income tax relating to these items</b>			
Income tax relating to remeasurement of defined benefit plans	14	13	38
Income tax relating to fair value of equity shares at FVOCI	14	*	(1)
<b>Total other comprehensive income for the year (B)</b>		<b>(39)</b>	<b>(71)</b>
<b>Total comprehensive income for the year (A + B)</b>		<b>2,335</b>	<b>2,039</b>
*Amount is below rounding off norms, adopted by the Company			
<b>Earnings per share for profit attributable to owners of Akzo Nobel India Limited:</b>	28		
Basic earning per share (in ₹) [Face value of ₹ 10 each]		52.13	45.96
Diluted earning per share (in ₹) [Face value of ₹ 10 each]		52.13	45.96

The notes from note no. 1 to 38 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

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

**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

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 20 June 2020

Place: Gurugram  
Date: 20 June 2020

# STATEMENT OF CASH FLOWS

(All amounts are in millions Indian ₹ unless otherwise stated)	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>3,232</b>	3,156
Adjustments for:		
Depreciation and amortisation expense	790	652
Loss on sale of property, plant and equipment (net)	-	1
Exceptional items (net)	52	(7)
Provision for inventory obsolescence	72	106
Provision for doubtful debts and advances	90	166
Net foreign exchange differences	4	*
Provision/liabilities no longer required written back	(21)	-
Government grants	(9)	(7)
Interest income	(242)	(96)
Interest income from financial assets at amortised cost - Bonds	(64)	(59)
Net fair value gain/(loss) on investments measured at FVTPL	-	3
Gain on sale of investments	(52)	(259)
Finance costs	93	45
<b>Operating Profit before working capital changes</b>	<b>3,945</b>	<b>3,701</b>
Movements in working capital:		
(Increase) / Decrease in trade receivables	419	(606)
(Increase) / Decrease in inventories	(390)	(517)
(Increase) / Decrease in loans	3	(16)
(Increase) / Decrease in other financial assets	13	(28)
(Increase) / Decrease in other assets	283	(42)
Increase / (Decrease) in trade payables	672	(583)
Increase / (Decrease) in other financial liabilities	*	102
Increase / (Decrease) in provisions	32	20
Increase / (Decrease) in other liabilities	(118)	618
<b>Net cash generated from operations</b>	<b>4,859</b>	<b>2,649</b>
Income taxes paid	(1,113)	(1,239)
<b>Net cash inflow from operating activities (A)</b>	<b>3,746</b>	<b>1,410</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for purchase of property, plant and equipment	(478)	(418)
Payments for purchase of investments	(2,930)	(15,440)
Proceeds from sale of investments	5,976	17,649
Government grant received	-	30
Fixed deposits balances with banks	(2,600)	-
Interest received	76	31
<b>Net cash inflow from investing activities (B)</b>	<b>44</b>	<b>1,852</b>

# STATEMENT OF CASH FLOWS

(All amounts are in millions Indian ₹ unless otherwise stated)	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Principal elements of lease payments	(161)	-
Dividend paid	(1,098)	(1,002)
Dividend distribution tax paid	(225)	(206)
Payment towards buy back of shares	-	(2,377)
Interest paid	(89)	(15)
<b>Net cash (outflow) from financing activities (C)</b>	<b>(1,573)</b>	<b>(3,600)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>2,217</b>	<b>(338)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>324</b>	<b>662</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>*</b>	<b>*</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>2,541</b>	<b>324</b>

## Non-cash investing activities

- Acquisition of right-of-use assets	125	-
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\*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	163	229
- In EEFC account	224	95
Deposits with maturity of less than three months	2,154	-
<b>Cash and cash equivalents (Refer note 8.3)</b>	<b>2,541</b>	<b>324</b>

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**

**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

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 20 June 2020

Place: Gurugram  
Date: 20 June 2020

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

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

## (a) Equity share capital

	Number of Shares	Amount
<b>As at 31 March 2018</b>	46,660,314	467
Equity shares bought back during 2018-19	(1,120,000)	(11)
<b>As at 31 March 2019</b>	45,540,314	456
Changes in equity share capital during 2019-20	-	-
<b>As at 31 March 2020</b>	<b>45,540,314</b>	<b>456</b>

## (b) Other equity

Description	Reserves and surplus				Other Reserves		Total
	Capital reserve (Refer note 11 (a))	Capital redemption reserve (Refer note 11 (b))	Revaluation reserve (Refer note 11 (c))	General reserve (Refer note 11 (d))	Retained earnings (Refer note 11 (e))	Equity instrument through Other Comprehensive Income (Refer note 11 (f))	
<b>Balance as at 31 March 2018</b>	503	53	12	6,496	5,368	3	12,435
Profit for the year	-	-	-	-	2,110	-	2,110
Other comprehensive income	-	-	-	-	(72)	1	(71)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>2,038</b>	<b>1</b>	<b>2,039</b>
Transactions with owners in their capacity as owners:							
Dividends paid (including dividend distribution tax)	-	-	-	(2,366)	(1,208)	-	(1,208)
Share buyback	-	-	-	-	-	-	(2,366)
Transfer pursuant to share buyback	-	11	-	(11)	-	-	-
Transfer to general reserve	-	-	-	400	(400)	-	-
<b>Balance as at 31 March 2019</b>	<b>503</b>	<b>64</b>	<b>12</b>	<b>4,519</b>	<b>5,798</b>	<b>4</b>	<b>10,900</b>
<b>Balance as at 1 April 2019</b>	<b>503</b>	64	12	4,519	5,798	4	10,900
Profit for the year	-	-	-	-	2,374	(1)	2,374
Other Comprehensive Income	-	-	-	-	(38)	(1)	(39)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>2,336</b>	<b>(1)</b>	<b>2,335</b>
Transactions with owners in their capacity as owners:							
Dividends paid (including dividend distribution tax)	-	-	-	-	(1,318)	-	(1,318)
Transfer to general reserve	-	-	-	-	-	-	-
<b>Balance at 31 March 2020</b>	<b>503</b>	<b>64</b>	<b>12</b>	<b>4,519</b>	<b>6,816</b>	<b>3</b>	<b>11,917</b>

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

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Chartered Accountants

**Anurag Khandelwal**

Partner

Membership No. : 078571

**Amit Jain**

Chairman

DIN : 01770475

**Lakshay Kataria**

Wholtime Director and CFO

DIN : 08345477

**Rajiv Rajgopal**

Managing Director

DIN : 06685599

**Harshi Rastogi**

Company Secretary

ACS 13642

Place: Gurugram

Date: 20 June 2020

Place: Gurugram

Date: 20 June 2020

# NOTES

to the financial statements for the year ended 31 March 2020  
(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 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 April 01, 2019:

- Ind AS 116, Leases
- Uncertainty over Income- tax Treatments- Appendix C to Ind AS 12, Income Taxes
- Plan amendment, Curtailment or Settlement- Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 23, Borrowing costs

The Company had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in Note 35. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### 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.

# NOTES

to the financial statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## 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.

## Transition to Ind AS

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

Gains or losses arising from derecognition of property, plant and equipment 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 property, plant and equipment 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 property, plant and equipment. 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 property, plant and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

## Transition to Ind AS

On transition to Ind AS, the Company has elected to measure all its intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1 April 2015.

# NOTES

to the financial statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## 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



# NOTES

to the financial statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

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

# NOTES

to the financial statements for the year ended 31 March 2020

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

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

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, stores and spare parts 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 basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. 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.

# NOTES

to the financial statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

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.

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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

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.

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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

### Till 31 March 2019

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.

### With effect from 1 April 2019

#### As a lessee

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of

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similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company obtains the general purpose borrowing rates and makes necessary adjustments specific to the lease e.g. lease term, security etc.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

Right-of-use assets are measured at cost comprising the following:

- a. the amount of the initial measurement of lease liability
- b. any lease payments made at or before the commencement date less any lease incentives received
- c. any initial direct costs, and
- d. restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit and loss account. Short term leases are the leases with a lease term of 12 months or less. Low-value assets comprise IT equipments and small items of office furniture.

## As a lessor

Lease income from operating leases where the Company is lessor is recognised in income on a straight-line basis over the lease term. The respective lease assets are included in balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as result of adopting the new standard.

## 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) 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.

## v) 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 Property, Plant and Equipment (Refer note 3.1)
- 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)
- 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. Also refer Note 37 related to COVID 19.

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## Note: 3.1 Property, plant and equipment

Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount					
	As at 31 March 2019	Additions	Deletions/ Adjustment	Adjustment for change in accounting policy, Refer note 35	As at 31 March 2020	Up to 31 March 2019	Additions	Deletions/ Adjustment	Adjustment for change in accounting policy, Refer note 35	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020
<b>Tangible assets</b>												
Land (Refer note 'a' and 'b' below)												
- Leasehold taken on finance lease (Refer note 'f' below)	379	-	-	(379)	-	6	-	-	(6)	-	373	-
- Freehold	265	-	-	-	265	-	-	-	-	-	265	265
Buildings	2,161	18	-	-	2,179	335	87	-	-	422	1,826	1,757
Plant and Equipment												
- owned	3,025	112	(7)	-	3,130	1,016	307	(7)	-	1,316	2,009	1,814
- given under operating lease	1,008	192	(1)	-	1,199	449	157	(1)	-	605	559	594
Motor vehicles	2	1	-	-	3	2	-	-	-	2	-	1
Furniture and fixtures	318	6	-	-	324	179	30	-	-	209	139	115
Office equipment	52	35	-	-	87	36	10	-	-	46	16	41
Leasehold improvements	52	55	-	-	107	47	6	-	-	53	5	54
Data processing equipment	141	12	(9)	-	144	119	16	(9)	-	126	22	18
<b>Total</b>	<b>7,403</b>	<b>431</b>	<b>(17)</b>	<b>(379)</b>	<b>7,438</b>	<b>2,189</b>	<b>613</b>	<b>(17)</b>	<b>(6)</b>	<b>2,779</b>	<b>5,214</b>	<b>4,659</b>
<b>Particulars</b>	<b>As at 31 March 2019</b>	<b>Addition</b>	<b>Deletion</b>	<b>As at 31 March 2020</b>	<b>Up to 31 March 2019</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2020</b>
Capital work-in-progress (Refer note 'c' below)	169	411	(421)	159	159	159	159	159	159	159	159	159

- (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) The Company had acquired revaluation reserve attributable to certain land as part of amalgamation done with various companies in the previous periods.
- (c) Capital work in progress mainly comprises plant & machinery and building.
- (d) There are no exchange differences capitalised during the year.
- (e) Refer note 27 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- (f) Leased assets - As at 31 March 2019, leasehold land taken on finance lease included the following amounts where the Company was a lessee :

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## Note: 3.1 Property, plant and equipment (contd..)

	As at 31 March 2020	As at 31 March 2019
<b>Leasehold land taken on finance lease</b>		
Cost	-	379
Accumulated depreciation	-	6
<b>Net carrying amount</b>	<b>-</b>	<b>373</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.

Pursuant to the adoption of Ind AS 116, leased assets are presented as a separate line item in the balance sheet date as at 31 March 2020, Refer note 3.2. Refer note 35 for details about the changes in accounting policy.

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.

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

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



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## Note: 3.1 Property, plant and equipment (contd..)

- (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 mainly comprises plant & machinery and building.
- (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.

## Note: 3.2 Leases

This note provides information for leases where the Company is a lessee. For leases where the Company is a lessor, Refer note 3.1. The Company leases various lands, offices, warehouses and vehicles. Rental contracts are typically made for fixed periods of 3 years to 12 years except in case of leasehold land where it is upto 99 years, but may have extension options as described in (iv) below.

### (i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 March 2020	As at 1 April 2019*
<b>Right-of-use assets</b>		
Building and warehouse leases	622	655
Land leases	371	373
Car Leases	9	14
<b>Total</b>	<b>1,002</b>	<b>1,042</b>
<b>Lease liabilities</b>		
Current lease liabilities	111	174
Non-current lease liabilities	532	509
<b>Total</b>	<b>643</b>	<b>683</b>

\*In the previous year, the Company only recognised lease assets and lease liabilities in relation to leases that were classified as finance leases under Ind AS 17, Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Company's borrowings and other financial liabilities. For adjustments recognised on adoption of Ind AS 116 on 1 April 2019, please Refer note 35.

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## Note: 3.2 Leases (contd..)

Additions to the right-of-use assets during the current financial year were ₹ 125.

### (ii) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Depreciation charge on right-of-use assets</b>		
Land leases	1	-
Building and warehouse leases	158	-
Vehicle leases	5	-
<b>Total</b>	<b>164</b>	<b>-</b>
Interest expense (included in finance costs)	61	-
Expenses relating to short term leases (included in other expenses)	27	-
<b>Total</b>	<b>88</b>	<b>-</b>

The total cash outflow for leases including interest and short term leases for the year ended 31 March 2020 was ₹ 249.

### (iii) Variable lease payments

The Company does not have any leases with variable lease payments.

### (iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

### (v) Residual value guarantees

There are no residual value guaranteed in the lease contracts.

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## Note: 4. Intangible Assets

Particulars	Gross Carrying Amount			Accumulated Amortisation			Net Carrying Amount		
	As at 31 March 2019	Additions	Deletions/ Adjustment	As at 31 March 2020	Up to 31 March 2019	Additions	Deletions/ Adjustment	As at 31 March 2019	As at 31 March 2020
<b>Intangible assets (Acquired)</b>									
Customer Relationships	110	-	-	110	25	11	-	85	74
Non Compete Fees	9	-	-	9	7	2	-	2	-
<b>Total</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>119</b>	<b>32</b>	<b>13</b>	<b>-</b>	<b>87</b>	<b>74</b>
Particulars	Gross Carrying Amount			Accumulated Amortisation			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
<b>Intangible assets (Acquired)</b>									
Customer Relationships	110	-	110	14	11	-	25	96	85
Non Compete Fees	9	-	9	4	3	-	7	5	2
<b>Total</b>	<b>119</b>	<b>-</b>	<b>119</b>	<b>18</b>	<b>14</b>	<b>-</b>	<b>32</b>	<b>101</b>	<b>87</b>

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 for customer relationships is based on the expected economic benefits from such assets, however, which may be longer or shorter than 10 years, depending upon the customer attrition rate and competition. If it were only 5 years, the carrying amount would be ₹ 38 (₹ 60 as at 31 March 2019). If the useful life were estimated to be 15 years, the carrying amount would be ₹ 86 (₹ 93 as at 31 March 2019).

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## Note: 5.1 Non current financial assets- investments

	Number as at 31 March 2020	Number as at 31 March 2019	Face value ₹ per unit	As at 31 March 2020	As at 31 March 2019
<b>(a) Investment in equity instruments (at FVTPL)</b>					
<b>Unquoted</b>					
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	17	25,000	*	*
<b>(b) Investment in equity instruments (at FVOCI)</b>					
<b>Unquoted (fully paid up)</b>					
Woodlands Multispecialty Hospital Limited (Refer note 'a' below)	10,810	10,810	10	5	6
<b>(c) Investment in debentures and bonds (at Amortised Costs)</b>					
<b>Quoted</b>					
Non-convertible redeemable bonds Rural Electrification Corporation Limited (zero coupon) (Refer note 'b' below)	-	29,450	13,580	-	772
<b>Unquoted</b>					
6.5% Bengal Chamber of Commerce and Industry	19	19	1,000	*	*
6% Sholapur Spinning & Weaving Co. Limited (in Liquidation)	523	523	100	*	*
				5	778

	As at 31 March 2020	As at 31 March 2019
Aggregate amount of quoted investments and market value thereof	-	772
Aggregate value of unquoted investments	5	6
Aggregate amount of impairment in value of investments	-	-
	5	778

\*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 2020	Dividend income recognised during 2019-20	Fair value at 31 March 2019	Dividend income recognised during 2018-19	Fair value at 31 March 2018
Woodlands Multispecialty Hospital Limited	5	-	6	-	4

No investments measured at FVOCI were disposed of 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. The bonds are maturing in December 2020, therefore same has been classified to current investments (Refer note 8.1).

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

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

	As at 31 March 2020	As at 31 March 2019
Fixed deposits	1	6
	<b>1</b>	<b>6</b>

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 2020	As at 31 March 2019
Loan given to employees (Refer note 'a' and 'b' below)	4	4
Security deposits	85	74
Less : Loss allowance	(9)	(8)
	<b>80</b>	<b>70</b>
Break - up of security details		
Loans considered good - Secured	4	4
Loans considered good - Unsecured	85	66
Loans which have significant increase in credit risk	-	-
Loans credit impaired	-	8
<b>Total</b>	<b>89</b>	<b>78</b>
Less : Loss allowance	(9)	(8)
	<b>80</b>	<b>70</b>

(a) Loan given to employees include dues from a key managerial person ₹ Nil (31 March 2019 ₹ 0.7)

(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: 6.1. Other non-current assets

	As at 31 March 2020	As at 31 March 2019
Capital Advances	12	10
Advances other than capital advances		
Indirect taxes recoverable		
- Considered good	90	70
- Considered doubtful	31	31
Less: Provision for doubtful indirect taxes recoverable	(31)	(31)
Retirement benefit trusts surplus (Refer note 34)	64	67
Advances to customers	567	357
Prepaid rent	-	12
Miscellaneous	4	6
	<b>737</b>	<b>522</b>

## Note: 6.2. Non current tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Income tax {net of provision ₹ 14,064 (31 March 2019 ₹ Nil)}	922	-
	<b>922</b>	<b>-</b>

# NOTES

to the financial statements for the year ended 31 March 2020

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

## Note: 7. Inventories

	As at 31 March 2020	As at 31 March 2019
Raw material (Refer note 'a' below)	1,523	1,464
Work in progress	135	87
Finished products (Refer note 'b' below)	2,019	2,152
Stock in trade (traded goods) (Refer note 'a' and 'b' below)	553	209
Stores and spares parts	7	7
	<b>4,237</b>	<b>3,919</b>
(a) Includes in-transit inventory:		
Raw materials	95	40
Stock in trade	134	95

(b) Finished products and stock-in-trade (traded goods) are written down by ₹ 10 (31 March 2019 ₹ 16) 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 2020	Number as at 31 March 2019	Face value ₹ per unit	As at 31 March 2020	As at 31 March 2019
<b>Investment in mutual funds (at FVTPL)</b>					
Quoted					
<b>(i) Fixed Maturity Plans of Mutual Funds</b>					
Kotak Quarterly Interval Plan Series 12 - Direct - Growth	-	5,292,099	10	-	55
				-	<b>55</b>
<b>(ii) Liquid/Floater Schemes of Mutual Funds</b>					
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	100	-	128
Axis Liquid Fund - Direct - Growth Plan	-	172,196	1,000	-	357
HDFC Liquid Fund - Regular Plan - Growth	-	181,060	1,000	-	663
IDFC Money Manager Fund - Growth - Direct Plan	-	3,438,701	10	-	103
Kotak Liquid Fund - Regular - Growth	-	18,570	1,000	-	70
SBI Magnum Low Duration Fund - Regular - Growth	-	161,630	1,000	-	391
Sundaram Money Fund -Regular - Growth	-	1,324,331	10	-	52
UTI Liquid Cash Plan - Inst. - Direct - Growth	-	216,655	1,000	-	663
				-	<b>2,940</b>
<b>(iii) Investment in debentures and bonds (at Amortised Costs)</b>					
Quoted					
Non-convertible redeemable bonds					
Rural Electrification Corporation Limited (zero coupon) (Refer note 'a' below)	29,450	-	13,580	835	-
				835	-
				<b>835</b>	<b>2,995</b>

	As at 31 March 2020	As at 31 March 2019
Aggregate amount of quoted investments and market value thereof	835	2,995
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-
	<b>835</b>	<b>2,995</b>

(a) 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.

(b) Various plans of mutual funds wherever considered quoted are so considered based on readily available net asset values.

(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 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## Note: 8.2. Current financial assets - Trade receivables

	As at 31 March 2020	As at 31 March 2019
Trade receivable from contracts with customers	3,751	4,375
Trade receivable from contracts with customers - related parties (Refer note 33)	515	339
Less: Loss allowance	(305)	(274)
	<b>3,961</b>	<b>4,440</b>
<b>Break - up of security details</b>		
Trade receivables considered good - Secured	225	295
Trade receivables considered good - Unsecured	4,041	4,387
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	32
<b>Total</b>	<b>4,266</b>	<b>4,714</b>
Less: Loss allowance	(305)	(274)
	<b>3,961</b>	<b>4,440</b>

## Note: 8.3. Current financial assets - Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Balance with banks:		
- In current accounts	163	229
- In EEFC account	224	95
Deposits with maturity of less than three months	2,154	-
	<b>2,541</b>	<b>324</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of reporting period and prior periods.

## Note: 8.4. Current financial assets - Other bank balances

	As at 31 March 2020	As at 31 March 2019
Fixed deposits (Refer note 'a' below)	2,813	115
Unpaid dividend accounts (Refer note 'b' below)	172	177
	<b>2,985</b>	<b>292</b>

(a) Fixed deposits include deposits held as margin money amounting to ₹ 6 (31 March 2019 ₹ 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.

## Note: 8.5. Current financial assets - Loans

	As at 31 March 2020	As at 31 March 2019
Loan given to employees (Refer note 'a' and 'b' below)	2	3
Security deposits	18	34
	<b>20</b>	<b>37</b>
<b>Break - up of security details</b>		
Loans considered good - Secured	2	3
Loans considered good - Unsecured	18	34
Loans which have significant increase in credit risk	-	-
Loans Credit impaired	-	-
	<b>20</b>	<b>37</b>

(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) Loan given to employees include dues from a key managerial person ₹ Nil (31 March 2019 ₹ 0.1)

# NOTES

to the financial statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## Note: 8.6. Current financial assets - Others

	As at 31 March 2020	As at 31 March 2019
<b>(Unsecured, considered good unless otherwise stated)</b>		
Amount recoverable from related parties (Refer note 33)	*	16
Government grant receivable	67	50
Derivatives not designated as hedges- forward contracts (Refer note 30)	3	*
	<b>70</b>	<b>66</b>

\*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: 9.1. Other current assets

	As at 31 March 2020	As at 31 March 2019
<b>(Unsecured, considered good unless otherwise stated)</b>		
Advances to suppliers		
- Considered good	149	139
- Considered doubtful	18	18
Less: Provision for doubtful advances	(18)	(18)
Advances to employees		
- Considered good	1	3
- Considered doubtful	3	3
Less: Provision for doubtful advances	(3)	(3)
Advances to customers		
- Considered good	306	433
- Considered doubtful	5	5
Less: Provision for doubtful advances	(5)	(5)
Prepaid expenses	195	158
Indirect tax recoverable	194	591
Prepaid rent	-	4
Others	5	18
	<b>850</b>	<b>1,346</b>

## Note: 9.2. Current tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Income tax {net of provision ₹ Nil (31 March 2019 ₹ 13,134)}	-	675
	-	<b>675</b>

## Note: 10. Equity share capital

	As at 31 March 2020	As at 31 March 2019
<b>Authorised:</b>		
126,690,000 (31 March 2019 - 126,690,000) equity shares of ₹ 10 each	1,267	1,267
<b>Issued, subscribed &amp; fully paid up:</b>		
45,540,314 (31 March 2019 - 45,540,314) equity shares of ₹ 10 each	456	456
	<b>456</b>	<b>456</b>



# NOTES

to the financial statements for the year ended 31 March 2020  
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## a. Reconciliation of equity shares outstanding at the beginning and at the end of the year:

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	Amount	No. of Shares	Amount
Opening balance	45,540,314	456	46,660,314	467
Less: Equity shares bought back during the year	-	-	(1,120,000)	(11)
<b>Closing balance</b>	<b>45,540,314</b>	<b>456</b>	<b>45,540,314</b>	<b>456</b>

## 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	As at
	31 March 2020	31 March 2019
	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	11,066,791	11,066,791
	<b>34,044,335</b>	<b>34,044,335</b>

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

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	% holding	No. of Shares	% holding
Imperial Chemical Industries Limited, England	22,977,544	50.46%	22,977,544	50.46%
Akzo Nobel Coatings International B.V., The Netherlands	11,066,791	24.30%	11,066,791	24.30%
	<b>34,044,335</b>	<b>74.76%</b>	<b>34,044,335</b>	<b>74.76%</b>

- 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	As at
	31 March 2020	31 March 2019
Capital reserve	503	503
Capital redemption reserve	64	64
Revaluation reserve	12	12
General reserve	4,519	4,519
Retained earnings	6,816	5,798
Other reserves		
Equity instruments through OCI	3	4
	<b>11,917</b>	<b>10,900</b>

# NOTES

to the financial statements for the year ended 31 March 2020

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

	As at 31 March 2020	As at 31 March 2019
<b>a. Capital reserve</b>	<b>503</b>	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. There is no movement during the year.		
<b>b. Capital redemption reserve</b>	<b>64</b>	53
Add : Amount transferred from general reserve pursuant to shares bought back during the year 2018-19	-	11
	<b>64</b>	64
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. There is no movement during the year.		
<b>c. Revaluation reserve</b>	<b>12</b>	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. There is no movement during the year.		
<b>d. General reserve</b>		
Balance at the beginning of the year	<b>4,519</b>	6,496
Add: Amount transferred from surplus balance	-	400
Less: Share buy back amount paid	-	(2,366)
Less: Share buy back amount transferred to Capital Redemption Reserve	-	(11)
<b>Balance at the end of the year</b>	<b>4,519</b>	<b>4,519</b>
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. There is no movement during the year.		
<b>e. Retained earnings</b>		
Balance at the beginning of the year	<b>5,798</b>	5,368
Net profit for the year	<b>2,374</b>	2,110
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	<b>(38)</b>	(72)
Dividends (including dividend distribution tax)	<b>(1,318)</b>	(1,208)
Amount transferred to general reserve	-	(400)
<b>Balance at the end of the year</b>	<b>6,816</b>	<b>5,798</b>
Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).		
<b>f. Other reserves</b>		
Equity instruments through OCI		
Balance at the beginning of the year	<b>4</b>	3
Add: Fair value gain/(loss) on equity instruments for the year	<b>(1)</b>	1
<b>Balance at the end of the year</b>	<b>3</b>	<b>4</b>
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.		

# NOTES

to the financial statements for the year ended 31 March 2020  
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## Note: 12.1. Non current financial liabilities - Borrowings

	As at 31 March 2020	As at 31 March 2019
<b>Non - current maturities of finance lease obligations (unsecured)</b>		
Obligations under finance leases (Refer note 'a', 'b' and 'c' below)	-	29
	-	<b>29</b>

### (a) In respect of leasehold land and other properties capitalised as property, plant and equipment, Refer note 3.1. Refer below for minimum lease payments.

	As at 31 March 2020	As at 31 March 2019
<b>Minimum lease payments payable</b>		
Not later than one year	-	3
Later than one year and not later than five years	-	13
Later than five years	-	277
	-	<b>293</b>
<b>Present value of minimum lease payments payable</b>		
Not later than one year	-	*
Later than one year and not later than five years	-	*
Later than five years	-	29
<b>Total minimum lease payments payable</b>	-	<b>29</b>
Current	-	*
Non-current	-	29
	-	<b>29</b>

\*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.

(c) Finance lease liabilities were included in borrowings until 31 March 2019, but were reclassified to lease liabilities on 1 April 2019 in the process of adopting Ind AS 116. Refer note 35 for further information about the change in accounting policy for leases.

## Note: 12.2. Non current financial liabilities - Others

	As at 31 March 2019	As at 31 March 2018
Security Deposits (Refer note 'a' below)	169	118
	<b>169</b>	<b>118</b>

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

## Note: 13. Provisions

	Non- current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Employee benefits (Refer note 34)				
Pension	13	10	-	-
Gratuity	180	144	-	-
Leave obligations	115	118	24	23
Post retirement medical and others	304	270	23	21
Provident Fund	8	-	-	-
Long service award	12	11	1	1
Indirect taxes	-	-	188	223
Divested businesses	-	20	58	38
Others	1	6	14	8
	<b>633</b>	<b>579</b>	<b>308</b>	<b>314</b>

# NOTES

to the financial statements for the year ended 31 March 2020  
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## Additional disclosure relating to provisions:

### (a) Movement in provisions:

#### For the year ended 31 March 2020

	Class of provisions		
	Indirect taxes	Divested business	Others
Opening balance	223	58	14
Provision created during the year	45	-	1
Provision utilised / written back during the year (Includes ₹ 35 related to indirect tax provision pertaining to divested business, no longer required written back (Refer note 25))	(80)	-	-
<b>Closing balance</b>	<b>188</b>	<b>58</b>	<b>15</b>

#### For the year ended 31 March 2019

	Class of provisions		
	Indirect taxes	Divested business	Others
Opening balance	212	62	34
Provision created during the year	11	-	-
Provision utilised / written back during the year (Includes ₹ 7 out of others, no longer required written back (Refer note 25))	-	(4)	(20)
<b>Closing balance</b>	<b>223</b>	<b>58</b>	<b>14</b>

### (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) Others

Others includes 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

	As at 31 March 2020	As at 31 March 2019
<b>A. Income tax expense</b>		
<b>Current tax expense</b>		
Current tax on profits for the year (includes taxes of ₹ 1 relating to prior years, 31 March 2019 ₹ 59 written back)	930	1,098
<b>Total current tax expense</b>	<b>930</b>	<b>1,098</b>
<b>Deferred tax</b>		
Decrease (increase) in deferred tax assets	(67)	(56)
(Decrease) increase in deferred tax liabilities	(5)	4
<b>Total deferred tax expense/(benefit)</b>	<b>(72)</b>	<b>(52)</b>
<b>Income tax expense</b>	<b>858</b>	<b>1,046</b>

# NOTES

to the financial statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>B. Reconciliation of effective tax rate</b>		
Profit before tax	3,232	3,156
Tax at the Indian tax rate of 25.168% (31 March 2019 - 34.944%)	813	1,103
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Long term capital gains taxed at different rate	(7)	(13)
Corporate social responsibility expenditure	11	15
Income tax provision of prior year	1	(59)
Non-taxable interest income on REC bond	(6)	(12)
Impact of change in income tax rate (Refer note 'a' below)	26	-
Others	20	12
<b>Income tax expense</b>	<b>858</b>	<b>1,046</b>

**(a) Impact of tax rate change:** The Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The full impact of this change has been recognised in the Statement of Profit & Loss for the year.

	As at 31 March 2019	Recognised in P&L	Recognised in OCI	As at 31 March 2020
<b>C. Movement in deferred tax balances</b>				
<b>Deferred tax liabilities</b>				
Property, plant and equipment	398	(136)	-	262
Surplus payments to retirement trusts	23	(7)	-	16
Investments at fair value through profit or loss	38	(38)	-	-
Investments at fair value through OCI	2	-	*	2
Right-of-use assets	-	166	-	166
Others	43	10	-	53
<b>Sub- total (a)</b>	<b>504</b>	<b>(5)</b>	<b>*</b>	<b>499</b>
<b>Deferred tax assets</b>				
Provision for doubtful debts and advances	119	(25)	-	94
Expenditure disallowed u/s 43B of Income Tax Act, 1961	208	(39)	13	182
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	-	22	-	22
Provisions relating to divested businesses	28	(13)	-	15
Lease liabilities	-	162	-	162
Other disallowances under the Income Tax Act, 1961	180	(40)	-	140
<b>Sub- total (b)</b>	<b>535</b>	<b>67</b>	<b>13</b>	<b>615</b>
<b>Net deferred tax liabilities/(assets) (a)-(b)</b>	<b>(31)</b>	<b>(72)</b>	<b>(13)</b>	<b>(116)</b>

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

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## Note: 14. Income Tax (contd..)

	As at 1 April 2018	Recognised in P&L	Recognised in OCI	As at 31 March 2019
<b>D. Movement in deferred tax balances</b>				
<b>Deferred tax liabilities</b>				
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
<b>Sub- total (a)</b>	<b>499</b>	<b>4</b>	<b>1</b>	<b>504</b>
<b>Deferred tax assets</b>				
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
<b>Sub- total (b)</b>	<b>441</b>	<b>56</b>	<b>38</b>	<b>535</b>
<b>Net deferred tax liabilities/(assets) (a)-(b)</b>	<b>58</b>	<b>(52)</b>	<b>(37)</b>	<b>(31)</b>

## Note: 15. Other non-current liabilities

	As at 31 March 2020	As at 31 March 2019
Deferred lease rentals (Refer note 'a' below)	31	20
Deferred Government Grant (Refer note 'b' below)	32	24
Others	3	1
	<b>66</b>	<b>45</b>

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

	As at 31 March 2020	As at 31 March 2019
(b) Opening balance of Deferred/(Accrued) Government grant	24	18
Add : Government grant receivable	17	13
Less : Government grant recognised during the year	(9)	(7)
Closing balance of (Deferred) /Accrued Government grant	<b>32</b>	<b>24</b>

## Note: 16.1. Current financial liabilities - Trade payables

	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises (Refer note 'b' below)	39	35
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Related Party Payables to various entities (Refer note 33)	2,001	672
- Acceptances	288	499
- Others	4,438	4,857
	<b>6,766</b>	<b>6,063</b>

(a) Refer note 30 for explanations on the Company's liquidity risk management process.

# NOTES

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## (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 2020	As at 31 March 2019
(i) the principal amount due thereon remaining unpaid to any supplier as at the end of the accounting year	30	27
(ii) the interest due thereon remaining unpaid to any supplier as at the end of the accounting year	*	*
(iii) the 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	61	363
(iv) the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act 2006 not paid)	1	2
(v) the amount of interest accrued and remaining unpaid at the end of the accounting year; and	9	8
(vi) the 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	9	8

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

## Note: 16.2. Current financial liabilities - Others

	As at 31 March 2020	As at 31 March 2019
Current maturities of finance lease obligations	-	*
Security Deposits	402	395
<b>Others</b>		
Unpaid dividends (Refer note 'a' below)	172	177
Payable to employees	316	254
Capital creditors	18	72
Derivatives not designated as hedges- forward contracts (Refer note 30)	-	9
Retention money payable	2	14
	<b>910</b>	<b>921</b>

\*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.

## Net debt reconciliation

This section set out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	2,541	324
Current investments	835	2,995
Non-current borrowings	-	(29)
Lease liabilities	(643)	-
<b>Net Debt</b>	<b>2,733</b>	<b>3,290</b>

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## Net debt reconciliation (contd..)

	Cash and cash equivalents	Current investments	Lease liabilities	Non current financial liabilities - borrowings	Total
<b>Net Debt as on 1 April 2018</b>	<b>662</b>	<b>5,016</b>	-	<b>(29)</b>	<b>5,649</b>
Cash Flow	(338)	(2,021)	-	-	(2,359)
Interest expense	-	-	-	(3)	(3)
Interest paid	-	-	-	3	3
<b>Net Debt as on 31 March 2019</b>	<b>324</b>	<b>2,995</b>	-	<b>(29)</b>	<b>3,290</b>
Recognition on adoption of Ind AS 116 (Refer note 35)	-	-	(683)	29	(654)
<b>Net Debt as on 1 April 2019</b>	<b>324</b>	<b>2,995</b>	<b>(683)</b>	-	<b>2,636</b>
Cash Flow	2,217	(2,160)	161	-	218
Acquisition lease	-	-	(121)	-	(121)
Interest expense	-	-	(61)	-	(61)
Interest paid	-	-	61	-	61
<b>Net Debt as on 31 March 2020</b>	<b>2,541</b>	<b>835</b>	<b>(643)</b>	-	<b>2,733</b>

## Note: 17. Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory liabilities	183	316
Liability towards customers	34	13
Deferred revenue (Refer note 'a' below)	318	358
Deferred lease rental (Refer note 'b' below)	19	32
Refund liabilities (Refer note 'c' below)	828	817
Others	4	10
	<b>1,386</b>	<b>1,546</b>

- (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 ₹ 358 (31 March 2019 ₹ 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 Company recognises a refund liability for the amount of consideration received for which it does not expect to be entitled amounting to ₹ 13 (31 March 2019 ₹ 15). Refund Liabilities are also recognised for expected volume discount and other incentives payable to customers amounting to ₹ 815 (31 March 2019 ₹ 802) pending settlement.

The Company has shown liabilities relating to expected returns, volume discounts and other incentives payable as refund liabilities.



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## Note: 18. Revenue from operations

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from contracts with customers		
- Sale of products	25,895	28,407
- Sale of services	404	395
Other operating revenue	319	382
	<b>26,618</b>	<b>29,184</b>

- (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 ₹ 6,058 (31 March 2019 ₹ 5,410).

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Reconciliation of revenue recognised with contract price</b>		
Contract price	32,357	34,212
<b>Adjustments :</b>		
Deferred revenue	(130)	(86)
Refund liability	(828)	(817)
Incentive to customers	(5,100)	(4,507)
<b>Revenue from operations</b>	<b>26,299</b>	<b>28,802</b>

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>(b) Breakup of other operating revenue</b>		
Duty drawback on exports	8	14
Lease rentals	178	175
Scrap sales	19	32
Business auxiliary services	86	157
Provision/liabilities no longer required written back	21	-
Miscellaneous income	7	4
	<b>319</b>	<b>382</b>

## Note: 19. Other Income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income from financial assets at amortised cost - Bonds	64	59
Net fair value gain/(loss) on investments measured at FVTPL	-	(3)
Gain on sale of investments	52	259
Net foreign exchange differences	7	-
Government grants (Refer note 'a' below)	9	7
Interest income:		
- on income tax refund	66	65
- on fixed deposits	172	28
- on others	4	3
Miscellaneous income	2	4
	<b>376</b>	<b>422</b>

- (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 15.

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## Note: 20. Cost of materials consumed

	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw material as at the beginning of the year	1,464	1,200
Add: Purchases	12,068	15,254
Less: Raw material as at the end of the year	(1,523)	(1,464)
<b>Total cost of materials consumed</b>	<b>12,009</b>	<b>14,990</b>

## Note: 21. Changes in inventories of finished products, work-in-progress and stock-in-trade

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Inventory at the beginning of the year</b>		
- Finished products	2,152	2,004
- Stock-in-trade	209	222
- Work-in-progress	87	78
	<b>2,448</b>	<b>2,304</b>
<b>Inventory at the end of the year</b>		
- Finished products	2,019	2,152
- Stock-in-trade	553	209
- Work-in-progress	135	87
	<b>2,707</b>	<b>2,448</b>
(Increase)/ decrease in inventory	(259)	(144)

## Note: 22. Employee benefits expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	2,266	2,403
Contribution to provident and other funds (Refer note 34)	167	137
Other retirement benefits	21	11
Staff welfare expenses	97	99
	<b>2,551</b>	<b>2,650</b>

## Note: 23. Finance costs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest and finance charges on financial liabilities not at FVTPL	24	17
Interest on delayed payment of income tax	3	10
Interest and finance charges on lease liabilities (Refer note 3.2)	61	-
Unwinding of interest on security deposit and finance lease obligations	4	17
Others	1	1
	<b>93</b>	<b>45</b>

## Note: 23.1. Depreciation and amortisation expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (Refer note 3.1)	613	638
Depreciation of right-of-use-assets (Refer note 3.2)	164	-
Amortization of intangible assets (Refer note 4)	13	14
	<b>790</b>	<b>652</b>

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## Note: 24. Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Stores and spare parts consumed	29	50
Repairs and maintenance		
- Plant and Machinery	242	211
- Others	34	44
Power and fuel	158	172
Travelling	306	338
Rates and taxes	61	47
Rent	27	217
Insurance	114	49
Freight and transport	1,301	1,499
Advertisement and publicity	882	903
Royalty	800	878
Consultancy charges	674	481
Net foreign exchange differences	-	20
Payments to the auditor (Refer note 'a' below)	15	13
Corporate social responsibility expenditure (Refer note 'b' below)	59	57
IT support & maintenance	316	165
Warehouse charges	293	275
Provision for doubtful debts and advances (Refer note 'c' below)	90	124
Loss on sale of property, plant and equipment (net)	-	1
Miscellaneous expenses	450	655
	<b>5,851</b>	<b>6,199</b>

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>(a) Details of payments to auditors (Refer note 'i' below)</b>		
Statutory audit for the year	6	6
Limited reviews	2	2
Other audit related services (Refer note 'ii' below)	5	4
Reimbursement of expenses	2	2
	<b>15</b>	<b>14</b>

(i) Excluding Goods and Service Tax

(ii) Comparative no. includes ₹ 1 fees towards buy back certification adjusted against general reserves

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>(b) Corporate social responsibility expenditure</b>		
Vocational Skill Training	36	32
Promoting Education	14	12
Promoting Preventive Healthcare	3	5
Road Safety Awareness	2	3
Others	4	5
	<b>59</b>	<b>57</b>
Amount required to be spent as per section 135 of the Act	56	54
Amount spent during the year on		
i) Construction/acquisition of an asset	-	-
ii) On purposes other than (i) above	59	57

**(c) Excluding bad debts written off during the year amounting to ₹ 58 (31 March 2019 ₹ 42)**

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

## Note: 25. Exceptional items (net)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Indirect tax provision related to divested business no longer required written back (Refer note 13 (a))	35	-
Divested business provision no longer required written back (Refer note 13 (a))	-	7
Voluntary Retirement Scheme (Refer note 'a' below)	(87)	-
	(52)	7

(a) The Company has announced a voluntary retirement scheme to provide an opportunity to certain category of employees to opt for early separation to optimise on manpower cost and productivity improvement. The one-time expenditure of ₹ 87 incurred during the year ended 31 March 2020 has been disclosed as an exceptional item.

## Note: 26. Contingent liabilities :

	As at 31 March 2020	As at 31 March 2019
(a) Claims against the Company not acknowledged as debts	115	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 2020	As at 31 March 2019
(b) Contingent liability of direct and indirect tax		
Income tax matters in dispute / under appeal (Refer note 'i' below)	1,439	2,353
Sales tax/VAT matters under appeal	144	164
Excise and Service Tax matters in dispute / under appeal	104	74

(i) The Income tax assessments for the Company has been completed up to the financial year ended 31 March 2015 and demands aggregating from such assessments and appellate orders amount to ₹ 1,439 (31 March 2019 - ₹ 2,353). 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 Supreme Court of India has passed an order dated February 28, 2019 in the matter of The Regional Provident Fund Commissioner (II) West Bengal vs. Vivekananda Vidyamandir & Ors in Civil Appeal No. 6221 of 2011 and few other linked cases. In the said order, the Supreme Court has clarified the definition of the Basic Wage under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant financial impact and accordingly, no provision has been made in these financial statements. The Company will continue to monitor and evaluate its position based on future events and developments.

(d) There are no contingent assets as at 31 March 2020 and as at 31 March 2019.

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## Note: 27. Capital and other commitments

	As at 31 March 2020	As at 31 March 2019
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	56	29
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 2020	As at 31 March 2019
Weighted average number of shares outstanding the during the year	45,540,314	45,911,602
Net profit after tax available for equity shareholders	2,374	2,110
Basic earning per share (in ₹) [Face value of ₹ 10 each]	52.13	45.96
Diluted earning per share (in ₹) [Face value of ₹ 10 each]	52.13	45.96

## 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 equipment -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 2020	As at 31 March 2019
Within one year	150	159
Later than one year and not later than five years	100	126
Later than five years	*	*
	<b>250</b>	<b>285</b>

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

## Note: 30. Fair Value Measurements

### a) Financial instruments by category

	As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial Assets</b>						
Investments in Equity shares	*	5	-	*	6	-
Investments in Mutual funds	-	-	-	2,995	-	-
Investments in Bonds	-	-	835	-	-	772
Loans	-	-	100	-	-	107
Other financial assets	-	-	67	-	-	66
Other financial assets - Foreign exchange forward contracts	3	-	-	-	-	-
Trade receivables	-	-	3,961	-	-	4,440
Cash and cash equivalents	-	-	2,541	-	-	324
Other bank balances	-	-	2,986	-	-	298
<b>Total Financial Assets</b>	<b>3</b>	<b>5</b>	<b>10,490</b>	<b>2,995</b>	<b>6</b>	<b>6,007</b>

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## Note: 30. Fair Value Measurements (contd..)

	As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial Liabilities</b>						
Borrowings	-	-	-	-	-	29
Trade payables	-	-	6,766	-	-	6,063
Other financial liabilities	-	-	1,079	-	-	1,030
Other financial liabilities - Foreign exchange forward contracts	-	-	-	9	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>7,845</b>	<b>9</b>	<b>-</b>	<b>7,122</b>

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

### 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 2020

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

#### Financial assets and liabilities measured at fair value as at 31 March 2019

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

#### 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).

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## **Note: 30. Fair Value Measurements (contd..)**

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 assets 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.

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 Company.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

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## Note: 30. Fair Value Measurements (contd..)

### e) Financial assets and liabilities measured at amortised cost

Fair value of financial assets and liabilities measured at amortised cost

	As at 31 March 2020		As at 31 March 2019		Level
	Carrying amount	Fair value	Carrying amount	Fair value	
<b>Financial Assets</b>					
Investments in Bonds	835	835	772	772	3
Loans	100	102	107	109	3
Other financial assets	67	67	66	66	3
Trade receivables	3,961	3,961	4,440	4,440	3
Cash and cash equivalents	2,541	2,541	324	324	3
Other bank balances	2,986	2,986	298	298	3
<b>Total Financial Assets</b>	<b>10,490</b>	<b>10,492</b>	<b>6,007</b>	<b>6,009</b>	
<b>Financial Liabilities</b>					
Borrowings	-	-	29	34	3
Trade payables	6,766	6,766	6,063	6,063	3
Other financial liabilities	1,079	1,129	1,030	1,037	3
<b>Total Financial Liabilities</b>	<b>7,845</b>	<b>7,895</b>	<b>7,122</b>	<b>7,134</b>	

- i) 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.
- ii) 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.
- iii) 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.



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## Note: 30. Fair Value Measurements (contd..)

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
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 ₹ 3,961 and ₹ 4,440 as at 31 March 2020 and 31 March 2019 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.

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

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.

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 2020	As at 31 March 2019
Opening balance	274	197
Changes in loss allowance (net)	31	77
<b>Closing balance</b>	<b>305</b>	<b>274</b>

### Reconciliation of loss allowance provision – Other receivables

	As at 31 March 2020	As at 31 March 2019
Opening balance	8	8
Changes in loss allowance (net)	1	-
<b>Closing balance</b>	<b>9</b>	<b>8</b>

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.

### 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.

# NOTES

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(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
<b>As at 31 March 2020</b>						
<b>Non-derivative financial liabilities</b>						
Lease liabilities (including interest)	1,128	99	96	165	343	425
Trade and other payables	6,766	6,766	-	-	-	-
Other financial liabilities	1,079	744	166	55	89	25
<b>Derivative financial liabilities</b>						
Forward exchange contracts	-	-	-	-	-	-

	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>As at 31 March 2019</b>						
<b>Non-derivative financial liabilities</b>						
Finance lease obligations (including interest)	293	3	-	3	10	277
Trade and other payables	6,063	6,063	-	-	-	-
Other financial liabilities	1,030	713	199	23	63	32
<b>Derivative financial liabilities</b>						
Forward exchange contracts	9	9	-	-	-	-

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 2020	As at 31 March 2019
<b>Borrowing facilities</b>		
- Expiring within one year (bank overdraft facilities)	722	663

# NOTES

to the financial statements for the year ended 31 March 2020  
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## 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 2020 and 31 March 2019 are reinstated in millions Indian Rupees which is stated below :

	USD	Euro	Other
<b>As at 31 March 2020</b>			
<b>Financial assets</b>			
Trade and other receivables	143	278	3
Balance in EEFC account	224	-	-
<b>Derivative Assets</b>			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
<b>Net Exposure to Foreign Currency Risk (Assets)</b>	<b>367</b>	<b>278</b>	<b>3</b>
<b>Financial liabilities</b>			
Trade and other payables	687	626	180
<b>Derivative liabilities</b>			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(141)	(5)	(3)
<b>Net Exposure to Foreign Currency Risk (Liabilities)</b>	<b>546</b>	<b>621</b>	<b>177</b>

	USD	Euro	Other
<b>As at 31 March 2019</b>			
<b>Financial assets</b>			
Trade and other receivables	266	4	9
Balance in EEFC account	95	-	-
<b>Derivative Assets</b>			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
<b>Net Exposure to Foreign Currency Risk (Assets)</b>	<b>361</b>	<b>4</b>	<b>9</b>
<b>Financial liabilities</b>			
Trade and other payables	769	173	161
<b>Derivative liabilities</b>			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(488)	(12)	(6)
<b>Net Exposure to Foreign Currency Risk (Liabilities)</b>	<b>281</b>	<b>161</b>	<b>155</b>

### 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.

# NOTES

to the financial statements for the year ended 31 March 2020  
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## Note: 30. Fair Value Measurement (contd..)

Effect in INR	Impact on Profit after tax	
	Increase	Decrease
<b>31 March 2020</b>		
<b>10% movement</b>		
USD	(13)	13
Euro	(26)	26
Others	(13)	13
	<b>(52)</b>	<b>52</b>
<b>31 March 2019</b>		
<b>10% movement</b>		
USD	(1)	1
Euro	(10)	10
Others	(10)	10
	<b>(21)</b>	<b>21</b>

### 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.

Effect in INR	Impact on Profit after tax	
	31 March 2020	31 March 2019
Increase 10%	<b>63</b>	195
Decrease 10%	<b>(63)</b>	(195)

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 2019 and 31 March 2020.

	For the year ended 31 March 2020	For the year ended 31 March 2019
The following dividends were declared and paid by the Company during the year:		
31 March 2019 ₹ 24 per equity share (31 March 2018 ₹ 22 per equity share)	<b>1,093</b>	1,002
Dividend distribution tax on dividend to equity shareholders	<b>225</b>	206
	<b>1,318</b>	<b>1,208</b>

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.

# NOTES

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## Note: 31. Capital management (contd..)

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 14 per equity share (31 March 2019 ₹ 24 per equity share). The proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Dividend not recognised at the end of the Reporting period</b>		
31 March 2020 ₹ 14 per equity share (31 March 2019 ₹ 24 per equity share)	638	1,093
Dividend distribution tax on dividend to equity shareholders	-	225
	<b>638</b>	<b>1,318</b>

## 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 as a single unit (Coatings consisting of decorative, automotive and industrial paints and related activities). Therefore, there is no reportable segment for the Company.

### B. Entity wide disclosures

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Revenue from operations</b>		
Domestic	25,765	27,488
Overseas	853	1,696
<b>Total</b>	<b>26,618</b>	<b>29,184</b>

Revenue from overseas customers includes ₹ 368 (31 March 2019 ₹ 389) from Akzo Nobel Car Refinishes B.V., Netherlands and ₹ 79 (31 March 2019 ₹ 133) from Akzo Nobel N.V., Netherlands.

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Non current segment assets</b>		
Domestic	6,568	5,925
Overseas	-	-

Break up of non current assets is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Property, plant and equipment</b>	<b>4,659</b>	<b>5,214</b>
Right-of-use assets	1,002	-
Capital work-in-progress	159	169
Intangible Assets	74	87
Other non-current assets (excluding retirement benefit trust surplus)	674	455
<b>Total</b>	<b>6,568</b>	<b>5,925</b>

### C. Information about major customers

No external customer individually accounted for more than 10% of the revenues during the year ended 31 March 2020 and 31 March 2019.

## Note: 33. Related Party Disclosures

### 1. (a) The Company is controlled by:

- Akzo Nobel N.V., Netherlands (Ultimate Holding Company)
- Imperial Chemical Industries Limited, England, which is wholly owned by Akzo Nobel N.V.
- Akzo Nobel Coatings International B.V., 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 2020  
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## Note: 33. Related Party Disclosures (contd..)

### (c) Fellow subsidiaries:

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

# NOTES

to the financial statements for the year ended 31 March 2020

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

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

### (d) Key Management Personnel

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Mr. Amit Jain - Chairman

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Mr. Rajiv Rajgopal- Managing Director (From 1 November 2018)

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Mr. Jayakumar Krishnaswamy - Managing Director (Upto 11 September 2018)

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Mr. Lakshay Kataria - Wholetime Director and CFO (CFO from 7 January 2019; WTD from 1 February 2019)

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Mr. Pradip Menon - Wholetime Director and CFO (WTD upto 2 August 2018; CFO upto 13 September 2018)

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Mr. Arabinda Ghosh - Non-Executive Director (Upto 2 August 2018)

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Mr. Jeremy Rowe - Non-Executive Director (From 6 April 2018; upto 30 November 2018)

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Mr. R Gopalakrishnan - Independent Director (Upto 22 July 2018)

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Mr. Oscar Wezenbeek - Non-Executive Director (from 4 May 2019)

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Mr. Hemant Sahai- Independent Director (From 3 August 2018)

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Mr. Arvind Uppal - Independent Director

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Mr. Raj S Kapur - Independent Director (upto 14 August 2019)

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Ms. Kimsuka Narsimhan - Independent Director (upto 14 August 2019)

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Dr. Sanjiv Misra - Independent Director (Upto 22 July 2018)

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Mr. Rahul Bhatnagar - Independent Director (from 16 August 2019)

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Ms. Smriti Vijay - Independent Director (from 16 August 2019)

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Mr. R Guha- Company Secretary (upto 29 February 2020)

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Ms. Harshi Rastogi - Company Secretary (from 1 March 2020)

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### (e) Employee benefit trusts

#### Pension trusts

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ICI's Associated Companies in India Employees Pension Fund

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ICI India Management Staff Pension Fund

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Akzo Nobel India Employees Pension Scheme

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Akzo Nobel Coatings Employees Superannuation Fund

#### Gratuity Trusts

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ICI India Limited Employees' Gratuity Fund

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ICI India Management Staff Gratuity Fund

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Akzo Nobel India Employees Gratuity Trust 2016

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Akzo Nobel Coatings India P Ltd Employees Group Gratuity Cum Life Assurance Scheme

#### Provident Fund Trusts

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The Alkali and Chemical Corporation of India Limited Provident Fund

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ICI India Staff Provident Fund

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ICI's Associated Companies in India Staff Provident Fund

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



# NOTES

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

### 2. The following transactions were carried out with related parties in the ordinary course of business:

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, England	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research & Technology Centre
	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)
<b>a) Transactions during the year</b>							
Purchase of materials / finished goods	-	-	-	1,238	-	-	-
Sale of finished goods	-	-	-	(1,434)	-	-	-
Expenses incurred and recovered/recoverable from other Companies (Income)	*	-	-	78	-	1	1
Expenses reimbursed to other Companies (Expense)	(6)	*	-	(82)	-	(2)	*
Royalty	(21)	-	-	(37)	-	-	-
Dividend paid	-	551	266	-	-	-	-
Services provided (Income)	79	(506)	(243)	370	-	-	-
Services received (expenses)	(133)	-	-	(418)	-	-	-
Managerial remuneration	243	-	-	101	-	-	9
Short-term employee benefits	(203)	-	-	-	-	-	(12)
Post employment benefits	-	-	-	-	41	-	-
Other long - term benefits	-	-	-	-	(41)	-	-
Guarantee issued on behalf of the Company for credit facilities from banks	850	-	-	-	3	-	-
	(871)	-	-	-	(5)	-	-

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

	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
	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)
<b>b) Balances as at the end of the year</b>							
Dues to related parties	271	34	503	1,187	37	-	6
Dues from related parties	(34)	(32)	(85)	(521)	(32)	-	-
Share Capital outstanding as at end of the year	12	-	-	503	-	-	-
	(27)	230	111	(327)	-	-	(1)
	-	(230)	(111)	-	-	-	-

# NOTES

to the financial statements for the year ended 31 March 2020  
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## Note: 33. Related Party Disclosures (contd..)

### 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 2020 (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 2018-19

### 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 year.

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Purchase of materials / finished goods</b>		
PT Akzo Nobel Car Refinishes Indonesia	370	373
Akzo Nobel Hilden GmbH	237	198
Others	631	863
	<b>1,238</b>	<b>1,434</b>
<b>Sales of finished goods</b>		
International Paint Singapore Pte. Ltd	8	9
Akzo Nobel Paints Vietnam Ltd	32	62
PT ICI Paints Indonesia	45	92
Akzo Nobel LLC	10	76
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	45	61
International Paint of Shanghai Co Ltd	30	-
Akzo Nobel Paints (Thailand) LTD.	34	18
Others	58	30
	<b>262</b>	<b>348</b>
<b>Expenses incurred and recovered/recoverable from other Companies (Income)</b>		
Akzo Nobel Lanka (Pvt.) Limited	*	*
Akzo Nobel N.V. Netherlands	*	6
Akzo Nobel Decorative Coatings B.V.	2	2
Akzo Nobel Car Refinishes B.V.	3	6
Akzo Nobel Chemicals India Private Limited	-	42
Akzo Nobel Global Business Services LLP	61	14
Akzo Nobel UAE Paints L.L.C.	9	12
Others	5	8
	<b>80</b>	<b>90</b>
<b>Expenses reimbursed to other Companies (Expense)</b>		
Akzo Nobel N.V. Netherlands	-	21
Akzo Nobel Paints (Singapore) Pte. Ltd.	21	16
Akzo Nobel Car Refinishes B.V.	-	13
Others	1	8
	<b>22</b>	<b>58</b>
<b>Royalty</b>		
Akzo Nobel Coatings International B.V.	800	878
	<b>800</b>	<b>878</b>

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

# NOTES

to the financial statements for the year ended 31 March 2020  
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## Note: 33. Related Party Disclosures (contd..)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Dividend paid (Excluding dividend distribution tax)</b>		
Imperial Chemical Industries Limited, England	551	506
Akzo Nobel Coatings International B.V.	266	243
	<b>817</b>	<b>749</b>
<b>Services provided (Income)</b>		
Akzo Nobel Car Refinishes B.V.	368	389
Akzo Nobel N.V.	79	133
Others	2	29
	<b>449</b>	<b>551</b>
<b>Services received (Expense)</b>		
ICI India Research & Technology Centre	9	12
Akzo Nobel N.V. Netherlands	243	203
Akzo Nobel Global Business Services LLP	100	-
Others	1	-
	<b>353</b>	<b>215</b>
<b>Managerial remuneration</b>		
Mr. Jayakumar Krishnaswamy	-	11
Mr. Pradip Menon	-	7
Mr. Rajiv Rajgopal	24	11
Mr. R. Guha	1	7
Mr. Lakshay Kataria	14	4
Others	8	7
	<b>47</b>	<b>47</b>
	As at 31 March 2020	As at 31 March 2019
<b>Dues to related parties</b>		
Akzo Nobel Coatings International B.V.	503	85
Akzo Nobel N.V.	271	-
PT. Akzo Nobel Car Refinishes Indonesia	253	86
Akzo Nobel Hilden GmbH	180	121
Others	794	412
	<b>2,001</b>	<b>704</b>
<b>Dues from related parties</b>		
Akzo Nobel Car Refinishes B.V.	285	192
International Paint Singapore Pte. Ltd.	34	36
Akzo Nobel Decorative Coatings B.V.	-	*
PT ICI Paints Indonesia	15	13
Akzo Nobel N.V. Netherlands	12	27
Akzo Nobel LLC	25	32
Akzo Nobel Global Business Services LLP	71	-
Others	73	55
	<b>515</b>	<b>355</b>
<b>Share capital outstanding</b>		
Imperial Chemical Industries Limited, England	230	230
Akzo Nobel Coatings International B.V.	111	111
Others	-	*
	<b>341</b>	<b>341</b>

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

# NOTES

to the financial statements for the year ended 31 March 2020

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

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

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, particularly on the amount of tax expense and that of provision for taxation.

## **Note: 34. Employee benefits**

### **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 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).

### **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.

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.

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to the financial statements for the year ended 31 March 2020  
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## Note: 33. Related Party Disclosures (contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
	<b>(A) Employee benefit expense recognised in statement of profit and loss</b>							
(a) Current service cost	48	42	2	3	2	2	74	69
(b) Interest cost (net)	9	4	(5)	(9)	20	17	17	(2)
(b) Past service cost - plan amendments	-	-	-	-	-	-	-	-
<b>Total expense / (gain)</b>	<b>57</b>	<b>46</b>	<b>(3)</b>	<b>(6)</b>	<b>22</b>	<b>19</b>	<b>91</b>	<b>67</b>
<b>Remeasurements recognised directly in other comprehensive income</b>								
(a) Return on plan assets (greater)/less than discount rate	(12)	(1)	(6)	(8)	-	-	(14)	-
(b) Actuarial (gains) / losses								
- from changes in demographic assumptions	-	33	-	-	-	-	-	-
- from changes in financial assumptions	(3)	20	8	9	30	41	(1)	-
- experience adjustments	24	-	(7)	(11)	14	20	32	-
(c) Adjustment for limit on net asset	-	-	11	7	-	-	(25)	-
<b>Total expense / (gain)</b>	<b>9</b>	<b>52</b>	<b>6</b>	<b>(3)</b>	<b>44</b>	<b>61</b>	<b>(8)</b>	<b>-</b>

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
	<b>(B) Net Asset / (Liability) as at year end</b>							
(a) Present value of obligations as at year end	509	454	117	121	327	291	1,246	996
(b) Fair value of plan assets as at year end	329	310	257	249	-	-	1,238	1,020
(c) Fair value of plan assets, limited to present value of future contributions	329	310	181	188	-	-	1,238	1,020
<b>Net Asset / (Liability) (b)-(a)</b>	<b>(180)</b>	<b>(144)</b>	<b>140</b>	<b>128</b>	<b>(327)</b>	<b>(291)</b>	<b>(8)</b>	<b>24</b>
<b>Net Asset / (Liability) recognised in Balance Sheet (c)-(a)</b>	<b>(180)</b>	<b>(144)</b>	<b>64</b>	<b>67</b>	<b>(327)</b>	<b>(291)</b>	<b>-</b>	<b>-</b>
<b>(Refer below details for amount recognised in balance sheet)</b>								
Provision in Balance Sheet (Refer note 13)								
Current	-	-	-	-	(23)	(21)	-	-
Non-Current	(180)	(144)	-	-	(304)	(270)	(8)	-
	<b>(180)</b>	<b>(144)</b>	<b>-</b>	<b>-</b>	<b>(327)</b>	<b>(291)</b>	<b>(8)</b>	<b>-</b>
<b>Retirement Benefit Trust Surplus (Refer note 6)</b>								
Current	-	-	-	-	-	-	-	-
Non-Current	-	-	64	67	-	-	-	-
	<b>-</b>	<b>-</b>	<b>64</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Asset / (Liability) recognised in Balance Sheet</b>								
Current	-	-	-	-	(23)	(21)	-	-
Non-Current	(180)	(144)	64	67	(304)	(270)	(8)	-
	<b>(180)</b>	<b>(144)</b>	<b>64</b>	<b>67</b>	<b>(327)</b>	<b>(291)</b>	<b>(8)</b>	<b>-</b>

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.

# NOTES

to the financial statements for the year ended 31 March 2020

(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 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
<b>(C) Change in defined benefit obligations during the year</b>								
Present value of obligations at beginning of the year	454	359	121	125	291	243	996	830
(a) Current service cost	48	42	2	3	2	2	74	69
(b) Interest cost	31	26	8	9	20	17	93	61
(c) Benefits paid	(39)	(28)	(15)	(14)	(28)	(33)	(168)	(118)
(d) Actuarial (gains) / losses	22	53	1	(2)	43	62	29	1
(e) Liabilities extinguished on settlements	-	-	-	-	-	-	-	-
(f) Employee Contributions	-	-	-	-	-	-	99	92
(g) Transfer In/(Out)	(7)	2	-	*	(1)	*	123	45
(h) Other Adjustments	-	-	-	-	-	-	-	16
(i) Past service cost - plan amendments	-	-	-	-	-	-	-	-
<b>Present value of obligations at end of the year</b>	<b>509</b>	<b>454</b>	<b>117</b>	<b>121</b>	<b>327</b>	<b>291</b>	<b>1,246</b>	<b>996</b>
*Amount is below rounding off norms, adopted by the Company								
<b>(D) Change in fair value of plan assets during the year</b>								
Fair value of plan assets as at beginning of the year	310	300	249	249	-	-	1,020	830
(a) Return on plan assets (greater)/less than discount rate	12	1	6	(5)	-	-	14	-
(b) Interest income on plan assets	22	22	17	18	-	-	77	71
(c) Company contributions	-	-	-	-	-	-	73	150
(d) Employee Contributions	-	-	-	-	-	-	99	52
(e) Benefits paid	(15)	(15)	(15)	(14)	-	-	(168)	(118)
(f) Adjustment of defined contribution	-	-	-	-	-	-	-	25
(g) Actuarial gains / (losses)	-	-	-	-	-	-	-	-
(h) Transfer In/(Out)	-	2	-	1	-	-	123	10
<b>Fair value of plan assets</b>	<b>329</b>	<b>310</b>	<b>257</b>	<b>249</b>	<b>-</b>	<b>-</b>	<b>1,238</b>	<b>1,020</b>
<b>(E) Change in Irrevocable Surplus</b>								
Irrevocable Surplus as at the beginning of the year	-	-	61	67	-	-	25	-
(a) Interest in Irrevocable Surplus	-	-	4	5	-	-	-	-
(b) Change in Irrevocable Surplus in excess of interest	-	-	11	(11)	-	-	(25)	-
<b>Irrevocable Surplus as at the end of the year</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(F) Expected maturity analysis of undiscounted defined benefit plans</b>								
Less than a year	75	64	36	34	23	22	29	4
Between 1-2 years	71	64	17	17	24	23	23	1
Between 2-5 years	213	199	38	38	74	71	35	4
Over 5 years	360	359	39	40	126	122	158	14
<b>Total</b>	<b>719</b>	<b>686</b>	<b>130</b>	<b>129</b>	<b>247</b>	<b>238</b>	<b>245</b>	<b>23</b>
<b>(G) Weighted Average Duration</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>(H) Sensitivity Analysis</b>								
Discount Rate (%)								
Effect on DBO due to 0.5% increase in Discount Rate	-2.9%	-2.9%	-4.3%	-4.1%	-4.9%	-4.8%	-	-
Effect on DBO due to 0.5% decrease in Discount Rate	2.9%	3.1%	4.3%	4.1%	5.5%	5.2%	-	-
Salary Escalation Rate (%)								
Effect on DBO due to 0.5% increase in Salary Escalation Rate	2.9%	3.1%	-	-	-	-	-	-
Effect on DBO due to 0.5% decrease in Salary Escalation Rate	-2.8%	-2.9%	-	-	-	-	-	-
Medical Inflation Rate (%)								
Effect on DBO due to 0.5% increase in Medical Inflation	-	-	-	-	4.6%	4.5%	-	-
Effect on DBO due to 0.5% decrease in Medical Inflation	-	-	-	-	-4.3%	-4.1%	-	-
Mortality Rate (%)								
Effect on DBO if Post Retirement Medical Rates are scaled up by one year	-	-	-	-	-4.6%	-4.1%	-	-
Effect on DBO if Post Retirement Medical Rates are scaled down by one year	-	-	-	-	4.9%	4.5%	-	-

# NOTES

to the financial statements for the year ended 31 March 2020  
(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 2020	As at 31 March 2019
<b>Long service award obligation</b>		
Current	(1)	(1)
Non-Current	(12)	(11)
<b>Total</b>	<b>(13)</b>	<b>(12)</b>
<b>Leave obligation</b>		
Current	(24)	(23)
Non-Current	(115)	(118)
<b>Total</b>	<b>(139)</b>	<b>(141)</b>
<b>Pension obligation</b>		
Current	-	-
Non-Current	(13)	(10)
<b>Total</b>	<b>(13)</b>	<b>(10)</b>

(J) Expected contributions to post-employment benefit plans for the year ending 31 March 2021 is ₹ 157 (31 March 2020 ₹ 147).

### (K) Major category of plan assets

	Gratuity				Pension			
	As at		As at		As at		As at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2019	
	%	Amount	%	Amount	%	Amount	%	Amount
Government of India Securities (Central and State)	10%	32	10%	31	22%	56	25%	63
High Quality Corporate Bonds (including Public sector bonds)	11%	35	12%	38	22%	55	26%	65
Cash (including special deposits)	1%	4	2%	5	19%	48	2%	5
Scheme of Insurance-conventional products	30%	100	-	-	-	-	-	-
Scheme of Insurance-ULIP products	43%	143	70%	218	-	-	-	-
Other	5%	15	6%	18	37%	98	47%	116
	100%	329	100%	310	100%	257	100%	249

### Major category of plan assets

	Provident Fund			
	As at 31 March 2020		As at 31 March 2019	
	%	Amount	%	Amount
Government of India Securities (Central and State)	46%	558	39%	393
High Quality Corporate Bonds (including Public sector bonds)	38%	484	47%	487
Cash (including special deposits)	9%	109	2%	21
Other	7%	87	12%	119
	100%	1238	100%	1020

# NOTES

to the financial statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## Note: 34. Employee benefits (contd..)

### Actuarial Assumptions

	2019-20	2018-19
Discount Rate (annual)	6.20%	7.10%
Salary growth rate	7.00%	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. Change in accounting policies :

This note explains the impact of the adoption of Ind AS 116, Leases on the Company's financial statements.

### Impact on the financial statements - lessee accounting

As indicated in note 3.2, the Company has adopted Ind AS 116 retrospectively from 1 April 2019, but has not restated comparatives for year ended 31 March 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019. The new accounting policies are disclosed in note 2.

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 8.85%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.



# NOTES

to the financial statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## (i) Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- electing not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, determining whether an arrangement contains a Lease.

## (ii) Measurement of lease liabilities

Operating lease commitments disclosed as at 31 March 2019	-
Discounted using the lessee's incremental borrowing rate at the date of initial application	654
Add: Finance lease liabilities recognised as at 31 March 2019	29
Lease liability recognised as at 1 April 2019	683
of which are:	
Current lease liabilities	174
Non-current lease liabilities	509

## (iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis with the cumulative effect of initially applying the standard recognised at the date of initial application, with right-of-use asset recognised at an amount equal to the lease liability, adjusted by the prepaid lease rent.

## (iv) Adjustments recognised in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- property, plant and equipment decreased by ₹ 373
- right-of-use assets increased by ₹ 1042
- prepaid rent decreased by ₹ 15
- borrowings decreased by ₹ 29
- lease liabilities increased by ₹ 683.

The net impact on retained earnings on 1 April 2019 ₹ Nil.

## (v) Lessor accounting

The Company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of Ind AS 116.

**Note: 36.** 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.

# NOTES

to the financial statements for the year ended 31 March 2020

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

## Note: 37. COVID-19

The outbreak of COVID-19 pandemic has created economic disruption throughout the world including India. Akzo Nobel India Limited has ensured compliance with the lockdown protocols in accordance with the guidelines issued by the Central and State governments and local authorities. The operations of the Company were significantly impacted due to supply chain disruptions caused by lock down of plants, offices and warehouses. The Company has resumed operations in a phased manner consistent with the directives from the Government of India/ State governments/ Local authorities. The Company has evaluated the impact of COVID-19 on its operations & financial position. Based on its review of the macro economic conditions & current outlook for the Indian economy, there is no additional impact in financial statements apart from the financial impact already considered in financial statements of the Company as at 31 March 2020. However, given the evolving scenario & uncertainties with respect to its nature & duration, the impact may be different from estimates as on the date of approval of financial results. The Company will continue to monitor any material changes to its future business and economic conditions.

**Note: 38.** 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

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

**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

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 20 June 2020

Place: Gurugram  
Date: 20 June 2020

# 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 (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 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement 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 consolidated state of affairs of the Group, as at 31 March 2020, of consolidated total comprehensive income (comprising of 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 Act. 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 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.

### Emphasis of Matter

4. We draw your attention to Note 38 to the consolidated financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus

(Covid-19) on the business operations of the Group. The management believes that no adjustments, other than those already considered, are required in the consolidated financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

### Key audit matter

5. 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.

<b>Description of the Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
Assessment of ongoing income tax and indirect tax litigations  [Refer to Note 26 (b) (Contingent liabilities), Note 6.2 [Non current tax assets(net)], Note 13 (Provisions), and 1(m) and 1(n) (Significant accounting policies) to the consolidated financial statements]  As at 31 March 2020, 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.  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	Our procedures on the management's assessment of these matters included: <ul style="list-style-type: none"><li>• Understanding and evaluating process and controls designed and implemented by the management including testing of relevant controls;</li><li>• 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 2020;</li><li>• Inspecting demand notices received from tax authorities and evaluating the Holding Company's response to those matters;</li><li>• 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;</li></ul>

Description of the Key audit matter	How our audit addressed the key audit matter
-------------------------------------	--

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 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.

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.

- 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 Holding Company's disclosures.

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.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including 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 and are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
8. 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.
9. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. 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

## Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board 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 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.

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.

11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 with reference to financial statements 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 ability of 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.

12. 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.
13. 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.
14. 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

15. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law 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 for the Holding Company has not been maintained on servers physically located in India.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this

Report are in agreement with the relevant 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 and its subsidiary as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and its subsidiary, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2020 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 15(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 internal financial controls with reference to 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the 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 as at 31 March 2020 for which there were no material foreseeable losses. The Group did not have any long term derivative contracts as at 31 March 2020.
  - 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 2020.
16. The Group 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.

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

**Anurag Khandelwal**  
Partner

Place: Gurugram  
Date: 20 June 2020

Membership Number: 078571  
UDIN: 20078571AAAABC2201

# ANNEXURE TO INDEPENDENT AUDITORS' REPORT

## Annexure A

### **Referred to in paragraph 15(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 2020**

#### **Report on the Internal Financial Controls with reference to financial statements 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 2020, 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 its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 the respective 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.

#### **Auditor's 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") issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, 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 with reference to financial statements.

#### **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 2020, 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. Also refer paragraph 4 of the main audit report.

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

**Anurag Khandelwal**  
Partner

Place: Gurugram  
Date: 20 June 2020

Membership Number: 078571  
UDIN: 20078571AAAABC2201



# CONSOLIDATED BALANCE SHEET

All amounts are in millions Indian ₹ unless otherwise stated)	Notes	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.1	4,659	5,214
Right-of-use assets	3.2	1,002	-
Capital work-in-progress	3.1	159	169
Intangible Assets	4	74	87
Financial assets			
(i) Investments	5.1	5	778
(ii) Other bank balances	5.2	1	6
(iii) Loans	5.3	80	70
Deferred tax assets (net)	14	116	31
Other non-current assets	6.1	737	522
Non current tax assets (net)	6.2	922	-
<b>Total non-current assets</b>		<b>7,755</b>	<b>6,877</b>
<b>Current assets</b>			
Inventories	7	4,237	3,919
Financial assets			
(i) Investments	8.1	835	2,995
(ii) Trade receivables	8.2	3,961	4,440
(iii) Cash and cash equivalents	8.3	2,545	333
(iv) Bank balances other than (iii) above	8.4	2,985	292
(v) Loans	8.5	20	37
(vi) Other financial assets	8.6	70	65
Other current assets	9.1	850	1,346
Current tax assets (net)	9.2	-	675
<b>Total current assets</b>		<b>15,503</b>	<b>14,102</b>
<b>Total assets</b>		<b>23,258</b>	<b>20,979</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	456	456
Other equity	11	11,924	10,907
<b>Total equity</b>		<b>12,380</b>	<b>11,363</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	12.1	-	29
(ii) Lease liabilities	3.2	532	-
(iii) Other financial liabilities	12.2	169	118
Provisions	13	634	579
Other non-current liabilities	15	66	45
<b>Total non-current liabilities</b>		<b>1,401</b>	<b>771</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Lease liabilities	3.2	111	-
(ii) Trade payables	16.1		
- Total outstanding dues of micro enterprises and small enterprises		39	35
- Total outstanding dues of creditors other than micro enterprises and small enterprises		6,722	6,029
(iii) Other financial liabilities	16.2	910	921
Provisions	13	308	314
Other current liabilities	17	1,387	1,546
<b>Total current liabilities</b>		<b>9,477</b>	<b>8,845</b>
<b>Total liabilities</b>		<b>10,878</b>	<b>9,616</b>
<b>Total equity and liabilities</b>		<b>23,258</b>	<b>20,979</b>

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**

**Amit Jain**

Chairman

DIN : 01770475

**Lakshay Kataria**

Wholtime Director and CFO

DIN : 08345477

**Rajiv Rajgopal**

Managing Director

DIN : 06685599

**Harshi Rastogi**

Company Secretary

ACS 13642

Place: Gurugram

Date: 20 June 2020

Place: Gurugram

Date: 20 June 2020

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts are in millions Indian ₹ unless otherwise stated)	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Revenue from operations</b>	18	26,618	29,184
Other income	19	376	422
<b>Total income</b>		<b>26,994</b>	<b>29,606</b>
<b>Expenses</b>			
Cost of materials consumed	20	12,009	14,990
Purchases of stock-in-trade		2,675	2,065
Changes in inventories of finished products, work-in-progress and stock-in-trade	21	(259)	(144)
Employee benefits expense	22	2,558	2,656
Finance costs	23	93	45
Depreciation and amortisation expense	23.1	790	652
Other expenses	24	5,844	6,193
<b>Total expenses</b>		<b>23,710</b>	<b>26,457</b>
<b>Profit before exceptional items and tax</b>		<b>3,284</b>	<b>3,149</b>
Exceptional items (net)	25	(52)	7
<b>Profit before tax</b>		<b>3,232</b>	<b>3,156</b>
<b>Income tax expense:</b>			
Current tax (includes taxes of ₹ 1 relating to prior years written back, 31 March 2019 ₹ 59)	14	930	1,098
Deferred tax		(72)	(52)
<b>Total tax expense</b>		<b>858</b>	<b>1,046</b>
<b>Profit after tax for the year (A)</b>		<b>2,374</b>	<b>2,110</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss in subsequent years:</b>			
Remeasurement of defined benefit plans	34	(51)	(110)
Changes in fair value of equity instruments at FVOCI	5.1	(1)	2
<b>Income tax relating to these items</b>			
Income tax relating to remeasurement of defined benefit plans	14	13	38
Income tax relating to fair value of equity shares at FVOCI		*	(1)
<b>Total other comprehensive income for the year (B)</b>		<b>(39)</b>	<b>(71)</b>
<b>Total comprehensive income for the year (A + B)</b>		<b>2,335</b>	<b>2,039</b>
*Amount is below rounding off norms, adopted by the Group			
<b>Earnings per share for profit attributable to owners of Akzo Nobel India Limited:</b>	28		
Basic earning per share (in ₹) [Face value of ₹10 each]		52.13	45.96
Diluted earning per share (in ₹) [Face value of ₹10 each]		52.13	45.96

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

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

**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

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 20 June 2020

Place: Gurugram  
Date: 20 June 2020

# CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in millions Indian ₹ unless otherwise stated)	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>3,232</b>	3,156
Adjustments for:		
Depreciation and amortisation expense	790	652
Loss on sale of property, plant and equipment (net)	-	1
Exceptional items (net)	52	(7)
Provision for inventory obsolescence	72	106
Provision for doubtful debts and advances	90	166
Net foreign exchange differences	4	*
Provision/liabilities no longer required written back	(21)	-
Government grants	(9)	(7)
Interest income	(242)	(96)
Interest income from financial assets at amortised cost - Bonds	(64)	(59)
Net fair value gain/(loss) on investments measured at FVTPL	-	3
Gain on sale of investments	(52)	(259)
Finance costs	93	45
<b>Operating Profit before working capital changes</b>	<b>3,945</b>	<b>3,701</b>
Movements in working capital:		
(Increase) / Decrease in trade receivables	419	(606)
(Increase) / Decrease in inventories	(390)	(517)
(Increase) / Decrease in loans	3	(15)
(Increase) / Decrease in other financial assets	12	(44)
(Increase) / Decrease in other assets	283	(41)
Increase / (Decrease) in trade payables	666	(583)
Increase / (Decrease) in other financial liabilities	*	100
Increase / (Decrease) in provisions	32	19
Increase / (Decrease) in other liabilities	(116)	617
<b>Net cash generated from operations</b>	<b>4,854</b>	<b>2,631</b>
Income taxes paid	(1,113)	(1,239)
<b>Net cash inflow from operating activities (A)</b>	<b>3,741</b>	<b>1,392</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for purchase of property, plant and equipment	(478)	(418)
Payments for purchase of investments	(2,930)	(15,440)
Proceeds from sale of investments	5,976	17,649
Government grant received	-	30
Fixed deposits balances with banks	(2,600)	-
Interest received	76	31
<b>Net cash inflow from investing activities (B)</b>	<b>44</b>	<b>1,852</b>

\*Amount is below rounding off norms, adopted by the Group

# CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in millions Indian ₹ unless otherwise stated)	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Principal elements of lease payments	(161)	-
Dividend paid	(1,098)	(1,002)
Dividend distribution tax paid	(225)	(206)
Payment towards buy back of shares	-	(2,377)
Interest paid	(89)	(15)
<b>Net cash (outflow) from financing activities (C)</b>	<b>(1,573)</b>	<b>(3,600)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>2,212</b>	<b>(356)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>333</b>	<b>689</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	*	*
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>2,545</b>	<b>333</b>

## Non-cash investing activities

- Acquisition of right-of-use assets	125	-
--------------------------------------	-----	---

\*Amount is below rounding off norms, adopted by the Group

## 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	167	238
- In EEFC account	224	95
Deposits with maturity of less than three months	2,154	-
<b>Cash and cash equivalents (Refer note 8.3)</b>	<b>2,545</b>	<b>333</b>

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**

**Anurag Khandelwal**  
Partner  
Membership No. : 078571

**Amit Jain**  
Chairman  
DIN : 01770475

**Rajiv Rajgopal**  
Managing Director  
DIN : 06685599

**Lakshay Kataria**  
Wholtime Director and CFO  
DIN : 08345477

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 20 June 2020

Place: Gurugram  
Date: 20 June 2020

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 march 2020

## (a) Equity share capital

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

	Number of Shares	Amount
<b>As at 31 March 2018</b>	4,66,60,314	467
Equity shares bought back during 2018-19	(11,20,000)	(11)
<b>As at 31 March 2019</b>	4,55,40,314	456
Changes in equity share capital during 2019-20	-	-
<b>As at 31 March 2020</b>	<b>4,55,40,314</b>	<b>456</b>

## (b) Other equity

Description	Reserves and surplus				Other Reserves		Total
	Capital reserve (Refer note 11 (a))	Capital redemption reserve (Refer note 11 (b))	Revaluation reserve (Refer note 11 (c))	General reserve (Refer note 11 (d))	Retained earnings (Refer note 11 (e))	Equity instrument through Other Comprehensive Income (Refer note 11 (f))	
<b>Balance as at 31 March 2018</b>	503	53	12	6,496	5,375	3	12,442
Profit for the year	-	-	-	-	2,110	-	2,110
Other Comprehensive Income	-	-	-	-	(72)	1	(71)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>2,038</b>	<b>1</b>	<b>2,039</b>
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)	-	-
<b>Balance as at 31 March 2019</b>	<b>503</b>	<b>64</b>	<b>12</b>	<b>4,519</b>	<b>5,805</b>	<b>4</b>	<b>10,907</b>
<b>Balance as at 1 April 2019</b>	<b>503</b>	<b>64</b>	<b>12</b>	<b>4,519</b>	<b>5,805</b>	<b>4</b>	<b>10,907</b>
Profit for the year	-	-	-	-	2,374	(1)	2,374
Other Comprehensive Income	-	-	-	-	(38)	(1)	(39)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>2,336</b>	<b>(1)</b>	<b>2,335</b>
Transactions with owners in their capacity as owners:							
Dividends paid (including dividend distribution tax)	-	-	-	-	(1,318)	-	(1,318)
Transfer to general reserve	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>503</b>	<b>64</b>	<b>12</b>	<b>4,519</b>	<b>6,823</b>	<b>3</b>	<b>11,924</b>

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

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Chartered Accountants

**Anurag Khandelwal**

Partner

Membership No. : 078571

**Amit Jain**

Chairman

DIN : 01770475

**Lakshay Kataria**

Wholesale Director and CFO

DIN : 08345477

**Rajiv Rajgopal**

Managing Director

DIN : 066885599

**Harshi Rastogi**

Company Secretary

ACS 13642

Place: Gurugram

Date: 20 June 2020

Place: Gurugram

Date: 20 June 2020

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
(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 under Section 23(1) of the Companies Act, 1956. 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 2019:

###### Ind AS 116, Leases

Uncertainty over Income- tax Treatments- Appendix C to Ind AS 12, Income Taxes

Plan amendment, Curtailment or Settlement- Amendments to Ind AS 19, Employee Benefits

Amendment to Ind AS 12, Income Taxes

Amendment to Ind AS 23, Borrowing costs

The Group had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in Note 35. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### 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 (The Company and its subsidiary) combines the financial statements of the parent and its subsidiary on 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.

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## 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.

### Transition to Ind AS

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

Gains or losses arising from derecognition of property, plant and equipment 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 property, plant and equipment 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

Particulars	Estimated useful life (in years)
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 property, plant and equipment. 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 property, plant and equipment and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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.

## f) 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.

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## (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

Transition to Ind AS

On transition to Ind AS, the Group has elected to measure all its intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1 April 2015.

## 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



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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 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 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 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

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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 retains 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 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 Group.

## 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

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

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.

## 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, stores and spare parts 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

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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 basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. 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 plan

Defined contribution plans are provident fund scheme, superannuation scheme and part of the pension fund scheme for eligible employees. The Group recognises contribution payable to the respective employee benefit fund 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 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.

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

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

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

**Post-employment medical obligations:** - The Group provides post-retirement healthcare benefits to certain categories of its employees. The entitlement to these benefits is conditional on the employee retiring from the services of the group, after completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. 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.

## p) Revenue recognition

### Sale of goods

Sales are recognised when control of the products is transferred, which happen 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 in other

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

Refer note 32 for reportable segments determined by the Group.

## s) Leases

### Till 31 March 2019

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 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.

### With effect from 1 April 2019

### As a lessee

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the

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Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- a. fixed payments (including in-substance fixed payments), less any lease incentives receivable
- b. variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- c. amounts expected to be payable by the Group under residual value guarantees
- d. the exercise price of a purchase option if the Group is reasonably certain to exercise that option and
- e. payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group obtains the general purpose borrowing rates and makes necessary adjustments specific to the lease e.g. lease term, security etc.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

Right-of-use assets are measured at cost comprising the following:

- a. the amount of the initial measurement of lease liability
- b. any lease payments made at or before the commencement date less any lease incentives received

- c. any initial direct costs, and
- d. restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit and loss account. Short term leases are the leases with a lease term of 12 months or less. Low-value assets comprise IT equipments and small items of office furniture.

## As a lessor

Lease income from operating leases where the Group is lessor is recognised in income on a straight-line basis over the lease term. The respective lease assets are included in balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as result of adopting the new standard.

## 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) 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.

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## 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 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.

## Critical estimates and judgements

- Estimation of useful life of Property, Plant and Equipment (Refer note 3.1)
- 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)
- 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 Group and that are believed to be reasonable under the circumstances. Also refer Note 38 related to COVID 19.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## Note: 3.1. Property, plant and equipment

Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount	
	As at 31 March 2019	As at 31 March 2020	Adjustment for change in accounting policy, Refer note 35	Up to 31 March 2019	Deletions/ Adjustment	Adjustment for change in accounting policy, Refer note 35	As at 31 March 2019	As at 31 March 2020
<b>Tangible assets</b>								
Land (Refer note 'a' and 'b' below)								
- Leasehold taken on finance lease (Refer note 'f' below)	379	-	(379)	6	-	(6)	373	-
- Freehold	265	265	-	-	-	-	265	265
Buildings	2,161	2,179	-	335	87	-	1,826	1,757
Plant and Equipment								
- owned	3,025	3,130	-	1,016	307	(7)	2,009	1,814
- given under operating lease	1,008	1,199	-	449	157	(1)	559	594
Motor vehicles	2	3	-	2	-	-	-	1
Furniture and fixtures	318	324	-	179	30	-	139	115
Office equipment	52	87	-	36	10	-	16	41
Leasehold improvements	52	107	-	47	6	-	5	54
Data processing equipment	141	144	-	119	16	(9)	22	18
<b>Total</b>	<b>7,403</b>	<b>7,438</b>	<b>(379)</b>	<b>2,199</b>	<b>613</b>	<b>(17)</b>	<b>5,214</b>	<b>4,659</b>

## Particulars

	As at 31 March 2019	Additions	Deletions	As at 31 March 2020
Capital work-in-progress (Refer note 'c' below)	169	411	(421)	159

- 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.
- The Group had acquired revaluation reserve attributable to certain land as part of amalgamation done with various companies in the previous periods.
- Capital work in progress mainly comprises plant & machinery and building.
- There are no exchange differences capitalised during the year.
- Refer note 27 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Leased assets - As at 31 March 2019, leasehold land taken on finance lease included the following amounts where the Group was a lessee:



# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## Note: 3.1. Property, plant and equipment (contd..)

Particulars	As at 31 March 2020	As at 31 March 2019
Leasehold land taken on finance lease	-	379
Cost	-	379
Accumulated depreciation	-	6
<b>Net carrying amount</b>	<b>-</b>	<b>373</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.

Pursuant to the adoption of Ind AS 116, leased assets are presented as a separate line item in the balance sheet date as at 31 March 2020, Refer note 3.2. Refer note 35 for details about the changes in accounting policy.

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.

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

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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 3.1. Property, plant and equipment (contd..)

- 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.
- 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.
- The Group had acquired revaluation reserve attributable to certain land as part of amalgamation done with various companies in the previous periods.
- Capital work in progress mainly comprises plant & machinery and building.
- There are no exchange differences capitalised during the year.
- 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.

## Note 3.2 Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, Refer note 3.1. The Group leases various lands, offices, warehouses and vehicles. Rental contracts are typically made for fixed periods of 3 years to 12 years except in case of leasehold land where it is upto 99 years, but may have extension options as described in (iv) below.

### (i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases.

	As at 31 March 2020	As at 1 April 2019*
<b>Right-of-use assets</b>		
Building and warehouse leases	622	655
Land leases	371	373
Car Leases	9	14
<b>Total</b>	<b>1,002</b>	<b>1,042</b>
<b>Lease liabilities</b>		
Current lease liabilities	111	174
Non-current lease liabilities	532	509
<b>Total</b>	<b>643</b>	<b>683</b>

\* In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as finance leases under Ind AS 17, Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings and other financial liabilities. For adjustments recognised on adoption of Ind AS 116 on 1 April 2019, please Refer note 35.

Additions to the right-of-use assets during the current financial year were ₹125.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## Note 3.2 Leases (contd..)

### (ii) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Depreciation charge on right-of-use assets</b>		
Land leases	1	-
Building and warehouse leases	158	-
Vehicle leases	5	-
<b>Total</b>	<b>164</b>	<b>-</b>
	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
Interest expense (included in finance costs)	61	-
Expenses relating to short term leases (included in other expenses)	27	-
<b>Total</b>	<b>88</b>	<b>-</b>

The total cash outflow for leases including interest and short term leases for the year ended 31 March 2020 was ₹249.

### (iii) Variable lease payments

The Group does not have any leases with variable lease payments.

### (iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

### (v) Residual value guarantees

There are no residual value guaranteed in the lease contracts.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 4. Intangible Assets

Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount			
	As at 31 March 2019	Additions	Deletions/ Adjustment	As at 31 March 2020	Up to 31 March 2019	Additions	Deletions/ Adjustment	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020
<b>Intangible assets (Acquired)</b>										
Customer Relationships	110	-	-	110	25	11	-	36	85	74
Non Compete Fees	9	-	-	9	7	2	-	9	2	-
<b>Total</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>119</b>	<b>32</b>	<b>13</b>	<b>-</b>	<b>45</b>	<b>87</b>	<b>74</b>
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	As at 31 March 2019
<b>Intangible assets (Acquired)</b>										
Customer Relationships	110	-	-	110	14	11	-	25	96	85
Non Compete Fees	9	-	-	9	4	3	-	7	5	2
<b>Total</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>119</b>	<b>18</b>	<b>14</b>	<b>-</b>	<b>32</b>	<b>101</b>	<b>87</b>

Pursuant to business transfer agreement with BASF India Private 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 for customer relationships is based on the expected economic benefits from such assets, however, which may be longer or shorter than 10 years, depending upon the customer attrition rate and competition. If it were only 5 years, the carrying amount would be ₹ 38 (₹ 60 as at 31 March 2019). If the useful life were estimated to be 15 years, the carrying amount would be ₹ 86 (₹ 93 as at 31 March 2019).

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 5.1 Non current financial assets- investments

	Number as at 31 March 2020	Number as at 31 March 2019	Face value ₹ per unit	As at 31 March 2020	As at 31 March 2019
<b>(a) Investment in equity instruments (at FVTPL)</b>					
<b>Unquoted</b>					
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	17	25,000	*	*
<b>(b) Investment in equity instruments (at FVOCI)</b>					
<b>Unquoted (fully paid up)</b>					
Woodlands Multispecialty Hospital Limited (Refer note 'a' below)	10,810	10,810	10	5	6
<b>(c) Investment in debentures and bonds (at Amortised Costs)</b>					
<b>Quoted</b>					
Non-convertible redeemable bonds Rural Electrification Corporation Limited (zero coupon) (Refer note 'b' below)	-	29,450	13,580	-	772
<b>Unquoted</b>					
6.5% Bengal Chamber of Commerce and Industry	19	19	1,000	*	*
6% Sholapur Spinning & Weaving Co. Limited (in Liquidation)	523	523	100	*	*
				5	778

	As at 31 March 2020	As at 31 March 2019
Aggregate amount of quoted investments and market value thereof	-	772
Aggregate value of unquoted investments	5	6
Aggregate amount of impairment in value of investments	-	-
	5	778

\*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 2020	Dividend income recognised during 2019-20	Fair value at 31 March 2019	Dividend income recognised during 2018-19	Fair value at 31 March 2018
Woodlands Multispecialty Hospital Limited	5	-	6	-	4

No investments measured at FVOCI were disposed of 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. The bonds are maturing in December 2020, therefore same has been classified to current investments (Refer note 8.1).

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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 5.2 Non current financial assets - Other bank balances

	As at 31 March 2020	As at 31 March 2019
Fixed deposits	1	6
	<b>1</b>	<b>6</b>

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 2020	As at 31 March 2019
Loan given to employees (Refer note 'a' and 'b' below)	4	4
Security deposits	85	74
Less : Loss allowance	(9)	(8)
	<b>80</b>	<b>70</b>
<b>Break - up of security details</b>		
Loans considered good - Secured	4	4
Loans considered good - Unsecured	85	66
Loans which have significant increase in credit risk	-	-
Loans credit impaired	-	8
<b>Total</b>	<b>89</b>	<b>78</b>
Less : Loss allowance	(9)	(8)
	<b>80</b>	<b>70</b>

(a) Loan given to employees include dues from a key managerial person ₹ Nil (31 March 2019 ₹ 0.7)

(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: 6.1 Other non-current assets

	As at 31 March 2020	As at 31 March 2019
Capital Advances	12	10
Advances other than capital advances		
Indirect taxes recoverable		
- Considered good	90	70
- Considered doubtful	31	31
Less: Provision for doubtful indirect taxes recoverable	(31)	(31)
Retirement benefit trusts surplus (Refer note 34)	64	67
Advances to customers	567	357
Prepaid rent	-	12
Miscellaneous	4	6
	<b>737</b>	<b>522</b>

## Note: 6.2 Non current tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Income tax (net of provision ₹ 14,064 (31 March 2019 ₹ Nil))	922	-
	<b>922</b>	<b>-</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 7. Inventories

	As at 31 March 2020	As at 31 March 2019
Raw Material (Refer note 'a' below)	1,523	1,464
Work in progress	135	87
Finished products (Refer note 'b' below)	2,019	2,152
Stock in trade (traded goods) (Refer note 'a' and 'b' below)	553	209
Stores and spares parts	7	7
	<b>4,237</b>	<b>3,919</b>
(a) Includes in-transit inventory:		
Raw materials	95	40
Stock in trade	134	95

(b) Finished products and stock-in-trade (traded goods) are written down by ₹ 10 (31 March 2019 ₹ 16) 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 2020	Number as at 31 March 2019	Face value ₹ per unit	As at 31 March 2020	As at 31 March 2019
<b>Investment in mutual funds (at FVTPL)</b>					
<b>Quoted</b>					
<b>(i) Fixed Maturity Plans of Mutual Funds</b>					
Kotak Quarterly Interval Plan Series 12 - Direct - Growth	-	5,292,099	10	-	55
				-	<b>55</b>
<b>(ii) Liquid/Floater Schemes of Mutual Funds</b>					
Aditya Birla Sun Life Money Manager Fund - Direct - Growth	-	20,36,821	100	-	513
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	-	4,26,291	100	-	128
Axis Liquid Fund - Direct - Growth Plan	-	1,72,196	1,000	-	357
HDFC Liquid Fund - Regular Plan - Growth	-	1,81,060	1,000	-	663
IDFC Money Manager Fund - Growth - Direct Plan	-	34,38,701	10	-	103
Kotak Liquid Fund - Regular - Growth	-	18,570	1,000	-	70
SBI Magnum Low Duration Fund - Regular - Growth	-	1,61,630	1,000	-	391
Sundaram Money Fund -Regular - Growth	-	13,24,331	10	-	52
UTI Liquid Cash Plan - Inst. - Direct - Growth	-	2,16,655	1,000	-	663
				-	<b>2,940</b>
<b>(ii) Investment in debentures and bonds (at Amortised Costs)</b>					
<b>Quoted</b>					
Non-convertible redeemable bonds					
Rural Electrification Corporation Limited (zero coupon) (Refer note 'a' below)	29,450	-	13,580	835	-
				835	-
				<b>835</b>	<b>2,995</b>

	As at 31 March 2020	As at 31 March 2019
Aggregate amount of quoted investments and market value thereof	835	2,995
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-
	<b>835</b>	<b>2,995</b>

(a). 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.

(b) Various plans of mutual funds wherever considered quoted are so considered based on readily available net asset values.

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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 8.2 Current financial assets - Trade receivables

	As at 31 March 2020	As at 31 March 2019
Trade receivable from contracts with customers	3,751	4,375
Trade receivable from contracts with customers - related parties (Refer note 33)	515	339
Less: Loss allowance	(305)	(274)
	<b>3,961</b>	<b>4,440</b>
<b>Break - up of security details</b>		
Trade receivables considered good - Secured	225	295
Trade receivables considered good - Unsecured	4,041	4,387
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	32
<b>Total</b>	<b>4,266</b>	<b>4,714</b>
Less: Loss allowance	(305)	(274)
	<b>3,961</b>	<b>4,440</b>

## Note: 8.3 Current financial assets - Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Balance with banks:		
- In current accounts	167	238
- In EEFC account	224	95
Deposits with maturity of less than three months	2,154	-
	<b>2,545</b>	<b>333</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of reporting period and prior periods.

## Note: 8.4 Current financial assets - Other bank balances

	As at 31 March 2020	As at 31 March 2019
Fixed deposits (Refer note 'a' below)	2,813	115
Unpaid dividend accounts (Refer note 'b' below)	172	177
	<b>2,985</b>	<b>292</b>

(a) Fixed deposits include deposits held as margin money amounting to ₹ 6 (31 March 2019 ₹ 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.

## Note: 8.5 Current financial assets - Loans

	As at 31 March 2020	As at 31 March 2019
Loan given to employees (Refer note 'a' and 'b' below)	2	3
Security deposits	18	34
	<b>20</b>	<b>37</b>
<b>Break - up of security details</b>		
Loans considered good - Secured	2	3
Loans considered good - Unsecured	18	34
Loans which have significant increase in credit risk	-	-
Loans Credit impaired	-	-
	<b>20</b>	<b>37</b>

(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) Loan given to employees include dues from a key managerial person ₹ Nil (31 March 2019 ₹ 0.1)



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## Note: 8.6 Current financial assets - Others

	As at 31 March 2020	As at 31 March 2019
<b>(Unsecured, considered good unless otherwise stated)</b>		
Amount recoverable from related parties (Refer note 33)	*	15
Government grant receivable	67	50
Derivatives not designated as hedges- forward contracts (Refer note 30)	3	*
	<b>70</b>	<b>65</b>

\* 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: 9.1 Other current assets

	As at 31 March 2020	As at 31 March 2019
<b>(Unsecured, considered good unless otherwise stated)</b>		
Advances to suppliers		
- Considered good	149	139
- Considered doubtful	18	18
Less: Provision for doubtful advances	(18)	(18)
Advances to employees		
- Considered good	1	3
- Considered doubtful	3	3
Less: Provision for doubtful advances	(3)	(3)
Advances to customers		
- Considered good	306	433
- Considered doubtful	5	5
Less: Provision for doubtful advances	(5)	(5)
Prepaid expenses	195	158
Indirect tax recoverable	194	591
Prepaid rent	-	4
Others	5	18
	<b>850</b>	<b>1,346</b>

## Note: 9.2 Current tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Income tax {net of provision ₹Nil (31 March 2019 ₹13,134)}	-	675
	<b>-</b>	<b>675</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 10 Equity share capital

	As at 31 March 2020	As at 31 March 2018
<b>Authorised:</b>		
126,690,000 (31 March 2019 - 126,690,000) equity shares of ₹ 10 each	1,267	1,267
<b>Issued, subscribed &amp; fully paid up:</b>		
45,540,314 (31 March 2019 - 45,540,314) equity shares of ₹ 10 each	456	456
	<b>456</b>	<b>456</b>

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

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	Amount	No. of Shares	Amount
Opening balance	4,55,40,314	456	4,66,60,314	467
Less: Equity shares bought back during the year	-	-	(11,20,000)	(11)
<b>Closing balance</b>	<b>4,55,40,314</b>	<b>456</b>	<b>4,55,40,314</b>	<b>456</b>

### 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 Group.

	As at 31 March 2020	As at 31 March 2019
	No. of Shares	No. of Shares
Imperial Chemical Industries Limited, England	2,29,77,544	2,29,77,544
Akzo Nobel Coatings International B.V., The Netherlands	1,10,66,791	1,10,66,791
	<b>3,40,44,335</b>	<b>3,40,44,335</b>

### d. Shareholders holding more than 5% shares in the Group

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	% holding	No. of Shares	% holding
Imperial Chemical Industries Limited, England	2,29,77,544	50.46%	2,29,77,544	50.46%
Akzo Nobel Coatings International B.V., The Netherlands	1,10,66,791	24.30%	1,10,66,791	24.30%
	<b>3,40,44,335</b>	<b>74.76%</b>	<b>3,40,44,335</b>	<b>74.76%</b>

- e. 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 ₹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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 11 Other equity

	As at 31 March 2020	As at 31 March 2019
Capital reserve	503	503
Capital redemption reserve	64	64
Revaluation reserve	12	12
General reserve	4,519	4,519
Retained earnings	6,823	5,805
Other reserves		
Equity instruments through OCI	3	4
	<b>11,924</b>	<b>10,907</b>

	As at 31 March 2020	As at 31 March 2019
<b>a. Capital reserve</b>	<b>503</b>	<b>503</b>
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. There is no movement during the year.		
<b>b. Capital redemption reserve</b>	<b>64</b>	<b>53</b>
Add : Amount transferred from general reserve pursuant to shares bought back during the year 2018-19	-	11
	<b>64</b>	<b>64</b>

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. There is no movement during the year.

<b>c. Revaluation reserve</b>	<b>12</b>	<b>12</b>
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. There is no movement during the year.		
<b>d. General reserve</b>		
Balance at the beginning of the year	4,519	6,496
Add: Amount transferred from surplus balance	-	400
Less: Share buy back amount paid	-	(2,366)
Less: Share buy back amount transferred to Capital Redemption Reserve	-	(11)
<b>Balance at the end of the year</b>	<b>4,519</b>	<b>4,519</b>

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. There is no movement during the year.

<b>e. Retained earnings</b>		
Balance at the beginning of the year	5,805	5,375
Net profit for the year	2,374	2,110
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
- Remeasurements of post-employment benefit obligation, net of tax	(38)	(72)
Dividends (including dividend distribution tax)	(1,318)	(1,208)
Amount transferred to general reserve	-	(400)
<b>Balance at the end of the year</b>	<b>6,823</b>	<b>5,805</b>

Remeasurements 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 2020  
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## Note: 11 Other equity (contd..)

	As at 31 March 2020	As at 31 March 2019
<b>f. Other reserves</b>		
<b>Equity instruments through OCI</b>		
Balance at the beginning of the year	4	3
Add: Fair value gain/(loss) on equity instruments for the year	(1)	1
<b>Balance at the end of the year</b>	<b>3</b>	<b>4</b>

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 2020	As at 31 March 2019
<b>Non - current maturities of finance lease obligations (unsecured)</b>		
Obligations under finance leases (Refer note 'a', 'b' and 'c' below)	-	29
	-	<b>29</b>

(a) In respect of leasehold land and other properties capitalised as property, plant and equipment, Refer note 3.1. Refer below for minimum lease payments.

	As at 31 March 2020	As at 31 March 2019
<b>Minimum lease payments payable</b>		
Not later than one year	-	3
Later than one year and not later than five years	-	13
Later than five years	-	277
	-	<b>293</b>
<b>Present value of minimum lease payments payable</b>		
Not later than one year	-	*
Later than one year and not later than five years	-	*
Later than five years	-	29
<b>Total minimum lease payments payable</b>	<b>-</b>	<b>29</b>
Current	-	*
Non-current	-	29
	-	<b>29</b>

\*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.

(c) Finance lease liabilities were included in borrowings until 31 March 2019, but were reclassified to lease liabilities on 1 April 2019 in the process of adopting Ind AS 116. Refer note 35 for further information about the change in accounting policy for leases.

## Note: 12.2 Non current financial liabilities - Others

	As at 31 March 2020	As at 31 March 2019
Security Deposits (Refer note 'a' below)	169	118
	<b>169</b>	<b>118</b>

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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## Note: 13 Provisions

	Non - current		Current	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Employee benefits (Refer note 34)				
Pension	13	10	-	-
Gratuity	181	144	-	-
Leave obligations	115	118	24	23
Post retirement medical and others	304	270	23	21
Provident Fund	8	-	-	-
Long service award	12	11	1	1
Indirect taxes	-	-	188	223
Divested businesses	-	20	58	38
Others	1	6	14	8
	<b>634</b>	<b>579</b>	<b>308</b>	<b>314</b>

### Additional disclosure relating to provisions:

#### (a) Movement in provisions:

For the year ended 31 March 2020	Class of provisions		
	Indirect taxes	Divested businesses	Others
Opening balance	223	58	14
Provision created during the year	45	-	1
Provision utilised / written back during the year (Includes ₹ 35 related to indirect tax provision pertaining to divested business, no longer required written back (Refer note 25))	(80)	-	-
<b>Closing balance</b>	<b>188</b>	<b>58</b>	<b>15</b>

For the year ended 31 March 2019	Class of provisions		
	Indirect taxes	Divested businesses	Others
Opening balance	212	62	34
Provision created during the year	11	-	-
Provision utilised / written back during the year (Includes ₹ 7 out of others, no longer required written back (Refer note 25))	-	(4)	(20)
<b>Closing balance</b>	<b>223</b>	<b>58</b>	<b>14</b>

#### (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) Others

Others includes 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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 14 Income Tax

### A. Income tax expense

	As at 31 March 2020	As at 31 March 2019
<b>Current tax expense</b>		
Current tax on profits for the year (includes taxes of ₹ 1 relating to prior years, 31 March 2019 ₹ 59 written back)	930	1,098
<b>Total current tax expense</b>	<b>930</b>	<b>1,098</b>
<b>Deferred tax</b>		
Decrease (increase) in deferred tax assets	(67)	(56)
(Decrease) increase in deferred tax liabilities	(5)	4
<b>Total deferred tax expense/(benefit)</b>	<b>(72)</b>	<b>(52)</b>
<b>Income tax expense</b>	<b>858</b>	<b>1,046</b>

### B. Reconciliation of effective tax rate

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit before tax	3,232	3,156
Tax at the Indian tax rate of 25.168% (31 March 2019 - 34.944%)	813	1,103
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Long term capital gains taxed at different rate	(7)	(13)
Corporate social responsibility expenditure	11	15
Income tax provision of prior year	1	(59)
Non-taxable interest income on REC bond	(6)	(12)
Impact of change in income tax rate (Refer note 'a' below)	26	-
Others	20	12
	<b>858</b>	<b>1,046</b>

**(a) Impact of tax rate change:** The Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The full impact of this change has been recognised in the Statement of Profit & Loss for the year.

### C. Movement in deferred tax balances

	As at 31 March 2019	Recognised in P&L	Recognised in OCI	As at 31 March 2020
<b>Deferred tax liabilities</b>				
Property, plant and equipment	398	(136)	-	262
Surplus payments to retirement trusts	23	(7)	-	16
Investments at fair value through profit or loss	38	(38)	-	-
Investments at fair value through OCI	2	-	*	2
Right-of-use assets	-	166	-	166
Others	43	10	-	53
<b>Sub- total (a)</b>	<b>504</b>	<b>(5)</b>	<b>*</b>	<b>499</b>
<b>Deferred tax assets</b>				
Provision for doubtful debts and advances	119	(25)	-	94
Expenditure disallowed u/s 43B of Income Tax Act, 1961	208	(39)	13	182
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	-	22	-	22
Provisions relating to divested businesses	28	(13)	-	15
Lease liabilities	-	162	-	162
Other disallowances under the Income Tax Act, 1961	180	(40)	-	140
<b>Sub- total (b)</b>	<b>535</b>	<b>67</b>	<b>13</b>	<b>615</b>
<b>Net deferred tax liabilities/(assets) (a)-(b)</b>	<b>(31)</b>	<b>(72)</b>	<b>(13)</b>	<b>(116)</b>

\*Amount is below rounding off norms, adopted by the Group

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 14 Income Tax (contd..)

### D. Movement in deferred tax balances

	As at 1 April 2018	Recognised in P&L	Recognised in OCI	As at 31 March 2019
<b>Deferred tax liabilities</b>				
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
<b>Sub- total (a)</b>	<b>499</b>	<b>4</b>	<b>1</b>	<b>504</b>
<b>Deferred tax assets</b>				
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
<b>Sub- total (b)</b>	<b>441</b>	<b>56</b>	<b>38</b>	<b>535</b>
<b>Net deferred tax liabilities/(assets) (a)-(b)</b>	<b>58</b>	<b>(52)</b>	<b>(37)</b>	<b>(31)</b>

### Note: 15 Other non-current liabilities

	As at 31 March 2020	As at 31 March 2019
Deferred lease rentals (Refer note 'a' below)	31	20
Deferred Government Grant (Refer note 'b' below)	32	24
Others	3	1
	<b>66</b>	<b>45</b>

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

	As at 31 March 2020	As at 31 March 2019
(b) Opening balance of Deferred/(Accrued) Government grant	24	18
Add : Government grant receivable	17	13
Less : Government grant recognised during the year	(9)	(7)
Closing balance of (Deferred) /Accrued Government grant	<b>32</b>	<b>24</b>

### Note: 16.1 Current financial liabilities - Trade payables

	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises (Refer note 'b' below)	39	35
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Related Party Payables to various entities (Refer note 33)	1,995	672
- Acceptances	288	499
- Others	4,439	4,858
	<b>6,761</b>	<b>6,064</b>

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to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 16.1 Current financial liabilities - Trade payables (contd..)

(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 2020	As at 31 March 2019
(i) the principal amount due thereon remaining unpaid to any supplier as at the end of the accounting year	30	27
(ii) the interest due thereon remaining unpaid to any supplier as at the end of the accounting year	*	*
(iii) the 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	61	363
(iv) the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act 2006 not paid)	1	2
(v) the amount of interest accrued and remaining unpaid at the end of the accounting year; and	9	8
(vi) the 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	9	8

\*Amount is below rounding off norms, adopted by the Group

## Note: 16.2 Current financial liabilities - Others

	As at 31 March 2020	As at 31 March 2019
Current maturities of finance lease obligations	-	*
Security Deposits	402	395
<b>Others</b>		
Unpaid dividends (Refer note 'a' below)	172	177
Payable to employees	316	254
Capital creditors	18	72
Derivatives not designated as hedges- forward contracts (Refer note 30)	-	9
Retention money payable	2	14
	<b>910</b>	<b>921</b>

\*Amount is below rounding off norms, adopted by the Group

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

### Net debt reconciliation

This section set out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	2,545	333
Current investments	835	2,995
Non-current borrowings	-	(29)
Lease liabilities	(643)	-
<b>Net Debt</b>	<b>2,737</b>	<b>3,299</b>



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to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 16.2 Current financial liabilities - Others (contd..)

	Cash and cash equivalents	Current investments	Lease liabilities	Non current financial liabilities - borrowings	Total
<b>Net Debt as on 1 April 2018</b>	<b>689</b>	<b>5,016</b>	-	<b>(29)</b>	<b>5,676</b>
Cash Flow	(356)	(2,021)	-	-	(2,377)
Interest expense	-	-	-	(3)	(3)
Interest paid	-	-	-	3	3
<b>Net Debt as on 31 March 2019</b>	<b>333</b>	<b>2,995</b>	-	<b>(29)</b>	<b>3,299</b>
Recognition on adoption of Ind AS 116 (Refer note 35)	-	-	(683)	29	(654)
<b>Net Debt as on 1 April 2019</b>	<b>333</b>	<b>2,995</b>	<b>(683)</b>	-	<b>2,645</b>
Cash Flow	2,212	(2,160)	161	-	213
Acquisition lease	-	-	(121)	-	(121)
Interest expense	-	-	(61)	-	(61)
Interest paid	-	-	61	-	61
<b>Net Debt as on 31 March 2020</b>	<b>2,545</b>	<b>835</b>	<b>(643)</b>	-	<b>2,737</b>

## Note: 17 Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory liabilities	184	316
Liability towards customers	34	13
Deferred revenue (Refer note 'a' below)	318	358
Deferred lease rental (Refer note 'b' below)	19	32
Refund liabilities (Refer note 'c' below)	828	817
Others	4	10
	<b>1,387</b>	<b>1,546</b>

- (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 ₹358 (31 March 2019 ₹ 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 ₹ 13 (31 March 2019 ₹ 15). Refund Liabilities are also recognised for expected volume discount and other incentives payable to customers amounting to ₹ 815 (31 March 2019 ₹ 802) pending settlement.

The Group has shown liabilities relating to expected returns, volume discounts and other incentives payable as refund liabilities.

## Note: 18 Revenue from operations

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from contracts with customers		
- Sale of products	25,895	28,407
- Sale of services	404	395
Other operating revenue	319	382
	<b>26,618</b>	<b>29,184</b>

- (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 ₹ 6,058 (31 March 2019 ₹ 5,410).

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

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

### Reconciliation of revenue recognised with contract price

	For the year ended 31 March 2020	For the year ended 31 March 2019
Contract price	32,357	34,212
<b>Adjustments :</b>		
Deferred revenue	(130)	(86)
Refund liability	(827)	(817)
Incentive to customers	(5,100)	(4,507)
<b>Revenue from operations</b>	<b>26,299</b>	<b>28,802</b>

### (b) Breakup of other operating revenue

	For the year ended 31 March 2020	For the year ended 31 March 2019
Duty drawback on exports	8	14
Lease rentals	178	175
Scrap sales	19	32
Business auxiliary services	86	157
Provision/liabilities no longer required written back	21	-
Miscellaneous income	7	4
	<b>319</b>	<b>382</b>

## Note: 19. Other Income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income from financial assets at amortised cost - Bonds	64	59
Net fair value gain/(loss) on investments measured at FVTPL	-	(3)
Gain on sale of investments	52	259
Net foreign exchange differences	7	-
Government grants (Refer note 'a' below)	9	7
Interest income:		
- on income tax refund	66	65
- on fixed deposits	172	28
- on others	4	3
Miscellaneous income	2	4
	<b>376</b>	<b>422</b>

- (a) Government grants are related to investments of the Group in property, plant and equipment of the manufacturing plant set up in a backward area at Malanpur, Gwalior, India. There are no unfulfilled conditions or other contingencies attached to these grants. The Group did not benefit directly from any other forms of government assistance. Also Refer note 8.6 and 15.

## Note: 20. Cost of materials consumed

	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw material as at the beginning of the year	1,464	1,200
Add: Purchases	12,068	15,254
Less: Raw material as at the end of the year	(1,523)	(1,464)
<b>Total cost of materials consumed</b>	<b>12,009</b>	<b>14,990</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 21. Changes in inventories of finished products, work-in-progress and stock-in-trade

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Inventory at the beginning of the year</b>		
- Finished products	2,152	2,004
- Stock-in-trade	209	222
- Work-in-progress	87	78
	<b>2,448</b>	<b>2,304</b>
<b>Inventory at the end of the year</b>		
- Finished products	2,019	2,152
- Stock-in-trade	553	209
- Work-in-progress	135	87
	<b>2,707</b>	<b>2,448</b>
<b>(Increase)/ decrease in inventory</b>	<b>(259)</b>	<b>(144)</b>

## Note: 22. Employee benefits expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	2,273	2,409
Contribution to provident and other funds (Refer note 34)	167	137
Other retirement benefits	21	11
Staff welfare expenses	97	99
	<b>2,558</b>	<b>2,656</b>

## Note: 23. Finance costs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest and finance charges on financial liabilities not at FVTPL	24	17
Interest on delayed payment of income tax	3	10
Interest and finance charges on lease liabilities (Refer note 3.2)	61	-
Unwinding of interest on security deposit and finance lease obligations	4	17
Others	1	1
	<b>93</b>	<b>45</b>

## Note: 23.1. Depreciation and amortisation expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (Refer note 3.1)	613	638
Depreciation of right-of-use-assets (Refer note 3.2)	164	-
Amortisation of intangible assets (Refer note 4)	13	14
	<b>790</b>	<b>652</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## Note: 24. Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Stores and spare parts consumed	30	52
Repairs and maintenance		
- Plant and Machinery	242	211
- Others	34	44
Power and fuel	158	172
Travelling	307	339
Rates and taxes	61	47
Rent	27	217
Insurance	114	49
Freight and transport	1,302	1,500
Advertisement and publicity	882	903
Royalty	800	878
Consultancy charges	674	481
Net foreign exchange differences	-	20
Payments to the auditor (Refer note 'a' below)	15	13
Corporate social responsibility expenditure (Refer note 'b' below)	59	57
IT support & maintenance	316	165
Warehouse charges	293	275
Provision for doubtful debts and advances (Refer note 'c' below)	90	124
Loss on sale of property, plant and equipment (net)	-	1
Miscellaneous expenses	440	645
	<b>5,844</b>	<b>6,193</b>

### (a) Details of payments to auditors (Refer note 'i' below)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Statutory audit for the year	6	6
Limited reviews	2	2
Other audit related services (Refer note 'ii' below)	5	4
Reimbursement of expenses	2	2
	<b>15</b>	<b>14</b>

(i) Excluding Goods and Service Tax

(ii) Comparative no. includes ₹1 fees towards buy back certification adjusted against general reserves

### (b) Corporate social responsibility expenditure

	For the year ended 31 March 2020	For the year ended 31 March 2019
Vocational Skill Training	36	32
Promoting Education	14	12
Promoting Preventive Healthcare	3	5
Road Safety Awareness	2	3
Others	4	5
	<b>59</b>	<b>57</b>

	For the year ended 31 March 2020	For the year ended 31 March 2019
Amount required to be spent as per section 135 of the Act	56	54
Amount spent during the year on		
i) Construction/acquisition of an asset	-	-
ii) On purposes other than (i) above	59	57

### (c) Excluding bad debts written off during the year amounting to ₹ 58 (31 March 2019 ₹ 42)

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
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## Note: 25. Exceptional items (net)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Indirect tax provision related to divested business no longer required written back (Refer note 13 (a))	35	-
Divested business provision no longer required written back (Refer note 13 (a))	-	7
Voluntary Retirement Scheme (Refer note 'a' below)	(87)	-
	(52)	7

(a) The Group has announced a voluntary retirement scheme to provide an opportunity to certain category of employees to opt for early separation to optimise on manpower cost and productivity improvement. The one-time expenditure of ₹ 87 incurred during the year ended 31 March 2020 has been disclosed as an exceptional item.

## Note: 26. Contingent liabilities

	As at 31 March 2020	As at 31 March 2019
(a) Claims against the Group not acknowledged as debts	115	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 2020	As at 31 March 2019
(b) Contingent liability of direct and indirect tax		
Income tax matters in dispute / under appeal (Refer note 'i' below)	1,439	2,353
Sales tax/VAT matters under appeal	144	164
Excise and Service Tax matters in dispute / under appeal	104	74

(i) The Income tax assessments for the Holding Company has been completed up to the financial year ended 31 March 2015 and demands aggregating from such assessments and appellate orders amount to ₹ 1,439 (31 March 2019 - ₹ 2,353). 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 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.

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 Supreme Court of India has passed an order dated February 28, 2019 in the matter of The Regional Provident Fund Commissioner (II) West Bengal vs. Vivekananda Vidyamandir & Ors in Civil Appeal No. 6221 of 2011 and few other linked cases. In the said order, the Supreme Court has clarified the definition of the Basic Wage under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant financial impact and accordingly, no provision has been made in these financial statements. The Group will continue to monitor and evaluate its position based on future events and developments.

(d) There are no contingent assets as at 31 March 2020 and as at 31 March 2019.

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## Note: 27. Capital and other commitments

	As at 31 March 2020	As at 31 March 2019
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	56	29
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*

\*Amount is below rounding off norms, adopted by the Group

## Note: 28. Earnings per share

	As at 31 March 2020	As at 31 March 2019
<b>Weighted average number of shares outstanding the during the year</b>	<b>4,55,40,314</b>	<b>4,59,11,602</b>
Net profit after tax available for equity shareholders	2,374	2,110
Basic earning per share (in ₹) [Face value of ₹10 each]	52.13	45.96
Diluted earning per share (in ₹) [Face value of ₹10 each]	52.13	45.96

## Note: 29. Operating lease

(a) The Group has given colour solution machines under operating leases to various dealers and customers. These have been disclosed under 'Plant and equipment -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 2020	As at 31 March 2019
Within one year	150	159
Later than one year and not later than five years	100	126
Later than five years	*	*
	<b>250</b>	<b>285</b>

\*Amount is below rounding off norms, adopted by the Group

## Note: 30. Fair value measurement

### a) Financial instruments by category

	As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial Assets</b>						
Investments in Equity shares	*	5	-	*	6	-
Investments in Mutual funds	-	-	-	2,995	-	-
Investments in Bonds	-	-	835	-	-	772
Loans	-	-	100	-	-	107
Other financial assets	-	-	67	-	-	65
Other financial assets -	3	-	-	-	-	-
Foreign exchange forward contracts						
Trade receivables	-	-	3,961	-	-	4,440
Cash and cash equivalents	-	-	2,545	-	-	333
Other bank balances	-	-	2,986	-	-	298
<b>Total Financial Assets</b>	<b>3</b>	<b>5</b>	<b>10,494</b>	<b>2,995</b>	<b>6</b>	<b>6,015</b>

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

### a) Financial instruments by category (contd..)

	As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial Liabilities</b>						
Borrowings	-	-	-	-	-	29
Trade payables	-	-	6,761	-	-	6,064
Other financial liabilities	-	-	1,079	-	-	1,030
Other financial liabilities - Foreign exchange forward contracts	-	-	-	9	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>7,840</b>	<b>9</b>	<b>-</b>	<b>7,123</b>

\*Amount is below rounding off norms, adopted by the Group.

### 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 2020

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

#### Financial assets and liabilities measured at fair value as at 31 March 2019

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

#### 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.

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

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

### c) Valuation techniques used to determine fair value

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

- Unquoted equity shares: The valuation model is based on market multiples derived from quoted prices and price earning multiples of companies comparable to the investee and the net assets 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 2020		31 March 2019		Level
	Carrying amount	Fair value	Carrying amount	Fair value	
<b>Financial Assets</b>					
Investments in Bonds	835	835	772	772	3
Loans	100	102	107	109	3
Other financial assets	67	67	65	65	3
Trade receivables	3,961	3,961	4,440	4,440	3
Cash and cash equivalents	2,545	2,545	333	333	3
Other bank balances	2,986	2,986	298	298	3
<b>Total Financial Assets</b>	<b>10,494</b>	<b>10,496</b>	<b>6,015</b>	<b>6,017</b>	
<b>Financial Liabilities</b>					
Borrowings	-	-	29	34	3
Trade payables	6,761	6,761	6,064	6,064	3
Other financial liabilities	1,079	1,129	1,030	1,037	3
<b>Total Financial Liabilities</b>	<b>7,840</b>	<b>7,890</b>	<b>7,123</b>	<b>7,135</b>	



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

- i) 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.
- ii) 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.
- iii) 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.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – net asset value	Investments in mutual funds	Sensitivity analysis	Portfolio diversification

The Group's exposure to mutual funds prices/NAV risk arises from investments held by the Group and classified in the balance sheet as fair value through profit or loss. To manage its price/NAV risk arising from investments in mutual funds, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures on account of expenditure in foreign currencies and earnings in foreign exchange (export of goods, service income, etc.). The Group does not enter into any derivative instruments for trading or speculative purposes or for highly probable forecast transactions.

The Group follows a forex Risk Management policy under which all material foreign currency exposures are hedged through forward covers to protect against swings in exchange rates.

The Group's risk management is carried out by a central treasury department / finance team under policies approved by the board of directors.

#### i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amounts of financial assets represent the maximum credit risk exposure.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

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## 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 ₹ 3,961 and ₹ 4,440 as at 31 March 2020 and 31 March 2019 respectively. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has a credit risk management policy in place to limit credit losses due to non-performance of financial counterparties and customers. The Group monitors its exposure to credit risk on an ongoing basis at various levels. The Group only deals with financial counterparties that have a sufficiently high credit rating. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The Group closely monitors the acceptable financial counterparty credit ratings and credit limits and 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 2020	As at 31 March 2019
Opening balance	274	197
Changes in loss allowance (net)	31	77
<b>Closing balance</b>	<b>305</b>	<b>274</b>

### Reconciliation of loss allowance provision – Other receivables

	As at 31 March 2020	As at 31 March 2019
Opening balance	8	8
Changes in loss allowance (net)	1	-
<b>Closing balance</b>	<b>9</b>	<b>8</b>

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.

### 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.

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

### 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
<b>As at 31 March 2020</b>						
<b>Non-derivative financial liabilities</b>						
Lease liabilities (including interest)	1,128	99	96	165	343	425
Trade and other payables	6,761	6,761	-	-	-	-
Other financial liabilities	1,079	744	166	55	89	25
<b>Derivative financial liabilities</b>						
Forward exchange contracts	-	-	-	-	-	-

\*Amount is below rounding off norms, adopted by the Group

	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>As at 31 March 2019</b>						
<b>Non-derivative financial liabilities</b>						
Finance lease obligations (including interest)	293	3	-	3	10	277
Trade and other payables	6,063	6,063	-	-	-	-
Other financial liabilities	1,030	713	199	23	63	32
<b>Derivative financial liabilities</b>						
Forward exchange contracts	9	9	-	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

<b>Borrowing facilities</b>	As at	As at
	31 March 2020	31 March 2019
- Expiring within one year (bank overdraft facilities)	722	663

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## 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 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 2020 and 31 March 2019 are reinstated in millions Indian Rupees which is stated below :

	USD	Euro	Other
<b>As at 31 March 2020</b>			
<b>Financial assets</b>			
Trade and other receivables	143	278	3
Balance in EEFC account	224	-	-
<b>Derivative Assets</b>			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
<b>Net Exposure to Foreign Currency Risk (Assets)</b>	<b>367</b>	<b>278</b>	<b>3</b>
<b>Financial liabilities</b>			
Trade and other payables	687	626	180
<b>Derivative liabilities</b>			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(141)	(5)	(3)
<b>Net Exposure to Foreign Currency Risk (Liabilities)</b>	<b>546</b>	<b>621</b>	<b>177</b>
<b>As at 31 March 2019</b>			
<b>Financial assets</b>			
Trade and other receivables	266	4	4
Balance in EEFC account	95	-	-
<b>Derivative Assets</b>			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
<b>Net Exposure to Foreign Currency Risk (Assets)</b>	<b>361</b>	<b>4</b>	<b>4</b>
<b>Financial liabilities</b>			
Trade and other payables	769	173	161
<b>Derivative liabilities</b>			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(488)	(12)	(6)
<b>Net Exposure to Foreign Currency Risk (Liabilities)</b>	<b>281</b>	<b>161</b>	<b>155</b>

### 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.

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

Effect INR	Impact on Profit after tax	
	Increase	Decrease
<b>31 March 2020</b>		
<b>10% movement</b>		
USD	(13)	13
Euro	(26)	26
Others	(13)	13
	<b>(52)</b>	<b>52</b>

Effect INR	Impact on Profit after tax	
	Increase	Decrease
<b>31 March 2019</b>		
<b>10% movement</b>		
USD	(1)	1
Euro	(10)	10
Others	(10)	10
	<b>(21)</b>	<b>21</b>

### 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.

Effect INR	Impact on Profit after tax	
	31 March 2020	31 March 2019
Increase 10%	63	195
Decrease 10%	(63)	(195)

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 2019 and 31 March 2020.

	For the year ended 31 March 2020	For the year ended 31 March 2019
The following dividends were declared and paid by the Group during the year:		
31 March 2019 ₹ 24 per equity share (31 March 2018 ₹ 22 per equity share)	1,093	1,002
Dividend distribution tax on dividend to equity shareholders	225	206
	<b>1,318</b>	<b>1,208</b>

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.

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## Note: 31. Capital management (contd..)

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 14 per equity share (31 March 2019 ₹ 24 per equity share). The proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting.

### Dividend not recognised at the end of the Reporting period

	For the year ended 31 March 2020	For the year ended 31 March 2019
31 March 2020 ₹ 14 per equity share (31 March 2019 ₹ 24 per equity share)	638	1,093
Dividend distribution tax on dividend to equity shareholders	-	225
	<b>638</b>	<b>1,318</b>

## 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, Group Secretary) examines the Group's performance as a single unit (Coatings consisting of decorative, automotive and industrial paints and related activities). Therefore, there is no reportable segment for the Group.

### B. Entity wide disclosures

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations		
Domestic	25,765	27,488
Overseas	853	1,696
<b>Total</b>	<b>26,618</b>	<b>29,184</b>

Revenue from overseas customers includes ₹ 368 (31 March 2019 ₹ 389) from Akzo Nobel Car Refinishes B.V., Netherlands and ₹ 79 (31 March 2019 ₹ 133) from Akzo Nobel N.V., Netherlands.

	As at 31 March 2020	As at 31 March 2019
Non current segment assets		
Domestic	6,568	5,925
Overseas	-	-

### Break up of non current assets is as follows:

	As at 31 March 2020	As at 31 March 2019
Property, plant and equipment	4,659	5,214
Right-of-use assets	1,002	-
Capital work-in-progress	159	169
Intangible Assets	74	87
Other non-current assets (excluding retirement benefit trust surplus)	674	455
<b>Total</b>	<b>6,568</b>	<b>5,925</b>

### C. Information about major customers

No external customer individually accounted for more than 10% of the revenues during the year ended 31 March 2020 and 31 March 2019.

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## Note: 33. Related party disclosures

### 1. (a) The Company is controlled by:

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

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

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

### (b) Fellow subsidiaries:

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

### (c) Key Management Personnel

Mr. Amit Jain - Chairman

Mr. Rajiv Rajgopal- Managing Director (From 1 November 2018)

Mr. Jayakumar Krishnaswamy - Managing Director (Upto 11 September 2018)

Mr. Lakshay Kataria - Wholetime Director and CFO (CFO from 7 January 2019; WTD from 1 February 2019)

Mr. Pradip Menon - Wholetime Director and CFO (WTD upto 2 August 2018; CFO upto 13 September 2018)

# NOTES

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

## Note: 33. Related party disclosures (contd..)

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. Oscar Wezenbeek - Non-Executive Director (from 4 May 2019)
Mr. Hemant Sahai- Independent Director (From 3 August 2018)
Mr. Arvind Uppal - Independent Director
Mr. Raj S Kapur - Independent Director (upto 14 August 2019)
Ms. Kimsuka Narsimhan - Independent Director (upto 14 August 2019)
Dr. Sanjiv Misra - Independent Director (Upto 22 July 2018)
Mr. Rahul Bhatnagar - Independent Director (from 16 August 2019)
Ms. Smriti Vijay - Independent Director (from 16 August 2019)
Mr. R Guha- Company Secretary (upto 29 February 2020)
Ms. Harshi Rastogi - Company Secretary (from 1 March 2020)

### (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

#### 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 :

	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
	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)	2019-20 (2018-19)
<b>a) Transactions during the year</b>						
Purchase of materials / finished goods	-	-	-	1,238	-	-
	-	-	-	(1,434)	-	-
Sale of finished goods	-	-	-	260	-	-
	-	-	-	(346)	-	-
Expenses incurred and recovered/recoverable from other Companies (Income)	*	-	-	78	-	1
	(6)	*	-	(82)	-	(2)
Expenses reimbursed to other Companies (Expense)	-	-	-	21	-	-
	(21)	-	-	(37)	-	-
Royalty	-	-	800	-	-	-
	-	-	(878)	-	-	-
Dividend paid	-	551	266	-	-	-
	-	(506)	(243)	-	-	-

\*Amount is below rounding off norms, adopted by the Group



# NOTES

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## 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
	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20
	(2018-19)	(2018-19)	(2018-19)	(2018-19)	(2018-19)	(2018-19)
Services provided (Income)	79	-	-	370	-	-
	(133)	-	-	(418)	-	-
Services received (expenses)	243	-	-	101	-	-
	(203)	-	-	-	-	-
Managerial remuneration						
Short-term employee benefits	-	-	-	-	41	-
	-	-	-	-	(41)	-
Post employment benefits	-	-	-	-	3	-
	-	-	-	-	(5)	-
Other long - term benefits	-	-	-	-	3	-
	-	-	-	-	(1)	-
Guarantee issued on behalf of the Group for credit facilities from banks	850	-	-	-	-	-
	(871)	-	-	-	-	-

	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
	2019-20	2019-20	2019-20	2019-20	2019-20	2019-20
	(2018-19)	(2018-19)	(2018-19)	(2018-19)	(2018-19)	(2018-19)
<b>b) Balances as at the end of the year</b>						
Dues to related parties	271	34	503	1,187	37	-
	(34)	(32)	(85)	(521)	(32)	-
Dues from related parties	12	-	-	503	-	-
	(27)	-	-	(327)	-	-
<b>c) Share Capital outstanding as at end of the year</b>	-	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 2020 (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 2018-19

# NOTES

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## 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 year.

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Purchase of materials / finished goods</b>		
PT Akzo Nobel Car Refinishes Indonesia	370	373
Akzo Nobel Hilden GmbH	237	198
Others	631	863
	<b>1,238</b>	<b>1,434</b>
<b>Sales of finished goods</b>		
International Paint Singapore Pte. Ltd	8	9
Akzo Nobel Paints Vietnam Ltd	32	62
PT ICI Paints Indonesia	45	92
Akzo Nobel LLC	10	76
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	45	61
International Paint of Shanghai Co Ltd	30	-
Akzo Nobel Paints (Thailand) LTD.	34	18
Others	56	28
	<b>260</b>	<b>346</b>
<b>Expenses incurred and recovered/recoverable from other Companies (Income)</b>		
Akzo Nobel Lanka (Pvt.) Limited	*	*
Akzo Nobel N.V. Netherlands	*	6
Akzo Nobel Decorative Coatings B.V.	2	2
Akzo Nobel Car Refinishes B.V.	3	6
Akzo Nobel Chemicals India Private Limited	-	42
Akzo Nobel Global Business Services LLP	61	14
Akzo Nobel UAE Paints L.L.C.	9	12
Others	4	8
	<b>79</b>	<b>90</b>

\*Amount is below rounding off norms, adopted by the Group

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Expenses reimbursed to other Companies (Expense)</b>		
Akzo Nobel N.V. Netherlands	-	21
Akzo Nobel Paints (Singapore) Pte. Ltd.	21	16
Akzo Nobel Car Refinishes B.V.	-	13
Others	-	8
	<b>21</b>	<b>58</b>
<b>Royalty</b>		
Akzo Nobel Coatings International B.V.	800	878
	<b>800</b>	<b>878</b>

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Dividend paid (Excluding dividend distribution tax)</b>		
Imperial Chemical Industries Limited, England	551	506
Akzo Nobel Coatings International B.V.	266	243
	<b>817</b>	<b>749</b>
<b>Services provided (Income)</b>		
Akzo Nobel Car Refinishes B.V.	368	389
Akzo Nobel N.V.	79	133
Others	2	29
	<b>449</b>	<b>551</b>

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

## Note: 33. Related party disclosures (contd..)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Services received (Expense)</b>		
Akzo Nobel N.V. Netherlands	243	203
Akzo Nobel Global Business Services LLP	100	-
Others	1	-
	<b>344</b>	<b>203</b>
<b>Managerial remuneration</b>		
Mr. Jayakumar Krishnaswamy	-	11
Mr. Pradip Menon	-	7
Mr. Rajiv Rajgopal	24	11
Mr. R. Guha	1	7
Mr. Lakshay Kataria	14	4
Others	8	7
	<b>47</b>	<b>47</b>
	As at 31 March 2020	As at 31 March 2019
<b>Dues to related parties</b>		
Akzo Nobel Coatings International B.V.	503	85
Akzo Nobel N.V.	271	-
PT. Akzo Nobel Car Refinishes Indonesia	253	86
Akzo Nobel Hilden GmbH	180	121
Others	788	412
	<b>1,995</b>	<b>704</b>
<b>Dues from related parties</b>		
Akzo Nobel Car Refinishes B.V.	285	192
International Paint Singapore Pte. Ltd.	34	36
Akzo Nobel Decorative Coatings B.V.	-	*
PT ICI Paints Indonesia	15	13
Akzo Nobel N.V. Netherlands	12	27
Akzo Nobel LLC	25	32
Akzo Nobel Global Business Services LLP	71	-
Others	73	54
	<b>515</b>	<b>354</b>
<b>Share capital outstanding</b>		
Imperial Chemical Industries Limited, England	230	230
Akzo Nobel Coatings International B.V.	111	111
Others	-	*
	<b>341</b>	<b>341</b>

\*Amount is below rounding off norms, adopted by the Group

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, particularly on the amount of tax expense and that of provision for taxation.

## Note: 34. Employee benefits

### 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

# NOTES

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## Note: 34. Employee benefits (contd..)

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 their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

### Defined contribution plans

Defined contribution plans are provident fund scheme, superannuation scheme and part of the pension fund scheme for eligible employees. The Group recognises contribution payable to the respective employee benefit fund scheme as an expenditure, as and when they are due. The Group has no further payment obligations once the contributions have been made. Also Refer note 26 (c).

### 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.

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 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
	<b>(A) Employee benefit expense recognised in statement of profit and loss</b>							
(a) Current service cost	48	42	2	3	2	2	74	69
(b) Interest cost (net)	9	4	(5)	(9)	20	17	17	(2)
(c) Past service cost - plan amendments	-	-	-	-	-	-	-	-
<b>Total expense / (gain)</b>	<b>57</b>	<b>46</b>	<b>(3)</b>	<b>(6)</b>	<b>22</b>	<b>19</b>	<b>91</b>	<b>67</b>
<b>Remeasurements recognised directly in other comprehensive income</b>								
(a) Return on plan assets (greater)/ less than discount rate	(12)	(1)	(6)	(8)	-	-	(14)	-
(b) Actuarial (gains) / losses								
- from changes in demographic assumptions	-	33	-	-	-	-	-	-
- from changes in financial assumptions	(3)	20	8	9	30	41	(1)	-
- experience adjustments	24	-	(7)	(11)	14	20	32	-
(c) Adjustment for limit on net asset	-	-	11	7	-	-	(25)	-
<b>Total expense / (gain)</b>	<b>9</b>	<b>52</b>	<b>6</b>	<b>(3)</b>	<b>44</b>	<b>61</b>	<b>(8)</b>	<b>-</b>

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## Note: 34. Employee benefits (contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
<b>(B) Net Asset / (Liability) as at year end</b>								
(a) Present value of obligations as at year end	510	455	119	123	327	292	1,248	999
(b) Fair value of plan assets as at year end	329	311	258	250	-	-	1,240	1,022
(c) Fair value of plan assets, limited to present value of future contributions	329	311	183	190	-	-	1,240	1,022
<b>Net Asset / (Liability) (b)-(a)</b>	<b>(181)</b>	<b>(144)</b>	<b>139</b>	<b>128</b>	<b>(327)</b>	<b>(292)</b>	<b>(8)</b>	<b>23</b>
<b>Net Asset / (Liability) recognised in Balance Sheet (c)-(a)</b>	<b>(181)</b>	<b>(144)</b>	<b>64</b>	<b>67</b>	<b>(327)</b>	<b>(292)</b>	<b>-</b>	<b>-</b>
(Refer below details for amount recognised in balance sheet)								
<b>Provision in Balance Sheet (Refer note 13)</b>								
Current	-	-	-	-	(23)	(21)	-	-
Non-Current	(181)	(144)	-	-	(304)	(270)	(8)	-
	<b>(181)</b>	<b>(144)</b>	<b>-</b>	<b>-</b>	<b>(327)</b>	<b>(291)</b>	<b>(8)</b>	<b>-</b>
<b>Retirement Benefit Trust Surplus (Refer note 6)</b>								
Current	-	-	-	-	-	-	-	-
Non-Current	-	-	64	67	-	-	-	-
	<b>-</b>	<b>-</b>	<b>64</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Asset / (Liability) recognised in Balance Sheet</b>								
Current	-	-	-	-	(23)	(21)	-	-
Non-Current	(181)	(144)	64	67	(304)	(270)	(8)	-
	<b>(181)</b>	<b>(144)</b>	<b>64</b>	<b>67</b>	<b>(327)</b>	<b>(291)</b>	<b>(8)</b>	<b>-</b>

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 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
<b>(C) Change in defined benefit obligations during the year</b>								
Present value of obligations at beginning of the year	455	362	123	125	292	244	999	843
(a) Current service cost	48	42	2	3	2	2	73	69
(b) Interest cost	31	26	8	9	20	17	93	61
(c) Benefits paid	(39)	(28)	(15)	(12)	(29)	(33)	(168)	(118)
(d) Actuarial (gains) / losses	22	53	1	(2)	43	62	29	1
(e) Liabilities extinguished on settlements	-	-	-	-	-	-	-	-
(f) Employee Contributions	-	-	-	-	-	-	99	92
(g) Transfer In/(Out)	(7)	-	-	-	(1)	*	123	35
(h) Other Adjustments	-	-	-	-	-	-	-	16
(i) Past service cost - plan amendments	-	-	-	-	-	-	-	-
<b>Present value of obligations at end of the year</b>	<b>510</b>	<b>455</b>	<b>119</b>	<b>123</b>	<b>327</b>	<b>292</b>	<b>1,248</b>	<b>999</b>

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
<b>(D) Change in fair value of plan assets during the year</b>								
Fair value of plan assets as at beginning of the year	311	303	250	250	-	-	1,022	843
(a) Return on plan assets (greater)/less than discount rate	12	1	6	(5)	-	-	14	-
(b) Interest income on plan assets	22	22	17	18	-	-	77	71
(c) Company contributions	-	-	-	-	-	-	73	149

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## Note: 34. Employee benefits (contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
(d) Employee Contributions	-	-	-	-	-	-	99	52
(e) Benefits paid	(16)	(15)	(15)	(13)	-	-	(168)	(118)
(f) Adjustment of defined contribution	-	-	-	-	-	-	-	25
(g) Actuarial gains / (losses)	-	-	-	-	-	-	-	-
(h) Transfer In/(Out)	-	-	-	-	-	-	123	-
<b>Fair value of plan assets</b>	<b>329</b>	<b>311</b>	<b>258</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>1,240</b>	<b>1,022</b>
<b>(E) Change in Irrevocable Surplus</b>								
Irrevocable Surplus as at the beginning of the year	-	-	60	67	-	-	25	-
(a) Interest in Irrevocable Surplus	-	-	4	4	-	-	-	-
(b) Change in Irrevocable Surplus in excess of interest	-	-	11	(11)	-	-	(25)	-
<b>Irrevocable Surplus as at the end of the year</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(F) Expected maturity analysis of undiscounted defined benefit plans</b>								
Less than a year	75	64	36	34	23	22	29	4
Between 1-2 years	71	64	17	17	24	23	23	1
Between 2-5 years	213	199	38	38	74	71	35	4
Over 5 years	361	359	39	40	126	122	158	14
<b>Total</b>	<b>720</b>	<b>686</b>	<b>130</b>	<b>129</b>	<b>247</b>	<b>238</b>	<b>245</b>	<b>23</b>
<b>(G) Weighted Average Duration</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>(H) Sensitivity Analysis</b>								
<b>Discount Rate (%)</b>								
Effect on DBO due to 0.5% increase in Discount Rate	-2.9%	-2.9%	-4.3%	-4.1%	-4.9%	-4.8%	-	-
Effect on DBO due to 0.5% decrease in Discount Rate	2.9%	3.1%	4.3%	4.1%	5.5%	5.2%	-	-
<b>Salary Escalation Rate (%)</b>								
Effect on DBO due to 0.5% increase in Salary Escalation Rate	2.9%	3.1%	-	-	-	-	-	-
Effect on DBO due to 0.5% decrease in Salary Escalation Rate	-2.8%	-2.9%	-	-	-	-	-	-
<b>Medical Inflation Rate (%)</b>								
Effect on DBO due to 0.5% increase in Medical Inflation	-	-	-	-	4.6%	4.5%	-	-
Effect on DBO due to 0.5% decrease in Medical Inflation	-	-	-	-	-4.3%	-4.1%	-	-
<b>Mortality Rate (%)</b>								
Effect on DBO if Post Retirement Medical Rates are scaled up by one year	-	-	-	-	-4.6%	-4.1%	-	-
Effect on DBO if Post Retirement Medical Rates are scaled down by one year	-	-	-	-	4.9%	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 2020	As at 31 March 2019
<b>Long service award obligation</b>		
Current	(1)	(1)
Non-Current	(12)	(11)
<b>Total</b>	<b>(13)</b>	<b>(12)</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## Note: 34. Employee benefits (contd..)

	As at 31 March 2020	As at 31 March 2019
<b>Leave obligation</b>		
Current	(24)	(23)
Non-Current	(115)	(118)
<b>Total</b>	<b>(139)</b>	<b>(141)</b>
<b>Pension obligation</b>		
Current	-	-
Non-Current	(13)	(10)
<b>Total</b>	<b>(13)</b>	<b>(10)</b>

(J) Expected contributions to post-employment benefit plans for the year ending 31 March 2021 is ₹ 157 (31 March 2020 ₹ 147).

### (K) Major category of plan assets

	Gratuity				Pension			
	As at 31 March 2020		As at 31 March 2019		As at 31 March 2020		As at 31 March 2019	
	%	Amount	%	Amount	%	Amount	%	Amount
Government of India Securities (Central and State)	10%	32	10%	31	22%	56	25%	63
High Quality Corporate Bonds (including Public sector bonds)	11%	35	12%	38	21%	55	26%	65
Cash (including special deposits)	1%	4	2%	5	19%	48	2%	5
Scheme of Insurance-conventional products	30%	100	-	-	-	-	-	-
Scheme of Insurance-ULIP products	43%	143	70%	218	-	-	-	-
Other	5%	15	6%	18	37%	98	47%	116
	<b>100%</b>	<b>329</b>	<b>100%</b>	<b>310</b>	<b>100%</b>	<b>258</b>	<b>100%</b>	<b>249</b>

### Major category of plan assets

	Provident Fund			
	As at 31 March 2020		As at 31 March 2019	
	%	Amount	%	Amount
Government of India Securities (Central and State)	46%	559	39%	393
High Quality Corporate Bonds (including Public sector bonds)	38%	485	47%	487
Cash (including special deposits)	9%	109	2%	21
Other	7%	87	12%	119
	<b>100%</b>	<b>1240</b>	<b>100%</b>	<b>1020</b>

### Actuarial Assumptions

	2019-20	2018-19
Discount Rate (annual)	6.20%	7.10%
Salary growth rate	7.00%	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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## Note: 34. Employee benefits (contd..)

**Inflation risks:** In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

**Life expectancy:** The pension and medical plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary conditions result in higher sensitivity to changes in life expectancy.

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due.

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

## Note: 35 Change in accounting policies :

This note explains the impact of the adoption of Ind AS 116, Leases on the Group's financial statements.

### Impact on the financial statements – lessee accounting

As indicated in note 3.2, the Group has adopted Ind AS 116 retrospectively from 1 April 2019, but has not restated comparatives for year ended 31 March 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019. The new accounting policies are disclosed in note 2.

On adoption of Ind AS 116, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 8.85%.

For leases previously classified as finance leases the group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

### (i) Practical expedients applied

In applying Ind AS 116 for the first time, the Group has used the practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- electing not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, determining whether an arrangement contains a Lease.

### (ii) Measurement of lease liabilities

Operating lease commitments disclosed as at 31 March 2019	-
Discounted using the lessee's incremental borrowing rate at the date of initial application	654
Add: Finance lease liabilities recognised as at 31 March 2019	29
<b>Lease liability recognised as at 1 April 2019</b>	<b>683</b>
of which are:	
Current lease liabilities	174
Non-current lease liabilities	509



# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## (iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis with the cumulative effect of initially applying the standard recognised at the date of initial application, with right-of-use asset recognised at an amount equal to the lease liability, adjusted by the prepaid lease rent.

## (iv) Adjustments recognised in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- property, plant and equipment decreased by ₹ 373
- right-of-use assets increased by ₹ 1042
- prepaid rent decreased by ₹ 15
- borrowings decreased by ₹ 29
- lease liabilities increased by ₹ 683.

The net impact on retained earnings on 1 April 2019 ₹Nil.

## (v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of Ind AS 116.

**Note: 36.** 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: 37. Statutory Group Information

a) Additional information to consolidated financial statements (Pursuant to Schedule III to the Companies Act, 2013):

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹	As % of consolidated profit and loss	₹	As % of consolidated other comprehensive income	₹	As % of total comprehensive income	₹
<b>Parent</b>								
<b>AKZO NOBEL INDIA LIMITED</b>								
Balance as at 31 March, 2020	99.94%	12,373	99.99%	2,374	99.99%	(39)	100.00%	2,335
Balance as at 31 March, 2019	99.94%	11,356	99.99%	2,110	99.99%	(71)	100.00%	2,039
<b>Indian Subsidiary</b>								
<b>ICI India Research &amp; Technology Centre</b>								
Balance as at 31 March, 2020	0.06%	7	0.01%	*	0.01%	*	-	-
Balance as at 31 March, 2019	0.06%	7	0.01%	*	0.01%	*	-	-
<b>Total</b>								
Balance as at 31 March, 2020	100.00%	12,380	100.00%	2,374	100.00%	(39)	100.00%	2,335
Balance as at 31 March, 2019	100.00%	11,363	100.00%	2,110	100.00%	(71)	100.00%	2,039

\*Amount is below rounding off norms, adopted by the Group

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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2020  
(All amounts are in millions Indian ₹ unless otherwise stated)

## Note: 38. COVID-19

The outbreak of COVID-19 pandemic has created economic disruption throughout the world including India. Akzo Nobel India Limited has ensured compliance with the lockdown protocols in accordance with the guidelines issued by the Central and State governments and local authorities. The operations of the Group were significantly impacted due to supply chain disruptions caused by lock down of plants, offices and warehouses. The Group has resumed operations in a phased manner consistent with the directives from the Government of India/ State governments/ Local authorities. The Group has evaluated the impact of COVID-19 on its operations & financial position. Based on its review of the macro economic conditions & current outlook for the Indian economy, there is no additional impact in financial statements apart from the financial impact already considered in financial statements of the Group as at 31 March 2020. However, given the evolving scenario & uncertainties with respect to its nature & duration, the impact may be different from estimates as on the date of approval of financial results. The Group will continue to monitor any material changes to its future business and economic conditions.

**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

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

**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

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 20 June 2020

Place: Gurugram  
Date: 20 June 2020

## Notice of Annual General Meeting

### Akzo Nobel India Limited

CIN: L24292WB1954PLC021516

Tel: +91 33 22267462 Fax: +91 33 22277925

Website: [www.akzonobel.co.in](http://www.akzonobel.co.in) Email: [investor.india@akzonobel.com](mailto:investor.india@akzonobel.com)

Notice is hereby given that the 66th Annual General Meeting (AGM) of the Members of Akzo Nobel India Limited will be held on Friday, 28 August 2020 at 1030 hours through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:

### Ordinary Business

1. To receive, consider and adopt the audited financial statements (standalone and consolidated) for the year ended 31 March 2020 and the reports of the Directors and Auditors thereon.
2. To declare a Dividend on equity shares for the year ended 31 March 2020.
3. To appoint a Director in place of Mr Lakshay Kataria (DIN 08345477) who retires by rotation and being eligible, offers himself for re-appointment as a Director of the Company.

### Special Business

4. Ratification of remuneration to M/s Chandra Wadhwa & Co., Cost Auditors:

The Board, at its meeting held on 20 June, 2020, has re-appointed M/s Chandra Wadhwa & Co., Cost Accountants, as the Cost Auditors of the Company for the year ending 31 March 2021, 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 2020-21 by the Board of Directors, be and is hereby ratified."

By order of the Board

Gurugram  
20 June 2020

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Registered office:  
8-B, Middleton Street  
Kolkata 700 071

### Notes

- i) In view of the continuing Covid-19 pandemic social distancing norms to be followed and the continuing restriction on movement of persons at several places in the country, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC/OAVM. The venue of the meeting shall be deemed to be the Registered office of the Company.
- ii) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility for participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- iii) Attendance of the Members participating in the AGM through VC/OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- iv) **Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by members will not be available for this meeting and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the AGM through VC/OAVM facility and e-Voting during the AGM.**

- v) Explanatory statement pursuant to Section 102 of the Act in respect of items covered under Special Business is annexed hereto. Information under Regulation 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as required under Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director proposed to be re-appointed at this AGM is also annexed to this Notice.
- vi) The Register of Members and Share Transfer books of the Company will remain closed from 22 August 2020 to 28 August 2020 (both days inclusive).
- vii) Dividend, if approved at the Meeting, will be paid on or around 10 September 2020 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 21 August 2020 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 21 August 2020.

*Please note that there could be a delay in dispatch/delivery of dividend warrants due to Covid 19 situation.*

### **Withholding Tax on Dividend**

Members may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after 01 April, 2020 shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to shareholders, subject to approval of shareholders in the ensuing AGM. In order to enable the Company to determine the appropriate TDS rate as applicable, Members are requested to submit the documents in accordance with, the provisions of the Income Tax Act, 1961, as detailed below:

#### **I. For Resident Shareholders**

Tax is required to be deducted at source under Section 194 of the Income Tax Act, 1961, at 7.5% on the amount of dividend where shareholders have registered their valid Permanent Account Number (PAN). In case, shareholders do not have PAN or have not registered their valid PAN details in their account, TDS at the rate of 20% (plus applicable surcharge and cess) shall be deducted under Section 206AA of Income Tax Act, 1961.

##### **a. Resident Individuals:**

No tax shall be deducted on the dividend payable to resident individuals if –

- Total dividend amount to be received by them during the Financial Year 2020-21 does not exceed ₹ 5,000/-; or

- The shareholder provides Form 15G (applicable to any person other than a company or a Firm)/ Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met.

#### **b. Resident Non-Individuals:**

No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents as follows:

- Insurance Companies: Self declaration that it has full beneficial interest with respect to the Ordinary Shares owned by it along with self-attested copy of PAN card.
- Mutual Funds: Self-declaration that they are specified in Section 10 (23D) of the Income Tax Act, 1961 along with self-attested copy of PAN card and registration certificate.
- Alternative Investment Fund (AIF): Self-declaration that its income is exempt under Section 10 (23FBA) of the Income Tax Act, 1961 and they are governed by SEBI regulations as Category I or Category II AIF along with self-attested copy of the PAN card and registration certificate.
- Other Non-Individual shareholders: Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.

- c. In case, shareholders (both individuals or non-individuals) provide certificate under Section 197 of the Income Tax Act, 1961, for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the certificate.

#### **II. For Non-resident Shareholders**

- a. Taxes are required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961, as per the rates as applicable. As per the relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case, non-resident shareholders provide a certificate issued under Section 197/195 of the Income Tax Act, 1961, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the certificate.
- b. Further, as per Section 90 of the Income Tax Act, 1961 the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the shareholder, if they are more

beneficial to them. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders are required to provide the following:

- Self-attested copy of the PAN Card allotted by the Indian Income Tax authorities.
- Self-attested copy of Tax Residency Certificate (TRC) (for the period April 2020 to March 2021) obtained from the tax authorities of the country of which the shareholder is a resident.
- Self declaration in Form 10F if all the details required in this form are not mentioned in the TRC.
- Self-declaration by the non-resident shareholder of having no Permanent Establishment in India in accordance with the applicable Tax Treaty and Beneficial ownership of the shares (for the period April 2020 to March 2021) by the non-resident shareholder.

Kindly note that the Company is not obligated to apply beneficial tax treaty rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate of tax treaty for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

- c. In case of Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI), taxes shall be withheld at 20% plus applicable surcharge and cess in accordance with provisions of Section 196D of the Income Tax Act, 1961.

Kindly note that the aforementioned documents are required to be emailed to [rt@cbmsl.com](mailto:rt@cbmsl.com) on or before Friday, 14 August, 2020 in order to enable the Company to determine and deduct appropriate TDS / withholding tax. No communication on the tax determination / deduction shall be entertained post Friday, 14 August, 2020. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund from the tax authorities, if eligible.

We shall arrange to email the soft copy and/or send the physical copy of TDS certificate to you at your registered email ID in due course, post payment of the said Dividend.

- viii) 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.

- ix) As per the provisions of Section 72 of the Act, the facility for making nomination is available to the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting the prescribed Form. Members are requested to submit the said details to their DP in case the shares are held in electronic form and to the RTA in case the shares are held in physical form.
- x) Members who wish to obtain any information on the Company or the financial statements may visit the Company's website: [www.akzonobel.co.in](http://www.akzonobel.co.in) or may send their queries at least 10 days before the date of the Meeting to the Company through an email at [investor.india@akzonobel.com](mailto:investor.india@akzonobel.com).
- xi) 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 2013 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 2020.

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) Registration of email id for obtaining Annual Report and registration of PAN for appropriate deduction of TDS:
- Members who are yet to register their email id or their PAN are requested to send a request to the Registrar at [rt@cbmsl.com](mailto:rt@cbmsl.com) quoting Folio Number alongwith a scanned copy of the share certificate (front and back), self attested scanned copy of PAN card and Aadhar Card (in case of shares held in physical form) and to their Depository Participants (in case of shares held in demat form) at the earliest.
- xiii) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM. All documents referred to in the 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. Due to prevailing Covid 19 restrictions, members are requested to email a request for inspection of documents at [investor.india@akzonobel.com](mailto:investor.india@akzonobel.com) so that necessary arrangements can be made.

- 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. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system during the e-voting period as well as venue voting on the date of the AGM will be provided by NSDL.
- xv) The meeting has been convened and will be conducted in terms of Circular No. 20/2020 dated May 5, 2020 read with Circular No. 14/2020 dated April 8, 2020 and Circular No. 17/2020 dated April 13, 2020 of the Ministry of Corporate Affairs and hence there will be facility of e-voting to the members attending the meeting through video conferencing provided they have not voted earlier through remote e-voting. The process of e-voting in this connection is given hereinafter.
- xvi) Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.
- xvii) The Notice for this Meeting along with requisite documents and the Annual Report for the financial year ended 2019-20 shall also be available on the Company's website at [www.akzonobel.co.in](http://www.akzonobel.co.in)
- xviii) The shareholders will be attending the meeting through video conferencing and the detailed procedure in this regard is given hereinafter.

## Brief profile of Director to be re- appointed

### Item No. 3

#### Mr Lakshay Kataria

DIN 08345477

Mr Lakshay Kataria is a Whole time Director and Chief Financial Officer of the Company.

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 18 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.

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 by the shareholders. Except Mr Lakshay Kataria, 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

#### Ratification of remuneration to Cost Auditors

The Board, at its meeting held on 20 June 2020, 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 in addition to reimbursement of travel and out of pocket expenses, for the financial year 2020-21, 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 for remote e-voting

- 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').
- The members who have cast their vote by remote e-voting prior to the Annual General Meeting through video conferencing shall not be entitled to cast their vote again through the e-voting facility during the meeting. If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as "INVALID"
- The remote e-voting period commences on 25 August 2020 (9 am) and ends on 27 August 2020 (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 21 August 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter.
- 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 :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
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***.

5. Your password details are given below:

- 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’?

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’.

*If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered*

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](http://www.evoting.nsdl.com).
- b) “Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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](mailto: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.

## Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this Notice

1. In case shares are held in physical mode please provide folio no., name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [investor.india@akzonobel.com](mailto:investor.india@akzonobel.com)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [investor.india@akzonobel.com](mailto:investor.india@akzonobel.com).
3. Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

## Instructions for members for e-voting on the day of the AGM

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The contact details for any grievances connected with the facility for e-Voting on the day of the AGM are given in section c below.

## 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](mailto:aklabhcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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](http://www.evoting.nsdl.com) to reset the password.*



- c. In case of any query / grievance with respect to Remote E-voting, members may refer to the Frequently Asked Questions (FAQs) for Shareholders and Remote E-voting User Manual for Shareholders available under the Downloads section of NSDL's e-voting website. Members who need assistance before or during the AGM may contact Mr. Amit Vishal, Senior Manager / Ms. Pallavi Mhatre, Manager, NSDL, at telephone no. 022 – 24994360 / 022 – 24994545 or toll free no. 1800 – 222 – 990 or at E-mail ID : [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- d. 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 21 August 2020.
- e. Any person, who acquires shares of the Company and become members of the Company after dispatch of the notice and holding shares as of the cut-off date i.e 21 August 2020 may obtain the login ID and password by sending a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [rtac@cbmsl.com](mailto:rtac@cbmsl.com).
- f. In case of joint holders joining the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
- g. 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.
- h. The Scrutinizer will, after the conclusion of e-voting at the Meeting, scrutinize the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.akzonobel.co.in](http://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.
- i. On receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the AGM.

## Instructions for Members for attending the AGM through VC/OAVM

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above to avoid last minute rush. Further, members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [investor.india@akzonobel.com](mailto:investor.india@akzonobel.com) from August 22, 2020 (9:00 a.m. IST) to August 24, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. However, the Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
6. Infrastructure, connectivity and speed available at the Speaker's location are essential to ensure smooth interaction.
7. In the interest of time, each Speaker is requested to express his / her views in 2–3 minutes.
8. Shareholders may also post their comments/queries (not more than 150 characters) in the chat box available on the video conferencing interface. However, the Company reserves the right to restrict response to the questions raised in the chatbox depending upon availability of time as appropriate for smooth conduct of the AGM.
- 9. Members who need assistance for attending the AGM, please call toll free number 18001205764.**

**Design**

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# AkzoNobel

[www.akzonobel.co.in](http://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 33,000 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 1,482, 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.

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