

07 July 2022

Department of Corporate Services  
BSE Limited  
1st floor, New Trading Ring  
Rotunda Building, P J Towers  
Dalal Street, Fort  
Mumbai - 400 001  
Scrip Code: 500710

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

**Sub: Annual Report for the FY 2021-22 and Notice convening the 68th Annual General Meeting.**

This has reference to our letter dated 27 May, 2022, wherein the Company had informed that the 68th Annual General Meeting ('AGM') of the Company is scheduled to be held on Friday, 5 August, 2022 at 2.30 PM IST through video conference/other audio visual means, in compliance with relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report of the Company for the financial year 2021-22.

In accordance with the relevant circulars, the Notice convening the AGM and the Annual Report of the Company for the financial year 2021-22 are being sent today to all the members of the Company whose email addresses are registered with the Company and/or Depository Participant(s).

The Notice convening the AGM along with the Annual Report for the financial year 2021-22 is also uploaded on the Company's website at <https://akzonobel.co.in/investors.php#reports> and the website of National Securities and Depository Limited at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

This is for your information and record.

Thanking you,

Yours faithfully  
for Akzo Nobel India Limited



**Harshi Rastogi**  
Company Secretary  
Membership#A13642

Encl : as above

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Golf Course Extension Road, Sector-58 Gurugram - 122 011  
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[www.akzonobel.co.in](http://www.akzonobel.co.in)

The AkzoNobel logo is positioned in the top right corner of the page. It consists of the word "Akzo" in a bold, white, sans-serif font, followed by "Nobel" in a slightly larger, bold, white, sans-serif font. The background of the entire page is a deep purple, with abstract, colorful brushstrokes in shades of red, orange, and yellow sweeping across the top and bottom right corners. A central graphic of a woman's profile is rendered in a complex, multi-colored line-art style, with lines in shades of pink, red, blue, and orange, giving it a digital or artistic feel.

**AkzoNobel**

# REPORT 21 22

**Akzo Nobel India Limited**

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**Grow & Deliver  
strategy led  
performance**

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**Our commitment to  
future generations:  
People. Planet. Paint**

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**Integrating innovation  
with sustainability  
in paints and coatings**

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**Pushing  
boundaries with  
Paint the Future**

AkzoNobel proudly presents  
The Color of the Year 2022

# BRIGHT SKIES™

A BREATH OF FRESH AIR

**Light** and **airy** colour combinations  
to revitalize **your home**



This annual report can be downloaded  
from [www.akzonobel.co.in](http://www.akzonobel.co.in)



Scan QR code to access website

# CONTENTS

## Overview

Chairman's Statement	04
Managing Director's Statement	08
Board of Directors	12
Akzo Nobel India at a glance	14
Performance Highlights	16
Recent Years at a Glance	17
Company Information	18

## Statutory Reports

<b>Directors' Report</b>	<b>20</b>
- Management Discussion & Analysis	22

<b>Annexures to the Directors' Report</b>	<b>38</b>
- Report on Corporate Governance	38
- Business Responsibility and Sustainability Report (BRSR)	54
- Corporate Social Responsibility (CSR) Report	74

<b>Secretarial Audit Report</b>	<b>81</b>
---------------------------------	-----------

## Financial Statements

<b>Standalone Financial Statements</b>	
- Independent Auditors' Report	84
- Balance Sheet	94
- Statement of Profit and Loss	95
- Statement of Cash Flows	96
- Statement of Changes in Equity	98
- Notes	99

<b>Consolidated Financial Statements</b>	
- Independent Auditors' Report	152
- Consolidated Balance Sheet	158
- Consolidated Statement of Profit and Loss	159
- Consolidated Statement of Cash Flows	160
- Consolidated Statement of Changes in Equity	162
- Notes	163

<b>Notice of Annual General Meeting</b>	<b>216</b>
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# Everything we do starts with People. Planet. Paint.

## Transforming our world

We're in a unique position to show how passionately we care about society, the world we live in and making new discoveries. By using our pioneering spirit and centuries of paints and coatings expertise, we can deliver the sustainable and innovative solutions that our customers, communities – and the planet – are increasingly relying on.

That's why everything we do starts with People. Planet. Paint. It's all about making a difference, both big and small. So the things our products can do may surprise you, whether they're applied to boats, buildings, cars, planes, phones, walls or wood.

And we never stand still. Because there are industries to reinvent, environments to care for and horizons to expand. As global pioneers, it's in our nature to keep learning, keep discovering and keep innovating.



## A commitment to the future

AkzoNobel has a long and proud heritage. A history of making things happen.

We're always evolving, embracing new ideas. Yet some things never change. Like being an employer of choice. A responsible global citizen. A pioneer. They're the foundations of what we stand for – with People. Planet. Paint, as our beating heart.

People. Planet. Paint. is also our commitment to future generations. A promise that we'll keep innovating to address key global issues. If we can, we'll find a way.

We have the courage and the belief. That's why we've set ourselves science-based sustainability targets. It's about making a genuine and lasting difference and remaining at the forefront of our industry.

**People** We care about people and communities, a passion that's reflected in our commitment to safety, integrity and sustainability.

**Planet** We challenge ourselves and our partners every day to be better global citizens and protect the future of our planet.

**Paint** We keep pushing boundaries to develop pioneering paint solutions that make a world of difference.



# Chairman's Statement

Stepping up on our ambition to be the reference in paints and coatings industry



“

*Our biggest challenge in this new century is to take an idea that seems abstract – sustainable development – and turn it into a reality for all the world's people.*

- Kofi Annan

”

The year gone by saw the world around us continue to transform in many ways.

Navigating business amidst new waves of the pandemic, continued raw material inflation, supply chain disruptions, currency volatility and geo-political developments was no easy feat.

## OUR STRATEGY

# Grow & Deliver



## THE NEXT PHASE OF OUR TRANSFORMATION

Our new strategy is designed to help us take our rightful place as a frontrunner in our industry, both in terms of size and performance.

### Strong progress on Grow & Deliver strategy

In response to the changing consumer needs, your Company stayed on course it's Grow and Deliver strategy. India being one of the fastest growing economies worldwide, AkzoNobel has a sharp focus to grow in this key market within the South Asia Pacific region. Our agile business model balanced growth with profitability.

This strategy worked well as we gained a competitive edge. Akzo Nobel India delivered its third consecutive year of double-digit profitability with highest ever revenue leading to market share gains. One of the biggest proof-points of our

strategy execution was in implementing our pricing initiatives. The 21% price up on year-on-year basis wasn't an easy feat. Our teams rose to the raw material inflation challenge and we remained steadfast in bringing technology led innovations fortifying our consumer connect. This poised us well to maximize our "Deliver" ambitions in the Indian market.

### Our new Purpose - People. Planet. Paint guides us

In the midst of all this, your Company remains committed to taking actions to address globally relevant challenges and protect future generations. We recognize that our customers, communities – and

the environment – are increasingly relying on sustainable and innovative paints and coatings. Our new purpose "People. Planet. Paint." now represents everything we stand for.

Last year when I took over the Chairmanship, one of my key priorities was to strengthen our sustainability initiatives. I am delighted to share that by consistently incorporating our sustainability agenda into our business strategy, Akzo Nobel India Limited has made significant strides in creating long-term sustainable value through environmental stewardship, diversity and inclusion in local communities, and good governance practices.



Through our "Let's Colour" program, we continued to transform lives by revitalizing communities and making spaces more liveable and inspiring. As schools reopened for physical classes after a long two-year hiatus, we used the transformative power of paint to spring a colourful and inspiring welcome for more than 15,000 children of 19 Government schools across 5 states by re-painting their schools.

## AkzoNobel Cares initiatives for People and communities

As a responsible corporate, your Company fully understands its roles and responsibilities for People extend beyond its employees and value chain. This year, the 'AkzoNobel Cares' societal program brought significant benefits to local communities via focused initiatives on education, community healthcare, economic development through skill building and COVID-19 relief work.



### Community Healthcare



Our community healthcare initiatives leveraged latest technology like Artificial Intelligence ('AI') to provide **access to specialist doctors** and **free of cost diagnostic services** to **~70,000 villagers** across India.



### Quality Education



**Project Parivartan** continued to leverage the **power of quality education for underprivileged children**.

Till date, this project has empowered over **7,700 children** with access to formal, non-formal and remedial education.



### Skill Building



**AkzoNobel Paint Academy** - our flagship skill training initiative contributed to **skilling young India** and expanding **economic prosperity** with **social cohesion**.

Our Academies have transformed over **11,000 underprivileged youth** into skilled entrepreneurs with over **40% D&I candidates** among the total trainees this year.

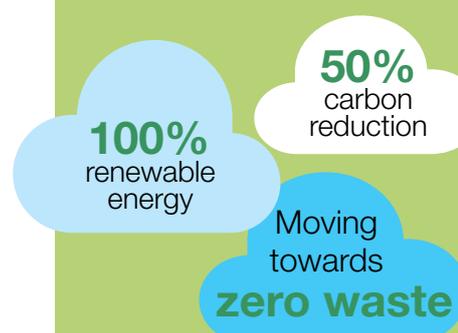
It is therefore fantastic to share that we received validations for our efforts. Your Company was recognized at the CII-ITC Sustainability Awards 2021 for 'Commendation for Significant Achievement in Corporate Social Responsibility' and the 2022 Communitas Award for 'Excellence in Corporate Social Responsibility' with a special focus on driving diversity and inclusion in local communities.



## Committed to our Planet

Acting on our intent to become even more sustainable, we're the first paint and coatings company worldwide to have our carbon reduction target officially validated by the Science Based Targets initiative (SBTi).

### Our 2030 ambitions



Given the universal application for our paint and coatings, innovation focus is at the forefront of developing sustainable solutions. Our sustainable solutions with bio-based content are improving indoor air quality and reducing embodied carbon to begin with. New PU technology is boosting durability of ensuring that surfaces stay new for longer while low VOC products and recycling packaging are reducing carbon footprint.

By adding superpowers like stain, scratch, scuff resistance and anti-viral properties, our paint is now more durable and is increasing resilience of buildings as well as the well-being of people living in them. Pioneering technologies which we are supplying today – and are continuing to develop – is helping us to take our industry forward and make a genuine and lasting difference.

### Highest standards of corporate governance

Your Company is conscious of the fact that the success of an organization is a reflection of the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirements, the Company endeavors to ensure that highest standards of ethical and responsible conduct are upheld.

Our **Code of Conduct** based on three principles viz. **Safety**, **Integrity** and **Sustainability**, drives a culture of good governance.



Safety



Integrity



Sustainability

Full credit goes to the dynamic, diverse and experienced Board for their focus on excellence and their pivotal role in your Company's corporate governance. In view of this, we endeavor to maintain a Board composition that brings healthy balance of skills, experience, independence, assurance, growth mind-set and deep knowledge of the sector.

Earlier this year, I welcomed Mr. R. Krishna as the Wholetime Director and CFO of your Company. A veteran with the Company, Krishna's expertise will help us deliver on our profitable growth ambitions in the Indian market while strengthening good governance.

Let me also appreciate Mrs Harshi Rastogi for her committed support during the interim period following the exit of the previous Wholetime Director and CFO Mr. Lakshay Kataria. I also take this opportunity to once again thank Mr. Kataria whose wisdom and experience helped us navigate through unprecedented times.

### Total shareholder return

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 consistently enhance shareholder value.

On the momentous 75th Anniversary of India's Independence and your Company's strong performance in a challenging year, the Board has expressed its gratitude to shareholders for their unstinted support with a proposed final dividend of ₹ 35 per share. With this, the recommended total dividend for this year will be ₹ 75 per share.

With the curtains down on a successful 2021-22, what we do now will take us from where we are, to where we deserve to be.

As per RBI estimates, India's GDP is expected to grow by 7.2% in FY2022-23. And your Company is positioned well to build on this growth story.



**The Board and management are committed to ensure your Company continues to be future ready.**

**Acting as a tailwind are our Grow and Deliver market strategy coupled with our behaviors.**

**At the same time, led by our new purpose - People. Planet. Paint, we're striving to ensure a more sustainable and colourful tomorrow for all.**



My heartfelt gratitude to the passionate Akzo Nobel India family – our brilliant employees, dedicated painters, contractors, dealers and business partners. Their relentless pursuit of continuous improvement makes our journey to delight our shareholders and consumers even more rewarding.

I am fully convinced that the best is yet to come. We are committed to those who rely on us and excited by what we can achieve together.

### Oscar Wezenbeek

Chairman

# Managing Director's statement

Shifting gears: From new highs to the next



“

*Nothing makes me more determined to succeed than someone telling me something's impossible.*

- Jackie Chan

”

Looking in the rearview mirror, uncertainty was the only certainty in FY 2021-22. For businesses worldwide, the year gone by was a real stress test of operational resilience.

I am delighted to share that in this year, your Company not only held its ground but went beyond to deliver a landmark year of performance.

## Growing faster, higher and stronger

In the second year of New Normal, business trajectories across industries continued to mirror the ebbs and flows of the pandemic. The virulent second wave of COVID-19 in Q1 dented the economic momentum that had been building up. However, like the previous fiscal, as the COVID-19 positivity rate dipped; demand for our Paints and Coatings once again increased.

In the paints business, your Company successfully gained market share. Aiding our growth was the healthy festive season, strong traction in projects business and premium segment of decorative paints. Meanwhile, continued uptick across infrastructure, power, marine, real estate, packaging and mining industries propelled growth in our coatings business.

## Powerful performance on Grow & Deliver strategy

Your Company successfully closed FY 2021-22 with new highs. At ₹31,486 million, revenue from operations was highest ever and surpassed the ₹30,000 million mark for the first time since our transformation into a focused Paints and Coatings organization.

We also reported highest ever Profit from Operations at ₹3,564 million with a 34% YoY growth. Led by strategic pricing initiatives, prudent opex management and value-engineering, we continued to deliver double digit profitability at 11.3% for the third straight year and matched our ever-highest EBIT% with the pre-COVID year of 2019-20.

Consequent to the geo-political conditions, increased inventory levels has become an industry-wide phenomenon. However, despite rising Operating Working Capital requirements, our liquidity position continues to remain strong at ₹4,576 million.

## Strengthening core propositions

At the same time, Akzo Nobel India strategically invested to “Grow” for the future.

Within the Dulux brand of decorative paints, core propositions were enhanced with differentiated benefits. Our flagship ultra-luxury interior emulsions range Dulux Velvet Touch was strengthened with Tru Color technology. On the exterior portfolio, Dulux Weathershield MAX - India’s first crackproof paint was upgraded with advanced PU technology, assuring consumers of 9 years of all-weather assurance for their home facades.



## Entering adjacent categories

Our focus on building and growing in adjacent categories was exemplified via product innovations in new segments such as super-premium Sadolin Luxurio in wood coatings and Dulux Floor Plus in floor coatings.



## Disruptive offerings with consumer centricity at our heart

With a passion for paints, we prioritized consumers' health and wellbeing. The Dulux SuperClean range was boosted with new Anti-Viral properties, while Dulux Better Living Air Clean Biobased – India’s first USDA certified bio-based paint put sustainability at the forefront.

The last two years have accelerated a paradigm shift in consumer behavior – both in terms of what they buy and where they buy it from. In response, Akzo Nobel India strived to meet these changing needs on many levels. Dulux Simply Refresh, our disruptive debut in the growing Do-It-Yourself (DIY) segment is empowering new-age consumers in India to take up home renovation projects and experience the magic of Dulux without the hassles associated with a traditional paint job.



**Investment in our brands**

Compelling campaigns across media platforms further strengthened our brand salience. Capitalizing on the premiumization of demand trend, a new TVC campaign was rolled out with a progressive narrative of “Feels Like Home.” Similarly, the first-ever consumer campaign for our premium waterproofing solutions echoed that Dulux Aquatech range “Best Hai, Must Hai” to end all seepage woes of consumers.



**Driving paint business reach to smaller towns**

Our Distribution 2.0 strategy is showing results. Our offline network has grown nearly 50% over the past years. With our unique hub and spoke model, we have rapidly scaled up our reach to cover nearly 5000 towns. Additionally, through partnerships with e-commerce giant Amazon for our DIY range and tie-ups with aggregators, we’re now a click away from the e-consumers of today.

**Digital focus**

Equally significant is our thrust on digital transformation. All our five manufacturing sites in India now leverage technology such as Artificial Intelligence and Advanced Analytics to digitally track, standardize and drive improvements for critical bottleneck equipment. Projects such as barcodes for tracking products, Global Gaudi CRM, Customer Lifecycle Management and Dulux Connect app for our contractors are combining the power of technology with our expertise.



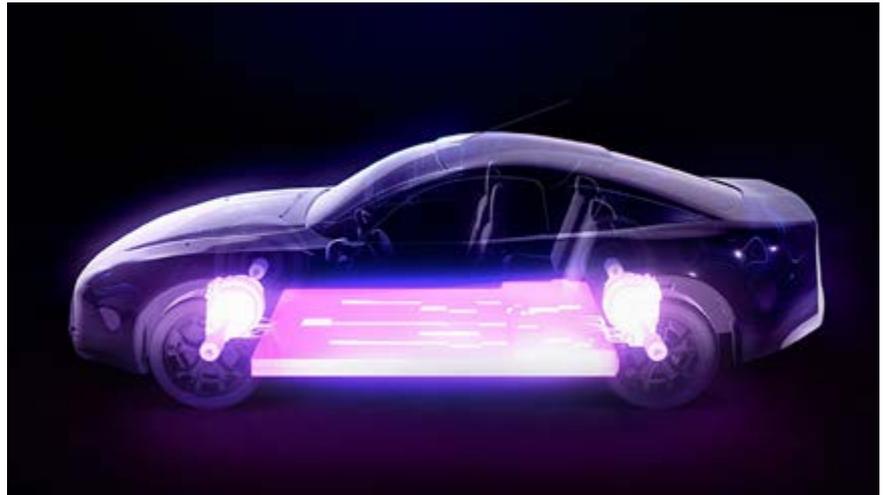
## Unleashing new era of collaborative innovation in the Indian paint industry

As digital revolution is fast changing the consumer landscape, we want to lead this shift from the front. We introduced Paint the Future – the world's largest collaborative innovation ecosystem of the paint and coatings industry to India. In partnership with NASSCOM Industry Partnership Program (NIPP), the India challenge on 'Digital Consumer Experience' aims to discover disruptive solutions of startups that can further boost the magic of Dulux paints in India and transform the way Indian consumers digitally experience our products and services. Come September 2022, we're excited to paint the future with the winners of our India startup challenge.

## Mining new opportunities across coatings business

Another notable example of our growth mindset was our coatings business. As Indian athletes brought home the Olympic and Paralympic gold medals, our Automotive and Specialty Chemicals (ASC) business partnered with Mahindra & Mahindra to create the dazzling golden hues of XUV700 Gold Edition. Investments in bonded technology and exciting innovations in the EV sector drove new opportunities in Powder coatings. Led by robust recovery in coated steel market, packaging coatings, coil and extrusion coatings, Industrial coatings too witnessed robust growth.

Our approach to sustainable business is about ensuring that we help to safeguard the world far beyond tomorrow. Sustainability is an intrinsic value driver in all our businesses and functions. Recognizing our responsibility towards ESG, we have taken focused initiatives to achieve our tangible targets, included hereinafter in our Annual Report. They illustrate our continued rigour to make a genuine and lasting difference that our customers, communities – and the planet – are increasingly relying on.



*Driving the current to power the future*

Our powder coatings are already used on car bodies, interiors and alloy wheels. As global demand for electric vehicles – and e-mobility in general – continues to accelerate, we've developed advanced technologies to help power the industry into the future. Thanks to our renowned Resicoat brand, we've helping manufacturers of electric vehicles and components with world class solutions to help protect motors, battery systems and electrical storage units.

Gearing up for the next fiscal, I realize that none of our achievements this year would have been possible without the Akzo Nobel employees across India.

As we build our future together, our people-centric culture is becoming more diverse, inclusive and empowering. Validating this was the global authority on workplace culture.

I'm thrilled to share that our employees have made Akzo Nobel India **Great Place to Work-Certified™ organization**.

On behalf of the Country Leadership Team, it's my privilege to express my heartfelt gratitude to our employees and business partners. Together, we are advancing further towards becoming the frontrunner in our industry.

**Rajiv Rajgopal**  
Managing Director



We know that to achieve our corporate ambitions, we need a workforce that is as Diverse & Inclusive as our customer base. We're strengthening our organizational diversity with focus on gender balance at all levels – from leadership and mid-management to new hires. Our D&I efforts are externally benchmarked. Inclusive Language Guide, unconscious bias workshops, policies such as the Returnee Mother program are examples of how we promote inclusivity and equal opportunity. Powering D&I culture is the India Women Inspired Network' (WIN) that empowers, inspires and connects women across the organization.

# Board of Directors



**Oscar Wezenbeek**  
Chairman

Mr Oscar Wezenbeek joined the Board of the Company as a Non Executive Director in May 2019. Oscar is the Chairman of the Company since 23 May 2021.

Oscar is currently the Managing Director, Decorative Paints, South East & South Asia (SESA) at AkzoNobel. Over the course of his 32 years 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. Oscar is a member of the (British) Institute of Director (IoD) and a Certified Director by the Singapore Institute of Directors (SOD).

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.



**Rajiv Rajgopal**  
Managing Director

Mr Rajiv Rajgopal is the Managing Director of the Company since November 2018. He joined AkzoNobel in 2013 as Head of Sales and Marketing, Decorative Paints, Akzo Nobel 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 Akzo Nobel 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 an MMS (Marketing) from SP Jain, Mumbai of 1993 Batch. He has attended programs at INSEAD Singapore, Harvard Business School, Centre for Creative Leadership and IMD Lausanne.



**R Krishna**  
Wholetime Director and CFO

Mr R Krishna is the CFO and Wholetime Director of the Company since December 2021.

Krishna is a member of the Institute of Chartered Accountants of India (ICAI). He has over 22 years of experience and his last role was that of Regional Commercial Controller, Vehicle Refinish and Automotive for Asia with Akzo Nobel Group. He joined the Company in 2006 as a Regional Commercial Manager and became the Business Controller of Vehicle Refinish Business in 2010. He moved to the role of Regional Financial Controller with the Group in 2014. Prior to Akzo he worked with Cholamandalam MS General Insurance, National Starch & Chemicals and LG Polymers India in different roles.

His primary expertise lies in leading finance function in paints & coatings, insurance and chemical industries. His achievements include building focused strategies for sustained business growth, reorganizing finance function, driving continuous improvement, bringing operational efficiencies by redesigning cost models, setting up systems to handle multiple projects simultaneously and forging strong relationships with internal/external stakeholders. He is also proficient in handling complex business projects in a cross functional and multi-cultural work situations.



**Amit Jain**  
Independent Director

Mr Amit Jain is an Independent Director of the Company. He is the Chairman of the N R Committee and Risk Management Committee.

With a career spanning over three decades, he has made a mark across sectors like FMCG, Retail, Entertainment, Media and Beauty.

He started as a Management Trainee at ICI India (now AkzoNobel India) and went on to serve as their Managing Director for four years before being appointed Managing Director for the AkzoNobel Decorative Business for North & West Europe and Non-Executive Director on the Board of AkzoNobel India thereafter.

Between these tenures, he served in leadership roles with Coca-Cola and Viacom & MTV across Asia.

Amit joined L'Oréal India in August 2018 as the Managing Director. He is responsible for driving the company's growth, operations and people strategy across India, Bangladesh, Sri Lanka and Nepal.

He has a Masters in Business Administration from the Faculty of Management Studies and has completed an Advanced Management Program from the Wharton Business School.

He is also the Chairperson of the Modern Marketing Association (MMA) India Board of Directors.



**Hemant Sahai**  
Independent Director

Mr Hemant Sahai is an Independent Director of the Company since August 2018. He is the Chairman of the Stakeholder Relationship Committee.

Hemant is the Founding Partner of the law firm HSA Advocates and member of the International Bar Association. In a career spanning over three decades, he has developed a distinct focus on projects, energy & infrastructure, regulatory disputes and governance issues impacting companies and their boards. He has served as an advisor to several working groups and committees formed by top government bodies/institutions including certain extra ministerial policy advisory bodies from time to time.

He has consistently been recognised as one of the top 100 lawyers in India by a leading international publication – IBLJ – as well as recommended as a leading lawyer by Asia Pacific Legal 500, Legal 500, IFLR, Chambers Asia Pacific as well as Chambers Global, among many others.

Hemant has studied B Com (H) and LLB at University of Delhi. He is an Independent Director on the board of MB Power (Madhya Pradesh) Limited.



**Smriti Rekha Vijay**  
Independent Director

Mrs Smriti Rekha Vijay is an Independent Director of the Company since August 2019. She is the Chairperson of the CSR Committee and Audit Committee.

Smriti is the proprietor of Smriti Rekha & Co. Chartered Accountants, a firm rendering CFO services. She has extensive experience in Corporate Finance, Tax and Governance. She has held the CFO position with the engineering MNCs such as Aker Solutions India, Aker Powergas India, Progress Software Limited, GE Industrial India Limited. Prior to this she held finance and accounting positions with Bharat Heavy Electricals, IndusInd Media & Communications and Hindustan Unilever Limited.

Smriti is an alumna of Yale School of Management with a Global executive leadership certification. She is certified information systems auditor from ISACA and ICAI. She graduated with university rank in BCom from the Madurai Kamaraj University in 1980.

An active participant in staff welfare, she's had consistent contribution to the economic appreciation of various employee benefit trusts. Throughout her education and professional career, she has been a strong advocate of volunteering services and development activities and continues to closely work with charitable and developmental organizations.

# Akzo Nobel India at a glance

Key figures: 2021-22

**68 years**

Presence in India

**~20,000**

Paint retailers

**~4,000**

Coatings Customers

**5**

Production sites

**2**

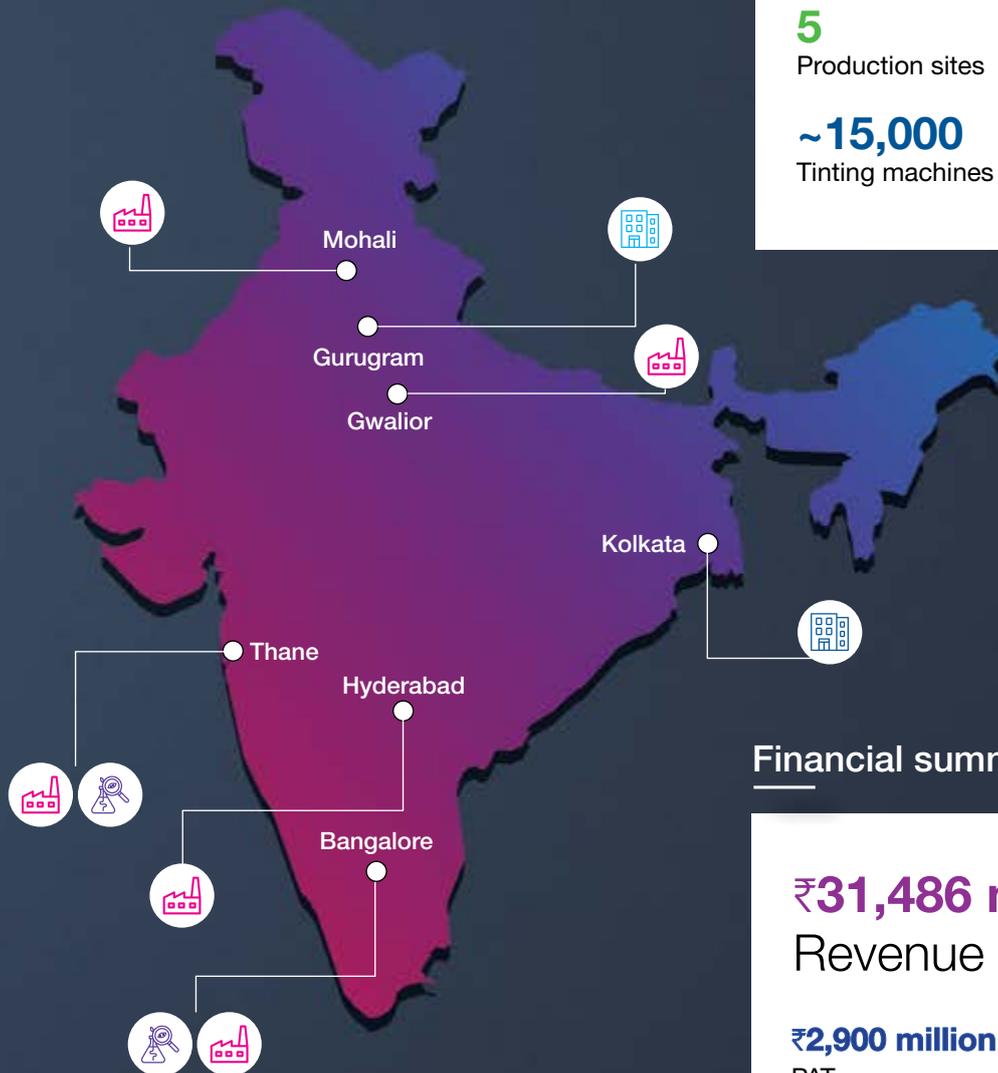
R&D centres

**~15,000**

Tinting machines

**1,467**

Employees



-  Corporate Office
-  Registered Office
-  Factory
-  RD&I Lab

## Financial summary

**₹31,486 million**  
Revenue

**₹2,900 million**  
PAT

**₹63.68**  
EPS

Sustained Dividend Payout;

**₹75 per share** to commemorate  
75<sup>th</sup> anniversary of India's Independence

## Environment

Member of **Together for Sustainability (TfS)**

**~50% raw materials** procured from Sustainable qualified sources

**Zero liquid discharge (ZLD)** across all sites

All manufacturing and commercial Sites were **covered by Lloyd's assessment**

## Social

Paint Academy - **Skill training to >11000 youth** till date

**~1.5 mn beneficiaries** of Aarogya Sakha, a telemedicine initiative

**~11%** women employees; **~17%** representation in Board, **33%** in Key Management Positions

**No fatalities and High consequence work-related injury/ill-health** in the last two years

## Governance

**Overarching policies**

**Good corporate governance**

**100%** Board attendance

**Independent** Audit Committee; **50%** Independent Board

## Who we are and what we do

As experts in making coatings, chances are you're only ever a few meters from one of our products. Active in over 150 countries, we've set our sights on becoming the global industry leader. It's what you'd expect from the most sustainable paints company, which has been inventing the future for more than two centuries.

# Performance Highlights

(₹ million, unless specified otherwise)

**30%**   
Revenue from operations

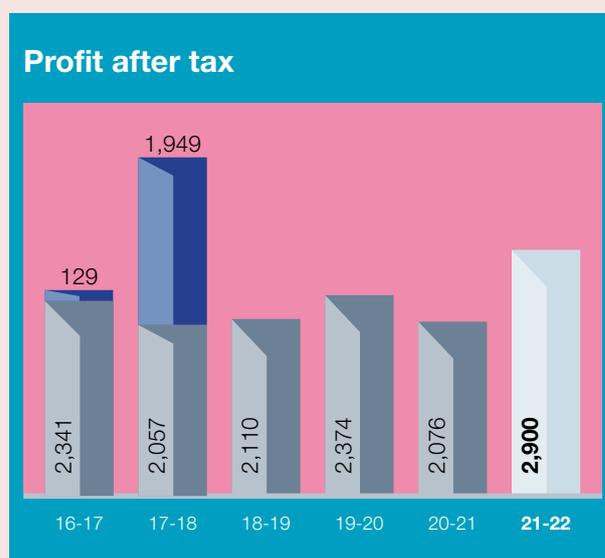
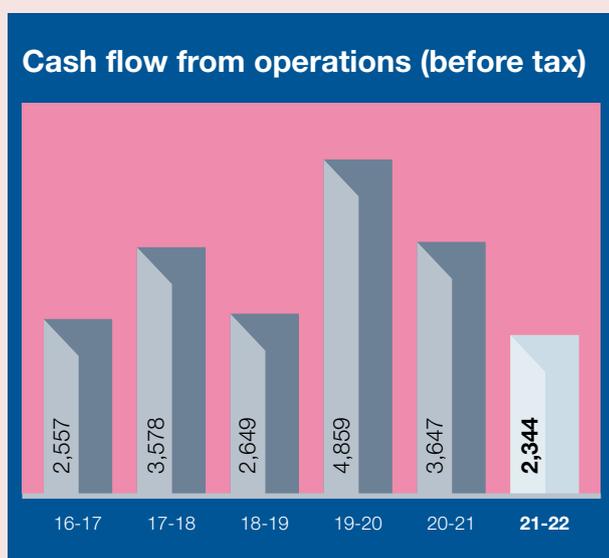
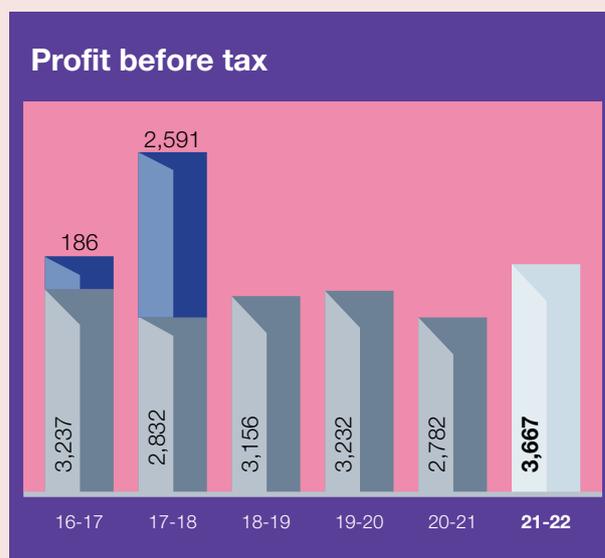
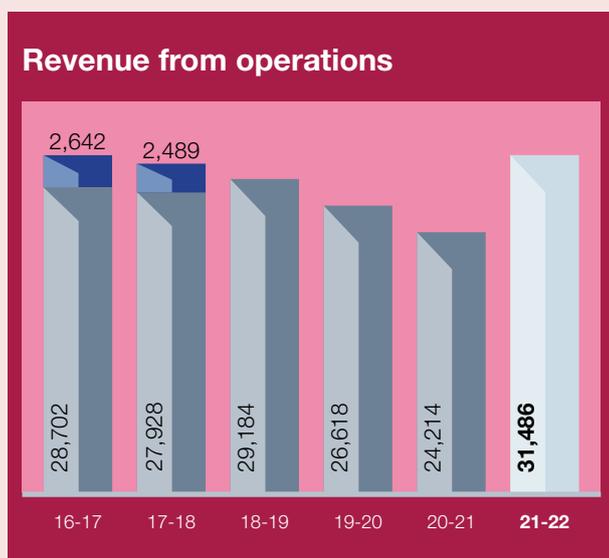
2021 - 22	31,486
2020 - 21	24,214

**34%**   
EBIT from operations

2021 - 22	3,565
2020 - 21	2,653

**40%**   
Earnings per share (In ₹)

2021 - 22	63.68
2020 - 21	45.60



Note: Figures up to 2017-18 include discontinued operations

 Discontinued Operations  Continuing Operations

# Recent Years at a Glance

## Balance Sheet

(₹ million)

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Assets</b>								
Property, Plant & Equipment	5,306	5,318	5,423	5,656	5,470	5,894	5,593	5,616
Current & Non Current Investments	4,325	6,004	3,356	5,733	3,773	840	5	*
Current & Non Current Assets	8,575	9,112	10,057	10,456	11,022	15,482	18,535	18,719
<b>Total Assets</b>	<b>18,206</b>	<b>20,434</b>	<b>18,836</b>	<b>21,845</b>	<b>20,265</b>	<b>22,216</b>	<b>24,133</b>	<b>24,335</b>
<b>Equity &amp; Liabilities</b>								
Share Capital	467	467	467	467	455	455	455	455
Reserves	10,159	11,158	9,622	12,435	10,900	11,918	12,421	12,133
<b>Shareholder Funds</b>	<b>10,626</b>	<b>11,625</b>	<b>10,089</b>	<b>12,902</b>	<b>11,355</b>	<b>12,373</b>	<b>12,877</b>	<b>12,588</b>
<b>Total Liabilities</b>	<b>7,580</b>	<b>8,809</b>	<b>8,748</b>	<b>8,943</b>	<b>8,910</b>	<b>9,843</b>	<b>11,256</b>	<b>11,747</b>
<b>Total equity and liabilities</b>	<b>18,206</b>	<b>20,434</b>	<b>18,836</b>	<b>21,845</b>	<b>20,265</b>	<b>22,216</b>	<b>24,133</b>	<b>24,335</b>

## Statement of Profit and Loss

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Revenue from operations</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>	<b>24,214</b>	<b>31,486</b>
Other income	650	567	493	434	422	376	232	227
<b>Total income</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>	<b>24,446</b>	<b>31,713</b>
Depreciation & Amortisation Expense	526	537	565	607	652	790	755	759
Finance Cost	15	22	32	35	45	93	103	145
<b>Profit before exceptional items and tax</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>2,782</b>	<b>3,647</b>
<b>Profit on sale of chemicals business</b>	-	-	-	<b>2,442</b>	-	-	-	-
Exceptional items	27	99	39	20	7	(52)	-	20
Taxation	887	1,000	953	1,417	1,046	858	706	767
<b>Profit After Tax</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>2,076</b>	<b>2,900</b>
<b>Earnings per share (₹)</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>45.60</b>	<b>63.68</b>
<b>Equity Dividend (₹) per share</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>	<b>50.00</b>	<b>75.00</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

**Oscar Wezenbeek**  
Chairman

**Rajiv Rajgopal**  
Managing Director

**R Krishna**  
Wholetime Director and CFO

**Amit Jain**  
Independent Director

**Hemant Sahai**  
Independent Director

**Smriti Rekha Vijay**  
Independent Director

## Company Secretary

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: 1800 3000 4455

## 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  
HDFC Bank  
ICICI Bank  
Standard Chartered Bank  
State Bank of India

## Key Committees

### Audit Committee

Smriti Rekha Vijay (Chairperson)  
Hemant Sahai  
Amit Jain

### Nomination and Remuneration Committee

Amit Jain (Chairman)  
Hemant Sahai  
Smriti Rekha Vijay  
Oscar Wezenbeek

## Stakeholders Relationship Committee

Hemant Sahai (Chairman)  
Rajiv Rajgopal  
R Krishna

## CSR Committee

Smriti Rekha Vijay (Chairperson)  
Rajiv Rajgopal  
R Krishna

## Risk Management Committee

Amit Jain (Chairman)  
Hemant Sahai  
Rajiv Rajgopal  
R Krishna  
Smriti Rekha Vijay  
Rohit Totla  
Prasanth Chandrasekharan  
Sumit Khatuja

# STATUTORY REPORTS

<b>Directors' Report</b>	<b>20</b>
- Management Discussion & Analysis	22
<b>Annexures to the Directors' Report</b>	
- Report on Corporate Governance	38
- Business Responsibility and Sustainability Report (BRSR)	54
- Corporate Social Responsibility (CSR) Report	74
<b>Secretarial Audit Report</b>	<b>81</b>

# PAINT THE FUTURE

Collaborative innovation by AkzoNobel

## DIGITAL CONSUMER EXPERIENCE

### INDIA STARTUP CHALLENGE 2022

*An exciting journey of discovery and collaboration has just begun!*

Launched in 2019 as our global startup challenge, Paint the Future has quickly become the world's largest collaborative innovation ecosystem in the paints and coatings industry.

India's startup ecosystem is the third largest in the world. So in the 75th anniversary of India's Independence, we've brought third regional startup challenge to India. It's about accelerating consumer-centric digital disruptions by Indian startups – the backbone of new India and painting the future together.



# DIRECTORS' REPORT

Dear Members,

The Board of Directors hereby present their 68th report on the business and operations of your Company along with the audited financial statements for the financial year ended 31 March 2022.

## Business Environment and Outlook

Although the year witnessed two waves of Covid-19, the industry was able to stage a strong comeback with supportive economic environment, fast pace of vaccination, and improving consumer sentiment.

While Paints & Coatings industry has always been at the forefront of innovations, the pandemic has further accelerated advancement in technology, usage, services and aesthetics. During the year, the decorative paints industry further expanded its offerings under health & wellness proposition, increased breadth in adjacent spaces and improved consumer experience.

After softened demand due to the pandemic, the real estate market has been on an upswing since the second half of the previous year. Sustained infrastructure investments, increased connectivity, and better job opportunities are fuelling broad-based real estate growth. This has translated into strong double-digit growth for the Projects business.

Infrastructure development remains a government priority in the medium term. The National Infrastructure Pipeline ('NIP'), which has launched many projects in core sectors like power, roads, railways, and urban projects is a beneficiary trend for Industrial Coatings which find applications in all these sectors.

There has been significant inflation in crude derivatives and critical raw materials like titanium dioxide and monomers. While the industry has taken price increases, the cost inflation has softened margins of the industry players.

## Subsidiary

Pursuant to section 129(3) of the Act read with rule 5 of the Companies (Accounts) Rules, 2014, and other applicable provisions, if any, of the Companies Act 2013 ('the Act'), a statement containing salient features of the financial statement of the subsidiary of the Company viz. ICI India Research & Technology Centre, viz. Form AOC-1 forms part of this Annual Report. The consolidated financial statements presented in this annual report include financial results of the subsidiary 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 up to the date of the Annual General Meeting ('AGM'). 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 2022 was ₹ 455.40 million comprising 45.54 million equity shares of ₹ 10 each (Previous year ₹ 455.40 million comprising 45.54 million equity shares of ₹ 10 each).

## OUR BRANDS:



## Dividend

The Board of Directors at its meeting held on 11 February 2022, approved payment of interim dividend of ₹ 40 per equity share. This dividend was paid on 7 March 2022 to those shareholders whose name was registered in the Register of Members as on 23 February 2022, being the record date. Your Directors are pleased to recommend a Final Dividend of ₹ 35 per equity share for the year ended 31 March 2022 in light of India's 75th anniversary of Independence. The Final Dividend, subject to the approval of Members at the Annual General Meeting on 5 August 2022, will be paid to those Members whose names appear in the Register of Members, as on the record date 29 July 2022. The total dividend for the financial year, including the proposed Final Dividend, amounts to ₹ 75 per equity share.

In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2021, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, accordingly, deduct tax, if any, before making dividend payments.

The Company is in compliance with its Dividend Distribution Policy as approved by the Board. In compliance with the

requirements under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Policy has been uploaded on the Company's website at [www.akzonobel.co.in](http://www.akzonobel.co.in) and may be accessed from [www.akzonobel.co.in/corporate-governance.php#policy](http://www.akzonobel.co.in/corporate-governance.php#policy).

## Transfer to Reserve

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

## Financial Statements

The financial statements include:

1. Standalone 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.

The highlights of the performance during the year are:

(₹ million)

	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Revenue from Operations	31,486	24,214	31,486	24,214
Operating Profit (EBITDA)*	4,323	3,407	4,325	3,408
Depreciation	(759)	(755)	(759)	(755)
Other Income net of finance costs	83	130	83	130
Exceptional items	20	-	20	-
Profit before tax	3,667	2,782	3,668	2,782
Tax	(767)	(706)	(767)	(706)
Profit after tax	2,900	2,076	2,901	2,076

\*before exceptional items

Key financial ratios	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Debtors Turnover	6.9	6	6.9	6
Inventory Turnover	3.3	2.9	3.3	2.9
Interest Coverage	29.9	33.2	29.9	33.2
Current ratio	1.5	1.6	1.5	1.6
Operating Profit Margin (%)	14	14	14	14
Net Profit Margin (%)	9	9	9	9
Return on Networth (%)	23	16	23	16
Debt/ Equity	5.6	5.0	5.6	5.0

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 for Return on Networth, which was increased from last year as the net profit during the year increased by 40%.

2021-22 was a year of strong progress on our Grow & Deliver ambitions. Your company achieved its highest revenue till date with 30% YoY growth. This was underpinned by strong double-digit growth across all the businesses. Decorative Paints growth was led by launches, urban markets and Projects business. Customer-centric solutions for infrastructure, power, mining, automotive industries resulted in good order books for Coatings business. 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. Raw material inflation continued to adversely impact Gross Margins. However, your company implemented judicious price increases, which helped to safeguard margins. This in conjunction with opex management helped your company achieve its highest profitability till date. We are also proud to have sustained double-digit profitability for three consecutive years.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Industry structure and developments

India's Paints & Coatings industry is approximately a ₹ 55,000 Crore market, with organized players accounting for over 75% of the industry. The decorative paint category constitutes almost 70% of the organised market and includes multiple categories like exterior wall paints, interior wall paints, wood finishes and enamels, as well as ancillary products like primers, putties, etc. The industrial paint category includes a broad array of segments like automotive, marine, packaging, powder, protective and other general industrial coatings.

The country's paints and coating industry is poised to grow at a healthy rate in the medium and long run. There have been shifts in the consumer behaviour with demand being led by shorter repainting cycles, digital initiatives, construction activity, and industrial & infrastructure development. As a result, the industry is witnessing significant investment in capacity expansions and greenfield plants by existing paints and coating producers, and forays by new entrants.

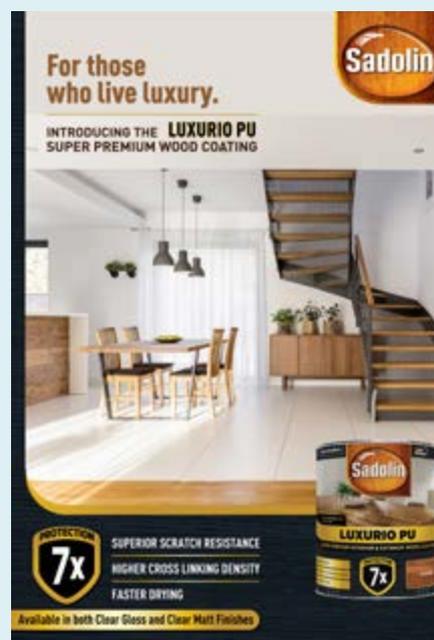
## Business Performance

### Decorative Paints:

AkzoNobel's Decorative Paints business offers a wide variety of essential products for every situation and surface, including paints, lacquers and varnishes. The business also supplies a range of tinting machines, color concepts and training initiatives to the building and renovation industry.

Some of the success stories of the year are as follows:

- Relunched super premium offering Velvet Touch with the all new Tru Color technology promising intense rich colors, further strengthening the luxury Interior Emulsion range. With this, the brand also unveiled a new campaign "Feels like Home" with an emotionally connecting father-daughter story, painting a progressive narrative. The campaign was live on TV in April 2022;
- Fortified its presence in Health & Well-being segment with the launch of its first ever Anti-Viral offering in Premium Interior Emulsions' category – Dulux SuperClean Range;
- Strengthened our Affordable segment portfolio of brands – Smart Choice with addition of new markets & channel;
- Foray into a new category/surface with the launch of our inhouse product – Dulux FloorPlus with a compelling ready to use shades offering;
- Waterproofing category strengthened with a comprehensive offering across price tiers with expansion of Aquatech DampProtect Basecoat across all geographies;
- Strengthened our play in Adjacent category with the launch of Sadolin Luxurio PU – Premium Italian Finish for woodcare category;
- Fortified our play in Professional segment with focus on Super Premium products especially our distinct 15-year warranty offering – Weathershield TRE-2000 & Elastomeric products. Both helped build a very strong pipeline across segments & drive growths across Government & Repainting segments.





### Automotive & Specialty Coatings:

Delivering cutting-edge coating solutions to a variety of industries, Automotive and Specialty Coatings ('ASC') in India comprises Automotive OEM Coatings, Consumer Electronics Coatings, Vehicle Refinishes and Specialty Coatings.

The auto industry was impacted by supply-side challenges and semiconductor shortages, but witnessed growth in Passenger Vehicles, Commercial Vehicles and Three-wheeler segments for the year. This was driven by normalization of economic activities, launch of new models and growing infrastructure building activity. Favourable government policies such as the extension of FAME-II scheme and launch of the production-linked incentive ('PLI') scheme for auto and auto component sector should bode well for the industry.

During the year, the ASC business was pleased to leverage its global partnership with McLaren in India by shipping in its 1st order. McLaren Cars operate under Super Premium luxury sports car segment and our brand Sikkens is exclusively approved and used as OEM finishes as well as for their Aluminium, Carbon fiber and other composite substrate.

Value Brand Wanda too made great strides in expanding geographic footprint.

### Powder Coatings:

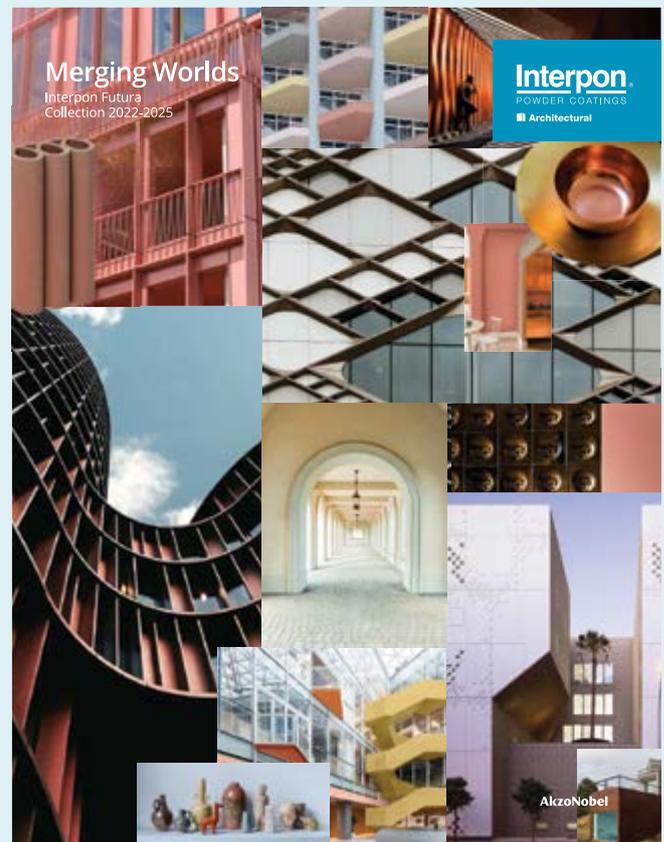
Our Powder coatings are a first-class and sustainable alternative to liquid paint. These find application in architecture, general industries, automobiles, functional and domestic appliances.

Powder Business had a strong performance in the year 2021-22 with a strong pickup in Real Estate and Automotive industries supported by Atmanirbhar Bharat and Manufacture in India Initiatives of the Government. Our bonded technology for high architectural finishes is seeing lot of traction in the market.

During the year, we launched new Futura range of contemporary colour scheme for Building Facades. We gained some good project

wins in Airport and Real Estate projects. We have also localized Interpon AM, a high-quality powder with anti-microbial technology with applications in Medical/Dental Equipment, Public Transport and Construction.

The focus on green technology is rising as India and the world get more sustainability conscious. Our Powder Coatings business has switched on to the growing needs of its customers by developing advanced technologies to help power the industry into the future. Accordingly, we launched several exciting products for the Electric Vehicle (EV) sector to help protect motors, battery system and electrical storage units.



## Industrial Coatings:

Serving the consumer goods, buildings and infrastructure industries, the Industrial Coatings business includes Coil and Extrusion Coatings, Packaging Coatings, Wood Finishes and Adhesives.



**Coil and Extrusion Coatings** provides high performance coatings to the metal construction industry including roofing, building construction, aluminium composite panels ('ACP') and Domestic Appliance ('DA') segment.

Coated steel market saw a major recovery in the current year after a slowdown in the previous year. It was majorly supported by the infrastructure push by the government and pent-up demand from capex investments from private players. Extrusion Coatings which mainly supplies coatings for aluminium facades, door and window frames and high end infrastructure, too saw a good growth from several projects taken up in the previous year, like high rise buildings, airports, etc.

This year saw a significant increase in the steel prices globally and India was no different. This was primarily because of the stimulus package and monetary easing policy by most of the countries. Unlike last year, most of the customers were ready to run the operations smoothly without much supply chain issues or labour shortage. The industry witnessed a strong growth from both domestic and export markets. Demand for this segment is likely to remain strong supported by various government initiatives and PLI schemes for the steel sector.

Our key focus in the coming years would be to launch robust and sustainable products, like Chrome free primer offerings, new functional products and highly durable Coil topcoats.



**Packaging Coatings** provides coatings and inks for the metal packaging industry including Food, Caps & Closures, General Line and Beer & Beverage industry. Packaging Coatings business in 2021-22 saw a steady growth both in domestic as well as in the exports market. This year we witnessed a good recovery in the non-essential category like deodorant, aerosols, general line etc which were impacted in the previous year due to Covid led lockdown. Beer & beverage segment continued to perform better than other segments supported by export demand and consumer inclination to move towards cleaner and renewable form of metal packaging. Our company successfully launched BPANI (BPA Non-Intended) Internal Spray Lacquer last year and saw good growth from all types of beverage cans in the current year. Metal packaging products being supplied to domestic packaged food and beverages, hotels, restaurants, and caterers, came back to pre-pandemic levels and is witnessing good growth.

## Marine & Protective Coatings:

This business is all about protecting and beautifying assets, both in and out of water.

Through our flagship '**International**' brand, Marine & Protective Coatings find applications in a variety of end-industries including Oil & Gas, Power, Infrastructure projects and Wind Energy.



Marine & Protective Coating business had a very strong growth during the year, led by project wins in Infrastructure, Mining, Power and Coastal & Navy businesses. With the pickup in business activity, demand for fire protection solutions and long-lasting corrosion protection from harsher environments is seeing higher demand across the country. We provided fire proofing solutions to commercial buildings, Covid Hospitals, Data Centres and Airports.

Some of the innovations during the year included Spray Master Aerosol Cans, enabling easy-to-use repairs; Interplus 4102 Odin gel, an effective and safer alternative for rust removal; localization of topcoats for windmill blades, which were hitherto imported; and Chromoscan tinting machines for our network expansion. We remain the preferred partners for many industry majors.

## Company's Business Strategy

Your Company's strategic objective is to build a sustainable business for long-term value creation as part of the Grow and Deliver strategy embarked by AkzoNobel Group. To achieve this objective, your company is focusing on:



## Covid-19 Update

In preparation of financial statements for the year ended 31 March 2022, the Company has taken into account the possible impact of COVID-19 and the related internal and external factors known to the management upto the date of approval of these financial statements to assess the carrying amount of its assets and liabilities. Accordingly, no material impact is anticipated in these financial statements.

## Internal Control Systems and their adequacy

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. Appropriate internal control policies and procedures have been laid down for ensuring an efficient conduct of the business, accuracy and completeness of accounting records, compliance with applicable laws and regulations, safeguarding of its assets, prevention and detection of frauds and errors and reliability of financial reporting.

Effectiveness of internal financial controls is ensured through management reviews, self-assessment and independent testing by the Statutory Auditors. The internal control systems are regularly tested and reviewed at regular intervals and cover all offices, factories, and key business areas. Any audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal controls environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

The Board periodically reviews the state of compliance with all relevant laws applicable to the Company. The Company uses a robust IT tool incorporating all applicable legal compliances with owners and approvers across functions.

The Board has also constituted a Risk Management Committee clearly defining its Terms of Reference besides roles and responsibilities. The Board has delegated the monitoring and reviewing of the risk management plan to the committee which updates the Board from time to time.

## Risks and Opportunities

At AkzoNobel, we believe that systematic risk management practices ensure effective navigation to achieve business objectives and enable sustainable growth in a volatile and complex environment. These risks are constantly evolving and changing, in terms of their impact & probability of their occurrence.

Doing business inherently involves taking risks. By seeking to take balanced risks, we strive to be a successful and respected company. Risk management is an essential element of corporate governance and strategy development. We continuously strive to foster a high awareness of business risks to provide transparency in our processes and operations. Your Company constantly scans the internal and external environment to identify the emerging risks and also assesses them for impact on your Company's objectives.

The Board monitors the implementation of Risk Mitigation measures for the key risks as identified by Risk Management Committee during the year. The Audit Committee has additional oversight in the area of financial risks and controls. We consider risk assessment and mitigation to be a continuous process. Our risk management framework provides reasonable assurance that our business objectives can be achieved and our obligations to various stakeholders can be met.

Company's policy on Risk Management is available on Company website [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed from <https://akzonobel.co.in/corporate-governance.php#policy>.

Listed below are some of the key risks and mitigation measures adopted by the Company:



### Raw Material risk (External-Strategic):

#### Risk Description

Prices of several raw materials used by the Company are driven by crude oil price and foreign exchange movement. A risk to the industry comes from Raw material prices which continue to exert inflationary pressures.

#### Mitigation

- ✓ Monitoring based on international forecasts and price trends
- ✓ Alternate sourcing avenues being identified for critical raw materials for de-risking
- ✓ Continuous efforts on Raw Material localization to reduce import dependency
- ✓ Working towards improving market intelligence of Raw material market
- ✓ Reviewing Material plan through Integrated Business planning



### Information Technology & Cyber security risk (External-Operational):

#### Risk Description

The risk of having insufficient information security / control systems and/or increased professionalism of hackers, introduction of new technology leading to potential loss of sensitive information, intellectual property, hard cash, or reputation damage.  
The risk of increasing Cybersecurity risks due to pushing our infrastructure beyond its capacity.

#### Mitigation

- ✓ Continually reinforcing a cybersecurity culture (intensified training, awareness creation etc.)
- ✓ Implementation of Security Operating Centre (SOC) for real time monitoring of cyber security risks.
- ✓ Security Assessments for increased working from home
- ✓ Continuous monitoring of infrastructure capacity to prevent cyber and continuity risks from happening.



### Statutory Compliances (External-Compliance):

#### Risk Description

The Indian regulatory environment is evolving, and we have witnessed considerable increase in regulatory scrutiny as well as stakeholder expectations. We recognize that non-compliance with applicable laws and regulations poses a threat to our financial and reputational standing.

#### Mitigation

- ✓ The Company has zero tolerance policy against non-compliance.
- ✓ Review of all applicable compliances through automated compliance tool
- ✓ Quarterly compliance status reported to the Board of Directors
- ✓ Independent assessments are also undertaken to gain assurance



### Attraction & retention of Talent (Internal-Operational):

#### Risk Description

The risk of inability to attract & retain talent in a tight talent market & a fast evolving business environment, determines, the success of our company to deliver targets.

#### Mitigation

- ✓ Focus on Talent acquisition plan
- ✓ Talent Development programme
- ✓ Succession planning
- ✓ Embed talent management framework to drive leadership development

## Opportunities

Our success as an organisation depends on our ability to identify risks and exploit opportunities generated by our business and the markets we operate in. Listed below are some of the opportunities before the Company.

### Opportunity description

#### Growing in Channels for the future:

With advent of technology enabled distribution models there has been a hyper fragmentation of channels. Accelerated growth of e-Commerce has brought about a huge opportunity to tap into these channels and drive business growth.

#### Digital Transformation:

Opportunities arising from rapidly emerging digital technologies present a chance to make meaningful interventions and develop capabilities across the value chain redefining the way we do business.

### Our response to opportunities

Several new initiatives have been launched which include digitisation, collaborating with key players in e-Commerce:

- ✓ Do it Yourself ('DIY') range of product
- ✓ Aggregator tie ups
- ✓ Launch of Global Gaudi CRM
- ✓ Launch of Barcode for tracking products

## Human Resources

We strive to lead our industry by pioneering a world of possibilities to empower people and reduce our impact on the planet, while consistently innovating to deliver the most sustainable solutions for our customers. That's why we call our new purpose - People. Planet. Paint. We grew by 2% from last year with total number of employees on rolls of the Company as at 31 March 2022 being 1,467 (previous year 1,436). Our People being our most important asset, we ensure to provide them an optimum work environment to engage, develop and grow.



The year saw a continual trend of Covid disruptions, but we stood strong and leveraged virtual modes to support employees through launching companywide initiatives like AkzoCares Covid Squad, a benevolent initiative aimed at helping employees and their families in need of support, Covengers Initiative, wherein we dedicatedly aimed interventions on mental wellbeing sessions, fun and entertainment sessions and positive connect within the organization.

As an organization, we believe in strengthening two-way communication. We launched several initiatives such as Spotlight series, wherein we had different themes for celebrating People & their achievements. Employee Brand Advocacy Program brought forward 30 Brand champions who shared their views under #MyBrandMyPride campaign. Similarly, we created different forums for our employees to connect with Leadership and their peers to share their experience and learn from each other's journey.

We focused on strengthening the sense of belonging among employees and their families through several engagement events conducted during the year. Some of the successful events conducted included Rangmanch, Q for Curious, Flying Colors, etc. where we had massive participation and a high engagement level. We rolled out Annual engagement calendar at the start of the year and accordingly executed the aforementioned events as planned.

### Employee Engagement:

The uniqueness in our work culture remains in creating a leadership ladder within the organisation with principles based on empowering, decision making, agility in actions, cultivating right behaviors, recognizing and rewarding performance. During this year, employee participation moved to top Decile score in the Organizational Health Index Survey ('OHI') which depicts our employees trust on company direction & leadership and initiatives focusing on their development, growth, motivation, etc. Your Company links itself to the 4 C's of workplace principles; Care, Connect, Capability and Culture.



## Employee Wellness

Wellness of our employees was a key focus area during the year. Special programs were curated to support our employees and their families during these trying times, such as the Akzo Cares Oxygen Support, CovidSquad, Covengers initiative for physical & mental wellbeing, and Visit - The Telehealth Support programme, etc. Vaccination drives were conducted at various sites and offices.

A benefits Insurance Top up plan was also rolled out for employees to enhance the medical insurance coverage sighting increase in medical expenses due to pandemic.



## Rewards

Performance reviews were conducted for all employees. Annual Compensation Process for all employees was completed effectively per the guideline.

## Capability Building

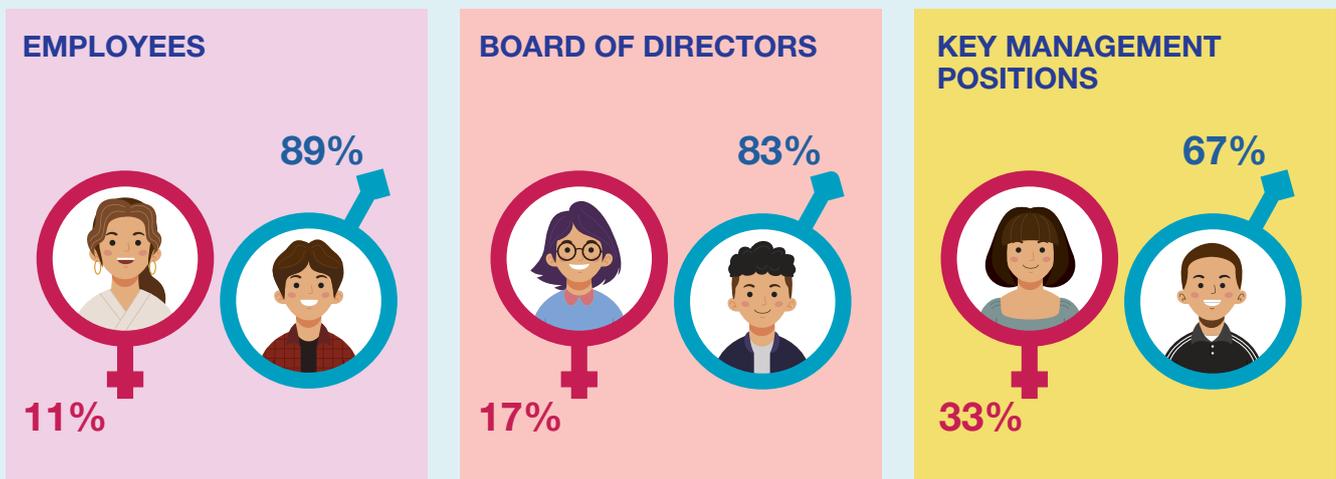
While standard training programs on Code of Conduct, Diversity & Inclusion (Unconscious Bias, Diversity Equity & Inclusion - DEI Sensitization and Awareness) are done each year, this year's capability building agenda focused on several talent management programs for different talent segments. The overall framework for all the identified leadership development or talent management programs remains aligned to the AkzoNobel framework of Align-Execute-Renew.

In the global talent program, we witnessed more than 100 employees from different functions participating as the Emerging Talent from India. Similarly, in the regional South APAC program, we observed highest number of participants from India under various streams such as Leading Self and Leading Team(s). Both the programs have blended approach, projects, workshops and learning assignments aimed at engaging and building future ready talent. Several other programs were launched which are primarily focused on upskilling participants keeping succession planning in mind, and in developing talents on key functional and technical skillsets needed for the team to enhance performance. Apart from these design-based interventions, there has been high utilization of e-learning modules available on Company's platform for self-learning.

## Diversity & Inclusion ('D&I')

D&I has been one of the key focus areas throughout the year. From rolling out initiatives to strike the right mix of Diversity in our employees through several recruitment focus initiatives, there are many actions done to develop the right Infra and create a no gender bias environment. Women Inspired Network (WIN), India chapter which was launched to drive focus on diversity last year continued to create awareness & sensitization through several initiatives & interventions throughout the year. WIN India Led the #MenasAllies Campaign Globally during April-May 2021. Akzo Nobel India has tied up with the UN Global Compact group and is now part of Target gender equality.

Company's policy on Diversity & Inclusion is available on Company website [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed from <https://akzonobel.co.in/corporate-governance.php#policy>



## Nomination and Remuneration Policy

The Nomination and Remuneration Policy relating to the Directors and Key Managerial Personnel ('KMP') has been formulated by the Nomination and Remuneration Committee ('NRC') and approved by the Board of Directors.

This policy, inter alia, stipulates the criteria for board diversity, appointment and remuneration of Directors and KMP which include determination of qualifications, positive attributes, independence of a director, reviewing succession plans, evaluation of Board performance. The terms of reference of the Nomination and Remuneration Committee is outlined in the Corporate Governance Report which forms part of this Report.

The NRC Terms of Reference cum Policy is available on company website at <https://akzonobel.co.in/corporate-governance.php#policy>

Information required under section 197(12) of the Act read with rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, forms part of this report. However, in terms of the provisions of section 136 of the Act, the Annual Report is being sent to members excluding the aforementioned 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.

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

Name	Status	(i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22	(ii) Percentage increase in remuneration during 2021-22 over 2020-21
Oscar Wezenbeek	Non Executive Director	-	NA - no remuneration was paid to him during his tenure as a Director
Rajiv Rajgopal	Managing Director	38.30 (Refer Note 5 below)	11% increase in base salary based on Industry benchmarking.
R Krishna	Wholetime Director and CFO	NA - only part of the year in 2021-22	NA
Lakshay Kataria	Wholetime Director and CFO	NA - only part of the year in 2021-22	NA
Amit Jain	Non Executive – Independent Director	2.29	30%
Arvind Uppal	Non Executive – Independent Director	NA - only part of the year in 2021-22	NA
Hemant Sahai	Non Executive – Independent Director	2.18	32%
Rahul Bhatnagar	Non Executive – Independent Director	NA - only part of the year in 2021-22	NA
Smriti Rekha Vijay	Non Executive – Independent Director	2.24	36%
Harshi Rastogi	Company Secretary	11.35	8.0% Increase in base salary based on industry benchmarking

	Description	Remarks
(iii)	Percentage increase in the median remuneration of employees in the financial year	6.7%
(iv)	Number of permanent employees on the rolls of the Company	1,467 as on 31 March 2022
(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 6.7%, 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:

- The aforesaid details are calculated on the basis of remuneration for the financial year 2021-22.
- Median remuneration in the Company (Base Salary) for all its employees was ₹ 0.85 million for the financial year 2021-22.
- Remuneration to Directors includes sitting fees paid to them for the financial year 2021-22.
- Remuneration to Directors is within the overall limits approved by the shareholders.
- In the previous year Managing Director got a one time performance incentive payout for 15 by 20 target achievement.

## Corporate Governance

Maintaining high standards of Corporate Governance has been fundamental to the business of your Company since its inception. In compliance with Regulation 34 read with Schedule V of the Listing Regulations, a Report on Corporate Governance for the year under review is presented in a separate section as Annexure I.

## 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 is available on the company's website [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed from [www.akzonobel.co.in/corporate-governance.php#policy](http://www.akzonobel.co.in/corporate-governance.php#policy).

## Sustainability

The Board views sustainability as an intrinsic value driver.

Guided by our People. Planet. Paint. approach, which lies at the heart of everything we do, we've made it our business to deliver the sustainable and innovative solutions that our customers, communities – and the planet – are increasingly relying on. We're fully focused on ensuring that the pioneering paints and coatings we supply today can help to safeguard our world far beyond tomorrow.

Other approach to sustainable business is also designed to contribute to global agenda represented by the United Nations Sustainable Development Goals ('SDG'). We believe our products and ongoing innovation can have the biggest impact on the following goals:



Sustainability for the Company also means delivering long-term value for all our stakeholders while effectively handling financial, social and environmental aspects. We are committed to pursuing our economic growth while concurrently watching our ecological footprint and increasing our positive social impact. 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.

Company's policy on Sustainability is available on Company website [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed at <https://akzonobel.co.in/corporate-governance.php#policy>

SEBI vide its Notification dated 5th May, 2021, has discontinued the requirement of submitting a Business Responsibility Report ('BRR') after the financial year 2021–22 and with effect from the financial year 2022–23, the top one thousand listed entities, based on market capitalization as on the 31st day of March of every financial year, have been mandated to submit a Business Responsibility and Sustainability Report ('BRSR') in the format as specified from time to time.

The disclosure requirement in BRSR is based on National Guidelines on Responsible Business Conduct Principles ('NGRBC'). In compliance with Regulation 34 of the Listing Regulations, your Company has voluntarily provided a BRSR, and the same forms part of this Annual Report, and is attached as Annexure II-A

## Corporate Social Responsibility



Some highlights of the CSR activities conducted during the year are as under:

Company fully understands its role and responsibilities when it comes to society and contributing to the communities in which it operates. This forms an integral part of its sustainability agenda. Your Company engages with people and partners with various like-minded organizations, corporates, government bodies to help bring the AkzoNobel brand to life, while also supporting deserving and sustainable projects and causes. The CSR agenda of your Company is based on economic development through pillars of skill building, education and community healthcare and is governed by policies duly approved by the CSR Committee, Board and the Companies Act 2013.

## 1) SKILL TRAINING



As a part of this initiative, your Company runs 5 own skill training centres (2 recognized by National Skill Development Corporation as International Training Centres) of AkzoNobel Paint Academy ('APA') in four states of India offering skill training to more than 2,000 youth and painters per year in Decorative Paints and Vehicle Refinish. In partnership with like-minded corporates it is also running 5 more skill training centres. Post the training these youth are linked to employment with paint contractors and automobile body shops.

As a part of Diversity & Inclusion initiative, APA has put special focus on disadvantaged groups and sections of society to bridge inequality. The following initiatives have been taken in this regard during the year:

- 310 women have been trained and placed in jobs as painters
- 147 prison inmates and juveniles have been trained out of which 35 have gained a fresh lease of life by resuming work as painters
- Women empowerment programme for rural women under which 180 women have been trained in Decorative Paints and linked with employment as painters
- APA has conducted deco training for 25 youth at Imphal as livelihood rehabilitation for youth recovered from drug addiction as a pilot project
- MOU with Apna (professional networking and job app/portal for blue collared work force) for providing professional development of painters

### Key Highlights

- **>6,800 youth and painters** trained in last 3 years
- **>1,388 youth** trained in 21-22
- Upskilled **>1,440 painters** in 2021-22
- **41%** of youth trained in decorative paint fresh skilling during the year are **D&I candidates**
- **400 women & 350 prison inmates & juveniles** trained till date
- Skill training programme for **LGBT+ community**
- Presence of **AkzoNobel Paint Academy at two aspirational districts** - Darrang (Assam) and East Singhbhum (Jharkhand)



## 2) EDUCATION



Your Company is committed towards all round educational development of under privileged children in India. Our flagship education project named 'Parivartan' (meaning Progressive Change) is being implemented in six states and is instrumental in transforming the lives of more than 2,400 children during the year by using education as a medium. In this project, we offer a three-tier program-

- Early childhood education to children from 2-6 years
- Non-formal education to out-of-school children to bring them back to formal school, and
- Remedial education to under privileged children to improve their grades and stop them from dropping out of school.
- Digital Literacy

In Bhind district of Madhya Pradesh, your Company continued the education program for adult women who have never attended school.

To ensure continuing education for under privileged children in Government schools during COVID19, AkzoNobel provided 270 digital tablets to support more than 500 children to prepare for class 10th board exams.

To provide better and colorful ambiance, your Company has painted 19 Government schools across Delhi, Haryana, Maharashtra, Kerala and Telangana which has helped more than 15,000 children in 5 states.

### Key Highlights

- **>7,706** children benefitted since 2019
- **>800** out of school children linked to formal schools



### 3) COMMUNITY HEALTHCARE



Your Company in partnership with Government Health Departments provides preventive and curative health care to more than 60,000 villagers around Bengaluru (Karnataka) and in Bhind (Madhya Pradesh) through tele medicine. The project uses latest technology like Artificial Intelligence (AI) to detect diseases and provide access to specialized diagnostic services.

The project is a boon for the villagers as it provides free of cost diagnostic services and ensures access of specialized health care at their doorstep.

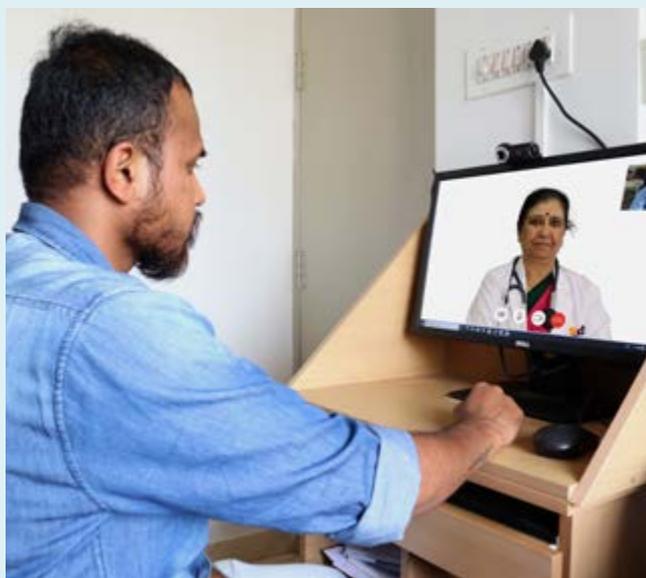
As an extension of Tele-health project of Bengaluru, your Company kicked off a new project pan India during COVID 19 viz. 'Arogya Sakha' (health's best friend) exclusively for the painter community and their families. In this project, more than 1.5 million beneficiaries get access to specialist doctors through tele-medicine.

Your Company provided 5 motorized wheelchairs to under privileged people with muscular dystrophy in Kerala.

In order to support food security for the most vulnerable sections of society, AkzoNobel provided support to community kitchen which provided nutritious food to 250 women and children across 4 villages of Mayurbhanj district of Odisha.

#### Key Highlights

- Since 2019, >21,000 tele consultations provided to villagers and painters
- >12,500 tele consultations in 2021-22
- Access of tele medicine to more than 1.5 Million painter families
- ~60% of the beneficiaries are women and children



### 4) COVID-19 RELIEF WORK



Your Company came forward to help the needy and be in the forefront in providing relief during the second outbreak of COVID-19.

#### Key Highlights

- Helpline for painters to support them for COVID treatment and facilitate vaccination. The helpline facilitated vaccination for more than 25,000 painters across India. A similar helpline was also initiated for families of underprivileged children studying in Project Parivartan across five locations
- Donated medical equipment to fight against COVID19
- Donated 55 Oxygen Concentrators and 150 oximeters to local Government bodies in four states besides distributing PPE kits to front line health workers in three states



#### CSR Award:

Your Company was proud to receive

- **2021 CII-ITC Sustainability Award** for significant excellence in CSR Domain. On 31 January 2022, the award was presented to AkzoNobel India in the presence of Minister of State for Corporate Affairs, Planning and Statistics, at a virtual event
- **2022 Communitas Award** for its CSR projects undertaken in 2021-22 with special emphasis on Diversity & Inclusion in skilling youth belonging to the vulnerable sections of society. The award was given by the Association of Marketing and Communication Professionals, America

**Case Study 1:****AkzoNobel Paint Academy (Vehicle Refinish)**

This is an inspiring story of a village boy who made a successful career after beating all odds. Son of a farmer, Sudarshan is the oldest of the three siblings. After completing his secondary school education, he knew he had to contribute to the family income to ensure continuity of his siblings' education. At this crucial junction, one of the counsellors of AkzoNobel Paint Academy ('APA'), Bengaluru, informed Sudarshan about the Vehicle Refinish course. The course, per his words, 'changed his destiny'. In January 2016, he completed the course and was placed with a paint body shop of Honda with a starting salary of Rs.10,000/month. Continuing the support, APA facilitated a job offer from Toyota Qatar as a paint applicator. It's been two years since he has been working in Qatar and earning Rs. 65,000/month. Sudarshan has only fond memories of the APA as it has transformed a village youth like him to achieve his dream career!

**Case Study 2:****AkzoNobel Paint Academy (Training at Faridabad District Prison)**

Everyone in life deserves a second chance! Nobody more than Birbal believes in this as he recalls his difficult past. Life changed for this daily wage labourer at a local factory of Faridabad, when one day he was caught in a fight between his co-workers and the owner of the factory and sentenced to six months imprisonment. Birbal had almost given up on life when suddenly he came to know about the livelihood rehabilitation programme started by Akzo Nobel India in partnership with Faridabad District jail. After being counselled by our trainer, Birbal took the Decorative Paints training at the prison campus. The silver lining was when Birbal was released from prison and was linked up with a painter's job at Faridabad, a dignified profession!

Today Birbal is happy as he earns Rs15,000 per month and takes care of his family. He knows he has got a second chance in life which he is determined to make it count.



### Case Study 3:

#### Malanpur PHC

A wonderful success story of Public Private Partnership in CSR is Malanpur Primary Health Centre ('PHC') at Bhind district (Madhya Pradesh). The PHC now provides access to 18 specialist doctors and 4 Generalist doctors vide a tele medicine project named Arogya Disha. Earlier there were only 2 MBBS doctors for ~60,000 villagers. Things changed when Akzo Nobel India joined hands with MP State Health Department in August 2020 to start this tele medicine project. Seeing the good progress, the Chief Medical Health Officer ('CHMO') of Bhind district has now appointed two additional doctors in the PHC which further builds its capacity to cater to the health needs of the villagers. The PHC has become a beacon of hope for the villagers, especially women and children of the villages.



### Case Study 4:

#### Project Parivartan, Bengaluru

Nayana M, aged 15 years, is a student of class 10th Government School, Doddahulluru village, Hoskote Bengaluru, born to underprivileged parents having ₹12,000 per month as family income, inadequate to educate two children. Her parents were not aligned to Nayana's aspiration to study further and become a doctor due to their limited means. Nayana, soon started losing interest in studies and became withdrawn. Our Parivartan project student counsellor noticed this behaviour and the our staff counselled her to remain positive and met her parents as well. The parents finally understood that Government provides all support for higher education and Parivartan project of Akzo Nobel India provides free of cost supplementary education along with life skill education. After persistent counselling, Nayana's parents were convinced to continue her studies. The move proved to be a turning point in her life as she kept focus on her studies and with support from Project Parivartan she topped her Grade IX examination. Now Nayana has been actively pursuing her Grade X studies and her dream to become a doctor. As they say, there's now no stopping for her to achieve her dreams.



**D&I alumni speaks:**

Deepika (Deco APA Alumni, Kolkata)

“I am thankful to APA to give me a professional identity and confidence to live life on my own terms. I have proved many people wrong as I have made my parents proud of me. Today people love and respect me for my skill”



Yabana Naidu (Vehicle Refinish APA Alumni, Navi Mumbai)

“I feel proud that I am one of the first few female automobile painters in India. It's just a beginning of a long journey and I want to inspire more women to join this exciting profession”



Suresh, Paint Contractor (Faridabad project training centre Alumni)

“When everyone had discarded me, APA gave me an opportunity to start a fresh life. Today not only I earn my livelihood through painting profession but also help other people like me to start a new life of respect”



Bipin (Alumni of Imphal project training centre)

“I today realize there is no addiction better than addicted to the wonderful thing called life. Thanks to APA that empowered me during one of the most vulnerable times of my life. Today I am skilled and ready to make a fresh start in life”

**Conservation of Energy, Technology Absorption and Forex Earnings and Outgo**

Your Company continues to use its research and development base to bring to consumers new products with improved performance features and 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 has always been on the forefront in terms of leveraging technology for the business, which enabled us to accept the new normal and the challenges of the time which enabled us to accept the new normal.

Pandemic hastened the use of technology to enable us to conduct the business in a hybrid manner.

Investment in digital technologies such as Artificial Intelligence ('AI'), Advanced Analytics, Robotic Process Automation ('RPA') continued to create immense customer experiences and aid in organisational productivity.

Your Company continued to rationalise systems to remove redundancies where they exist.

**Policy against Sexual Harassment**

The Company has instituted a policy on Prevention of Sexual Harassment at Workplace, which has been disseminated amongst all employees. The Policy is available on the company's website [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed from [www.akzonobel.co.in/corporate-governance.php#policy](http://www.akzonobel.co.in/corporate-governance.php#policy). It seeks to prevent and deter acts of sexual harassment and communicate procedures for their resolution and settlement. Your Company has constituted an Internal Complaints Committee in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and is accordingly fully compliant. To build awareness in this area, the Company has conducted induction / training programmes in the organisation. There were no complaints reported during 2021-22. Other mandatory disclosures related to this are given in the Corporate Governance Report.

**Related Party Transactions (RPTs)**

All related party transactions which were entered into during the year under review were on arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by the Company with the Promoters, Directors and KMP which may have a potential conflict with the interests of the Company at large.

The Board of Directors of the Company has approved the criteria to grant omnibus approval by the Audit Committee within the overall framework of the policy on related party transactions. Prior omnibus approval is obtained for related party transactions which

are of repetitive nature and entered in the ordinary course of business and at arm's length.

All related party transactions are placed before the Audit Committee for review and approval.

Your Company's Policy on materiality of RPTs and dealing with RPTs is available on the company's website [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed from [www.akzonobel.co.in/corporate-governance.php#policy](http://www.akzonobel.co.in/corporate-governance.php#policy).

Members may refer to note no. 34 to the financial statements which sets out related party disclosures pursuant to IND AS 24.

Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of Section 188 of the Act including certain arm's length transactions under third proviso thereto are required to be disclosed in Form AOC-2 which forms part of this report.

## Loans, Guarantees or 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 hold office till conclusion of the Annual General Meeting to be held in 2026 and will continue as the Statutory Auditors of the Company and have confirmed that they duly fulfil the requirements under applicable laws and regulations to continue as the Auditors of the Company.

The Auditors' Report for the financial year 2021-22, does not contain any qualification, reservation or adverse remark.

The Statutory Auditors of the Company have not reported any Fraud as specified under Section 143(12) of the Act.

### Secretarial Auditors

In terms of section 204 of the Act, Secretarial Audit was conducted for the financial year 2021-22 by M/s A K Labh & Co., Company Secretaries, Kolkata. Their report is appended. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has re-appointed M/s A K Labh & Co., Company Secretaries, Kolkata to conduct Secretarial Audit for the financial year 2022-23.

### Cost Auditors

In terms of Section 148 of the Companies Act 2013, Cost Audit was conducted for the year 2021-22 by M/s Chandra Wadhwa & Co., New Delhi. The Cost Audit report for the year 2020-21 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 2022-23, 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 and audited by the Cost auditors.

## Annual Return

In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, as amended, the Annual Return of the Company is available on the website of the Company at [www.akzonobel.co.in](http://www.akzonobel.co.in), and can be accessed from [www.akzonobel.co.in/investors.php#anr](http://www.akzonobel.co.in/investors.php#anr).

## Directors & Key Management Personnel

There were following changes in the composition of the Board since last Director report:

- 1) Mr Lakshay Kataria, Wholetime Director and CFO resigned w.e.f. 1 October 2021
- 2) Mrs Harshi Rastogi, Company Secretary, was in the board from 1 October 2021 to 30 November 2021
- 3) Mr R Krishna, Wholetime Director and CFO, joined the Board from 1 December 2021.

Mr Oscar Wezenbeek will be retiring by rotation at the forthcoming Annual General Meeting (AGM) and has offered himself for re-appointment.

The present term of appointment of Mrs Smriti Rekha Vijay as an Independent Director of the Company ends on 15 August 2022. Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board resolved to recommend her re-appointment for another term of three years subject to the approval of the shareholders.

The appointment of Mr Oscar Wezenbeek and Mrs Smriti Rekha Vijay are included in the Notice convening the AGM for seeking your approval. A brief profile of Mr Oscar Wezenbeek and Mrs Smriti Rekha Vijay as required under regulation 36 of the Listing Regulations is also given as an annexure to the Notice.

Mr Rajiv Rajgopal, Managing Director, Mr R Krishna, Wholetime Director and CFO and Mrs 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 terms of reference and composition of all the Committees of the Board has been provided in the Corporate Governance Report.

## Board Meeting Dates

There were 6 Board Meetings during the year under review. The Board Meeting Dates and the attendance of the Directors at the meetings have been provided in the Corporate Governance Report.

## Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts, the applicable Indian accounting standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) the Directors have 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 have prepared the annual accounts on a going concern basis;
- e) the Directors have 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. There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report.
7. 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.
8. Your Company has complied with the Secretarial Standards, as applicable, issued by The Institute of Company Secretaries of India.
9. Your Company has neither made any application nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016.
10. Your Company has not made any one-time settlement against loans taken from the Banks or Financial Institutions.
11. Independent Directors have confirmed that they meet the criteria of independency in terms of Section 149(6) of the Companies Act, 2013.

## 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.

All figures in this report and annexures thereto are in Rupees ('₹') million, unless specified otherwise.

## Acknowledgments

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment, in particular during this unprecedented year. Despite the challenges all our employees, especially the front-line employees working in our factories, sales and service, demonstrated unwavering commitment which helped us deliver our commitment to serve our consumers at all times. Your Directors would also like to acknowledge the excellent contribution by the parent company in providing the latest innovations, technological improvements and marketing inputs across categories in which it operates. This has enabled the Company to provide a higher level of consumer delight through continuous improvement in existing products, and introduction of new products.

The Board also wishes to place on record its appreciation for the support and co-operation that your company has been receiving from yourselves, suppliers, distributors, retailers, investors, bankers, agents, government and regulatory authorities, stock exchanges, other business partners and stakeholders.

On behalf of the Board

**Oscar Wezenbeek**

Chairman

DIN 08432564

Place: Singapore

Date: 27 May 2022

# ANNEXURE I

## Report on Corporate Governance

### 1. Company's philosophy on Corporate Governance

**Akzo Nobel India aspires to the highest standards of corporate governance and seeks to consistently enhance shareholder value**

Your Company truly believes that responsible Corporate conduct is integral to the way we do business. Your Company's Corporate Governance philosophy is aimed at assisting the management of the Company in the efficient conduct of the business and in meeting obligations to all its stakeholders. Your Company is conscious of the fact that the success of an organisation is a reflection of the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirements, the Company endeavours to ensure that highest standards of ethical and responsible conduct are met throughout the organisation.

It implements policies and guidelines, communicates and trains all its employees to develop a culture of compliance at every level of the organization.

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. 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. An integration of its environmental, social, and governance principles has held the Company stronger during these difficult times

We believe that a dynamic, diverse and experienced Board with a focus on excellence plays a pivotal role in your Company's corporate governance aspirations. In view of this, we endeavour to maintain a Board composition that brings healthy balance of skills, experience, independence, assurance, growth mind-set and deep knowledge of the sector.

To make informed decisions, the Board has constituted Committees viz. Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee, to oversee specific areas within their purview and as per Terms of Reference.

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) and can be accessed from <https://akzonobel.co.in/corporate-governance.php#principle> and <https://akzonobel.co.in/corporate-governance.php#policy>

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

Your Company follows the requirements of Corporate Governance stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations'), as reported below.

### 2. Board of Directors

#### Composition

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

Name of the Director	Category of Directorship in the Company	Directorship held in other listed entities	Directorship in other Companies# (Chairmanship)	Membership in specified* committees (Chairmanship)
Oscar Wezenbeek	Non Executive Chairman	-	-	-
Rajiv Rajgopal	Managing Director	-	-	1
Lakshay Kataria <sup>1</sup>	Wholetime Director	-	-	1
Harshi Rastogi <sup>2</sup>	Wholetime Director	-	-	1
R Krishna <sup>3</sup>	Wholetime Director	-	-	1
Amit Jain	Independent Director	-	-	1
Hemant Sahai	Independent Director	-	1	2(1)
Smriti Rekha Vijay	Independent Director	-	-	1(1)

<sup>1</sup> Upto 30 September 2021

<sup>2</sup> from 1 October 2021 to 30 November 2021

<sup>3</sup> From 1 December 2021

# 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

Since last report there were following changes in the composition of the Board:

- 1) Mr Lakshay Kataria resigned w.e.f. 1 October 2021.
- 2) Mrs Harshi Rastogi was in the board from 1 October 2021 to 30 November 2021.
- 3) Mr R Krishna joined the Board from 1 December 2021.

### Board Procedures

The Board of Directors of the Company, as on 31st March, 2022, is duly constituted with proper balance of executive directors, non-executive directors and independent directors.

The Board normally meets once in a quarter to review the financial results and operations of the Company besides meeting as and when necessary to deal with specific matters. The Board and its Committee meetings are pre-scheduled and an annual calendar of the meetings is circulated to the directors well in advance. In case of urgent matters, the Board also meets or approval is taken through resolution by circulation.

The Board Meetings are governed by a structured agenda. The Company Secretary finalises the agenda in consultation with the Chairman, the Managing Director and CFO and the same is circulated to the Board/committee members atleast seven days in advance to ensure that they are able to discharge their role and responsibilities effectively. The Company has a system in place where the directors can seek further information and clarifications on the agenda items before the meeting for meaningful participation in the meeting. All Board members have access to accurate, relevant and timely information to fulfil their responsibilities.

With respect to the agenda for the committee meetings, the Chairperson of the respective committee is consulted while finalising the agenda. In special and exceptional circumstances, additional item(s) are taken up as 'any other item' with the permission of the respective chairpersons and consent of majority of the Board / respective committee members present at the meeting.

The agenda, minutes and all documents of the Board and committee meetings are circulated electronically through a secured digital platform. This online platform enables the Board members to access the historical agendas, minutes, committee terms of reference, dossiers, and related matters making the board communication seamless and paperless.

All Board members are provided with necessary documents, 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.

The Board, inter alia, reviews annual operating and capital expenditure plans and budgets, financial statements, press releases, compliance report(s) of laws applicable to the Company, major legal and tax matters, appointment and remuneration of Directors, quarterly functional updates, relevant statutory changes, judicial pronouncements and their impact on the Company etc. All these are circulated to all the Board members including all relevant information specified in the Listing Regulations.

### Meetings and attendance

Given below is the consolidated list of meetings of the shareholders, Board and committees held during April 2021 to March 2022 and attendance details of Directors:

Meeting	Date
Annual General Meeting ('AGM')	13 Aug 2021
Board	22 May 2021, 13 Aug 2021, 24 Sep 2021, 12 Nov 2021, 11 Feb 2022 and 17 Mar 2022
Audit Committee	22 May 2021, 13 Aug 2021, 24 Sep 2021, 12 Nov 2021 and 11 Feb 2022
Stakeholders Relationship Committee ('SRC')	25 Feb 2022
Nomination and Remuneration Committee ('NRC')	22 May 2021, 24 Sep 2021, 27 Oct 2021 and 09 Feb 2022
CSR Committee	25 Oct 2021 and 02 Feb 2022
Risk Management Committee ('RMC')	20 Oct 2021
Independent Directors Meeting	09 Feb 2022

## Attendance

			AGM	Board	Audit	RMC	NRC	SRC	CSR
<b>No. of Meetings held</b>			<b>1</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>2</b>
<b>Directors</b>	<b>Date of joining the Board</b>	<b>Date of cessation</b>							
O Wezenbeek	04 May 2019	Continuing	1	6	1	NA	4	NA	NA
R Rajgopal	01 Nov 2018	Continuing	1	6	NA	1	NA	1	2
R Krishna	01 Dec 2021	Continuing	-	2	NA	-	NA	1	1
Harshi Rastogi	01 Oct 2021	1 Dec 2021	-	1	NA	1	NA	-	1
L Kataria	01 Feb 2019	1 Oct 2021	1	3	NA	-	NA	-	-
A Jain	02 Jan 2014	Continuing	1	6	4	1	4	NA	NA
H Sahai	03 Aug 2018	Continuing	1	6	5	1	4	1	NA
S Vijay	16 Aug 2019	Continuing	1	6	5	1	4	NA	2
A Uppal	01 Apr 2011	23 May 2021	-	1	1	-	1	NA	NA
R Bhatnagar	16 Aug 2019	23 May 2021	-	1	1	-	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.

## 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:

<b>Skills &amp; its description</b>	<b>Oscar W</b>	<b>Rajiv R</b>	<b>Krishna R</b>	<b>Amit J</b>	<b>Hemant S</b>	<b>Smriti V</b>
<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>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.	✓	✓	✓	✓	-	-

## 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 is available on the company's website [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed from [www.akzonobel.co.in/familiarization.php](http://www.akzonobel.co.in/familiarization.php)

## 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.

### 3. Audit Committee

#### Composition

S Vijay (Chairperson)	Independent Director
H Sahai	Independent Director
A Jain	Independent Director

The terms of reference of the Audit Committee covers the matters specified for Audit Committees under Regulation 18 read with Part C of Schedule II to the Listing Regulations and Section 177 of the Act.

The terms of reference of the Committee include:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- Recommendation for appointment, remuneration and terms of appointment of statutory auditors;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Reviewing management discussion and analysis of financial condition and results of operations;
- Reviewing the appointment, removal and terms of remuneration of the chief internal auditor and other internal auditors;
- Reviewing with the management, performance of internal auditors, adequacy of the internal control systems;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is

suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

- Reviewing with the management letters of internal control weaknesses issued by the internal auditors;
- Approval or any subsequent modification of transactions with related parties;
- Reviewing statement of significant related party transactions (as defined by audit committee), submitted by management;
- Reviewing the functioning of the vigil policy/whistle blower mechanism;
- Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;
- Discharging such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time.

The Audit Committee is a three member committee, comprising of Independent Directors all of whom possess necessary knowledge in financial management, core principles of accounting, internal controls and business matters. The composition of Audit Committee complies with the requirements of the Act and the Listing Regulations. The Chairman, Managing Director, Wholtime Director & CFO, Internal Auditors and Statutory Auditors are permanent invitees to the meetings of 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.

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

Mrs S Vijay, Chairperson of the Committee, attended the AGM of the Company held on 13 August 2021.

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 Sl. No. 2 above.

## 4. Risk Management Committee

### Composition

A Jain (Chairman)	Independent Director
R Rajgopal	Managing Director
L Kataria <sup>1</sup>	Wholetime Director and CFO
H Rastogi <sup>2</sup>	Wholetime Director and CFO
R Krishna <sup>3</sup>	Wholetime Director and CFO
H Sahai	Independent Director
S Vijay	Independent Director
A Singh <sup>4</sup>	Country HR Manager
R Totla	Director Sales
P Chandrasekharan	Sales Manager – Automotive & Specialty Coatings
S Khatuja	Country Manufacturing Manager

<sup>1</sup>upto 30 Sep 2021

<sup>2</sup>from 1 Oct 2021 to 30 Nov 2021

<sup>3</sup>from 1 Dec 2021

<sup>4</sup>upto 31 March 2022

The Risk Management Committee comprises of five directors, of whom three are independent directors, two are executive directors, and three members from the senior management. The Risk Officer is a permanent invitee to the Risk Management Committee.

The roles and responsibilities of the Risk Management Committee are as prescribed under Regulation 21 of the Listing Regulations read with Part D of Schedule II to the Listing Regulations commensurate with the provisions of Section 134(3)(n) of the Companies Act, 2013 mandating development and implementation of a risk management policy for the Company including identification therein of elements of risk, which in the opinion of the Board may threaten the Company. The role of the Risk Management Committee, constituted pursuant to the Listing Regulations is, inter alia, to approve the strategic risk management framework of the Company, and review the risk mitigation strategies and results of risk identification, prioritisation & mitigation plans for all business units / corporate functions, including measures taken for cyber security

The terms of reference of the Committee include:

- Formulating a detailed risk management policy which shall include;
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee,
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks,
  - (c) Business Continuity Plan.
- Ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

- Monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- Periodically reviewing the risk management policy, at least once in two years, by considering the changing industry dynamics and evolving complexity;
- Informing the Board of Directors about the nature and content of its discussions, recommendations and actions to be taken;
- Reviewing appointment, removal and terms of remuneration of the Chief Risk Officer (if any).

The Committee discharges such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time.

Minutes of the Risk Management Committee meetings are circulated to all the Board members.

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

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 Sl. No. 2 above.

## 5. Nomination and Remuneration Committee

### Composition

A Jain (Chairman)	Independent Director
H Sahai	Independent Director
S Vijay	Independent Director
O Wezenbeek	Non Executive Director

The role and terms of reference of the Nomination and Remuneration Committee cover the areas as contemplated under Section 178 of the Act and Regulation 19 of the Listing Regulations, besides other terms as referred by the Board.

The terms of reference of the Nomination and Remuneration Committee include:

- Reviewing and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board for their appointment and removal;

- For every appointment of Independent Directors, evaluating the balance of skills, knowledge and experience of the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director;
- Formulating policy on Board diversity, criteria for performance evaluation of Directors, Board and Board Committees and for determining qualifications, positive attributes and independence of directors;
- Recommending to the Board a policy relating to remuneration for the directors, key managerial personnel and other employees;
- Reviewing key human resource related matters including organization structure, critical talent succession planning, employee attrition / retention / development plans, annual increment approach including variable pay, results of employee survey, etc.;
- Formulating criteria for evaluation of performance of independent directors and the board of directors and decide on extending or continuing the term of appointment of the independent director on the basis of the report of performance evaluation;
- Discharging such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time.

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 Amit Jain, Chairman of the Committee was present at the AGM of the Company held on 13 August 2021.

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 Sl. No. 2 above.

## 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 2021-22, the evaluation was undertaken internally in compliance with the SEBI Guidance note on Board Evaluation dated 5 January 2017 for evaluation of the Board as a whole, Board Committees and Peer Evaluation of the Directors. The NRC approved a framework in the form of a digital questionnaire for annual evaluation of the Board, board committees and the individual directors.

The evaluation process focused on various aspects of the functioning of the Board and Committees such as composition, experience and competencies of members, preparedness for discussion, performance of specific duties and obligations, governance structure, participation of all board members in the decision-making process, independence from the Company for Independent directors, succession and talent management, etc.

The Chairperson of the Board led the board evaluation process with support from the Company Secretary. All the directors participated in the evaluation process.

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. As an outcome of the above exercise, it was noted that the Board as a whole is functioning as a cohesive body and is well engaged. The Board Members from different backgrounds bring about different complementarities and deliberations and the Board and Committee Meetings are enriched by this. 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 9 February 2022 to inter alia discuss the issues arising out of committee meetings and board discussions. 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 this meeting.

## 6. Stakeholders Relationship Committee

### Composition

H Sahai (Chairman)	Independent Director
R Rajgopal	Managing Director
L Kataria <sup>1</sup>	Wholetime Director and CFO
Harshi Rastogi <sup>2</sup>	Wholetime Director and CFO
R Krishna <sup>3</sup>	Wholetime Director and CFO

<sup>1</sup> upto 30 Sep 2021

<sup>2</sup> from 01 Oct 2021 to 30 Nov 2021

<sup>3</sup> from 01 Dec 2021

The roles and responsibilities of the Stakeholders Relationship Committee are as prescribed under Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

The Terms of Reference of the Stakeholders Relationship Committee include:

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, nonreceipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- (2) Reviewing measures taken for effective exercise of voting rights by shareholders;

- (3) 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;
- (4) Reviewing of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend/annual reports/statutory notices by the shareholders of the company;
- (5) Reviewing the engagement with security holders including institutional investors and identify the actionable points for implementation;
- (6) Reviewing movement in shareholdings and ownership structure;
- (7) Performing such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various circulars issued by the regulatory authorities thereof, as amended from time to time and discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.

The Company received 10 complaints from its investors during 2021-22, all of them have been resolved and no complaint was pending as on 31 March 2022. Routine queries/service requests received from the shareholders are normally addressed within 7 days of receipt. All demat requests received during the year were serviced in time.

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 Hemant Sahai, Chairman of the Committee, was present at the AGM of the Company held on 13 August 2021.

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

## 8. 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) and can be accessed from [www.akzonobel.co.in/corporate-governance.php#policy](http://www.akzonobel.co.in/corporate-governance.php#policy).

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 2021-22 are given below:

	Fixed component a	Performance linked bonus b	Total remuneration c
	Salary and allowances	Performance Pay	(c = a+b)
<b>Managing/Wholetime Directors</b>			
R Rajgopal (Refer note d below)	20.10	12.45	32.55
L Kataria <sup>1</sup>	5.98	-	5.98

For details of meeting of the Committee held during the year and attendance therein, please refer to Sl. No. 2 above.

## 7. Corporate Social Responsibility Committee

### Composition

S Vijay (Chairperson)	Independent Director
R Rajgopal	Managing Director
L Kataria <sup>1</sup>	Wholetime Director and CFO
Harshi Rastogi <sup>2</sup>	Wholetime Director and CFO
R Krishna <sup>3</sup>	Wholetime Director and CFO

<sup>1</sup>upto 30 Sep 2021

<sup>2</sup>from 01 Oct 2021 to 30 Nov 2021

<sup>3</sup>from 01 Dec 2021

The Committee oversees, inter-alia, corporate social responsibility and other related matters as may be referred by the Board of Directors and discharges the roles as prescribed under Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

The terms of reference of the Corporate Social Responsibility Committee include :

- Formulation of CSR policy;
- Recommending the amount of expenditure to be incurred on CSR activities;
- Monitoring the programs from time to time as per the CSR policy;
- Reviewing the performance of the Company in the areas of CSR;
- Discharging such duties and functions as indicated under section 135 of the Companies Act, 2013 and Rules made thereunder from time to time and such other functions as may be delegated to the Committee by the Board from time to time.

Mrs Smriti Vijay, Chairperson of the Committee, was present at the AGM of the Company held on 13 August 2021.

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 to Sl. No. 2 above.

	Fixed component a	Performance linked bonus b	Total remuneration c
	Salary and allowances	Performance Pay	(c = a+b)
H Rastogi <sup>2</sup>	1.45	0.16	1.61
R Krishna <sup>3</sup>	4.20	0.39	4.59
<b>Total</b>	<b>31.73</b>	<b>13.00</b>	<b>44.73</b>
Non-Executive Directors	Sitting fees	Commission	Total
A Jain	0.75	1.20	1.95
A Uppal <sup>4</sup>	0.15	0.14	0.29
H Sahai	0.85	1.00	1.85
R Bhatnagar <sup>4</sup>	0.15	0.14	0.29
S Vijay	0.90	1.00	1.90
<b>Total</b>	<b>2.80</b>	<b>3.48</b>	<b>6.28</b>

<sup>1</sup> upto 30 September 2021

<sup>2</sup> for the period 1 October to 30 November 2021

<sup>3</sup> from 1 December 2021

<sup>4</sup> upto 22 May 2021

#### Notes:

- a) Service contracts with the Managing Director and Wholetime Director are terminable by notice of three months.
- b) No severance fee was paid to any Director during the year.
- c) Performance linked bonus was paid to the Managing Director and to the Wholetime Director based on pre-agreed parameters and considering the recommendations of the NR Committee.
- d) In the previous year Managing Director got a one time performance incentive payout for 15 by 20 target achievement.
- e) Currently, the Company does not have any stock option scheme, though few senior managers of the Company are eligible for long-term incentives, which are treated as share-based payments.
- f) The remuneration includes the post retirement and long-term benefit for the Managing/Wholetime Director.
- g) Remuneration paid to the directors are within the stipulated limits as specified vide Regulation 17 to SEBI (LODR) Regulations, 2015.
- h) None of the directors are above 70 years of age.

## 9. General Body Meetings

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

Date of AGM	Time	Venue
13 August 2021	2.30 pm	VC/OAVM
28 August 2020	10.30 am	VC/OAVM
08 August 2019	2:00 pm	Bharatiyam, EZCC, Salt Lake City, Kolkata 700 106

- ii) 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
- (iii) Two ordinary resolutions were passed by the shareholders through postal ballot during the year 2021-22 for appointment of Mrs Harshi Rastogi and Mr R Krishna as Wholetime Directors as per details given below:

- 1) Date of Postal Ballot Notice: 24 September 2021  
Voting period: 8 October 2021 to 6 November 2021  
Date of passing of resolutions: 6 November 2021  
Date of declaration of result: 8 November 2021  
Summary of the voting pattern is as follows:

Resolution	Votes cast in favor (in %)	Votes cast against (in %)
Appointment of Mrs Harshi Rastogi (DIN:06979384) as a Whole-time Director	99.9972	0.0028

- 2) Date of Postal Ballot Notice: 12 November 2021  
Voting period: 22 November 2021 to 21 December 2021  
Date of passing of resolutions: 21 December 2021  
Date of declaration of result: 22 December 2021  
Summary of the voting pattern is as follows:

<b>Resolution</b>	<b>Votes cast in favor (in %)</b>	<b>Votes cast against (in %)</b>
Appointment of Mr R Krishna (DIN: 03384607) as a Whole-time Director	99.9896	0.0104

Mr Atul Kumar Labh, Practising Company Secretary of M/s A K Labh & Co., 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. Members were provided the opportunity to cast their vote(s) through electronic voting.

The Company dispatched the postal ballot notices 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 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 representative. The results were communicated to the Stock Exchanges and uploaded on the website of the Company.

There was no special resolution proposed during FY 2021-22 through postal ballot and 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 2021-22.

**10. Means of Communication**

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

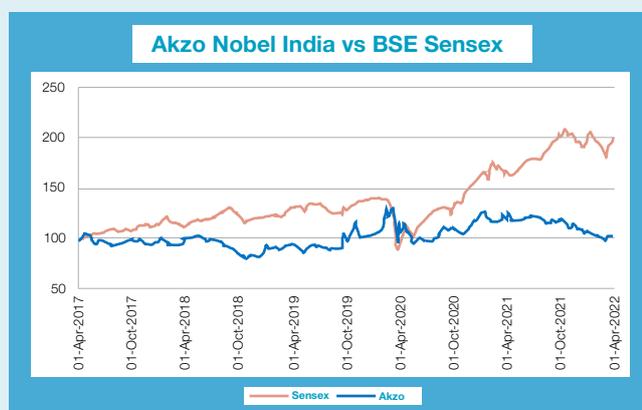
**11. General Shareholder Information**

i. AGM: date, time and venue	5 August, 2022 at 1430 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 2022	12 Aug 2022
	2nd quarter ending 30 Sep 2022	14 Nov 2022
	3rd quarter ending 31 Dec 2022	14 Feb 2023
	Year ending 31 Mar 2023	30 May 2023
iv. Book closure period	30 July 2022 to 5 Aug 2022 (both days inclusive)	
v. Dividend payment date	On or around 26 August 2022 (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 2021 to 31 Mar 2022 has been paid.	
vii. Stock code	BSE : 500710	
	NSE : AKZOINDIA-EQ	
	ISIN : INE133A01011	

### viii. Market price data and stock performance during the year 2021-22

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-21	2,475.05	2,188.10	20,557	2,469.00	2,189.60	3,14,845
May-21	2,349.00	2,175.90	26,289	2,347.00	2,175.00	3,15,777
Jun-21	2,375.00	2,216.05	48,362	2,378.00	2,207.45	3,92,296
Jul-21	2,369.00	2,234.10	20,843	2,369.75	2,240.00	1,44,650
Aug-21	2,302.85	2,126.00	22,018	2,300.00	2,124.00	5,78,604
Sep-21	2,299.00	2,180.00	17,035	2,298.50	2,178.95	3,64,574
Oct-21	2,319.00	2,087.15	13,578	2,287.00	2,085.00	2,41,175
Nov-21	2,219.35	2,010.10	16,415	2,300.00	2,043.00	2,20,243
Dec-21	2,121.00	1,960.80	12,274	2,116.95	1,959.25	2,70,760
Jan-22	2,049.00	1,910.05	13,055	2,060.00	1,911.65	1,62,966
Feb-22	1,985.00	1,821.00	27,429	1,971.00	1,831.00	3,82,676
Mar-22	1,974.35	1,811.00	48,885	1,974.20	1,809.00	1,87,904

### ix. Stock performance in comparison to BSE Sensex



**Note:**

Comparison is made by anchoring the share price and Sensex value at a base value of 100 as on 1 April 2017. The movements in the BSE Sensex and the Company's share price have been displayed in the graph with reference to that base.

### x. Registrar and Share Transfer Agent

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

### xi. Share transfer system

As per directives issued by SEBI, with effect from 1 April, 2019 transfer of shares in physical form has been discontinued. However, requests received upto 31 March 2019 and pending for various reasons have been processed during the year.

As per recent directive by SEBI as per Circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25 January, 2022, any request for transfer of securities, issue of Duplicate Securities Certificate, claim from unclaimed Suspense Account, renewal/exchange of Securities Certificate, endorsement, Sub-division/Splitting of Securities Certificate, Consolidation of Securities Certificates/folios, transmission, transposition and similar other requests shall be processed by the Company/RTA only in dematerialized form. Hence, all the shareholders are requested to convert

your physical shares into Dematerialized form immediately to avoid any further complications.

All transfers, transmission or transposition of the shares of the Company are completed in compliance with the requirement of the Regulation 40 of SEBI Listing Regulations. The Stakeholders Relationship Committee periodically reviews and takes on record the share transfer process.

### xii. Updation of KYC Details

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated 3 November, 2021 has provided common and simplified norms for processing investors' service requests by RTAs and norms for furnishing PAN, KYC and Nomination details. As per the said Circular, it is mandatory for the shareholders holding securities in physical form to inter alia furnish PAN, KYC and Nomination details. Physical folios wherein the PAN, KYC and Nomination details are not available on or after 1st April, 2023, shall be frozen by the RTA and will be eligible for lodging any service request or receiving payment including dividend only after registering the required details. The said physical folios shall be referred by the Company or RTA to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on 31st December, 2025.

The Company has sent individual letters to all the members holding shares of the Company in physical form for furnishing their PAN, KYC and Nomination details.

The necessary forms in this regard can be downloaded from the website of the Company at <https://akzonobel.co.in/investors.php#kyc> or our RTA at <http://www.cbmsl.com/services/details/sebi-download-forms>.

Shareholder(s) holding shares in dematerialised form are requested to notify change in their bank details / address / email Id etc., directly with their respective Depository Participants.

### xiii. Distribution of shareholding as on 31 March 2022

Range (No. of shares)	No. of shareholders	% of shareholders	No. of shares	% to total shares
1-50	34,515	73.7	532,805	1.0
51-500	11,322	24.2	1,614,530	3.6
501-5000	962	2.1	1,074,595	2.4
5001-50000	59	*	863,519	1.9
50001-1000000	26	*	5,399,904	11.9
1000001 & above	3	*	36,054,961	79.2
<b>Total</b>	<b>46,887</b>	<b>100</b>	<b>45,540,314</b>	<b>100.0</b>

\*less than 0.5%

### Shareholding Pattern as on 31 March 2022

Category of shareholders	No. of shares	%
<b>(A) Promoter and Promoter Group</b>	34,044,335	74.8
<b>Total promoter shareholding</b>	<b>34,044,335</b>	<b>74.8</b>
<b>(B) Public shareholding</b>		
(a) Mutual funds	2,550,587	5.6
(b) Insurance companies	2,203,907	4.8
(c) Nationalised Banks	17,913	-
(d) Other Banks	758	-
(e) Foreign Portfolio Investors	755,663	1.7
(f) Alternate Investment Funds	7,000	-
(g) NRIs	116,032	0.3
(h) Bodies Corporate	2,242,408	4.9
(i) Individuals/others	3,601,711	7.9
<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 2022, 98.85% of the Company's equity shares involving 45.01 million shares have been dematerialized (Number of demat accounts: 38,055).

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 the 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](mailto:rta@cbmsl.com)

OR

- 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](mailto:investor.india@akzonobel.com)

## xix. 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 individual intimation to the concerned shareholders at their latest available address where 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) and can be accessed from [www.akzonobel.co.in/investors.php#unclaim](http://www.akzonobel.co.in/investors.php#unclaim).

Your Company has transferred a sum of ₹ 43.73 million and 19,961 shares, after 124 and 152 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 2014, within the due dates.

Amounts of unclaimed dividend as on 31 March 2022 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)
2014-15	12.1	19 Sep 2022
2015-16	38.5	31 Aug 2023
2016-17	13.5	19 Sep 2024
2017-18	7.5	7 Sep 2025
2018-19	7.5	13 Sep 2026
2019-20	4.0	3 Oct 2027
2020-21 (Interim)	3.6	17 Mar 2028
2020-21 (Final)	6.4	18 Sep 2028
2021-22 (Interim)	10.1	19 Mar 2029
<b>Total</b>	<b>103.2</b>	

## xx. Compliance Officer

Name : Mrs Harshi Rastogi

Designation : Company Secretary

Phone no. : 0124 4852400

E-mail : [harshi.rastogi@akzonobel.com](mailto:harshi.rastogi@akzonobel.com)

## xxi. Green Initiative

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report, amongst others, to shareholders at their e-mail address previously registered with the DPs and RTAs.

Shareholders who have not registered their e-mail addresses so far, are requested to do the same. Those holding shares in demat form can register their e-mail address with their concerned DPs.

Shareholders who hold shares in physical form are requested to register their e-mail addresses with the RTA, by sending a letter, duly signed by the first/sole holder quoting their Folio number.

## 12. Other Disclosures

- 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.
- 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.
- The Company has adopted a Vigil Mechanism 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) and can be accessed from <https://akzonobel.co.in/corporate-governance.php#policy>.
- Compliance to mandatory requirements and adoption of Non-mandatory Requirements

The company has complied with all the mandatory requirements of corporate governance. Details of compliance with non-mandatory requirements as specified in Part E of Schedule II of the Listing Regulations are given below:

Description	Status as on 31 March 2022
(i) Non-Executive Chairman's office and expenses	No office or related facilities are provided by the Company to its Non-Executive Chairman.
(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.

Description	Status as on 31 March 2022
(iii) Audit qualifications	There is no audit qualification in the report of the statutory auditors for the current financial year.
(iv) Reporting of Internal Auditor	The Internal auditor directly reports to the Audit Committee

- e. CEO / CFO certification in respect of Financial Statements pursuant to Regulation 17(8) of Listing Regulations has been provided.
- f. The Policy on dealing with related party transactions is uploaded on the Company's website [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed from <https://akzonobel.co.in/corporate-governance.php#policy>.
- g. The Policy on materiality of related party transactions is uploaded on the Company's website [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed from <https://akzonobel.co.in/corporate-governance.php#policy>.
- h. The Policy on determining material subsidiaries is uploaded on the Company's website [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed from <https://akzonobel.co.in/corporate-governance.php#policy>.
- i. 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 Oscar Wezenbeek is entitled to remuneration and other benefits for his role in the AkzoNobel Group, during his tenure of employment with the Group.
- j. As per disclosures received from Senior Management Personnel, they have not entered into any material, financial or commercial transactions which may have a potential conflict with interests of the Company at large.
- k. All Directors have confirmed that they do not hold any shares in the Company.
- l. None of the Directors are related to each other.
- m. 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.
- n. 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.
- o. All Independent Directors have confirmed their independence to the Company. In terms of Regulation 25(8) of the Listing Regulations, the IDs have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. The Company has issued formal letters of appointment to the IDs. As required under Regulation 46 of the SEBI Listing Regulations, as amended, the terms and conditions of appointment of IDs

including their role, responsibility and duties are available on our website at <https://akzonobel.co.in/pdf/policy/Model-Appointment-Letter-to-ID.pdf>.

- p. 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.
- q. 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) and can be accessed at <https://akzonobel.co.in/corporate-governance.php#policy>.
- r. The Company has not raised any funds through preferential allotment or qualified institution placement as specified under Regulation 32(7A).
- s. The Company does not have any debt instrument; hence, no credit rating was obtained during the year.
- t. 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 or Ministry of Corporate Affairs or any such statutory authority is appended.
- u. 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:
- | Financial year   | (₹ million) |
|--|-------------|
| Statutory audit for the year (including limited reviews) | 8           |
| Other audit related services                             | 7           |
| Reimbursement of expenses                                | *           |
| <b>Total#</b>  | <b>15</b>   |
- \*Amount is below rounding off norms, adopted by the Company  
#Excluding Goods and Service Tax
- v. 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 : Nil
- b. Number of complaints disposed off during the financial year : Nil
- c. Number of complaints pending as on end of the financial year : Nil
- w. Disclosure by listed entity and its subsidiaries of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount:
- There are no loans and advances in the nature of loans to firms/companies in which directors are interested.
- x. Management Discussion and Analysis is annexed to the Directors' Report and forms part of Annual Report.
- y. Web link where details of familiarisation programmes imparted to independent directors : [www.akzonobel.co.in/familiarization.php](http://www.akzonobel.co.in/familiarization.php)

- z. All the Directors of the Company are covered under Directors' and Officers' Insurance Policy
- aa. Dividend Distribution Policy of the Company has been uploaded on the Company's website at [www.akzonobel.co.in](http://www.akzonobel.co.in) and may be accessed at [www.akzonobel.co.in/corporate-governance.php#policy](http://www.akzonobel.co.in/corporate-governance.php#policy).
- ab. SEBI vide its Notification dated 5 May 2021, has discontinued the requirement of submitting a Business Responsibility Report after the financial year 2021–22 and with effect from the financial year 2022–23, the top one thousand listed entities, based on market capitalization as on the 31 day of March of every financial year, have been mandated to submit a Business Responsibility and Sustainability Report in the format as specified from time to time. The Company has voluntarily provided a Business Responsibility and Sustainability Report, attached as Annexure II-A.
- ac. The Company is a subsidiary of Akzo Nobel N.V., Netherlands. The Company itself has a subsidiary, ICI India Research & Technology Centre.

### 13. Compliance

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

### 14. Code of Conduct

Your Company has in place a comprehensive Code of Conduct applicable to all the employees and Non-executive Directors including Independent Directors. The Code of Conduct gives guidance and support needed for ethical conduct of business and compliance with law. Copy of the Code of Conduct is posted on the website of the Company [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed from [www.akzonobel.co.in/corporate-governance.php#policy](http://www.akzonobel.co.in/corporate-governance.php#policy). 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 2022.

Gurugram  
27 May 2022

**Rajiv Rajgopal**  
Managing Director  
DIN 06685599

### 15. Certificate of Compliance

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

### 16. 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.

### 17. 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:	93 shareholders and 3,523 shares
ii) Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year:	2 shareholders and 167 shares
iii) Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year:	2 shareholders and 167 shares
iv) Number of shareholders whose shares were transferred from the Unclaimed Suspense Account to IEPF Authority:	9 shareholders and 261 shares
v) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year:	82 shareholders and 3,095 shares

On behalf of the Board

Place: Singapore  
Date: 27 May 2022

**Oscar Wezenbeek**  
Chairman  
DIN 08432564

# Certificate on Corporate Governance

## To the Members of Akzo Nobel India Limited

We have examined the compliance of conditions of Corporate Governance by Akzo Nobel India Limited ('the Company') in terms of Regulation 15(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the year ended 31 March 2022.

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  
UIN : S1999WB026800  
PRCN : 1038/2020  
UDIN : F004848D000406106

Place : Kolkata  
Dated : 27 May 2022

# 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 – 700 071  
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 2022 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:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Hemant Sahai	00088238	03.08.2018
2.	Amit Jain	01770475	02.01.2014
3.	Smriti Rekha	03305041	16.08.2019
4.	Krishna Rallapalli	03384607	01.12.2021
5.	Rajiv Rajgopal	06685599	01.11.2018
6.	Oscar Christian Maria Jozef Wezenbeek	08432564	04.05.2019

Ensuring the eligibility of 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 has been issued relying on the documents and information as mentioned herein above and as were made available to us or as came to our knowledge for verification without taking any cognizance of any legal dispute(s) or sub-judice matters which may have effect otherwise, if ordered so, by any concerned authority(ies). This certificate is also 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 Atul Kumar Labh**  
Membership No. : FCS 4848  
CP No. : 3238  
PRCN : 1038/2020  
UIN : S1999WB026800  
UDIN : F004848D000406007

Place : Kolkata  
Dated : 27 May 2022

# ANNEXURE II-A

## Business Responsibility and Sustainability Report (BRSR)

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

This BRS 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 Integrity, and in a manner that is Ethical, Transparent and Accountable with Ethics, Transparency and Accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive to all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect and make efforts to protect and restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

### SECTION A: GENERAL DISCLOSURES

#### I. Details of the Listed Entity

- Corporate Identity Number (CIN) of the Listed Entity: L24292WB1954PLC021516
- Name of the Listed Entity: Akzo Nobel India Limited
- Year of Incorporation: 1954
- Registered Office address: Geetanjali Apartment, 1st Floor, 8-B, Middleton Street, Kolkata 700 071
- Corporate Office address: 9th Floor, Magnum Towers 1, Sector 58, Gurgaon 122 011
- E-mail id : [investor.india@akzonobel.com](mailto:investor.india@akzonobel.com)
- Telephone: 0124 4852400

- Website : [www.akzonobel.co.in](http://www.akzonobel.co.in)
- Financial year for which reporting is being done: April 2021 - March 2022
- Name of the Stock Exchange(s) where shares are listed: BSE Limited and National Stock Exchange of India Limited
- Paid-up Capital: ₹ 455.4 million
- Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:

Name	Harshi Rastogi
Telephone number	0124-4852400
Email	<a href="mailto:harshi.rastogi@akzonobel.com">harshi.rastogi@akzonobel.com</a>
- Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together):

The disclosures under this report are made on a consolidated basis.

#### II. Products/Services

- Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing	Manufacturing and supply of Paints, varnishes, enamels or lacquers	100%

- Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Paints, varnishes, enamels or lacquers	20221	100%

### III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Number of Depots/ Sales locations	Total
National	5	4	33	42
International	-	2	2	4

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	24
International (No. of Countries)	4 (Bhutan, Nepal, Bangladesh, Sri Lanka)

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Exports contribute 5.5% of the total turnover of the entity.

c. A brief on types of customers

We serve broadly 3 categories of consumers as below-

Home Owners: We offer a wide variety of essential products for every situation and surface, including paints, lacquers and varnishes.

Institutions /Builders: Dulux professional range of products serve the builder segment & other institutional decorative paint users.

Industrial Users:

- Automotive and Specialty Coatings: Automotive OEM Coatings, Consumer Electronics Coatings, Vehicle Refinishes
- Industrial Coatings: Coil and Extrusion Coatings, Packaging Coatings, and Wood Finishes and Adhesives
- Marine and Protective Coatings: Anti-corrosive protection, fouling control technologies, passive fire protection and aesthetic solutions
- Powder Coatings : Sustainable option for protecting a wide variety of metal surfaces

### IV. Employees

18. Details as at the end of the Financial Year

Employees and workers (including differently abled)

	Male	Female	Total*
<b>No. of Employees</b>	1,050	133	1,183
Permanent	1,050	133	1183
Others	-	-	-
<b>No. of Workers</b>	487	10	497
Permanent	284	0	284
Others	203	10	213
<b>Total</b>	<b>1,537</b>	<b>143</b>	<b>1,680</b>
Permanent	1,334	133	1467
Others	203	10	213

\*Including 3 differently abled male permanent employees

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	1	17%
Key Management Personnel	3	1	33%

20. Turnover rate for permanent employees and workers

	2021-22			2020-21		
	Male	Female	Total	Male	Female	Total
Permanent Employees	11%	13%	11%	25%	19%	24%
Workers	2%	-	2%	12%	-	12%

For details refer Human Resources and Risk & Opportunities Section under Management Discussion and Analysis

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Akzo Nobel N.V., Netherlands	Ultimate Holding Company	74.76% through its wholly owned subsidiaries Imperial Chemical Industries Limited, United Kingdom and Akzo Nobel Coatings International B.V., Netherlands	Yes
2	ICI Research & Technology Centre (company limited by guarantee)	Subsidiary Company	25% voting rights, effective control is exercised through voting rights of related parties.	Yes

## VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: **Yes**  
(ii) Turnover (in ₹ m) **31,486**  
(iii) Net worth (in ₹ m) **12,588**

## VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2021-22 Current Financial Year			FY 2020-21 Current Financial Year		
		No. of complaints filed during the year	No. of pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of pending resolution at close of the year	Remarks
Communities	Email: <a href="mailto:customercare.india@akzonobel.com">customercare.india@akzonobel.com</a> Helpline: 1800 3000 4455; Through local NGO partners						
Investors (other than shareholders)	Email: <a href="mailto:investor.india@akzonobel.com">investor.india@akzonobel.com</a>	-	-	-	-	-	-
Shareholders	SEBI, Stock Exchange, Registrar and Share Transfer Agent, Email: <a href="mailto:investor.india@akzonobel.com">investor.india@akzonobel.com</a>	10	-	-	9	-	-
Employees and workers	Speak up (Vigil Mechanism) [Only cases resolved through speak up route]	7	4	-	4	3	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2021-22 Current Financial Year			FY 2020-21 Current Financial Year		
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks
Customers	Email: <a href="mailto:customercare.india@akzonobel.com">customercare.india@akzonobel.com</a> Helpline: 1800 3000 4455	1,822	194	-	1,971	209	-
Value Chain Partners	Email: <a href="mailto:customercare.india@akzonobel.com">customercare.india@akzonobel.com</a> Helpline: 1800 3000 4455	-	-	-	-	-	-

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications.

Please refer Risks & Concerns in the Management Discussion and Analysis section.

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs.	Code of Conduct Policy; Whistle blower Policy	HSES Policy; Responsible Procurement Policy; Sustainability policy	Human Rights Policy; Diversity & Inclusion Policy	HSES Policy; Responsible Procurement Policy	Code of Conduct Policy; Human Rights Policy	HSES Policy; Sustainability Policy	Code of Conduct Policy	Human Rights Policy; Diversity & Inclusion Policy; CSR Policy	Code of Conduct Policy; HSES Policy; Responsible Procurement Policy; Sustainability Policy; Whistleblower Policy
b. Has the policy been approved by the Board?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	<a href="https://akzonobel.co.in/corporate-governance.php#policy">https://akzonobel.co.in/corporate-governance.php#policy</a>								
2. Whether the entity has translated the policy into procedures	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 45001 (OHSAS); ISO 9001; ISO 14001; CSR disclosures pursuant to Section 135 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended; Corporate Governance voluntary guidelines 2009								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	<p>By 2030, we aim to;</p> <ul style="list-style-type: none"> <li>• reduce our carbon emissions by 50%</li> <li>• utilize 100% of our energy requirements from renewable sources</li> <li>• move towards zero waste</li> </ul>								
Governance, leadership and oversight	Refer Chairman and MD statements								
6. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements	The Board of Directors of the Company oversee the implementation of the Business Responsibility Policy(ies)								
7. Details of the highest authority responsible for implementation and oversight of the of the Business Responsibility policy (ies).	No specified committee. However, the Managing Director is responsible for decision making on sustainability related issues								
8. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues?	No specified committee. However, the Managing Director is responsible for decision making on sustainability related issues								

## 9. Details of Review of NGRBCs by the Company:

**Indicate whether review was undertaken by Director /  
Committee of the Board/Any other Committee**

Subject for Review	Frequency								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company complies with all applicable statutory requirements								
10. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? If yes, provide name of the agency.	Independent assessment has been carried out by Lloyd's Register Quality Assurance and consumption, air emissions, green house gas emissions and waste management. Our responsible procurement policy, business partner code of conduct and assessment through EcoVadis help to give us visibility of our third parties to ensure that their business principles are consistent with our own. Further, the internal audit programme reviews adherence to relevant policies.								
11. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:	N.A								

## SECTION C: PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

1. Percentage coverage by training and awareness sessions on any of the Principles during the financial year:

The following trainings /awareness sessions were held during the year –

For all Directors including KMP

- Environmental, Social and Governance (ESG) matters including BRSR
- ESG- Harnessing values for the future
- Changes in Companies Act and SEBI Listing Regulations

For all Employees

- Code of conduct training
- Gift & hospitality Rules Training
- Training on The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act
- IT Security Training
- Health & Safety related sessions

For all Workers

- Code of conduct training
- Training on The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act
- Health & Safety related sessions

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year.

There have been no fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings by the entity or by directors / KMPs which have a monetary or non monetary impact based on materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015, as amended.

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

No such instances and hence not applicable.

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the entity has an anti-bribery and corruption policy. We don't make, offer, authorize or accept bribes or facilitation

payments. Any kind of bribery or corruption is unacceptable and will not be tolerated. We expect all our employees and our business partners acting on AkzoNobel's behalf to apply the highest ethical standards in their business dealings and relationships at all times. The policy explaining our compliance policy with regards to anti-bribery, anti-corruption, gifts and hospitality is available at <https://www.akzonobel.com/en/about-us/governance-/policies---procedures/anti-bribery-and-corruption-policy>.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

There were no Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.

6. Details of complaints with regard to conflict of interest:

There were no complaints with regard to conflict of interest.

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

There were no corrective actions taken or pending from any regulator/ law enforcement agencies/ judicial institutions on cases of corruption and conflicts of interest.

8. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If Yes, provide details of the same.

Yes the entity has processes in place to avoid/ manage conflict of interests involving members of the Board. All the related party transactions are recorded in the Register of Contract(s) on a quarterly basis and placed before the quarterly board meeting and all the Directors sign the same.

The Company has a Code of Conduct which provides clear guidelines for avoiding and disclosing actual or potential conflict of interest with the Company. The Company receives an annual declaration from its Board of Directors and all its employees.

### PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

We constantly innovate to bring surfaces to life by offering our customers the most sustainable solutions that go beyond generations. As we strongly believe in the importance of innovation to keep AkzoNobel at the forefront of the paints and coatings industry, we have continued to

invest in R&D. Our robust R&D infrastructure enables us to perform ground-breaking research, facilitate innovation to create world class products to deliver sustainable solutions for our customers.

All our expenditure towards R&D is in a manner that is sustainable and safe to improve the environmental and social impacts of product and processes.

Please refer Annexure III of the Directors Report for more details.

2. Does the entity have procedures in place for sustainable sourcing?

The entity has procedures in place for sustainable sourcing. We create continuing value for AkzoNobel stakeholders in social, environmental and economic terms, for the benefit of our customers, employees, shareholders, communities, the environment and people in our supply chain. As a member of Together for Sustainability ('TfS') we have been proactively managing the sustainability performance and risk management of our suppliers. The Company has defined internal procedures for sustainable sourcing. Akzo Nobel evaluates vendors on environment, social, safety and quality parameters prior to registration as a vendor.

Our Responsible Procurement Policy, Business Partner Code of conduct & assessment through EcoVadis help to give us visibility of our third parties to ensure their business principles are consistent with our own.

The suppliers are asked to endorse Business Partner Code of Conduct to confirm their compliance with environmental, social, human rights and governance requirements.

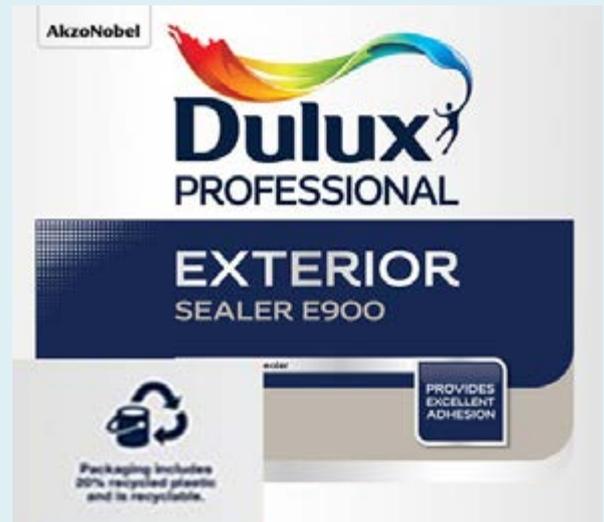
During the year 2021-22, approximately 50% of raw materials were procured from Sustainable qualified sources.

Company's policy on Responsible Procurement is available on Company website [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed from <https://akzonobel.co.in/corporate-governance.php#policy>

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life

- (a) Plastics (including packaging):

As a responsible manufacturer of Paints and Coatings, the entity has initiated post-consumer waste management projects with waste management service providers as a part of Extended Producer Responsibility (EPR) to collect, segregate and recycle/recover waste in a sustainable way. This initiative not only ensures compliance to "Plastic Waste Management Rules' 2016", as amended in 2018 but also facilitates reinforcement of positive attitude and behaviour towards responsible waste disposal through consumer awareness.



- (b) E-waste: Not Applicable

- (c) Hazardous waste: Not Applicable

- (d) Other Waste: Not Applicable

4. Whether Extended Producer Responsibility ('EPR') is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, EPR is applicable to the Company. As a responsible manufacturer, the Company ensures safe disposal of the pre-consumer and post-consumer packaging.

**PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains**

1. Details of measures for the well-being of employees and workers

The company is taking various measures for well being of employees and workers as below-

For 2021-22	% of Employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	1,050	1,050	100%	1,050	100%	-	-	1,050	100%	1,050	100%
Female	133	133	100%	133	100%	133	100%	-	-	133	100%
<b>Total</b>	<b>1,183</b>	<b>1,183</b>	<b>100%</b>	<b>1,183</b>	<b>100%</b>	<b>133</b>	<b>11%</b>	<b>1,050</b>	<b>89%</b>	<b>1,183</b>	<b>100%</b>

Category	% of Workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Workers</b>											
Male	284	284	100%	284	100%	-	-	284	100%	284	100%
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>284</b>	<b>284</b>	<b>100%</b>	<b>284</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>284</b>	<b>100%</b>	<b>284</b>	<b>100%</b>
<b>Other than Permanent workers</b>											
Male	203	203	100%	203	100%	-	-	-	-	203	100%
Female	10	10	100%	10	100%	10	100%	-	-	10	100%
<b>Total</b>	<b>213</b>	<b>213</b>	<b>100%</b>	<b>213</b>	<b>100%</b>	<b>10</b>	<b>5%</b>	<b>-</b>	<b>-</b>	<b>213</b>	<b>100%</b>

The Company does not have 'other than permanent' employees on its rolls.

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.

	2021-22			2020-21		
	No. of Employees covered	No. of Workers covered	Deducted & Deposited with Authority (Y/N/NA)	No. of Employees covered	No. of Workers covered	Deducted & Deposited with Authority (Y/N/NA)
PF	1,183	284	Y	1,041	287	Yes
Gratuity	1183	284	Y	1041	287	Yes
ESI	0	9	Y	0	28	Yes

3. Accessibility of workplaces

We are striving to ensure all Akzo Nobel India Offices and Manufacturing sites are accessible to differently abled employees & workers.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes the entity has an Equal Opportunity policy as per the Rights of Persons with Disabilities Act, 2016.

The Equal Opportunity policy is available on our website at <https://akzonobel.co.in/corporate-governance.php#policy>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

The return to work and retention rates of permanent employees and workers that took parental leave is as below-

	Permanent Employees			Permanent Workers		
	Male	Female	Total	Male	Female	Total
Return to Work rate	100%	67%	93%	100%	-	100%
Retention rate	81%	83%	81%	100%	-	77%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

Yes, there is a Speak up or vigil mechanism available to receive and redress grievances for all employees and workers. Please refer to Vigil Mechanism - Whistle blower Policy and Other disclosure section of the Corporate Governance Report for more details.

7. Membership of employees and worker in association(s) or Union(s) recognised by the listed entity:

There are no permanent employees who are part of associations or unions. However, approximately 67% of total permanent workers are a part of associations or unions.

8. Details of training given to employees and workers.

Please refer to Principle 1 of the Business Responsibility and Sustainability Report.

9. Details of performance and career development reviews of employees and workers.

All permanent employees and workers were covered under Performance & career development reviews.

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes. All manufacturing and commercial Sites are certified for ISO45001 (Health & Safety) Management system by Lloyd's Register Quality Assurance Limited.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

There is a system in place to identify Hazards & evaluate the risk by conducting risk assessment using AkzoNobel risk matrix to identify and prioritize work-related hazards and risks on a routine and non-routine basis by the entity.

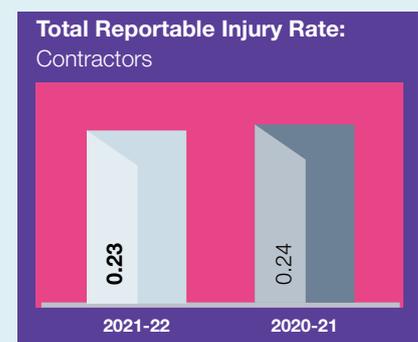
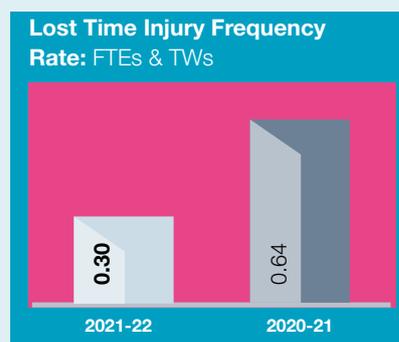
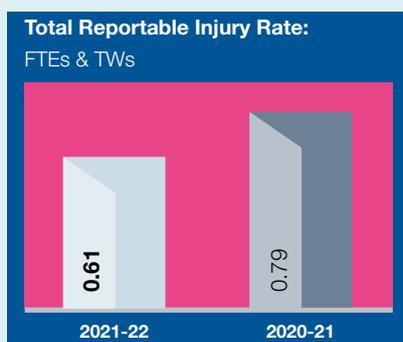
- c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes. There is a system in place to report all hazards encountered at workplace and all employees are encouraged to report work related hazards and near miss. They are reported in a software called HSE&S Suite and analyzed to take appropriate measures to eliminate or reduce the risk.

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes the employees/ workers of the entity have access to non-occupational medical and healthcare services.

11. Details of safety related incidents, in the following format:



Calculated as Number/ Mich

Lost Time Injury for contractors has remained zero for last two years.

There have been no fatalities and High consequence work-related injury/ill-health in the last two years.

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The entity has taken various measures to ensure a safe and healthy work place as detailed below:

**People Safety**

People Safety is one of our core values. We protect our people by investing in safer technologies and driving behavioral based safety as it is a cornerstone to building a good safety culture. In view of our commitment towards making the workplace safer, the total reportable injury rate ('TRR') in the financial year 2021-22 decreased to 0.61 (2020-21: 0.79). 95% of our commercial locations and 60% of our manufacturing sites have been injury-free for over a year.

The lost time injury rate for employees and temporary workers was 0.30 in 2021-22 (2020-21: 0.64) a decrease from the previous year. Although safety is of paramount importance and is given priority, there are external factors beyond our controls.

To turn around the safety performance, we've continuously explored and introduced number of focused programs, in addition to our yearly HSE&S Common Platform Program in manufacturing locations:

- Implementation of global and site-specific leading performance indicators, shifting our focus from lagging to leading KPI's. This has been critical in further driving visible leadership and employee involvement, leading to proactive injury prevention and behaviour-based safety culture;
- Reinforcement of our learning from incidents program to include early warning alerts;
- Tracking on time action closure for critical HSE&S actions (as part of leading KPI's);
- Safe driving program, with a focus on those using two and four Wheelers;
- Changes in the vehicle use policy which has reduced exposure to driving risk;
- Redesign of the self-assessment questionnaire ('SAQ') - which assesses the maturity of HSE&S program and a review of framework of our global audit program.

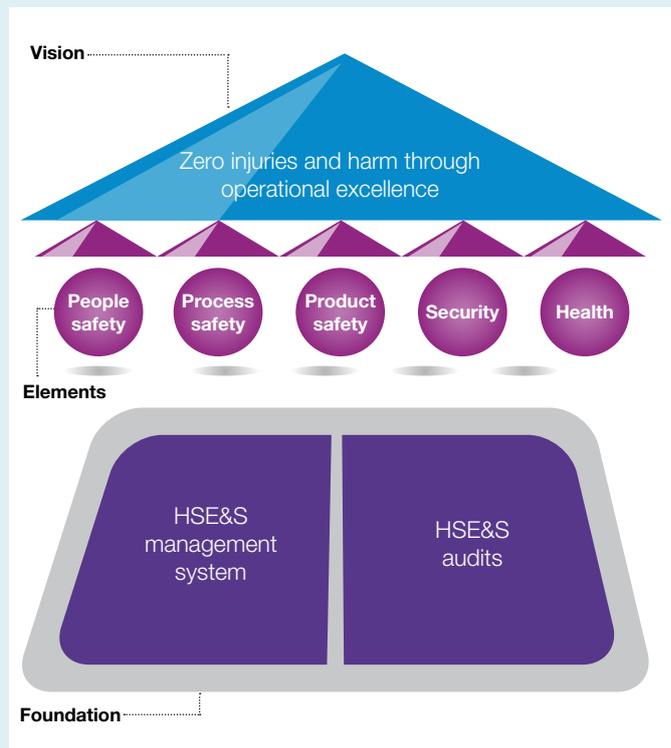
The number of contractor reportable injuries was 0.23, nearly same as the previous year. The severity of incident performance has remained steady at zero which is encouraging in view of our commitment towards contractor's safety.

Although, contractor safety remains steady, they remain vulnerable due to their involvement in high-risk activities and changing circumstances. In view of the risk associated with their nature of work, the contractor safety procedure and self-assessment process were introduced to systems, training and

process which enhance contractor's engagement.

**Process Safety**

While Process Safety is of prime importance, the number of loss of primary containment (LOPC) incidents saw an increase in 2021-22. Based on the analysis of procedures safety events during the year and the nature of process and material used, we introduced LOPC process confirmation to identify gaps and upgrade the technological challenges besides addressing other barriers to minimize or eliminate process safety event. Additionally, a dedicated process safety management (PSM) improvement project designated to strengthen our PSM program in alignment with group



requirements was introduced and processes implemented to achieve leading standards in process safety.

**Health**

We continue to actively manage occupational illness related absenteeism, as part of our commitment to providing a safe working environment and healthy work conditions for all our employees.

Based on the analysis of industrial hygiene ('IH') baseline survey launched in 2019, harmonized company-wide carcinogenic, mutagenic and reprotoxic ('CMR') chemical management guideline has been developed and launched in 2021-22. In order to continue building the IH competencies of our HSE&S professionals at local and regional level, a second edition of our IH awareness online training program was introduced.

Product stewardship policy is followed to eliminate/substitute/reduce toxic chemicals with specific timelines to eliminate or reduce toxicity. Increasing use of powder

coatings/ low VOC products manufactured in liquid coatings for industrial application helps to achieve that. The household products follow the same hierarchy of controls and all these actions are geared towards our health initiatives.

Manual handling has been a common type of health hazard which may lead to Musculo skeletal disorders and to combat the ergonomic risk, engineering solutions were introduced such as automated bulk bag handling, material handling equipments in the manufacturing area providing end to end solution.

We also launched a physical and mental well-being health campaign with managers and employees to help prevent the risk of increased occupational illness due to COVID-19. We also distributed COVID kit to all the employees in the organization with test kits, respirator protection besides other necessary items as a gesture.

**Health and safety in our value chain:** The health and safety of our people and those we work with or offer our products to, is our prime responsibility and highest priority. We have a strong health and safety program. Through our priority substance program, we screen thousands of raw materials. We have also initiated due diligence on the impact we have on communities around our sites.

Company's policy on Health, Safety, Environment and Security (HSE&S) is available on Company [website www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed at <https://akzonobel.co.in/corporate-governance.php#policy>

- 13. Number of Complaints on the following made by employees and workers:

There were no complaints during the year with respect to working conditions and health and safety made by the employees and workers

- 14. Assessments for the year:

All manufacturing and commercial sites were covered by Lloyd's assessment. Corporate HSE&S audits are performed once every three years (high hazard sites) to five-year (other sites) cycles by a team of experts. All five manufacturing facilities in India (Other sites) successfully completed the Corporate HSE&S audit in the year 2021.

- 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

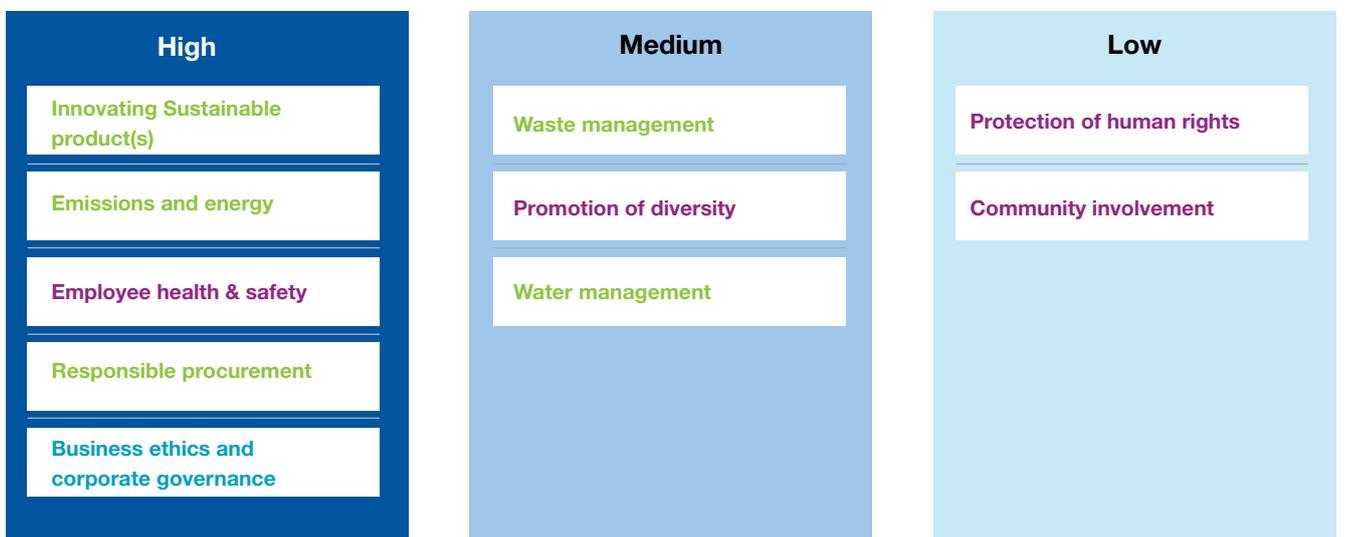
A registration and approval portal for all riders/drivers is initiated for front line employees. GPS Devices were installed to give an active alert to employee for high speed/sudden braking, sudden acceleration.

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

- 1. Describe the processes for identifying key stakeholder groups of the entity.

We have engaged with our stakeholders to understand areas of interest and material matters. Despite unprecedented times, we continued to deliver on interests of stakeholders and engaged with them for this. Material matters are topics which influence an organisation's ability to create sustainable value not only for itself, but also for the stakeholders, over the short, medium and long term. These topics are mapped on a matrix to show their relevance to 'Influence on stakeholder assessments and decisions' and 'Significance of economic, environmental, and social impacts' to create a predictive model of value creation.

Material matters are defined in line with ESG principles in line with the group assessment. These material matters are identified, prioritised, and monitored as part of our operational, financial, and social activities and are closely linked with our value creation process. These have been identified as High, medium and low per the chart below. These issues are contextual and may have positive as well as adverse impacts.



■ Social ■ Environmental ■ Governance

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

<b>Stakeholder Group</b>	<b>Whether identified as vulnerable &amp; marginalised group</b>	<b>Channels of communication</b>	<b>Frequency of engagement (annually/ half yearly/ quarterly/ others -please specify</b>	<b>Purpose and scope of engagement including key topics and concerns raised during such engagements</b>
Communities	Yes	Field visits; interactions; CSR initiatives	Quarterly	Collaboration with NGOs; Feedback on CSR projects; Skill development; provision of health & education facilities
Government/ Regulatory bodies	No	Email, Newspaper advertisements, Website, Regulatory filings, representations, Industry forums	As and when	Local development; Adherence to regulatory requirements; sustainability; make in India
Customers/Paint Contractors/Paint Applicators	No	Interaction through digital media, customer satisfaction survey, Email, SMS, pamphlets, advertisements, Physical meetings, website	Regular	Product Safety; Customer service; customer experience; Innovative products; Health and Safety concerns at their workplace etc.
Employees	No	Learning & development programmes, performance appraisal & feedback, surveys, employee engagement initiatives, Intranet	Regular	Well being; Health and safety; Career progression; diversity and inclusion
Value Chain Partners/Vendors	No	Supplier meetings; one on one interactions	Regular	Vendor servicing; value creation; long term commitment
Shareholders and Investors	No	Disclosures, advertisements, Annual General meetings, periodic investor engagements, media releases, website	Quarterly/ Annually	Shareholders servicing; wealth creation; good corporate governance; compliance

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

The Company engages with various communities across its plant sites to serve the vulnerable/ marginalised stakeholder groups. The company has many initiatives in place like providing vocational skill training for youth, education to children from underprivileged sections of the society, painting of schools, provision of infrastructure in schools, health care initiatives for villagers and painter community.

All our CSR areas impact the vulnerable sections of the society. For more details, please refer to the Management Discussion and Analysis Section and Annexure II B of the Director's Report.

## **PRINCIPLE 5: Businesses should respect and promote human rights**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity:

All the Permanent employees and workers have been provided with the training on human rights issues as a part of code of conduct policy of the entity. For more details, please refer to Principle 1.

## 2. Details of minimum wages paid to employees and workers:

All the employees and workers have been paid minimum wages.

Average remuneration (INR Mn)	2021-22			2020-21		
	Male	Female	Average	Male	Female	Average
Employees	2.00	1.92	1.98	1.84	1.98	1.85
Workers	0.69	-	0.69	0.87	-	0.87

## 3. Details of remuneration/salary/wages, in the following format:

Average remuneration (INR Mn)	Male		Female	
	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category
Board of Directors (BoD)*	3	14.26	1	2.24
Key Managerial Personnel**	1	38.30	1	11.35
Employees other than BoD and KMP	1,048	0.96	132	1.00

The median remuneration for 497 workers, including 10 female workers was 0.44

\*This does not include numbers and median salary of directors/KMP who were on the Board for part of the year; does not include Wholetime Director and CFO who was a KMP for part of the year.

## 4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Country HR Manager is responsible for addressing impact or issues caused or contributed to by the business with respect to Human Rights.

## 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Our Code of conduct outlines the responsibility we take for avoiding the infringement of human rights, and for remediating any human rights impact resulting from our activities, our products, or any activities that our business partners conduct on our behalf.

The Code of Conduct is supplemented by policies on topics such as health and safety, anti-harassment and human rights.

Speak up mechanism is also in place to redress grievances related to human rights issues.

Company's policy on Human Rights is available on Company website [www.akzonobel.co.in](http://www.akzonobel.co.in) and can be accessed at <https://akzonobel.co.in/corporate-governance.php#policy>.



## 6. Number of Complaints on the following made by employees and workers:

	2021-22		2020-21	
	Filed during the year	Pending resolution at year-end	Filed during the year	Pending resolution at year-end
Sexual Harassment	0	0	1	0
Discrimination at workplace	0	0	0	0
Child Labour	0	0	0	0
Forced Labour/Involuntary Labour	0	0	0	0
Wages	0	0	0	0
Other human rights related issues	0	0	0	0

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Whistle blower policy has a Speak up mechanism (global platform) with an inbuilt procedure to ensure no adverse ramifications to the complainant. The complainant can choose to be anonymous. The investigating officer needs to maintain confidentiality of the complainant. The whistle blower is protected against any adverse action.

In case of sexual harassment cases, the Company is committed to providing an enabling working environment for its employees which is equitable, free of unlawful discrimination or harassment. The Company has an Internal Complaints Committee ('ICC'). The Presiding officer of the ICC is a Key Managerial Personnel. Presiding officer has the experience as well perspective from Company's context on the course of action required in sexual harassment cases. The decision on the action to be taken against the employee in a sexual harassment case is in consultation with the External ICC member. Overall, the ICC ensures that Principle of Natural Justice is followed in the entire process.

8. Do human rights requirements form part of your business agreements and contracts?

Yes, human rights requirements form part of our business agreements and contracts.

9. Assessments for the year:

% of your plants and offices that were assessed (by entity or statutory authorities or third parties)

All Sites / Offices have stringent policies and have been assessed for Child labor and forced labour. The Company neither employs nor allows Child labour or forced labour in our premises. In line with local legislations and group guidelines, there is a full fledged Sexual Harassment Prevention / redressal methodology in place across all Sites/ Offices. The Company has a stringent policy to ensure no discrimination of any kind is meted out to any individual. All Sites / Offices have stringent/strict policy to ensure payment of wages is done in time - per local practices/ legislative requirements.

	<b>% of plants &amp; offices assessed by the the Company</b>
Child labour	100%
Forced/ involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No corrective action was required to be undertaken and hence not applicable.

11. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

As there has been no Human rights grievances/complaints, there has been neither a process modification, nor a process introduction.

12. Details of the scope and coverage of any Human rights due-diligence conducted.

It is the policy of the Company to provide equal employment opportunities, without any discrimination on the grounds of age, color, disability, marital status, nationality, race, religion, gender, gender identify, sex, sexual orientation, HIV/AIDS or related protected status, etc. The Company strives to maintain a work environment that is free from any harassment based on above considerations. The Company has taken all actions to ensure that a conducive environment is provided to Persons Belonging to Protected Categories to enable them to perform and excel in their role.

13. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

We are striving to ensure all Akzo Nobel India Offices and Manufacturing sites are accessible to differently abled visitors as per our policy.

### **PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**

1. Details of total energy consumption (in Joules or multiples) and energy intensity. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Details of total energy consumption (in Joules or multiples) and energy intensity are given below-

<b>(GJ)</b>	<b>2021-22</b>	<b>2020-21</b>
Energy consumption	<b>37,068</b>	31,733
Fuel consumption	<b>4,824</b>	3,860
Energy consumption through other sources	<b>19,138</b>	16,087
<b>Total energy consumption</b>	<b>61,030</b>	51,680

Yes, Lloyd's Register Quality Assurance Limited has undertaken an independent assessment.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No, the entity does not have any site/facility identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

3. Provide details of the disclosures related to water. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

The disclosures related to water are as below-

(kiloliters)	2021-22	2020-21
Surface water	-	1.83
Ground water	<b>31.77</b>	26.49
Third-party water	<b>82.88</b>	74.45
Seawater/ desalinated water	-	-
Others	-	-
<b>Total Water withdrawal</b>	<b>114.65</b>	<b>102.77</b>

Water is one of the most crucial part in our business operations and it is not just for the domestic needs but also as a raw material in the manufacturing process, product formulation, cleaning, industrial use and transportation.

One of the key performance indicators in resource productivity is water use and all our sites have a well-established process in place to reduce the consumption at source and reuse the cleaning water back in the process. The water intensive locations are often water-based paint production sites, where water is used as both a raw material and to clean the equipments. The wastewater generated from process and domestic source are recycled and reused either for gardening or other purpose. All our sites have achieved Zero Liquid Discharge ('ZLD').

We continuously strive to recycle and reuse process water to drive continuous improvement in reduction of fresh-water intake and wastewater discharge.

Sewage Treatment Plants ('STP') are installed to treat domestic effluent and reused for gardening purpose. The Effluent Treatment Plants ('ETP') are installed for treating process effluent and either used back in process or reused within the premises for other purpose in-line with the approved method of use stated in the Consent Order.

The facilities do not fall under water-stress zones; however, as a commitment towards water conservation all the manufacturing facilities monitor water footprint and keep finding ways to implement water conservation measures.

Increase in water withdrawal is in line with higher production.

Yes, Lloyd's Register Quality Assurance Limited has undertaken an independent assessment.

8. Provide details related to waste management by the entity. Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?

(Tonnes)	2021-22						
	Generated	Recycled	Re-used	Other Recovery	Incinerated	Land-filled	Other disposal
Radioactive waste	NA	NA	NA	NA	NA	NA	NA
Other Hazardous waste	165.2	130.0	-	-	35.2	-	-
Other non-hazardous waste	425.8	425.8	-	-	-	-	-
<b>Total</b>	<b>591.0</b>	<b>555.8</b>	-	-	<b>35.2</b>	-	-

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, the entity has implemented a mechanism for Zero Liquid Discharge. As mentioned in the earlier point, Sewage Treatment Plants ('STP') have been installed to treat domestic effluent and reused for gardening purpose. The Effluent Treatment Plants ('ETP') have been installed for treating process effluent and either used back in process or reused within the premises for other purpose inline with the approved method of use stated in the Consent Order.

5. Please provide details of air emissions (other than GHG emissions) by the entity. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

(Tonnes)	2021-22	2020-21
NOx	<b>0.81</b>	0.62
SOx	<b>1.76</b>	1.33
Volatile organic compounds (VOC)	<b>40.67</b>	38.37

Increase in air emissions are in line with higher production.

Yes, Lloyd's Register Quality Assurance Limited has undertaken an independent assessment.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

(Tonnes of CO <sub>2</sub> equivalent)	2021-22	2020-21
Total Scope 1 emissions (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> )	<b>372</b>	283
Total Scope 2 emissions (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> )	<b>7,036</b>	6,097
Total Scope 1 and Scope 2 emissions (kg) per rupee of turnover (INR)	<b>0.0</b>	0.0

Increase in greenhouse gas emissions are in line with higher production.

Yes, Lloyd's Register Quality Assurance Limited has undertaken an independent assessment.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, the entity uses renewable energy (solar) across its sites.

(Tonnes)	2020-21						
	Generated	Recycled	Re-used	Other Recovery	Incinerated	Land-filled	Other disposal
Radioactive waste	NA	NA	NA	NA	NA	NA	NA
Other Hazardous waste	170.4	31.7	-	-	132.7	6.0	-
Other non-hazardous waste	387.5	387.5	-	-	-	-	-
<b>Total</b>	<b>557.9</b>	<b>419.2</b>	<b>-</b>	<b>-</b>	<b>132.7</b>	<b>6.0</b>	<b>-</b>

Increase in waste parameters is in line with higher production. Yes, Lloyd's Register Quality Assurance Limited has undertaken an independent assessment.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Waste management practices adopted by the company are reduction of waste at source, reuse of waste within the facility and recycling with external agency.

Product stewardship policy followed to eliminate/ substitute/ reduce toxic chemicals with specific timelines to eliminate or reduce toxicity. Eg. increasing use of powder coatings/ low VOC products manufactured in liquid coatings for industrial applications. The household products follow the same hierarchy of controls.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

The entity does not have operations/offices in/around ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

No new site constructed during the year under review.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes the entity is compliant with the applicable environmental law/regulations/guidelines in India.

13. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources. Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency?



Renewable Sources (GJ)	2021-22	2020-21
Energy consumption	19,138	16,087
Fuel consumption	0	0
Energy consumption through other sources	0	0
<b>Total energy consumption from Renewable Sources</b>	<b>19,138</b>	<b>16,087</b>

Non-Renewable Sources (GJ)	2021-22	2020-21
Energy consumption	37,068	31,733
Fuel consumption	4,824	3,860
Energy consumption through other sources	0	0
<b>Total energy consumption from Non-Renewable Sources</b>	<b>41,892</b>	<b>35,593</b>

As of 31 March 2022, approximately 31% energy consumed is through renewable sources.

Yes, Lloyd's Register Quality Assurance Limited has undertaken an independent assessment.

14. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

None of the sites operate in water-stress zones. However, all sites monitor water footprint and are implementing measures for conservation.

15. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable.

16. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

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. Actions have also 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. We challenge ourselves and our partners every day to be better global citizens and protect the future of our planet.

Company has taken several initiatives from time to time which ranges from the use of alternate sources of energy to reduction in water consumption and waste management.

Further details are available in the Sustainability Policy which is available on our website at <https://akzonobel.co.in/corporate-governance.php#policy>

### PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

1. a. Number of affiliations with trade and industry chambers/ associations.
 

We currently have six affiliations with trade and industry chambers/ associations.
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/affiliated to.

We are currently associated with the following Industry chambers/associations:

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry	National
2	Indian Paints Association	National
3	Paints & Coatings Skill Council	National
4	Federation of Indian Export Organisations	National
5	The Council of European Chamber of Commerce in India	International
6	The National Association of Software and Service Companies	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities

There was no anti competitive conduct requiring corrective action by the entity, based on adverse orders from regulatory authorities.

3. Details of public policy positions advocated by the entity

None in specific. We participate in various programmes of these associations and provide appropriate inputs for addressing industry wide issues and in case of evolving

standards for promotion of product safety and environmental protection. We engage with the public and regulatory bodies in a responsible manner.

### PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

No Social Impact Assessments of projects were undertaken by the entity.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

There is no ongoing Rehabilitation and Resettlement (R&R) being undertaken by the entity

3. Describe the mechanisms to receive and redress grievances of the community.

We generally address all grievances through local community institutions represented by community leaders. In case of villages, Panchayats acts as a platform to receive and address grievances and at cities it is done through Government municipalities.

Also as a part of our CSR program, our employees periodically interact with the local community to understand and address community concerns. Based on these interactions, we have not encountered any specific grievance from the community at present.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

The Company actively engages with local and MSME suppliers around local communities of its manufacturing facilities as per the requirements of the products manufactured and sold by it.

The Company has taken the below steps for its suppliers to improve their capacity and capability:

- improvement trainings focused on aspects like Technology, Quality, Health & Safety, Environment, Productivity & Capacity
- help suppliers upgrade overall capabilities by leveraging global best practices
- benchmarking to deliver world class products with highest quality standards
- ensuring payment to MSME vendors on priority even in COVID times

5. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments

Not applicable.

6. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

We have undertaken two projects for providing Vocational Skill Training to rural women and youth in Darrang district of Assam and East Singhbhum district of Jharkhand.



7. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Not applicable.

8. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not applicable.

9. Details of beneficiaries of CSR Projects:

Please refer to the Corporate Social Responsibility update in the Management Discussion and Analysis section and Annexure II B of the Directors Report.

3. Number of consumer complaints in respect of the following:

	2021-22		2020-21		Remarks
	Filed during the year	Pending resolution at year-end	Filed during the year	Pending resolution at year-end	
Data Privacy	-	-	-	-	
Advertising	-	-	-	-	
Cyber-Security	-	-	-	-	
Delivery of essential services	-	-	-	-	
Restrictive Trade practice	-	-	-	-	
Unfair trade practice	-	-	-	-	
Others	1,822	194	1,971	209	Product complaints relating products, packaging, technical and colour

## PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

There is a structured and well publicized mechanism for customers to ventilate grievances. The Company is solution oriented and transparent in resolving consumer complaints. Customers are served with courtesy, respect and understanding at all times.

We have established multiple lines of communication for a consumer to reach us:

- Toll Free Number: 1800 3000 4455
- Website(s): [www.dulux.in](http://www.dulux.in) and [www.akzonobel.co.in](http://www.akzonobel.co.in)
- Email: [customercare.india@akzonobel.com](mailto:customercare.india@akzonobel.com)
- Sales touch point for the dealer

We have a structured IT enabled Customer Relationship Management ('CRM') tool which captures all complaints received through any of the aforesaid communication channels to every query is responded and tracked for closure.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environment and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and safe disposal	100%

4. Details of instances of product recalls on account of safety issues:

There have been no product recalls on account of safety issues. Our products undergo quality assurance from safe usage and handling perspective. In addition, our product packaging carry safe usage instructions.

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Your Company has a framework for managing Cyber security and data privacy in alignment with Group policies. In addition our Risk Management framework identifies cybersecurity and information as a risk and the mechanism to identify and monitor the implications of the risk.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

No issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services necessitating corrective actions.

7. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Channels / Platforms on products and services of the entity [dulux.in](http://dulux.in) and [akzonobel.co.in](http://akzonobel.co.in)

8. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Safety application are procedures mentioned on Livery and on our websites. Awareness campaigns were also conducted for painters and contractors during the year.

9. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

There was no risk of disruption/discontinuation of essential services and hence no requirement of informing consumers

10. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/ No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, the entity displays information on the product label as per the mandated local laws. Apart from the mandated declarations, additional declarations are furnished on the products/labels relating to the products and their usage.



The entity 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.

11. Provide the following information relating to data breaches:

- Number of instances of data breaches along-with impact
- Percentage of data breaches involving personally identifiable information of customers

There have been no instances of data breach.

On behalf of the Board

**Oscar Wezenbeek**

Place: Singapore  
Date: 27 May 2022

Chairman  
DIN 08432564

# ANNEXURE II-B

## Corporate Social Responsibility (CSR) Report

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

1. AkzoNobel is firmly committed to conduct its business in a socially and environmentally responsible way for the benefit of all its stakeholders. To achieve its CSR philosophy, and in consonance with the provisions of the Companies Act, 2013 and subsequent amendments, the Company shall inter-alia, focus its attention on the areas and activities mentioned in Schedule VII of the Act. Apart the policy provides guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

2. Composition of CSR Committee

Composition of CSR Committee			Number of Meetings of CSR Committee held in the Year	Number of Meetings of CSR Committee attended in the Year
Sl. No.	Name of Director	Designation/Nature of Directorship		
1	R Rajgopal	Managing Director	2	2
2	R Krishna	Whole time Director and CFO (from 1 December 2021)	2	1
3.	L Kataria	Whole time Director and CFO (upto 30 September 2021)	2	-
4.	H Rastogi	Whole time Director and CFO (from 1 October 2021 to 30 November 2021)	2	1
5.	S Vijay	Independent Director and Chairperson	2	2

3. The weblink of CSR policy is [https://akzonobel.co.in/pdf/policy/CSR\\_Policy\\_2021.pdf](https://akzonobel.co.in/pdf/policy/CSR_Policy_2021.pdf). Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable - Not applicable

4. Impact Assessment of CSR projects carried out in pursuance of sub rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable – Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – None

6. Average net profit of the Company for last three financial years was ₹ 3,000 million, computed under Section 198 of the Act.

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 60 million

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year: Nil

(d) Total CSR Obligation for the financial Year (a+b-c): ₹ 60 million

8. (a) CSR Amount spent for the financial year: ₹ 60.35 million

CSR Amount unspent for financial year, if any: Nil

(b) Details of CSR amount spent against ongoing projects for the financial year: N.A.

(c) Details of CSR amount spent against other than ongoing projects for the financial year are given below:

SI. No.	Name of the Project	Items from the List of Activities in Schedule VII of the Act	Local Area (Yes/No)	Location of the Project State and District	Amount Spent in the Current Financial Year (₹ In Million)	Mode of Implementation- Through Implementing Agency (Name and Registration No.)
1	Vocational Skill Training to underprivileged youth and Painters	Promoting employment enhancing vocational skills	Yes*	Delhi (Delhi South), West Bengal (North 24 Parganas, Kolkata), Maharashtra (Thane), Karnataka (Bengaluru Rural), Haryana (Faridabad)  *Yes for all except Delhi (Delhi South)	31.17	1. Anirban Rural Welfare Society (CSR00000708) 2. Teamlease Skill University (CSR00001676) 3. Sambhav Foundation (CSR00000475) 4. Globalhunt Foundation (CSR00002645) 5. Directly
2.	Vocational Skill Training to rural women	Promoting employment enhancing vocational skills	No	Assam (Darrang district)	2.06	1. Fxb India Suraksha (CSR00000076) 2. Directly
3	Parivartan (Education Projects)	Promoting Education	Yes	Punjab (Mohali), Haryana (Gurgaon), MP (Bhind), Karnataka (Bengaluru Rural), Maharashtra (Thane)	10.36	1. Deepalaya (CSR00000584) 2. Sakshi (CSR00000232) 3. Humara Bachpan Trust (CSR00000351) 4. APSA (CSR00000280) 5. Pride India (CSR00001069)
4	Donation of Digital Tabs and Laptops to promote online and digital education	Promoting Education	Yes	Punjab (Mohali), Haryana (Gurgaon), MP (Bhind), Karnataka (Bengaluru Rural), Maharashtra (Thane)	1.57	1. Humara Bachpan Trust (CSR00000351) 2. APSA (CSR00000280)
5.	Painting of Govt. schools	Promoting Education	Yes	Haryana (Gurgaon), Kerala (Ernakulam), Maharashtra (Thane), Delhi (Delhi South) and Telangana (Medchal)	3.27	1. Sakshi (CSR00000232) 2. APSA (CSR00000280) 3. Pride India (CSR00001069) 4. Directly
6	Arogya Disha	Promoting Preventive Health care	Yes	Karnataka (Bengaluru Rural) and Madhya Pradesh (Bhind)	2.77	1. Telerad Foundation (CSR00002867) 2. Humara Bachpan Trust (CSR00000351)
7	Arogya Sakha	Promoting Preventive Health care	Yes	Pan india	1.29	Telerad Foundation (CSR00002867)
8	Support to Children with Cancer	Promoting Preventive Health care	Yes	Maharashtra (Mumbai)	0.61	Directly
9	COVID19 Relief Project	Fight against COVID19	Yes	Haryana (Gurgaon), Karnataka (Bengaluru Rural) and Maharashtra (Thane)	1.55	1. Sakshi (CSR00000232) 2. Telerad Foundation (CSR00002867) 3. Pride India (CSR00001069) 4. Directly
10	COVID19 Relief Project – Helpline for blue collared work force	Fight against COVID19	No	Pan India	0.73	Telerad Foundation (CSR00002867)
11	Support to Museum of Art and Photography	Protection of National Heritage, Art and Culture	Yes	Karnataka (Bengaluru)	0.76	Directly
12	Others- Less than 0.5 million each	Various	NA	Various	1.28	NA

**N.B.**

Mode of Implementation: All the CSR projects were carried out directly as well as through NGO's

- (d) Amount Spent in Administrative Overhead: ₹2.93 million  
 (e) Amount Spent on Impact Assessment (If applicable) NA  
 (f) Total Amount spent for the financial Year: ₹60.35 million  
 (g) Excess amount for set off if any is given below:

S. No.	Particular	Amount (₹ in million)
1	Two percent of average net profit of the company as per section 135(5)	60.00
2	Total amount spent for the Financial Year	60.35
3	Excess amount spent for the financial year [(ii)-(i)]	0.35
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
5	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.35

9. (a) There is no unspent amount for the preceding three financial years  
 (b) There are no ongoing projects of the previous financial year
10. Details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

- (a) Date of creation or acquisition of the capital asset(s)  
27 March 2022
- (b) Amount of CSR spent for creation or acquisition of capital asset: ₹2.00 million
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

Globalhunt Foundation E-45/6, Okhla Phase-II, New Delhi-110020

The assets were purchased on 27 March 2022 and were donated on 30 March 2022

- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

Three painting simulators were acquired. All of them are located at Akzo Nobel Paint Academy- Navi Mumbai, Mumbai. The Mumbai address is Akzo Nobel India, Plot No. 109, Parsik Hill, CBD Belapur, Navi Mumbai, Maharashtra- 400 710.

11. 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.

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

Place: Gurugram  
Date: 27 May 2022

**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 2021-22, various energy conservation measures were implemented by the Company:

i. Conservation measures taken	<p>Energy saving measures adopted across all offices &amp; manufacturing facilities with continued efforts towards technological upgradation and optimization of processes to reduce carbon footprint. Some of the key measures are:</p> <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 and utilities such as air compressors, chillers etc..</li> <li>4. Separate control switch for plant individual lights to avoid excess running of lights.</li> <li>5. AC mapping done across the sites for minimum usage and maximum coverage.</li> <li>6. Timers installed in Process Equipment and various other utilities to automatically switch ON and OFF for optimum utilization.</li> <li>7. Capacitor Replacements for 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 place of AHU unit resulting in energy savings.</li> <li>10. Operational improvements by switching off chiller 30 mins earlier during shift change over to use chilling water in the buffer tank.</li> <li>11. Optimization of dust extraction systems by reducing RPM where the value of air flow is higher than requirement.</li> <li>12. Process improvements through batch cycle time reduction.</li> <li>13. Phase wise replacement of motors with the high energy efficiency motors</li> <li>14. Calculation Air Leakage percentage by scheduling the air leakage test and arresting the leakages, to limit the leakages percentage &lt;10 of overall site consumption.</li> <li>15. Replacement of old reciprocating chiller with Screw chiller for the Dyno mill operation.</li> <li>16. Air Compressor performance monitoring and control</li> <li>17. Various Energy saving displays at site for the team's awareness.</li> <li>18. Sola Tubes ( which converts Direct sunlight to lights without using any Energy source)</li> </ol>
ii. Steps taken by the Company for utilizing alternate sources of energy	<p>The Company has taken initiatives to use non-conventional energy like solar panel and, as part of the initiative, roof top solar panels have been installed by third party. First preference is given for usage of non-conventional energy in place of conventional source.</p> <p>The total installed capacity of solar energy in all manufacturing sites in India is 2,557 KWA.</p>
iii. Capital investment on energy conservation equipment	<p>There have been no Capital investment in Energy conservation equipment during the year</p>

**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	<p>Major benefits derived from the above initiatives are cost reduction, quality improvement and import substitution.</p> <p>Launched a series of new products in Paints &amp; Coatings offering differentiated benefits to our customers while strengthening our premium interior wall paint segment with differentiated proposition under health &amp; hygiene, eg. Dulux Better living air clean bio based Emulsion with natural ingredients certified by USDA, Dulux SuperClean &amp; Dulux SuperClean 3 IN 1 with Antiviral proposition. Launch of new products in waterproof range under Dulux AquaTech brand like Damp protect Base coat &amp; Interior basecoat give more offering to customers and better protection for Exterior &amp; interior walls respectively. Differentiated new products launched in the woodcare category under Sadolin range like Epoxy insulator &amp; Luxurio PU to enhance premium offering in the wood care segment.</p> <p>The “Dulux Assurance” programme initiated to give the best quality product to the customer and deliver as claimed the <b>perfect colour</b> with a <b>uniform finish</b> and the <b>coverage stated</b>.</p> <p>Using R&amp;D activities, value engineering initiatives of existing products have delivered better cost effective performance through optimum use of material efficiency and / or alternate materials.</p> <p>Focussed R&amp;D efforts are made in the year to improve sustainable solutions for products by reducing VOCs or better process development or substitution to sustainable alternates .</p>
iii.	In case of imported technology, imported during the last 3 years (reckoned from the beginning of the financial year)	Nil

### iv. Expenditure On R&D

	(₹ Mn)	
	2021-22	2020-21
Recurring*	130	123
Capital	-	-

\*Excludes Royalty Charge and recoveries

## C. Foreign exchange earnings and outgo

	(₹ Mn)	
	2021-22	2020-21
Earnings	1,134	1,315
Outgo <sup>@</sup>	6,158	4,745

@ 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

**Oscar Wezenbeek**

Chairman

DIN 08432564

Place: Singapore  
Date: 27 May 2022

# 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

	(₹ Mn)
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.	₹
4 Share capital	Nil (limited by guarantee)
5 Reserves & surplus	7.12
6 Total assets	12.27
7 Total liabilities (excluding 5 above)	5.15
8 Investments	-
9 Turnover (excluding other Income)	12.68
10 Profit before taxation	0.90
11 Provision for taxation	-
12 Profit after taxation	0.90
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

**Oscar Wezenbeek**

Chairman  
 DIN : 08432564

Place: Singapore  
 Date: 27 May 2022

**Krishna Rallapalli**

Wholetime Director and CFO  
 DIN : 03384607

Place: Gurugram  
 Date: 27 May 2022

**Rajiv Rajgopal**

Managing Director  
 DIN : 06685599

Place: Gurugram  
 Date: 27 May 2022

**Harshi Rastogi**

Company Secretary  
 ACS 13642

Place: Gurugram  
 Date: 27 May 2022

# 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 first proviso to sub-section (3) of section 129 of the Companies Act 2013 read with rule 5 of 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

**Oscar Wezenbeek**

Chairman  
DIN : 08432564

Place: Singapore  
Date: 27 May 2022

**Krishna Rallapalli**

Wholtime Director and CFO  
DIN : 03384607

Place: Gurugram  
Date: 27 May 2022

**Rajiv Rajgopal**

Managing Director  
DIN : 06685599

Place: Gurugram  
Date: 27 May 2022

**Harshi Rastogi**

Company Secretary  
ACS 13642

Place: Gurugram  
Date: 27 May 2022

# SECRETARIAL AUDIT REPORT

## for the financial year ended 31.03.2022

[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 31.03.2022 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 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 31.03.2022 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 31.03.2022 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.

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 and Sweat Equity) Regulations, 2021;

(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) In the light of heightened concern on spread of Covid-19 across the nation during the year under report and as per the notifications issued by the Central / State Government(s), the Company had temporarily suspended its operation of certain facilities at its Plants and Offices till such time as has been specified in such notifications.

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

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

UIN : S1999WB026800

PRCN : 1038/2020

UDIN : F004848D000406128

Place : Kolkata

Dated : 27.05.2022

# FINANCIAL STATEMENTS

## Standalone Financial Statements

- Independent Auditors' Report	84
- Balance Sheet	94
- Statement of Profit and Loss	95
- Statement of Cash Flows	96
- Statement of Changes in Equity	98
- Notes	99

## Consolidated Financial Statements

- Independent Auditors' Report	152
- Consolidated Balance Sheet	158
- Consolidated Statement of Profit and Loss	159
- Consolidated Statement of Cash Flows	160
- Consolidated Statement of Changes in Equity	162
- Notes	163

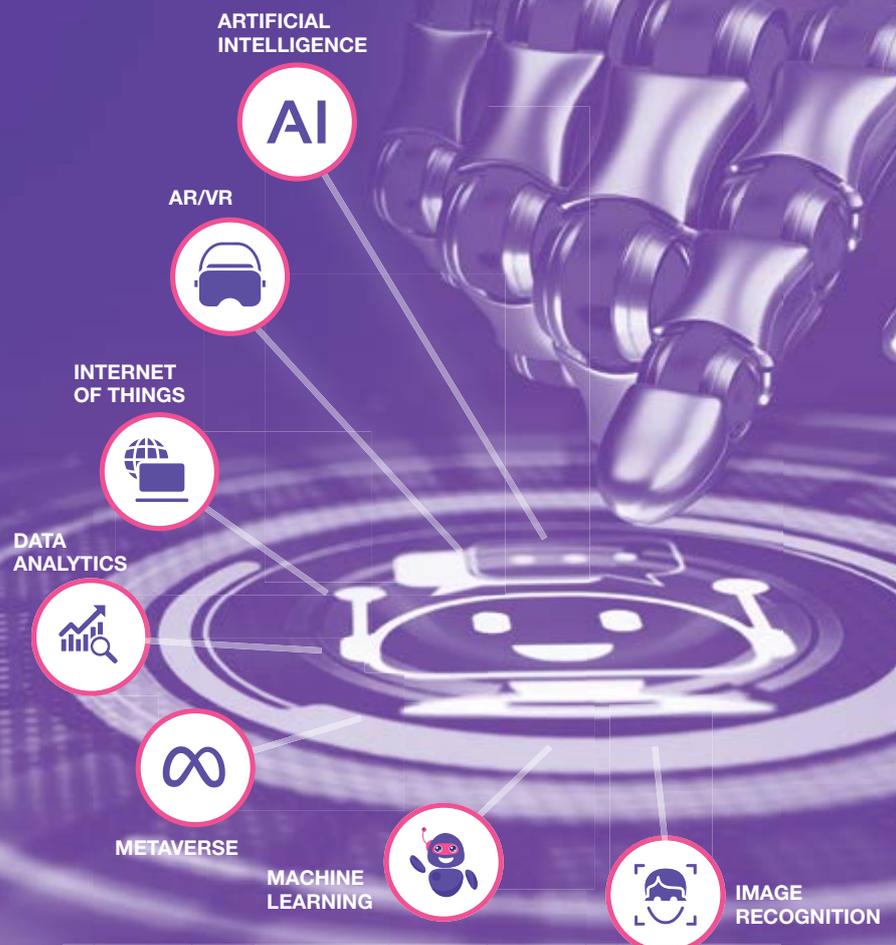
# PAINT THE FUTURE

Collaborative innovation by AkzoNobel

## INDIA STARTUP CHALLENGE 2022

## DISRUPTION WITH TECH

Is paint just mixing and stirring chemicals? Think again...It's also disruption with tech like AI, VR, big data, IoT and more! The India startup challenge on 'Digital Consumer Experience' aims to boost the magic of Dulux paints to ultimately transform the way consumers experience our products and services. With over 200 disruptive solutions spanning inspiration, visualization, surface health, trusted application, immersive digital experience and more – we're amazed by the response from startups to our challenge. Exciting partnership opportunities lie ahead for the winners as they join AkzoNobel's accelerator program to support the further development and deployment of their solutions.



# INDEPENDENT AUDITOR'S 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 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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 2022, 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.

### Key Audit Matters

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were 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 these matters.

#### Key audit matter

A. Revenue recognition including variable consideration

[Refer to Notes 1(o) (Significant accounting policies) and 18 (Revenue from operations) to the Standalone Financial Statements]

The Company recognises revenues when control of the goods is transferred to the customer at an amount that reflects the net consideration, which the Company expects to receive for those goods from customers. The sales arrangements are voluminous and in determining the sales price, the Company considers the effects of variable consideration, which requires estimation, leading to complexities and application of significant effort and judgment.

Considering these significant judgements, estimates and the risk associated with revenue recognition, the matter has been determined to be a key audit matter.

#### How our audit addressed the key audit matter

Our audit procedures included the following:

- We assessed the design and tested the operating effectiveness of internal controls related to recognition of revenue including variable consideration.
- We tested sales transactions on a sample basis, by comparing the underlying sales invoices, sales orders and dispatch documents to assess whether revenue was recognised appropriately.
- Assessed the underlying assumptions and estimates used for determination of variable consideration.
- We tested rebates and discount provided to the customers on a sample basis, comparing the same with underlying approvals and terms of the contracts and schemes offered to customers.
- We assessed the adequacy of the disclosures made in the Standalone Financial Statements in respect of revenue recognition.

Based on the above procedures, we did not identify any significant deviation to the assessment made by the management in respect of revenue recognition including variable consideration.

Key audit matter	How our audit addressed the key audit matter	Key audit matter	How our audit addressed the key audit matter
<p>B. Assessment of ongoing income tax and indirect tax litigations</p> <p>[Refer to Notes 1(l) and 1(m) (Significant accounting policies), Note 27(b) (Contingent liabilities), Note 6.2 [Non-current tax assets(net)], Note 13 (Provisions) to the Standalone Financial Statements]</p> <p>As at 31 March 2022, 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 “tax litigations”). These matters are in appeal before various judicial forums.</p> <p>The eventual outcome of tax litigations is uncertain and the positions taken by the management are based on the application of significant judgement and estimation. The assessment of the tax matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements. Based on management judgement and the advice from external legal and tax consultants and considering the merits of the case, the Company has recognised provisions wherever required and for the balance matters, where the management</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process and controls designed and implemented by the management and tested the design and operating effectiveness of relevant controls;</li> <li>• Obtained an understanding of the tax litigations through enquiry with the management, including the significant developments, additions and settlements during the year and subsequent to the year end;</li> <li>• Inspected demand notices received from the tax authorities and evaluated the Company’s response to those matters;</li> <li>• Obtained independent confirmations from the Company’s external tax experts including the status of the significant tax litigations, their views regarding the likely outcome and magnitude of the potential exposure;</li> <li>• Involved specialists to evaluate the management’s assessment on the likely outcome and potential magnitude on complex or significant tax matters as considered necessary; and</li> <li>• Assessing the adequacy of the Company’s disclosures in respect of litigations.</li> </ul>	<p>expects favourable outcome, the tax 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>We identified this matter as a key audit matter as the ultimate outcome of matters are uncertain and the positions taken by the management are based on the application of significant judgement, related legal advice including those relating to interpretation of laws and regulations.</p>	<p>We did not identify any significant exceptions to the management’s assessment of the ongoing tax litigations as a result of the above procedures.</p>
<b>Other Information</b>			
<p>5. The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Standalone Financial Statements and our auditor’s report thereon.</p>			
<p>Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p>			
<p>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.</p>			
<p>We have nothing to report in this regard.</p>			
<b>Responsibilities of Management and Those Charged With Governance for the Standalone Financial Statements</b>			
<p>6. 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</p>			

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.

7. 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**

8. 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.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the 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 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.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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**

13. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the backup of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 comments in paragraph 14(b) above that the back-up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
  - (g) With respect to the adequacy of the internal financial controls with reference to 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 (as amended), 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 27 to the Standalone Financial Statements;
    - ii. The Company was not required to recognise a provision as at 31 March 2022 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contracts. The Company did not have any long-term derivative contracts as at 31 March 2022.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.
- iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the Standalone Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 38 to the Standalone Financial Statements);
    - (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the Standalone Financial Statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 38 to the Standalone Financial Statements); and
    - (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
  - v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.
15. 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

**Anurag Khandelwal**

Partner

Place: Gurugram  
Date: 27 May 2022

Membership Number: 078571  
UDIN: 22078571AJRYBK1896

# ANNEXURE TO INDEPENDENT AUDITORS' REPORT

## Annexure A

**Referred to in paragraph 14(g) of the Independent Auditor's Report of even date to the members of Akzo Nobel India Limited on the Standalone Financial Statements for the year ended 31 March 2022**

### **Report on the Internal Financial Controls with reference to Standalone Financial Statements under clause (j) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to Standalone Financial Statements of Akzo Nobel India Limited ("the Company") as of 31 March 2022 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 ("the Guidance Note") 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.

### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone 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 Standalone 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 with reference to Standalone Financial Statements.

### **Meaning of Internal Financial Controls with reference to financial statements**

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

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at 31 March 2022, 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 issued by ICAI.

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

**Anurag Khandelwal**  
Partner

Place: Gurugram  
Date: 27 May 2022

Membership Number: 078571  
UDIN: 22078571AJRYBK1896

## Annexure B

### Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of Akzo Nobel India Limited on the Standalone Financial Statements as of and for the year ended 31 March 2022

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of property, plant and equipment.
- (B) The Company is maintaining proper records showing full particulars of intangible assets.
- (b) The 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 property, plant and equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3.1 on property, plant and equipment to the Standalone Financial Statements, are held in the name of the Company, except for the following:

(₹ in million)

Description of property	Gross carrying value	Held in the name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in the name of the Company
Land acquired on lease-cum-sale basis at Mysore	166	Karnataka Industrial Area Development Board	No	2016 to 2018	The sale deed will be executed after the lease period upon fulfillment of the conditions specified in the allotment letter
Leasehold land at Thane	7	Akzo Nobel India Limited	No	2013	Original title deed is not in the possession of the Company

- (d) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the year. Consequently, as stated in Note 38 to the Standalone Financial Statements, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including right-of-use assets) or intangible assets does not arise.
- (e) Based on the information and explanations furnished to us, as stated in Note 38 to the Standalone Financial Statements, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its Standalone Financial Statements does not arise.
- ii. (a) The physical verification of inventory (excluding stocks with third parties) and goods in transit has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. 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 10% or more in aggregate for each class of inventory.
- (b) During the year, the Company has not been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise. Also refer Note 38 to the Standalone Financial Statements.

- iii. (a) The Company has granted unsecured loans to few employees. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans to parties other than subsidiaries, joint ventures and associates are as per the table given below:

<b>Particulars</b>	<b>Loans (Amount in ₹ million)</b>
Employee loans	2
Aggregate amount granted during the year	
Balance outstanding as at balance sheet date in respect of the above case	4

(Also refer Note 5.2 to the Standalone Financial Statements)

- (b) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
- (c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
- (d) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.
- (e) There were no loans which fell due during the year and were renewed/extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans.
- (f) There were no loans which were granted during the year which are repayable on demand or without specifying any terms or period of repayment, including to promoters/related parties.

Except for the employee loans stated above, the Company has not made any investments, granted secured/unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any other parties.

- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits 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 generally regular in depositing undisputed statutory dues in respect of provident fund and professional tax, though there has been a slight delay in a few cases, and is regular in depositing the undisputed statutory dues, including goods and services tax, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Also, refer note 27(c) to the Standalone 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 statutory dues of goods and services tax, provident fund, employees' state insurance and cess which have not been deposited on account of any dispute. The particulars of other statutory dues referred to in sub-clause (a) as at 31 March 2022 which have not been deposited on account of a dispute, are as follows:

(₹ in million)

Name of the statute	Nature of dues	Amount	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax	161	159	2003-04, 2010-11, 2011-12, 2012-13 and 2013-14	Assessing Officer	None
Income Tax Act, 1961	Income Tax	114	88	2008-09, 2009-10 and 2019-20	Commissioner of Income Tax (Appeals)	None
Income Tax Act, 1961	Income Tax	2,246	587	2007-08, 2008-09, 2014-15, 2015-16, 2016-17 and 2017-18	Income Tax Appellate Tribunal	None
Income Tax Act, 1961	Income Tax	65	-	1998-99	Calcutta High Court	None
The Central Excise Act, 1944	Excise Duty	2	-	2006-07, 2007-08	Additional Commissioner/Joint Commissioner	None
The Central Excise Act, 1944	Excise Duty	54	2	2000-01, 2002-03, 2004-05, 2005-06, 2015-17	Commissioner Appeal/Joint Commissioner Appeal	None
The Central Excise Act, 1944	Excise Duty	42	4	1991-92 to 1999-2000, 2004-05, 2005-06, 2007-08, 2009-10 and 2012-13	Customs Excise and Service Tax Appellate Tribunal	None
The Central Excise Act, 1944	Excise Duty	1	-	2004-06	Karnataka High Court	None
The Finance Act, 1994	Service Tax	22	1	2012-13, 2013-14 and 2014-15	Customs Excise and Service Tax Appellate Tribunal	None
The Finance Act, 1994	Service Tax	15	1	2013-14 to 2017-18	Commissioner Appeals	None
The Customs Act, 1962	Custom Act	3	-	1999 to 2000	Calcutta High Court	None
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	231	76	2000-01, 2002-03 to 2017-18 and 2020-21	First Appellate Authority	None

(₹ in million)

Name of the statute	Nature of dues	Amount	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	128	10	1982-83 to 2000-01, 2005-06, 2006-07, 2008-09 to 2011-12, 2012-2013, 2014-15, 2016-17 and 2017-18	Second Appellate Authority / Sales Tax Tribunal	None
State Sales Tax / Value Added Tax as per statutes applicable in various states	Sales Tax	81	6	1982-83, 1986-87, 2000-01, 2005-06, 2006-07, 2009-10, 2010-11, 2012-13	Madhya Pradesh High Court, Allahabad High Court and Madras High Court	None
<b>Total</b>		<b>3,165</b>	<b>934</b>			

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that have not been recorded in the books of account.

- ix. (a) As the Company did not have any loans or other borrowings from any lender during the year, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company. Also refer Note 38 to the Standalone Financial Statements.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority. Also refer Note 38 to the Standalone Financial Statements.
- (c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the Standalone Financial Statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the Standalone Financial Statements of the Company, we report that

the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary. The Company does not have any associate or joint venture.

- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary. The Company does not have any associate or joint venture.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi (a) 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, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) 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, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

- (c) 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, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting. As explained by the management, there were certain complaints in respect of which investigations are ongoing as on the date of our report, the impact of which is not likely to be material.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is 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 Standalone Financial Statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.
- xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditor for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations provided by the management of the Company, the Group\* does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- \* as interpreted in accordance with Notification No. DNBS. (PD) 219/CGM(US)-2011 dated January 5, 2011 issued by Reserve Bank of India.
- xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios (also refer note 36 to the Standalone Financial Statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- xx. As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

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

**Anurag Khandelwal**  
Partner

Place: Gurugram  
Date: 27 May 2022

Membership Number: 078571  
UDIN : 22078571AJRYBK1896

# BALANCE SHEET

All amounts are in millions Indian ₹, unless otherwise stated)	Notes	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.1	4,151	4,411
Right-of-use assets	3.2	997	954
Capital work-in-progress	3.3	416	165
Intangible assets	4	52	63
Financial assets			
(i) Investments	5.1	*	5
(ii) Loans	5.2	4	4
(iii) Other financial assets	5.3	86	76
Deferred tax assets (net)	14	196	181
Non-current tax assets (net)	6.2	1,374	979
Other non-current assets	6.1	1,034	983
<b>Total non-current assets</b>		<b>8,310</b>	<b>7,821</b>
<b>Current assets</b>			
Inventories	7	6,644	4,882
Financial assets			
(i) Trade receivables	8.1	4,955	4,131
(ii) Cash and cash equivalents	8.2	1,441	1,384
(iii) Bank balances other than (ii) above	8.3	3,135	5,941
(iv) Loans	8.4	*	*
(v) Other financial assets	8.5	116	102
Other current assets	9	1,304	1,031
<b>Total current assets</b>		<b>17,595</b>	<b>17,471</b>
<b>Total assets</b>		<b>25,905</b>	<b>25,292</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	455	455
Other equity	11	12,133	12,421
<b>Total equity</b>		<b>12,588</b>	<b>12,876</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Lease liabilities	3.2	551	511
(ii) Other financial liabilities	12	179	183
Provisions	13	682	612
Other non-current liabilities	15	69	66
<b>Total non-current liabilities</b>		<b>1,481</b>	<b>1,372</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Lease liabilities	3.2	154	128
(ii) Trade payables	16.1		
- Total outstanding dues of micro enterprises and small enterprises		139	77
- Total outstanding dues of creditors other than micro enterprises and small enterprises		8,312	7,908
(iii) Other financial liabilities	16.2	774	828
Provisions	13	421	432
Other current liabilities	17	2,036	1,671
<b>Total current liabilities</b>		<b>11,836</b>	<b>11,044</b>
<b>Total liabilities</b>		<b>13,317</b>	<b>12,416</b>
<b>Total equity and liabilities</b>		<b>25,905</b>	<b>25,292</b>

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

The notes from note no. 1 to 43 form an integral part of these Standalone Financial Statements.

This is the Balance Sheet referred to in our report of even date.

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

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

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

Place: Gurugram  
Date: 27 May 2022

**Oscar Wezenbeek**  
Chairman  
DIN : 08432564

Place: Singapore  
Date: 27 May 2022

**Rajiv Rajgopal**  
Managing Director  
DIN : 06685599

Place: Gurugram  
Date: 27 May 2022

**Krishna Rallapalli**  
Wholtime Director and CFO  
DIN : 03384607

Place: Gurugram  
Date: 27 May 2022

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 27 May 2022

# STATEMENT OF PROFIT AND LOSS

(All amounts are in millions Indian ₹, unless otherwise stated)	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	18	31,486	24,214
Other income	19	227	232
<b>Total income</b>		<b>31,713</b>	<b>24,446</b>
<b>Expenses</b>			
Cost of materials consumed	20	17,747	11,662
Purchases of stock-in-trade		1,939	1,737
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(902)	(172)
Employee benefits expense	22	2,632	2,511
Finance costs	23	145	103
Depreciation and amortisation expense	24	759	755
Other expenses	25	5,746	5,068
<b>Total expenses</b>		<b>28,066</b>	<b>21,664</b>
<b>Profit before exceptional items and tax</b>		<b>3,647</b>	<b>2,782</b>
Exceptional items (net)	26	20	-
<b>Profit before tax</b>		<b>3,667</b>	<b>2,782</b>
<b>Income tax expense:</b>			
Current tax	14	782	763
Deferred tax	14	(15)	(57)
<b>Total tax expense</b>		<b>767</b>	<b>706</b>
<b>Profit after tax for the year (A)</b>		<b>2,900</b>	<b>2,076</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement of defined benefit plans	35	*	(33)
Changes in fair value of equity instruments at FVOCI	5.1	-	*
Income tax relating to the above items	14	*	8
<b>Other comprehensive income for the year (B)</b>		<b>*</b>	<b>(25)</b>
<b>Total comprehensive income for the year (A + B)</b>		<b>2,900</b>	<b>2,051</b>
*Amount is below rounding off norms, adopted by the Company			
<b>Earnings per equity share attributable to owners of Akzo Nobel India Limited:</b>	29		
Basic earning per equity share (in ₹) [Face value of ₹ 10 each]		63.68	45.60
Diluted earning per equity share (in ₹) [Face value of ₹ 10 each]		63.68	45.60

The notes from note no. 1 to 43 form an integral part of these Standalone Financial Statements.

This is the Statement of Profit and Loss (including Other Comprehensive Income) referred to in our report of even date.

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

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

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

**Oscar Wezenbeek**  
Chairman  
DIN : 08432564

**Rajiv Rajgopal**  
Managing Director  
DIN : 06685599

Place: Gurugram  
Date: 27 May 2022

Place: Singapore  
Date: 27 May 2022

Place: Gurugram  
Date: 27 May 2022

**Krishna Rallapalli**  
Wholetime Director and CFO  
DIN : 03384607

Place: Gurugram  
Date: 27 May 2022

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 27 May 2022

# STATEMENT OF CASH FLOWS

(All amounts are in millions Indian ₹, unless otherwise stated)	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A Cash flow from operating activities</b>			
<b>Profit before tax</b>		<b>3,667</b>	2,782
Adjustments for:			
Depreciation and amortisation expense	24	759	755
Loss on sale of property, plant and equipment (net)	25	20	26
Adjustment on termination of leases (net)	19	(9)	(17)
Exceptional items (net)	26	(20)	-
Provision for inventory obsolescence		(81)	(4)
Provision for doubtful debts and advances	25	(21)	(7)
Net foreign exchange differences		(29)	18
Provision/liabilities no longer required written back	18	(190)	(2)
Government grants	19	(11)	(12)
Interest income	19	(194)	(151)
Interest income from financial assets at amortised cost - Bonds	19	-	(48)
Gain on sale of investments	19	(7)	-
Finance costs	23	145	103
<b>Operating profit before change in operating assets and liabilities</b>		<b>4,029</b>	<b>3,443</b>
(Increase) / Decrease in trade receivables		(799)	(166)
(Increase) / Decrease in inventories		(1,681)	(641)
(Increase) / Decrease in loans		*	2
(Increase) / Decrease in other financial assets		(10)	12
(Increase) / Decrease in other assets		(253)	(460)
Increase / (Decrease) in trade payables		697	1,224
Increase / (Decrease) in other financial liabilities		(77)	(114)
Increase / (Decrease) in provisions		79	70
Increase / (Decrease) in other liabilities		359	277
<b>Cash generated from operations</b>		<b>2,344</b>	<b>3,647</b>
Income taxes paid (net)		(1,132)	(820)
<b>Net cash inflow from operating activities (A)</b>		<b>1,212</b>	<b>2,827</b>
<b>B Cash flow from investing activities</b>			
Payments for purchase of property, plant and equipment		(634)	(279)
Proceeds from sale of investments		13	835
Fixed deposits balances with banks		2,738	(3,021)
Interest received		187	218
<b>Net cash inflow / (outflow) from investing activities (B)</b>		<b>2,304</b>	<b>(2,247)</b>

# STATEMENT OF CASH FLOWS

(All amounts are in millions Indian ₹, unless otherwise stated)	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>C Cash flow from financing activities</b>			
Principal element of lease payments		(153)	(112)
Dividend paid		(3,188)	(1,548)
Interest paid		(118)	(77)
<b>Net cash (outflow) from financing activities (C)</b>		<b>(3,459)</b>	<b>(1,737)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>		<b>57</b>	<b>(1,157)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,384</b>	2,541
<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>1,441</b>	<b>1,384</b>

## Non-cash investing activities

- Acquisition of right-of-use assets	295	328
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\*Amount is below rounding off norms, adopted by the Company

### Notes:

- (i) The above 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 bracket represent outflows.

### Components of cash and cash equivalents are as under:

(All amounts are in millions Indian ₹, unless otherwise stated)	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Balances with banks</b>			
- In current account	8.2	620	454
- In EEFC account	8.2	119	228
<b>Deposits with maturity of less than three months</b>	8.2	<b>702</b>	<b>702</b>
<b>Cash and cash equivalents (Refer note 8.2)</b>		<b>1,441</b>	<b>1,384</b>

The notes from note no. 1 to 43 form an integral part of these Standalone Financial Statements.

This is the Statement of Cash Flows referred to in our report of even date.

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

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

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

**Oscar Wezenbeek**  
Chairman  
DIN : 08432564

**Rajiv Rajgopal**  
Managing Director  
DIN : 06685599

Place: Gurugram  
Date: 27 May 2022

Place: Singapore  
Date: 27 May 2022

Place: Gurugram  
Date: 27 May 2022

**Krishna Rallapalli**  
Wholtime Director and CFO  
DIN : 03384607

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 27 May 2022

Place: Gurugram  
Date: 27 May 2022

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

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

## (a) Equity share capital

	Number of Shares	Notes	Amount
<b>As at 31 March 2020</b>	45,540,314	10	455
Changes in equity share capital during 2020-21	-		-
<b>As at 31 March 2021</b>	45,540,314	10	455
Changes in equity share capital during 2021-22	-		-
<b>As at 31 March 2022</b>	<b>45,540,314</b>	<b>10</b>	<b>455</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 2020</b>	503	64	12	4,519	6,817	3	11,918
Profit for the year	-	-	-	-	2,076	-	2,076
Other comprehensive income arising from remeasurement of defined benefit plans	-	-	-	-	(25)	*	(25)
Transfer of gain on FVOCI equity investments	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>2,051</b>	<b>*</b>	<b>2,051</b>
Transactions with owners in their capacity as owners:	-	-	-	-	(1,548)	-	(1,548)
Dividends paid	-	-	-	-	7,320	3	12,421
<b>Balance as at 31 March 2021</b>	<b>503</b>	<b>64</b>	<b>12</b>	<b>4,519</b>	<b>7,320</b>	<b>3</b>	<b>12,421</b>
<b>Balance as at 1 April 2021</b>	<b>503</b>	<b>64</b>	<b>12</b>	<b>4,519</b>	<b>7,320</b>	<b>3</b>	<b>12,421</b>
Profit for the year	-	-	-	-	2,900	-	2,900
Other comprehensive income arising from remeasurement of defined benefit plans	-	-	-	-	*	*	*
Transfer of gain on FVOCI equity investments	-	-	-	-	3	(3)	-
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>2,903</b>	<b>(3)</b>	<b>2,900</b>
Transactions with owners in their capacity as owners:	-	-	-	-	(3,188)	-	(3,188)
Dividends paid	-	-	-	-	7,035	-	12,133
<b>Balance as at 31 March 2022</b>	<b>503</b>	<b>64</b>	<b>12</b>	<b>4,519</b>	<b>7,035</b>	<b>-</b>	<b>12,133</b>

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

The notes from note no. 1 to 43 form an integral part of these Standalone Financial Statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

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

**Anurag Khandelwal**

Partner

Membership No. : 078571

Place: Gurugram

Date: 27 May 2022

**Oscar Wezenbeek**

Chairman

DIN : 08432564

Place: Singapore

Date: 27 May 2022

**Rajiv Rajgopal**

Managing Director

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Date: 27 May 2022

**Krishna Rallapalli**

Wholtime Director and CFO

DIN : 03384607

Place: Gurugram

Date: 27 May 2022

**Harshi Rastogi**

Company Secretary

ACS 13642

Place: Gurugram

Date: 27 May 2022

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(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 its holding company and other group companies. The Company's equity shares are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Standalone Financial Statements for the year ended 31 March 2022 were approved by the Board of Directors and authorised for issue on 27 May 2022.

## 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 Standalone 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 amendment to Ind AS for the first time for their annual reporting period commencing 1 April 2021:

- Extension of COVID-19 related concessions – amendments to Ind AS 116.

The amendment 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.

#### (iv) New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

#### (v) Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of Standalone Financial Statements. These amendments are effective from 1 April 2021.

Consequent to above, the Company has changed the classification/presentation of security deposits and other bank balances, in the current year.

The security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets' line item. Previously, these deposits were included in 'loans' line item.

Further, the bank deposits with more than 12 months maturity have been included in 'Other financial assets' line item. Previously, these deposits were included in 'Other bank balances' line item.

The Company has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarised below:

Balance sheet (extract)	(₹ in Million)		
	31 March 2021 (as previously reported)	Increase/ (Decrease)	31 March 2021 (restated)
Other bank balances (non-current)	6	(6)	-
Loans (non-current)	74	(70)	4
Other financial assets (non-current)	-	76	76
Loans (current)	15	(15)	-
Other financial assets (current)	87	15	102

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## b) Foreign currency translation

### (i) Functional and presentation currency

Items included in the Standalone 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 (₹), 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.

Foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other income / expenses. 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

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 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 recognised 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 methods and estimated useful lives

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	10
Furniture and fixtures (at stores)	3
Furniture and fixtures (others)	10
Motor vehicles	5-7
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 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.

## Capital work-in-progress

Capital work-in-progress excluding capital advances includes property, plant and equipment under construction and not ready for intended use as on the balance sheet date.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## 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 continue with the carrying value of its intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying values as the deemed cost of the intangible assets.

## 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 the statement of 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 in the other income on a net basis. Impairment losses are presented as separate line item in the Statement of Profit and Loss.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

- **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 income on a net basis. 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 income on a net basis 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 income on a net basis in the period in which it arises. Interest income from these financial assets is included in other income.

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

## (iv) Impairment of financial assets

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

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

## (v) Derecognition of financial assets

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

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

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

## (vi) Income recognition

### Interest income

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

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022

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

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 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.

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.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## 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. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is required even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 Standalone 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 interest (basis the actuarial valuation), if any, as at the date of the balance sheet. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method.

##### Gratuity and Pension –

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

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

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

Changes in the present value of the defined benefit obligation resulting from plan amendments or

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

curtailments are recognised immediately in the statement of profit and loss as past service cost.

## Post-retirement medical benefits –

The Company provides post-retirement medical 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 on government bonds that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

## 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.

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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022

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

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 Standalone Financial Statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability that affects neither accounting profit nor taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

## q) Segment reporting

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

### Identification of segments:

Results of the operating segments are reviewed regularly by the country leadership team (Managing Director, Chief Financial Officer, Head HR, Company Secretary) which has been identified as the chief operating decision maker (CODM), to assess the financial performance and position of the Company and make strategic decisions. Refer note 33 for reportable segments determined by the Company.

## r) Leases

### As a lessee

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:

- a. fixed payments (including in-substance fixed payments), less any lease incentives receivable
- b. variable lease payments 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 Company under residual value guarantees
- d. the exercise price of a purchase option if the Company is reasonably certain to exercise that option and
- e. 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 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.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

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 the statement of profit and loss. Short term leases are the leases with a lease term of 12 months or less. Low-value assets comprise IT equipment 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. Initial direct costs incurred in obtaining an operating lease are added to carrying amount of underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective lease assets are included in balance sheet based on their nature.

## s) Earnings per share

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

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

## t) Dividend

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

## u) 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 Standalone 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 Standalone 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.

- Useful life of property, plant and equipment (Refer note 3.1)
- Provision for employee benefits and fair value of plan assets (Refer note 35)
- Tax litigations/claims (Refer note 27)
- Customer incentives (Refer note 17)
- Allowance for doubtful debts (Loss allowance on trade receivables) (Refer note 8.1)
- 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.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(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 2021	Additions	Disposals	As at 31 March 2021	Charge during the year	Disposals	As at 31 March 2021	As at 31 March 2022
Freehold land (Refer note 'a' below)	265	-	-	-	-	-	265	265
Buildings	2,195	14	(2)	512	85	*	1,683	1,610
Plant and equipment								
- owned	3,220	141	(59)	1,624	314	(44)	1,596	1,408
- given under operating lease	1,304	93	(18)	638	92	(15)	666	664
Motor vehicles	3	*	-	2	*	-	1	1
Furniture and fixtures	325	12	*	238	25	*	87	74
Office equipment	98	40	(1)	71	22	(1)	27	45
Leasehold improvements	107	-	-	59	6	-	48	42
Data processing equipment	176	22	*	138	18	*	38	42
<b>Total</b>	<b>7,693</b>	<b>322</b>	<b>(80)</b>	<b>3,282</b>	<b>562</b>	<b>(60)</b>	<b>4,411</b>	<b>4,151</b>

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

(b) Refer note 28 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

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

Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount	
	As at 31 March 2020	Additions	Disposals	As at 31 March 2020	Charge during the year	Disposals	As at 31 March 2020	As at 31 March 2021
Freehold land (Refer note 'a' below)	265	-	-	-	-	-	265	265
Buildings	2,179	16	*	422	90	*	1,757	1,683
Plant and equipment								
- owned	3,130	125	(35)	1,316	331	(23)	1,814	1,596
- given under operating lease	1,199	166	(61)	605	80	(47)	594	666
Motor vehicles	3	-	-	2	*	-	1	1
Furniture and fixtures	324	1	*	209	29	*	115	87
Office equipment	87	11	*	46	25	*	41	27
Leasehold improvements	107	-	-	53	6	-	54	48
Data processing equipment	144	32	-	126	12	-	18	38
<b>Total</b>	<b>7,438</b>	<b>351</b>	<b>(96)</b>	<b>2,779</b>	<b>573</b>	<b>(70)</b>	<b>4,659</b>	<b>4,411</b>

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

(b) Refer note 28 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.

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

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note : 3.2 Right-of-use assets and Lease liabilities

This note provides information for leases where the Company is a lessor, refer note 3.1. The Company leases various lands, buildings, 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 2022	As at 31 March 2021
<b>Right-of-use assets</b>		
Building and warehouse leases	625	576
Land leases (Refer note 'a' & 'b' below)	366	368
Vehicles leases	6	10
<b>Total</b>	<b>997</b>	<b>954</b>
<b>Lease liabilities</b>		
Current lease liabilities	154	128
Non-current lease liabilities	551	511
<b>Total</b>	<b>705</b>	<b>639</b>

Additions to the right-of-use assets during the current financial year were ₹ 295 (31 March 2021 ₹ 328).

- (a) The Company had received the final possession of land acquired on lease-cum-sale basis at Mysore (gross carrying value ₹ 166) from Karnataka Industrial Area Development Board (KIADB) in March 2018. The registration of lease deed in respect of the said land is pending finalisation with the authorities and the sale deed will be executed after the lease period upon fulfillment of the conditions specified in the allotment letter.
- (b) The Company has leasehold land at Thane (gross carrying value ₹ 7) for which original title deed is not in possession of the Company. The Company is in process of obtaining the same from respective authorities.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 3.2 : Right-of-use assets and Lease liabilities (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 2022	For the year ended 31 March 2021
<b>Depreciation charge on right-of-use assets</b>		
Building and warehouse leases	181	165
Land leases	1	1
Vehicles leases	4	5
<b>Total</b>	<b>186</b>	<b>171</b>
	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expense (included in finance costs) (Refer note '23')	73	67
Expenses relating to short term leases (included in other expenses) (Refer note '25')	23	25
<b>Total</b>	<b>96</b>	<b>92</b>

The total cash outflow for leases including interest and short term leases ₹ 249 (31 March 2021 ₹ 200).

### (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 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.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 3.3 : Capital work-in-progress

As at 31 March 2022

### (a) Ageing of Capital work-in-progress:

Particulars	Amounts in capital work-in-progress for				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	366	27	*	-	393
(ii) Projects temporarily suspended	-	-	-	23	23
<b>Total</b>	<b>366</b>	<b>27</b>	<b>*</b>	<b>23</b>	<b>416</b>

### (b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>(i) Projects in progress</b>					
New production line at Thane plant	92	-	-	-	92
Computers equipment & software	71	-	-	-	71
Process equipments	28	-	-	-	28
Safety equipments	19	17	-	-	36
Additions to buildings	19	8	-	-	27
Process equipments	28	-	-	-	28
Laboratory equipments	3	-	-	-	3
<b>(ii) Projects temporarily suspended</b>					
Compound wall at Mysore land	-	-	-	23	23
<b>Total</b>	<b>260</b>	<b>25</b>	<b>-</b>	<b>23</b>	<b>308</b>

As at 31 March 2021

### (a) Ageing of Capital work-in-progress:

Particulars	Amounts in capital work-in-progress for				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	97	27	8	10	142
(ii) Projects temporarily suspended	-	-	-	23	23
<b>Total</b>	<b>97</b>	<b>27</b>	<b>8</b>	<b>33</b>	<b>165</b>

### (b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>(i) Projects in progress</b>					
Extension of warehouse	6	-	-	-	6
Safety equipments	2	13	-	-	15
Additions to buildings	-	5	-	-	5
Process equipments	5	3	-	-	8
Laboratory equipments	-	2	-	-	2
<b>(ii) Projects temporarily suspended</b>					
Compound wall at Mysore land	-	-	-	23	23
<b>Total</b>	<b>13</b>	<b>23</b>	<b>-</b>	<b>23</b>	<b>59</b>

Note: Capital work-in-progress mainly comprises plant and equipment and buildings.

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



# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 5.1 : Non current financial assets- investments

	Number as at 31 March 2022	Number as at 31 March 2021	Face value ₹ per unit	As at 31 March 2022	As at 31 March 2021
<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	100	-	*
Maneck-Chowk & Ahmedabad Manufacturing Co. Limited (fully paid up)	-	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	-	5
<b>(c) Investment in debentures and bonds (at Amortised Costs)</b>					
<b>Unquoted</b>					
6.5% Bengal Chamber of Commerce and Industry	19	19	1,000	*	*
6% The Sholapoor Spinning & Weaving Company Ltd. (in Liquidation)	-	523	100	-	*
				*	5
				As at 31 March 2022	As at 31 March 2021
Aggregate amount of quoted investments				-	-
Aggregate market value of quoted investments				-	-
Aggregate amount of unquoted investments				*	5
Aggregate amount of impairment in the value of investments				*	-
				*	5

\*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 2022	Dividend income recognised during 2021-22	Fair value at 31 March 2021	Dividend income recognised during 2020-21	Fair value at 1 April 2020
Woodlands Multispecialty Hospital Limited	-	-	5	-	5

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

(c) The Company has a subsidiary – 'ICI India Research & Technology Centre' which is limited by guarantee and does not have share capital. Based on undertaking given by the members of the Company, they will contribute a maximum of Rupees one hundred in the event this subsidiary 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 Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 5.2 : Non current financial assets - Loans

	As at 31 March 2022	As at 31 March 2021
Loan given to employees	4	4
	<b>4</b>	<b>4</b>
<b>Break - up of security details</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	4	4
Loans which have significant increase in credit risk	-	-
Loans credit impaired	-	-
<b>Total</b>	<b>4</b>	<b>4</b>
Less : Loss allowance	-	-
	<b>4</b>	<b>4</b>

## Note 5.3 : Non current financial assets - Other financial assets

	As at 31 March 2022	As at 31 March 2021
Security deposits	88	79
Less : Loss allowance	(9)	(9)
Fixed deposits with Banks (Refer note below)	7	6
	<b>86</b>	<b>76</b>

Note: 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 6.1 : Other non-current assets

	As at 31 March 2022	As at 31 March 2021
Capital advances	84	1
Advances other than capital advances		
Indirect taxes recoverable		
- Considered good	98	92
- Considered doubtful	31	31
Less: Provision for doubtful indirect taxes recoverable	(31)	(31)
Retirement benefit trusts surplus (Refer note 35)	57	61
Advance to customers	786	822
Miscellaneous	9	7
	<b>1,034</b>	<b>983</b>

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

	As at 31 March 2022	As at 31 March 2021
Income tax {net of provision ₹ 15,611 (31 March 2021 ₹ 14,827)}	1,374	979
	<b>1,374</b>	<b>979</b>

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 7 : Inventories

	As at 31 March 2022	As at 31 March 2021
Raw materials (Refer note 'a' below)	2,853	1,993
Work in progress	156	123
Finished goods (Refer note 'b' below)	2,060	2,117
Stock-in-trade (in respect of goods acquired for trading) (Refer note 'a' and 'b' below)	1,565	639
Stores and spares	10	10
	<b>6,644</b>	<b>4,882</b>
(a) Includes in-transit inventory:		
Raw materials	250	10
Stock in trade (in respect of goods acquired for trading)	-	6

(b) Finished goods and stock-in-trade (in respect of goods acquired for trading) are written down by ₹26 (31 March 2021 ₹19) on account of cost or net realisable value, whichever is lower. These were recognised as an expense during the year and included in 'changes in inventories of finished goods, work-in-progress and stock-in-trade' in the statement of profit and loss.

## Note 8.1 : Current financial assets -Trade receivables

	As at 31 March 2022	As at 31 March 2021
Trade receivables from contracts with customers	4,683	4,111
Trade receivables from contracts with customers - related parties (Refer note 34)	459	273
Less: Loss allowance	(187)	(253)
	<b>4,955</b>	<b>4,131</b>
<b>Break - up of security details</b>		
Trade receivables considered good - Secured	284	273
Trade receivables considered good - Unsecured	4,858	4,111
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
<b>Total</b>	<b>5,142</b>	<b>4,384</b>
Less: Loss allowance	(187)	(253)
	<b>4,955</b>	<b>4,131</b>

## Ageing of trade receivables

### As at 31 March 2022

Particulars	Unbilled	Outstanding for following periods from the due date					Total	
		Not Due	Less than 6 Months	6 months- 1 year	1-2 years	2-3 years		More than 3 years
<b>Undisputed trade receivables</b>								
considered good	-	4,080	876	43	38	33	65	5,135
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
<b>Disputed trade receivables</b>								
considered good	-	-	-	7	-	-	-	7
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>4,080</b>	<b>876</b>	<b>50</b>	<b>38</b>	<b>33</b>	<b>65</b>	<b>5,142</b>

### As at 31 March 2021

Particulars	Unbilled	Outstanding for following periods from the due date					Total	
		Not Due	Less than 6 Months	6 months- 1 year	1-2 years	2-3 years		More than 3 years
<b>Undisputed trade receivables</b>								
considered good	-	3,464	710	42	65	56	47	4,384
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 8.1 : Current financial assets - Trade receivables (contd.)

As at 31 March 2021

Particulars	Outstanding for following periods from the due date							Total
	Unbilled	Not Due	Less than 6 Months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
<b>Disputed trade receivables</b>								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>3,464</b>	<b>710</b>	<b>42</b>	<b>65</b>	<b>56</b>	<b>47</b>	<b>4,384</b>

## Note 8.2 : Current financial assets - Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Balance with banks:		
- In current accounts	620	454
- In EEFC accounts	119	228
Deposits with maturity of less than three months	702	702
	<b>1,441</b>	<b>1,384</b>

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

## Note 8.3 : Current financial assets - bank balances other than cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Fixed deposits (Refer note 'a' below)	3,032	5,808
Unpaid dividend accounts (Refer note 'b' below)	103	133
	<b>3,135</b>	<b>5,941</b>

(a) Fixed deposits include deposits held as margin money amounting to ₹ 11 (31 March 2021 ₹ 7) 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 8.4 : Current financial assets - Loans

	As at 31 March 2022	As at 31 March 2021
Loan given to employees	*	*
	*	*
<b>Break - up of security details</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	*	*
Loans which have significant increase in credit risk	-	-
Loans Credit impaired	-	-
	*	*

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

## Note 8.5 : Current financial assets - Other financial assets

	As at 31 March 2022	As at 31 March 2021
(Unsecured, considered good unless otherwise stated)		
Amount recoverable from related parties (Refer note 34)	*	*
Government grant receivable	100	87
Security deposits	16	15
	<b>116</b>	<b>102</b>

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

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 8.5 : Current financial assets - Other financial assets (contd..)

- (a) The carrying value of loans and advances may be affected by changes in the credit risk of the counterparties. Refer note 31 for the credit risk exposure.
- (b) Government grant relates to tax incentives receivable from the State Government of Madhya Pradesh in respect of the operations of the Company's factory at Gwalior. Refer note 19 for details.

## Note 9 : Other current assets

	As at 31 March 2022	As at 31 March 2021
<b>(Unsecured, considered good unless otherwise stated)</b>		
Advances to suppliers		
- Considered good	123	63
- Considered doubtful	30	18
Less: Provision for doubtful advances	(30)	(18)
Advances to employees		
- Considered good	4	4
- Considered doubtful	2	2
Less: Provision for doubtful advances	(2)	(2)
Advance to Customers		
- Considered good	525	399
- Considered doubtful	28	28
Less: Provision for doubtful advances	(28)	(28)
Prepaid expenses	218	189
Indirect tax recoverable	434	376
Others	*	*
	<b>1,304</b>	<b>1,031</b>

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

## Note 10 : Equity share capital

	As at 31 March 2022	As at 31 March 2021
<b>Authorised:</b>		
126,690,000 (31 March 2021 - 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 2021 - 45,540,314) equity shares of ₹ 10 each	455	455
	<b>455</b>	<b>455</b>

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

	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Opening balance	45,540,314	455	45,540,314	455
Add: Equity shares increased during the year	-	-	-	-
<b>Closing balance</b>	<b>45,540,314</b>	<b>455</b>	<b>45,540,314</b>	<b>455</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, 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.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

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

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

The ultimate holding company is Akzo Nobel N.V., The Netherlands, which does not hold any shares directly in the Company.

	As at 31 March 2022	As at 31 March 2021
	No. of Shares	No. of Shares
Imperial Chemical Industries Limited, United Kingdom	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 2022		As at 31 March 2021	
	No. of Shares	% holding	No. of Shares	% holding
Imperial Chemical Industries Limited, United Kingdom	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. Details of shareholding of promoters

	As at 31 March 2022			As at 31 March 2021		
	No. of Shares	Percentage of total number of shares	Percentage of change during the year	No. of Shares	Percentage of total number of shares	Percentage of change during the year
Imperial Chemical Industries Limited, United Kingdom	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>-</b>	<b>34,044,335</b>	<b>74.76%</b>	<b>-</b>

f. 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.

g. There are no shares reserved for issue under options and contracts or commitments for sale of shares or disinvestment.

## Note 11 : Other equity

	As at 31 March 2022	As at 31 March 2021
Capital reserve (refer note 'a' below)	503	503
Capital redemption reserve (refer note 'b' below)	64	64
Revaluation reserve (refer note 'c' below)	12	12
General reserve (refer note 'd' below)	4,519	4,519
Retained earnings (refer note 'e' below)	7,035	7,320
Other reserves (refer note 'f' below)		
Equity instruments through OCI	-	3
	<b>12,133</b>	<b>12,421</b>
	As at 31 March 2022	As at 31 March 2021
<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 Company had created capital reserve based on the differential between the net assets and liability acquired from the other party. There is no movement during the year.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

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

	As at 31 March 2022	As at 31 March 2021
<b>b Capital redemption reserve</b>	<b>64</b>	64
Pursuant to the buy back scheme for purchase of equity shares offered by the Company during earlier years, 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 of the balance to shareholders. There is no movement during the year.		
<b>d General reserve</b>	<b>4,519</b>	4,519
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	7,320	6,817
Net profit for the year	2,900	2,076
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
Remeasurements of post-employment benefit obligation, net of tax	*	(25)
Transfer of gain on FVOCI equity investments	3	-
Dividends	(3,188)	(1,548)
<b>Balance at the end of the year</b>	<b>7,035</b>	<b>7,320</b>
Remeasurements of post-employment benefit obligation / (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).		
<b>f Other reserves</b>		
<b>Equity instruments through OCI</b>		
Balance at the beginning of the year	3	3
Add: Fair value gain/(loss) on equity instruments for the year	-	*
Less: Transfer of gain on FVOCI equity investments	(3)	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>3</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.

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

## Note 12 : Non current financial liabilities - Others

	As at 31 March 2022	As at 31 March 2021
Security Deposits (Refer note below)	179	183
	<b>179</b>	<b>183</b>

Note : It represents deposits received from customers under operating lease arrangement, refer note 31.

## Note 13 : Provisions

	Non- current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Employee benefits (Refer note 35)				
Pension	3	14	-	-
Gratuity	313	228	2	1
Leave obligations (Refer note 'c' below)	-	-	160	154
Post retirement medical and others	316	320	25	24

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 13 : Provisions (contd..)

	Non- current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Provident Fund	33	33	-	-
Long service award	13	13	3	2
Indirect taxes	-	-	185	185
Divested businesses	-	-	38	58
Others	4	4	8	8
	<b>682</b>	<b>612</b>	<b>421</b>	<b>432</b>

### Additional disclosure relating to provisions:

#### (a) Movement in provisions:

For the year ended 31 March 2022

Particulars	Class of provisions		
	Indirect taxes	Divested business	Others
Opening balance as at 31 March 2021	185	58	12
Provision created during the year	5	-	-
Provision utilised / written back during the year (includes ₹ 20 related to indirect tax provision pertaining to divested business, no longer required written back (Refer note 26))	(5)	(20)	-
<b>Closing balance as at 31 March 2022</b>	<b>185</b>	<b>38</b>	<b>12</b>

For the year ended 31 March 2021

Particulars	Class of provisions		
	Indirect taxes	Divested business	Others
Opening balance as at 31 March 2020	188	58	15
Provision created during the year	-	-	-
Provision utilised / written back during the year	(3)	-	(3)
<b>Closing balance as at 31 March 2021</b>	<b>185</b>	<b>58</b>	<b>12</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.

(c) The entire amount of leave obligations provision of ₹ 160 (31 March 2021 ₹ 154) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 14 : Income Tax

	As at 31 March 2022	As at 31 March 2021		
<b>A. Income tax expense</b>				
<b>Current tax expense</b>				
Current tax on profits for the year	944	763		
Adjustments for current tax of prior periods	(162)	-		
<b>Total current tax expense</b>	<b>782</b>	<b>763</b>		
<b>Deferred tax</b>				
Decrease/(increase) in deferred tax assets	16	32		
(Decrease)/increase in deferred tax liabilities	(31)	(89)		
<b>Total deferred tax charge/(credit)</b>	<b>(15)</b>	<b>(57)</b>		
<b>Income tax expense</b>	<b>767</b>	<b>706</b>		
	<b>For the year ended 31 March 2022</b>	<b>For the year ended 31 March 2021</b>		
<b>B. Reconciliation of effective tax rate</b>				
Profit before tax	3,667	2,782		
Tax at the Indian tax rate of 25.168% (31 March 2021 - 25.168%)	923	700		
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>				
Corporate social responsibility expenditure	15	15		
Income tax provision of prior year	(162)	-		
Non-taxable interest income on REC bond	-	(7)		
Others	(9)	(2)		
	<b>767</b>	<b>706</b>		
	<b>As at 31 March 2021</b>	<b>Recognised in P&amp;L</b>	<b>Recognised in OCI</b>	<b>As at 31 March 2022</b>
<b>C. Movement in deferred tax balances</b>				
<b>Deferred tax liabilities</b>				
Property, plant and equipment	223	(24)	-	199
Surplus payments to retirement trusts	15	(1)	-	14
Investments at fair value through OCI	2	(2)	-	*
Right-of-use assets	154	12	-	166
Others	16	(16)	-	-
<b>Sub- total (a)</b>	<b>410</b>	<b>(31)</b>	<b>-</b>	<b>379</b>
<b>Deferred tax assets</b>				
Provision for doubtful debts and advances	81	(9)	-	72
Expenditure disallowed u/s 43B of Income Tax Act, 1961	210	19	*	229
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	18	(5)	-	13
Lease liabilities	161	17	-	178
Other disallowances under the Income Tax Act, 1961	121	(38)	-	83
<b>Sub- total (b)</b>	<b>591</b>	<b>(16)</b>	<b>*</b>	<b>575</b>
<b>Net deferred tax liabilities/(assets) (a)-(b)</b>	<b>(181)</b>	<b>(15)</b>	<b>*</b>	<b>(196)</b>

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

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

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

	As at 1 April 2020	Recognised in P&L	Recognised in OCI	As at 31 March 2021
<b>D. Movement in deferred tax balances</b>				
<b>Deferred tax liabilities</b>				
Property, plant and equipment	262	(39)	-	223
Surplus payments to retirement trusts	16	(1)	-	15
Investments at fair value through OCI	2	-	*	2
Right-of-use assets	166	(12)	-	154
Others	53	(37)	-	16
<b>Sub- total (a)</b>	<b>499</b>	<b>(89)</b>	<b>*</b>	<b>410</b>
<b>Deferred tax assets</b>				
Provision for doubtful debts and advances	94	(13)	-	81
Expenditure disallowed u/s 43B of Income tax Act, 1961	182	20	8	210
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	22	(4)	-	18
Lease liabilities	162	(1)	-	161
Other disallowances under the Income Tax Act, 1961	155	(34)	-	121
<b>Sub- total (b)</b>	<b>615</b>	<b>(32)</b>	<b>8</b>	<b>591</b>
<b>Net deferred tax liabilities/(assets) (a)-(b)</b>	<b>(116)</b>	<b>(57)</b>	<b>(8)</b>	<b>(181)</b>

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

## Note 15 : Other non-current liabilities

	As at 31 March 2022	As at 31 March 2021
Deferred lease rentals (Refer note 'a' below)	8	21
Deferred government grant (Refer note 'b' below)	50	40
Others	11	5
	<b>69</b>	<b>66</b>

(a) Represents fair valuation of security deposits received from customers, Refer note 31.

	As at 31 March 2022	As at 31 March 2021
(b) Opening balance of Deferred/(Accrued) Government grant	40	32
Add : Government grant receivable	21	20
Less : Government grant recognised during the year	(11)	(12)
<b>Closing balance of (Deferred) /Accrued Government grant</b>	<b>50</b>	<b>40</b>

## Note 16.1 : Current financial liabilities - Trade payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises (Refer note 'b' below)	139	77
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Payables to related parties (Refer note 34)	1,894	1,582
- Acceptances	272	482
- Others	6,146	5,844
	<b>8,451</b>	<b>7,985</b>

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

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 16.1 : Current financial liabilities - Trade payables (contd..)

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

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:

	As at 31 March 2022	As at 31 March 2021
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	121	65
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	18	12
(iii) Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	401	247
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(vi) Interest due and payable towards suppliers registered under MSMED Act for payments already made	6	3
(vii) Further interest remaining due and payable for earlier years	12	9

### (c) Ageing of Trade Payables

#### As at 31 March 2022

Particulars	Outstanding for following periods from the due date						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed trade payables</b>							
Micro enterprises and small enterprises	67	60	12	*	-	*	139
Others	2,849	3,899	1,127	297	20	120	8,312
<b>Disputed trade payables</b>							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total</b>	<b>2,916</b>	<b>3,959</b>	<b>1,139</b>	<b>297</b>	<b>20</b>	<b>120</b>	<b>8,451</b>

#### As at 31 March 2021

Particulars	Outstanding for following periods from the due date						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed trade payables</b>							
Micro enterprises and small enterprises	44	30	3	-	-	-	77
Others	3,314	2,468	1,910	77	89	50	7,908
<b>Disputed trade payables</b>							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total</b>	<b>3,358</b>	<b>2,498</b>	<b>1,913</b>	<b>77</b>	<b>89</b>	<b>50</b>	<b>7,985</b>

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

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022

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

## Note 16.2 : Current financial liabilities - Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Security Deposits (Refer note 'a' below)	425	406
<b>Others</b>		
Unpaid dividends (Refer note 'b' below)	103	133
Payable to employees	136	202
Capital creditors	107	85
Derivatives not designated as hedges- forward contracts (Refer note 31)	2	1
Retention money payable	1	1
	<b>774</b>	<b>828</b>

(a) It represents deposits received from customers under operating lease arrangement, refer note 31.

(b) 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 2022	As at 31 March 2021
Cash and cash equivalents	1,441	1,384
Lease liabilities	(705)	(639)
<b>Net Debt</b>	<b>736</b>	<b>745</b>

	Other assets		Liabilities from financing activities	
	Cash and cash equivalents	Current investments	Lease liabilities	Total
<b>Net Debt as on 1 April 2020</b>	<b>2,541</b>	<b>835</b>	<b>(643)</b>	<b>2,733</b>
Cash Flow	(1,157)	(835)	112	(1,880)
Net acquisition lease	-	-	(108)	(108)
Interest expense	-	-	(67)	(67)
Interest paid	-	-	67	67
<b>Net Debt as on 31 March 2021</b>	<b>1,384</b>	<b>-</b>	<b>(639)</b>	<b>745</b>
<b>Net debt as at 1 April 2021</b>	<b>1,384</b>	<b>-</b>	<b>(639)</b>	<b>745</b>
Cash Flow	57	-	153	210
Net acquisition lease	-	-	(219)	(219)
Interest expense	-	-	(73)	(73)
Interest paid	-	-	73	73
<b>Net Debt as on 31 March 2022</b>	<b>1,441</b>	<b>-</b>	<b>(705)</b>	<b>736</b>

## Note 17 : Other current liabilities

	As at 31 March 2022	As at 31 March 2021
Statutory liabilities	507	344
Liability towards customers	88	60
Deferred revenue (Refer note 'a' below)	197	181
Deferred lease rental (Refer note 'b' below)	8	20
Refund liabilities (Refer note 'c' below)	1,232	1,058
Others	4	8
	<b>2,036</b>	<b>1,671</b>

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022

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

## Note 17 : Other current liabilities (contd..)

- (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 ₹ 181 (31 March 2021 ₹ 318).
- (b) It includes fair valuation of security deposits received from customers, as explained in note 31.
- (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 ₹ 20 (31 March 2021 ₹ 22). Refund Liabilities are also recognised for expected volume discount and other incentives payable to customers amounting to ₹ 1,212 (31 March 2021 ₹ 1,036) pending settlement.

The Company 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 2022	For the year ended 31 March 2021
Revenue from contracts with customers		
- Sale of products	30,508	23,512
- Sale of services	579	459
Other operating revenue	399	243
	<b>31,486</b>	<b>24,214</b>

- (a) The customer incentive is recognised based on purchases made by the customers 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 is net of incentives to customers amounting to ₹ 7,335 (31 March 2021 ₹ 5,807).

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Reconciliation of revenue recognised with contract price</b>		
Contract price	38,422	29,778
<b>Adjustments :</b>		
Deferred revenue	(16)	(64)
Refund liabilities	(1,232)	(1,058)
Incentive to customers	(6,087)	(4,685)
<b>Revenue from operations</b>	<b>31,087</b>	<b>23,971</b>

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>(b) Breakup of other operating revenue</b>		
Duty drawback on exports	9	3
Lease rentals	147	147
Scrap sales	21	35
Business auxiliary services	31	55
Provision/liabilities no longer required written back	190	2
Miscellaneous income	1	1
	<b>399</b>	<b>243</b>

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 19 : Other Income

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income from financial assets at amortised cost - Bonds	-	48
Gain on sale of investments	7	-
Government grants (Refer note below)	11	12
Interest income:		
- on income tax refund	45	-
- on fixed deposits	145	147
- on others	4	4
Net gain on termination of leases	9	17
Miscellaneous income	6	4
	<b>227</b>	<b>232</b>

Note: 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 8.5 and 15.

## Note 20 : Cost of materials consumed

	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw materials as at the beginning of the year	1,993	1,523
Add: Purchases	18,607	12,132
Less: Raw materials as at the end of the year	(2,853)	(1,993)
<b>Total cost of materials consumed</b>	<b>17,747</b>	<b>11,662</b>

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

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Inventory at the beginning of the year</b>		
- Finished goods	2,117	2,019
- Stock-in-trade (in respect of goods acquired for trading)	639	553
- Work-in-progress	123	135
	<b>2,879</b>	<b>2,707</b>
<b>Inventory at the end of the year</b>		
- Finished goods	2,060	2,117
- Stock-in-trade (in respect of goods acquired for trading)	1,565	639
- Work-in-progress	156	123
	<b>3,781</b>	<b>2,879</b>
(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade	<b>(902)</b>	<b>(172)</b>

## Note 22 : Employee benefits expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	2,302	2,273
Contribution to provident and other funds (Refer note 35)	179	155
Other long-term employee benefits	51	19
Staff welfare expenses	100	64
	<b>2,632</b>	<b>2,511</b>

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 23 : Finance costs

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest and finance charges on financial liabilities not at FVTPL	17	15
Interest and finance charges on lease liabilities (Refer note 3.2)	73	67
Unwinding of discount on security deposits	27	18
Others	28	3
	<b>145</b>	<b>103</b>

## Note 24 : Depreciation and amortisation expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant and equipment (Refer note 3.1)	562	573
Depreciation of right-of-use-assets (Refer note 3.2)	186	171
Amortisation of intangible assets (Refer note 4)	11	11
	<b>759</b>	<b>755</b>

## Note 25 : Other expenses

	For the year ended 31 March 2022	For the year ended 31 March 2021
Stores and spare parts consumed	41	32
Repairs and maintenance		
- Plant and Machinery	253	231
- Buildings	17	20
- Others	*	*
Power and fuel	166	126
Travelling	180	136
Rates and taxes	38	31
Rent	23	25
Insurance	101	121
Freight and transport	1,402	1,164
Advertisement and publicity	549	537
Royalty	1,089	834
Consultancy charges	144	119
Net foreign exchange differences	31	67
Payments to auditors (Refer note 'a' below)	15	14
Corporate social responsibility expenditure (Refer note 'b' below)	60	59
IT support & maintenance	298	274
Warehouse charges	258	243
Provision for doubtful debts and advances (Refer note 'c' below)	(21)	(7)
Loss on sale of property, plant and equipment (net)	20	26
Sub contracting charges	466	402
Miscellaneous expenses	616	614
	<b>5,746</b>	<b>5,068</b>

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

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>(a) Details of payments to auditors #</b>		
Statutory audit (including limited reviews)	8	8
Other audit related services	7	6
Reimbursement of expenses	*	*
	<b>15</b>	<b>14</b>

# Excluding Goods and Service Tax

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

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 25 : Other expenses (contd..)

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>(b) Corporate social responsibility expenditure</b>		
Vocational skill training	33	29
Promoting education	15	12
COVID19 relief work	2	9
Promoting preventive healthcare	5	3
Road safety awareness	1	1
Others	4	5
	<b>60</b>	<b>59</b>
Amount required to be spent as per Section 135 of the Act	60	59
Amount spent during the year on		
i) Construction/acquisition of an asset	2	1
ii) On purposes other than (i) above	58	58

## Details of ongoing CSR Projects under Section 135 (6) of the Act

Balance as at 1 April 2020		Amount required to be spent during the year	Amount spent during the year		Balance as on 31 March 2021	
With the company	In separate CSR Unspent account		From the Company's bank account	From Separate CSR unspent Account	With the Company	In separate CSR unspent account
-	-	44	44	-	-	-
Balance as at 1 April 2021		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 March 2022	
With the company	In separate CSR Unspent account		From the Company's bank account	From Separate CSR unspent Account	With the Company	In separate CSR unspent account
-	-	-	-	-	-	-

## Details of CSR expenditure under Section 135 (5) of the Act in respect to other than ongoing projects

Balance unspent as on 1 April 2020	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as on 31 March 2021	Balance unspent as on 1 April 2021	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as on 31 March 2022

## Details of excess CSR expenditure under Section 135 (5) of the Act

Balance excess spent as at 1 April 2020	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2021	Balance excess spent as at 1 April 2021	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2022
-	-	-	-	-	-	-	-

(c) Excluding bad debts written off during the year amounting to ₹ 45 (31 March 2021 ₹ 23)

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 26 : Exceptional items (net)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Indirect tax provision related to divested business no longer required written back (Refer note 13 (a) and note below)	20	-
	<b>20</b>	<b>-</b>

Note: The Company had created a provision in prior years with respect to divested businesses. The Company has carried out the assessment of said provision and reversed the excess amount which is no longer required. This has been disclosed as an exceptional item.

## Note 27 : Contingent liabilities

	As at 31 March 2022	As at 31 March 2021
(a) Claims against the Company not acknowledged as debts	60	60

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 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.

	As at 31 March 2022	As at 31 March 2021
(b) Contingent liability of direct and indirect tax		
Income tax matters in dispute / under appeal (Refer note below)	395	562
Sales tax / VAT matters in dispute / under appeal	207	160
Excise and Service tax matters in dispute / under appeal	129	134
	<b>731</b>	<b>856</b>

Note: The Income tax assessments for the Company have been completed up to the financial year ended 31 March 2017 and demands aggregating from such assessments and appellate orders amount to ₹ 395 (31 March 2021 ₹ 562). 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 28 February 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.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 27 : Contingent liabilities (contd..)

- (d) The Company has a subsidiary – 'ICI India Research & Technology Centre' which is limited by guarantee and does not have a share capital. (Refer note 5.1)
- (e) There are no contingent assets as at 31 March 2022 and as at 31 March 2021.

## Note 28 : Capital and other commitments

	As at 31 March 2022	As at 31 March 2021
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	360	123
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*

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

## Note 29 : Earnings per share

	As at 31 March 2022	As at 31 March 2021
Weighted average number of shares outstanding during the year	45,540,314	45,540,314
Net profit after tax available for equity shareholders	2,900	2,076
Basic earning per equity share (in ₹) [Face value of ₹ 10 each]	63.68	45.60
Diluted earning per equity share (in ₹) [Face value of ₹ 10 each]	63.68	45.60

## Note 30 : Operating lease

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 3.1 (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 2022	As at 31 March 2021
Within one year	54	106
Later than one year and not later than five years	45	72
Later than five years	*	*
	99	178

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

## Note 31 : Fair Value Measurements

### a) Financial instruments by category

	As at 31 March 2022			As at 31 March 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial Assets</b>						
Investments in Equity shares	*	-	-	*	5	-
Loans	-	-	4	-	-	4
Other financial assets	-	-	195	-	-	172
Trade receivables	-	-	4,955	-	-	4,131
Cash and cash equivalents	-	-	1,441	-	-	1,384
Other bank balances	-	-	3,142	-	-	5,947
<b>Total Financial Assets</b>	*	-	9,737	*	5	11,638
<b>Financial Liabilities</b>						
Trade payables	-	-	8,451	-	-	7,985
Other financial liabilities	-	-	951	-	-	1,010
Other financial liabilities -	2	-	-	1	-	-
Foreign exchange forward contracts	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	2	-	9,402	1	-	8,995

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

### 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 2022

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

#### Financial assets and liabilities measured at fair value as at 31 March 2021

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

#### Notes:

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

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

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

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

### 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.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

- 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, loans, other current financial assets, 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.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

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

Fair value of financial assets and liabilities measured at amortised cost

	As at 31 March 2022		As at 31 March 2021		Level
	Carrying amount	Fair value	Carrying amount	Fair value	
<b>Financial Assets</b>					
Loans	4	4	4	4	3
Other financial assets	195	195	172	172	3
Trade receivables	4,955	4,955	4,131	4,131	3
<b>Total Financial Assets</b>	<b>5,154</b>	<b>5,154</b>	<b>4,307</b>	<b>4,307</b>	
<b>Financial Liabilities</b>					
Trade payables	8,451	8,451	7,985	7,985	3
Other financial liabilities	951	967	1,010	1,051	3
<b>Total Financial Liabilities</b>	<b>9,402</b>	<b>9,418</b>	<b>8,995</b>	<b>9,036</b>	

- The carrying amounts of loans, trade receivables, other financial assets and trade payables are considered to be the same as their fair values, due to their short-term nature.
- The fair values for security deposits are calculated based on cash flows discounted using a current lending 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.
- 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.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

### 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.

<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	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

In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures on account of expenditure in foreign currencies and earnings in foreign exchange (export of goods, service income, etc.). The Company does not enter into any derivative instruments for trading or speculative purposes or for highly probable forecast transactions.

The Company follows a forex Risk Management policy under which all material foreign currency exposures are hedged through forward covers to protect against swings in exchange rates.

The Company's risk management is carried out by a central treasury department / finance team under policies approved by the board of directors.

#### i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amounts of financial assets represent the maximum credit risk exposure.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors

#### Trade and other receivables

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from Trade Receivable amounting to ₹ 4,955 and ₹ 4,131 as at 31 March 2022 and 31 March 2021 respectively. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company has a credit risk management policy in place to limit credit losses due to non-performance of financial counterparties and customers. The Company monitors its exposure to credit risk on an ongoing basis at various levels. The Company only deals with financial counterparties that have a sufficiently high credit rating. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The Company closely monitors the acceptable financial counterparty credit ratings and credit

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

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 2022	As at 31 March 2021
Opening balance	253	305
Changes in loss allowance (net)	(66)	(52)
<b>Closing balance</b>	<b>187</b>	<b>253</b>

### Reconciliation of loss allowance provision – Other receivables

	As at 31 March 2022	As at 31 March 2021
Opening balance	9	9
Changes in loss allowance (net)	-	-
<b>Closing balance</b>	<b>9</b>	<b>9</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.

## 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.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

As at 31 March 2022	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Lease liabilities (including interest)	1,143	110	105	198	319	411
Trade and other payables	8,451	8,451	-	-	-	-
Other financial liabilities	953	681	93	122	34	23
<b>Derivative financial liabilities</b>						
Forward exchange contracts	2	2	-	-	-	-

As at 31 March 2021	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Lease liabilities (including interest)	1,078	95	89	169	299	426
Trade and other payables	7,985	7,985	-	-	-	-
Other financial liabilities	1,010	792	35	99	60	24
<b>Derivative financial liabilities</b>						
Forward exchange contracts	1	1	-	-	-	-

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 2022	As at 31 March 2021
<b>Borrowing facilities</b>		
- Expiring within one year (bank overdraft facilities)	840	706

### iii. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. 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.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

### Exposure to currency risk

The currency profile of financial assets and financial liabilities (other than Indian Rupees) as at 31 March 2022 and 31 March 2021 are reinstated in millions Indian Rupees which is stated below :

As at 31 March 2022	USD	Euro	Other
<b>Financial assets</b>			
Trade and other receivables	151	264	5
Balance in EEFC account	119	-	-
<b>Derivative Assets</b>			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
<b>Net Exposure to Foreign Currency Risk (Assets)</b>	<b>270</b>	<b>264</b>	<b>5</b>
<b>Financial liabilities</b>			
Trade and other payables	826	207	246
<b>Derivative liabilities</b>			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(524)	-	-
<b>Net Exposure to Foreign Currency Risk (Liabilities)</b>	<b>302</b>	<b>207</b>	<b>246</b>
<b>As at 31 March 2021</b>	<b>USD</b>	<b>Euro</b>	<b>Other</b>
<b>Financial assets</b>			
Trade and other receivables	198	117	1
Balance in EEFC account	228	-	-
<b>Derivative Assets</b>			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
<b>Net Exposure to Foreign Currency Risk (Assets)</b>	<b>426</b>	<b>117</b>	<b>1</b>
<b>Financial liabilities</b>			
Trade and other payables	986	444	77
<b>Derivative liabilities</b>			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(663)	(176)	-
<b>Net Exposure to Foreign Currency Risk (Liabilities)</b>	<b>323</b>	<b>268</b>	<b>77</b>

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars/EURO or other currencies 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.

Effect in ₹	Impact on Profit after tax	
	Increase	Decrease
<b>31 March 2022</b>		
<b>10% movement</b>		
USD	(2)	2
Euro	4	(4)
Others	(18)	18
	<b>(16)</b>	<b>16</b>
<b>31 March 2021</b>		
<b>10% movement</b>		
USD	8	(8)
Euro	(11)	11
Others	(6)	6
	<b>(9)</b>	<b>9</b>

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

### 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 ₹	Impact on Profit after tax	
	31 March 2022	31 March 2021
Increase 10%	*	*
Decrease 10%	*	*

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.

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

## Note 32 : Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2022.

	For the year ended 31 March 2022	For the year ended 31 March 2021
The following dividends were declared and paid by the Company during the year:		
31 March 2021 ₹ 30 per equity share (31 March 2020 ₹ 14 per equity share)	1,366	638
Interim dividend for the year 31 March 2022 ₹ 40 per share (31 March 2021 ₹ 20 per share)	1,822	910
	<b>3,188</b>	<b>1,548</b>

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 35 per equity share (31 March 2021 ₹ 30 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 2022	For the year ended 31 March 2021
31 March 2022 ₹ 35 per equity share (31 March 2021 ₹ 30 per equity share)	1,594	1,366
	<b>1,594</b>	<b>1,366</b>

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 33 : 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 separate reportable segment for the Company.

### B. Entity wide disclosures

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Revenue from operations</b>		
Domestic	29,761	23,283
Overseas	1,725	931
<b>Total</b>	<b>31,486</b>	<b>24,214</b>

Revenue from overseas customers includes ₹ 513 (31 March 2021 ₹ 413) from Akzo Nobel Car Refinishes B.V., Netherlands.

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Non current segment assets</b>		
Domestic	6,593	6,515
Overseas	-	-

Break up of non current assets is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Property, plant and equipment	4,151	4,411
Right-of-use assets	997	954
Capital work-in-progress	416	165
Intangible Assets	52	63
Other non-current assets (excluding retirement benefit trust surplus)	977	922
<b>Total</b>	<b>6,593</b>	<b>6,515</b>

### C. Information about major customers

No external customer individually accounted for more than 10% of the revenues during the year ended 31 March 2022 and 31 March 2021.

## Note 34 : Related Party Disclosures

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

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

Imperial Chemical Industries Limited, United Kingdom, 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 & Technology Centre\*

### (c) Fellow subsidiaries:

Akzo Nobel Argentina S.A.	Akzo Nobel Coatings (Dongguan) Co. Ltd.
Akzo Nobel Boya Sanayi ve Ticaret A.S.	Akzo Nobel Coatings (Jiaxing) Co. Ltd.
Akzo Nobel Car Refinishes (Singapore) Pte Ltd	Akzo Nobel Ltda
Akzo Nobel Chang Cheng Coatings (Guangdong) Co Ltd	Akzo Nobel Paints (Malaysia) Sdn. Bhd.
Akzo Nobel Coatings AS	Akzo Nobel Paints (Thailand) Limited
Akzo Nobel Coatings CZ a.s.	Akzo Nobel Paints Lanka (Pvt) Ltd
Akzo Nobel Coatings Inc.	Akzo Nobel Paints Taiwan Limited
Akzo Nobel Coatings K.K.	Akzo Nobel Powder Coatings Korea Co., Ltd.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 34 : Related Party Disclosures (contd..)

Akzo Nobel Coatings Limited	Akzo Nobel UAE Paints L.L.C.
Akzo Nobel Coatings S.A. (Morocco)	AkzoNobel South Africa (Pty) Ltd
Akzo Nobel Coatings S.P.A.	Compania Mexicana de Pinturas International S.A. de C.V.
Akzo Nobel Coatings, S.L.U.	Flexcrete Technologies Limited
Akzo Nobel Decorative Coatings B.V.	International Farbenwerke GmbH
Akzo Nobel Global Business Services LLP	International Farg AB
Akzo Nobel Hilden GmbH	International Farvefabrik A/S
Akzo Nobel Industrial Coatings AB	International Paint (East Russia) Ltd
Akzo Nobel Industrial Coatings Korea Ltd.	International Paint (Hong Kong) Ltd.
Akzo Nobel International Paint (Suzhou) Co. Ltd.	International Paint Limited
Akzo Nobel LLC	International Paint LLC
Akzo Nobel Oman SAOC	International Paint Pazarlama Limited Sirketi
Akzo Nobel Packaging Coatings Limited	International Paint Sdn Bhd
Akzo Nobel Paints (Shanghai) Co., Ltd	International Paint (Akzo Nobel Chile) Ltda
Akzo Nobel Paints (Singapore) Pte. Ltd.	International Paint (Korea) Ltd
Akzo Nobel Paints Limited	International Paint (Nederland) B.V.
Akzo Nobel Performance Coatings (Changzhou) Co., Ltd.	International Paint (Panama) Inc.
Akzo Nobel Performance Coatings (Shanghai) Co Ltd	International Paint (Taiwan) Ltd
Akzo Nobel Powder Coatings (Langfang) Co Ltd.	International Paint of Shanghai Co Ltd
Akzo Nobel Powder Coatings GMBH	International Paint Singapore Pte. Ltd.
Akzo Nobel Powder Coatings Limited	Oy International Paint (Finland) AB
Akzo Nobel Pty. Limited	Pinturas Inca S.A.
Akzo Nobel SAS	PT Akzo Nobel Car Refinishes Indonesia
Akzo Nobel Saudi Arabia Ltd.	PT ICI Paints Indonesia
Akzo Nobel Server Boya Sanayi ve Ticaret A.S.	PT International Paint Indonesia
Akzo Nobel Vietnam Limited	Schramm Coatings GmbH
Akzo Nobel Car Refinishes B.V.	

### (d) Key Management Personnel

Mr. Oscar Wezenbeek - Non-Executive Director (upto 22 May 2021) and Chairman (from 23 May 2021)
Mr. Amit Jain - Chairman (upto 22 May 2021) and Independent Director (from 13 August 2021)
Mr. Rajiv Rajgopal - Managing Director
Mr. Krishna Rallapalli - Wholetime Director and CFO (from 1 December 2021)
Mr. Lakshay Kataria - Wholetime Director and CFO (upto 30 September 2021)
Mr. Hemant Sahai - Independent Director
Mr. Arvind Uppal - Independent Director (upto 22 May 2021)
Mr. Rahul Bhatnagar - Independent Director (upto 22 May 2021)
Mrs. Smriti Vijay - Independent Director
Mrs. Harshi Rastogi - Wholetime Director and CFO ( from 1 October 2021 upto 30 November 2021) and Company Secretary

### (e) Employee benefit trusts

#### Pension trusts

ICI's Associated Companies in India Employees Pension Fund
ICI India Management Staff Pension Fund
Akzo Nobel India Employees Pension Scheme
Akzo Nobel Coatings Employees Superannuation Fund

#### Gratuity Trusts

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

#### Provident Fund Trusts

The Alkali and Chemical Corporation of India Limited Provident Fund
ICI India Staff Provident Fund
ICI's Associated Companies in India Staff Provident Fund

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

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022

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

## Note 34 : Related Party Disclosures (contd..)

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

	Imperial Chemical Industries	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Company	Key Management Personnel	Employee Benefit Trusts	ICI India Research & Technology Centre	Total
	Akzo Nobel N.V., Netherlands	Limited, United Kingdom					
	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22
	(2020-21)	(2020-21)	(2020-21)	(2020-21)	(2020-21)	(2020-21)	(2020-21)
<b>a) Transactions during the year</b>							
Purchase of materials / finished goods	-	-	-	1,547	-	-	1,547
Sale of finished goods	(-)	(-)	(-)	(1,110)	(-)	(-)	(1,110)
Expenses incurred and recovered/recoverable from other Companies (Income)	-	-	-	139	-	-	149
Expenses reimbursed to other Companies (Expense)	(*)	(-)	(-)	(171)	(-)	(-)	(179)
Royalty	-	-	1,089	-	-	-	1,089
Dividend paid	-	1,608	775	-	-	-	2,383
Services provided (Income)	22	(781)	(376)	517	(-)	(-)	539
Services received (expenses)	(44)	(-)	(-)	(413)	(-)	(-)	(457)
Managerial remuneration Short-term employee benefits	(276)	(-)	(-)	(130)	(-)	(-)	(412)
Post employment benefits	-	-	-	-	48	-	48
Other long - term benefits	(-)	(-)	(-)	(-)	(74)	(-)	(74)
Contributions made	-	-	-	-	3	-	3
Guarantee issued on behalf of the Company for credit facilities from banks	(-)	(-)	(-)	(-)	(6)	(-)	(6)
	-	-	-	-	8	-	8
	(-)	(-)	(-)	(-)	(7)	(-)	(7)
	-	-	-	-	-	192	192
	(-)	(-)	(-)	(-)	(-)	(173)	(173)
	850	-	-	-	-	-	850
	(850)	(-)	(-)	(-)	(-)	(-)	(850)

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

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 34 : Related Party Disclosures (contd..)

	Imperial Chemical Industries			Fellow Subsidiaries	Key Management Personnel	Employee Benefit Trusts	ICI India Research & Technology Centre	Total
	Akzo Nobel N.V., Netherlands	Limited, United Kingdom	Akzo Nobel Coatings International B.V.	of the Company				
	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22
	(2020-21)	(2020-21)	(2020-21)	(2020-21)	(2020-21)	(2020-21)	(2020-21)	(2020-21)
<b>b) Balances as at the end of the year</b>								
Dues to related parties	639	-	552	702	34	-	1	1,927
	(353)	(-)	(479)	(748)	(27)	(-)	(2)	(1,609)
Dues from related parties	5	-	-	454	-	-	*	459
	(2)	(-)	(-)	(271)	(-)	(-)	(-)	(273)
<b>c) Share Capital outstanding as at end of the year</b>	-	230	111	-	-	-	-	341
	(-)	(230)	(111)	(-)	(-)	(-)	(-)	(341)

### 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 2022 (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 2020-21

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

### 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 2022	For the year ended 31 March 2021
<b>Purchase of materials / finished goods</b>		
PT Akzo Nobel Car Refinishes Indonesia	329	303
Akzo Nobel Hilden GmbH	256	-
Others	962	807
	1,547	1,110
<b>Sales of finished goods</b>		
Akzo Nobel Vietnam Limited	8	58
PT ICI Paints Indonesia	89	62
Akzo Nobel LLC	6	60
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	52	34
Akzo Nobel Paints (Thailand) Limited	38	-
Others	117	97
	310	311
<b>Expenses incurred and recovered/recoverable from other Companies (Income)</b>		
Akzo Nobel Global Business Services LLP	132	160
Others	17	19
	149	179
<b>Expenses reimbursed to other Companies (Expense)</b>		
Akzo Nobel Paints (Singapore) Pte. Ltd.	13	11
ICI India Research & Technology Centre	15	6
Others	*	2
	28	19

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 34 : Related Party Disclosures (contd..)

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Royalty</b>		
Akzo Nobel Coatings International B.V.	1,089	834
	<b>1,089</b>	<b>834</b>
<b>Dividend paid</b>		
Imperial Chemical Industries Limited, United Kingdom	1,608	781
Akzo Nobel Coatings International B.V.	775	376
	<b>2,383</b>	<b>1,157</b>
<b>Services provided (Income)</b>		
Akzo Nobel Car Refinishes B.V.	513	413
Akzo Nobel N.V. Netherlands	22	44
Others	4	-
	<b>539</b>	<b>457</b>
<b>Services received (Expense)</b>		
Akzo Nobel N.V. Netherlands	280	276
Akzo Nobel Global Business Services LLP	130	130
Others	-	6
	<b>410</b>	<b>412</b>
<b>Managerial remuneration</b>		
Mr. Rajiv Rajgopal	32	52
Mr. Lakshay Kataria	6	19
Mrs. Harshi Rastogi	10	9
Others	11	7
	<b>59</b>	<b>87</b>
<b>Contributions made</b>		
The Alkali and Chemical Corporation of India Limited Provident Fund	189	173
Others	3	*
	<b>192</b>	<b>173</b>
<b>Guarantee issued on behalf of the Company for credit facilities from banks</b>		
Akzo Nobel N.V. Netherlands	850	850
	<b>850</b>	<b>850</b>
<b>Dues to related parties</b>		
Akzo Nobel Coatings International B.V.	552	479
Akzo Nobel N.V. Netherlands	639	353
PT Akzo Nobel Car Refinishes Indonesia	67	163
Others	670	614
	<b>1,927</b>	<b>1,609</b>
<b>Dues from related parties</b>		
Akzo Nobel Car Refinishes B.V.	264	116
Akzo Nobel Global Business Services LLP	42	58
Akzo Nobel Vietnam Limited	-	28
Others	154	71
	<b>460</b>	<b>273</b>
<b>Share capital outstanding</b>		
Imperial Chemical Industries Limited, United Kingdom	230	230
Akzo Nobel Coatings International B.V.	111	111
	<b>341</b>	<b>341</b>

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

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 35 : Employee benefits

### Defined benefit plans

The Company makes specified monthly contributions towards employees' provident fund and pension 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 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 27 (c)

### Post-retirement medical benefits

The Company provides post-retirement healthcare benefits to its 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 i.e. actuarial valuation using the projected unit credit method. 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 scheme for eligible employees. The Company recognises contribution payable to the respective employee benefit fund as an expenditure, as and when they are due. The Company has no further payment obligations once the contributions have been made. Also Refer note 27 (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 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021
	<b>(A) Employee benefit expense recognised in statement of profit and loss</b>							
(a) Current service cost	53	49	2	1	4	3	89	74
(b) Interest cost (net)	13	11	(4)	(4)	20	20	2	1
(c) Past service cost - plan amendments	-	-	-	-	-	-	-	-
<b>Total expense / (gain)</b>	<b>66</b>	<b>60</b>	<b>(2)</b>	<b>(3)</b>	<b>24</b>	<b>23</b>	<b>91</b>	<b>75</b>
<b>Remeasurements recognised directly in other comprehensive income</b>								
(a) Return on plan assets (greater)/less than discount rate	(1)	(22)	(5)	(11)	-	-	(39)	(56)

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022

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

## Note 35 : Employee benefits (contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021
	(b) Actuarial (gains) / losses							
- from changes in demographic assumptions	-	-	2	-	-	-	-	-
- from changes in financial assumptions	(20)	7	(5)	2	(16)	7	(5)	58
- Experience adjustments	42	16	4	(6)	6	9	33	19
(c) Adjustment for limit on net asset	-	-	4	10	-	-	-	-
<b>Total expense / (gain)</b>	<b>21</b>	<b>1</b>	<b>*</b>	<b>(5)</b>	<b>(10)</b>	<b>16</b>	<b>(11)</b>	<b>21</b>

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

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
	<b>(B) Net Asset / (Liability) as at year end</b>							
(a) Present value of obligations as at year end	670	581	89	94	341	344	1,742	1,480
(b) Fair value of plan assets as at year end	355	352	247	247	-	-	1,709	1,447
(c) Fair value of plan assets, limited to present value of future contributions	355	352	146	155	-	-	1,709	1,447
<b>Net Asset / (Liability) (b)-(a)</b>	<b>(315)</b>	<b>(229)</b>	<b>158</b>	<b>153</b>	<b>(341)</b>	<b>(344)</b>	<b>(33)</b>	<b>(33)</b>
<b>Net Asset / (Liability) recognised in Balance Sheet (c)-(a)</b>	<b>(315)</b>	<b>(229)</b>	<b>57</b>	<b>61</b>	<b>(341)</b>	<b>(344)</b>	<b>(33)</b>	<b>(33)</b>
<b>(Refer below details for amount recognised in balance sheet)</b>								
<b>Provision in Balance Sheet (Refer note 13)</b>								
Current	(2)	(1)	-	-	(25)	(24)	-	-
Non-Current	(313)	(228)	-	-	(316)	(320)	(33)	(33)
	<b>(315)</b>	<b>(229)</b>	<b>-</b>	<b>-</b>	<b>(341)</b>	<b>(344)</b>	<b>(33)</b>	<b>(33)</b>
<b>Retirement Benefit Trust Surplus (Refer note 6.1)</b>								
Current	-	-	-	-	-	-	-	-
Non-Current	-	-	57	61	-	-	-	-
	<b>-</b>	<b>-</b>	<b>57</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Asset / (Liability) recognised in Balance Sheet</b>								
Current	(2)	(1)	-	-	(25)	(24)	-	-
Non-Current	(313)	(228)	57	61	(316)	(320)	(33)	(33)
	<b>(315)</b>	<b>(229)</b>	<b>57</b>	<b>61</b>	<b>(341)</b>	<b>(344)</b>	<b>(33)</b>	<b>(33)</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 Standalone Financial Statements for the year ended 31 March 2022

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

## Note 35 : Employee benefits (contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
<b>(C) Change in defined benefit obligations during the year</b>								
Present value of obligations at beginning of the year	581	509	94	117	344	327	1,480	1,246
(a) Current service cost	53	49	2	2	4	3	89	74
(b) Interest cost	34	30	5	6	20	20	93	80
(c) Benefits paid	(22)	(30)	(13)	(26)	(17)	(21)	(131)	(111)
(d) Actuarial (gains) / losses	23	23	1	(5)	(10)	15	28	78
(e) Employee Contributions	-	-	-	-	-	-	110	101
(f) Other Adjustments	1	-	-	-	-	-	73	12
<b>Present value of obligations at end of the year</b>	<b>670</b>	<b>581</b>	<b>89</b>	<b>94</b>	<b>341</b>	<b>344</b>	<b>1,742</b>	<b>1,480</b>
<b>(D) Change in fair value of plan assets during the year</b>								
Fair value of plan assets as at beginning of the year	352	329	247	257	-	-	1,447	1,238
(a) Return on plan assets (greater)/less than discount rate	1	22	5	11	-	-	40	56
(b) Interest income on plan assets	21	20	14	15	-	-	91	79
(c) Company contributions	3	-	-	-	-	-	79	72
(d) Employee Contributions	-	-	-	-	-	-	110	101
(e) Benefits paid	(22)	(19)	(13)	(26)	-	-	(131)	(111)
(f) Adjustment of defined contribution	-	-	(6)	-	-	-	73	12
(g) Acquisition cost	-	-	-	(10)	-	-	-	-
Fair value of plan assets	355	352	247	247	-	-	1,709	1,447
<b>(E) Change in Irrevocable Surplus</b>								
Irrevocable Surplus as at the beginning of the year	-	-	92	76	-	-	-	-
(a) Interest in Irrevocable Surplus	-	-	6	5	-	-	-	-
(b) Change in Irrevocable Surplus in excess of interest	-	-	3	11	-	-	-	-
Irrevocable Surplus as at the end of the year	-	-	101	92	-	-	-	-
<b>(F) Expected maturity analysis of undiscounted defined benefit plans</b>								
Less than a year	97	80	17	18	26	24	287	240
Between 1-2 years	94	81	16	16	26	25	265	221
Between 2-5 years	277	236	41	42	81	74	571	474
Over 5 years	464	398	41	43	137	118	1,179	977
<b>Total</b>	<b>932</b>	<b>795</b>	<b>115</b>	<b>119</b>	<b>270</b>	<b>241</b>	<b>2,302</b>	<b>1,912</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 (%age)								
Effect on DBO due to 0.5% increase in Discount Rate	-2.8%	-2.9%	-3.4%	-4.3%	-5.0%	-5.8%	-1.9%	-
Effect on DBO due to 0.5% decrease in Discount Rate	3.0%	3.1%	4.5%	4.3%	5.3%	5.6%	1.9%	-
Salary Escalation Rate (%age)								
Effect on DBO due to 0.5% increase in Salary Escalation Rate	2.8%	2.9%	-	-	-	-	-	-
Effect on DBO due to 0.5% decrease in Salary Escalation Rate	-2.7%	-2.9%	-	-	-	-	-	-
Medical Inflation Rate (%)								
Effect on DBO due to 0.5% increase in Medical Inflation	-	-	-	-	4.7%	4.8%	-	-
Effect on DBO due to 0.5% decrease in Medical Inflation	-	-	-	-	-4.4%	-4.4%	-	-

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 35 : Employee benefits (contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Mortality Rate (%)								
Effect on DBO if Post retirement medical rates are scaled up by one year	-	-	-	-	-5.3%	-4.7%	-	-
Effect on DBO if Post retirement medical rates are scaled down by one year	-	-	-	-	5.6%	4.9%	-	-

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.

	Long service award obligation		Pension obligation		Leave obligation	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Current	(3)	(2)	-	-	(160)	(154)
Non-Current	(13)	(13)	(3)	(14)	-	-
<b>Total</b>	<b>(16)</b>	<b>(15)</b>	<b>(3)</b>	<b>(14)</b>	<b>(160)</b>	<b>(154)</b>

(J) Expected contributions to defined benefit plans for the year ending on 31 March 2023 is ₹ 241 (31 March 2022 ₹ 181).

### (K) Major category of plan assets

	Gratuity		Pension		Provident Fund	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
	%	Amount	%	Amount	%	Amount
Government of India Securities (Central and State)	9%	31	9%	32	24%	58
High Quality Corporate Bonds (including Public sector bonds)	7%	25	9%	30	19%	46
Cash (including special deposits)	18%	62	2%	7	4%	9
Scheme of Insurance-conventional Products	17%	62	30%	106	-	-
Scheme of Insurance-ULIP products	44%	155	46%	162	-	-
Other	5%	20	4%	15	53%	134
	<b>100%</b>	<b>355</b>	<b>100%</b>	<b>352</b>	<b>100%</b>	<b>247</b>
					<b>100%</b>	<b>247</b>
					<b>100%</b>	<b>1709</b>
					<b>100%</b>	<b>1447</b>

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 35 : Employee benefits (contd..)

### Actuarial Assumptions

	2021-22	2020-21
Discount Rate (annual)	6.50%	6.00%
Salary growth rate	7.00%	7.00%
Expected rate of return (annualised)	7.25%	7.65%
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 36 : Analytical Ratios

The following reflects the ratios and data used in the computation:

	Numerator		Denominator		Ratio		%	Reason for variance
	31 March	31 March	31 March	31 March	31 March	31 March		
	2022	2021	2022	2021	2022	2021		
(a) Current ratio = Current assets / Current liabilities	17,595	17,471	11,836	11,044	1.5	1.6	(6.0%)	
(b) Debt-equity ratio = Total debt / Shareholder's equity	705	639	12,588	12,876	5.6%	5.0%	12.9%	
(c) Debt service coverage ratio = Earning available for debt service / Debt service	3,484	2,940	226	179	15.4	16.4	(5.9%)	
(d) Return on equity ratio = Net profits after taxes / Average shareholder's equity	2,900	2,076	12,732	12,625	22.8%	16.4%	38.5%	The net profit after tax increase is in line with the revenue growth which has helped in improvement of return on equity ratio.
(e) Inventory turnover ratio = Cost of goods sold / Average inventory	18,784	13,228	5,763	4,559	3.3	2.9	12.4%	

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022

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

## Note 36 : Analytical Ratios (contd..)

	Numerator		Denominator		Ratio		%	Reason for variance
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021		
(f) Trade receivables turnover ratio = Total sales / Average trade receivables	<b>31,486</b>	24,214	<b>4,543</b>	4,046	<b>6.9</b>	6.0	15.8%	
(g) Trade payables turnover ratio = Total purchase / Average trade payables	<b>26,299</b>	18,854	<b>8,218</b>	7,376	<b>3.2</b>	2.6	25.2%	Increase in Purchases are in line with topline growth coupled with inflation. Improved payment efficiency helped in faster turnaround.
(h) Net capital turnover ratio = Total sales / Working capital	<b>31,486</b>	24,214	<b>5,759</b>	6,427	<b>5.5</b>	3.8	45.1%	Ratio improvement is in line with revenue growth supported by inventory control and better collection efficiencies which also brought down the overdue percentage.
(i) Net profit ratio = Net profit after tax / Total sales	<b>2,900</b>	2,076	<b>31,486</b>	24,214	<b>9.2%</b>	8.6%	7.4%	
(j) Return on capital employed = Earning before interest and taxes / Capital employed	<b>3,812</b>	2,884	<b>12,048</b>	12,317	<b>31.6%</b>	23.4%	35.1%	The return on capital employed improvement is in line with topline growth.
(k) Return on investment = Earning before interest and taxes / Total assets	<b>3,812</b>	2,884	<b>25,905</b>	25,292	<b>14.7%</b>	11.4%	29.0%	The return on investment improvement is in line with topline growth.

### Notes:

- (i) Debt = Lease liabilities
- (ii) Earning available for debt service = Profit for the year + Finance costs + Depreciation and amortization expense - Provisions written back to the extent no longer required + Net loss on disposal of property, plant and equipment + Unrealized foreign currency (gain)/ loss (net) - Exceptional items (net)
- (iii) Debt service = Interest & principal repayments including lease payments
- (iv) Total sales = Revenue from operations
- (v) Total purchases = Purchase of stock-in-trade + Purchases of raw materials + Other expenses (excluding - Net foreign exchange differences, Corporate social responsibility expenditure, Provision for doubtful debts and advances and Net loss on disposal of property, plant and equipment) + staff welfare expenses
- (vi) Working capital = Current assets - Current liabilities
- (vii) Earning before interest and taxes = Profit before tax + Finance costs
- (viii) Capital employed = Tangible Net worth + Total debt - Deferred tax assets (net)
- (ix) Tangible Net worth = Total assets - Total liabilities - Intangible assets - Right-of-use assets

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 37 : Disclosure of transactions with struck off companies

Details of transactions entered into by Company with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 are as follows:

Name of struck off Company	Nature of transactions with struck off Company	Balance outstanding as at March 31, 2022	Balance outstanding as at March 31, 2021	Relationship with the struck off Company, if any, to be disclosed
Kohinoor Mills Limited	Investment in equity instruments*	-	*	None

\*These balances were written off during the year.(Amount is below rounding off norms, adopted by the Company)

## Note 38 : Additional regulatory information required by Schedule III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The Company does not have any borrowings from banks and financial institutions on the basis of security of current assets.

(iii) Wilful defaulter

The Company is not declared wilful defaulter by any bank or financial institution or government or any government authority.

(iv) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(v) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vi) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(vii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(viii) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

# NOTES

to the Standalone Financial Statements for the year ended 31 March 2022

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

## Note 38 : Additional regulatory information required by Schedule III (contd..)

(ix) Valuation of Property, plant and equipment and intangible asset

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

**Note 39 :** 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 40 :** The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 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 Standalone Financial Statements, particularly on the amount of tax expense and that of provision for taxation.

**Note 41 :** The Company has revised useful lives of certain assets with effect from 1 April 2020 based on their expected period of use and physical condition, which has resulted in reduction in depreciation and amortisation expense by ₹ 90 for the year ended 31 March 2021 with corresponding impact on profit before tax.

## Note 42 : COVID-19

In preparation of Standalone Financial Statements for the year ended 31 March 2022, the Company has taken into account the possible impact of COVID-19 and the related internal and external factors known to the management upto the date of approval of these Standalone Financial Statements to assess the carrying amount of its assets and liabilities. Accordingly no material impact is anticipated in these Standalone Financial Statements.

**Note 43 :** Previous year's figures have been regrouped/reclassified where required to conform to the current year's classification.

As per our report of even date attached.

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

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

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

Place: Gurugram  
Date: 27 May 2022

**Oscar Wezenbeek**  
Chairman  
DIN : 08432564

Place: Singapore  
Date: 27 May 2022

**Rajiv Rajgopal**  
Managing Director  
DIN : 06685599

Place: Gurugram  
Date: 27 May 2022

**Krishna Rallapalli**  
Wholetime Director and CFO  
DIN : 03384607

Place: Gurugram  
Date: 27 May 2022

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 27 May 2022

# INDEPENDENT AUDITOR'S REPORT

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

## Report on the Audit of the Consolidated Financial Statements

### Opinion

- 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 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").
- 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 2022, of consolidated total comprehensive income (comprising profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

- 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 the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were 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 these matters.

Key audit matter	How our audit addressed the key audit matter
<p>A. Revenue recognition including variable consideration</p> <p>[Refer to Notes 1(p) (Significant accounting policies) and 18 (Revenue from operations) to the Consolidated Financial Statements]</p> <p>The Holding Company recognises revenues when control of the goods is transferred to the customer at an amount that reflects the net consideration, which the Holding Company expects to receive for those goods from customers. The sales arrangements are voluminous and in determining the sales price, the Holding Company considers the effects of variable consideration, which requires estimation, leading to complexities and application of significant effort and judgment.</p> <p>Considering these significant judgements, estimates and the risk associated with revenue recognition, the matter has been determined to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We assessed the design and tested the operating effectiveness of internal controls related to recognition of revenue including variable consideration.</li> <li>We tested sales transactions on a sample basis, by comparing the underlying sales invoices, sales orders and dispatch documents to assess whether revenue was recognised appropriately.</li> <li>Assessed the underlying assumptions and estimates used for determination of variable consideration.</li> <li>We tested rebates and discount provided to the customers on a sample basis, comparing the same with underlying approvals and terms of the contracts and schemes offered to customers.</li> <li>We assessed the adequacy of the disclosures made in the Consolidated Financial Statements in respect of revenue recognition.</li> </ul> <p>Based on the above procedures, we did not identify any significant deviation to the assessment made by the management in respect of revenue recognition including variable consideration.</p>

Key audit matter	How our audit addressed the key audit matter	Key audit matter	How our audit addressed the key audit matter
<p>B. Assessment of ongoing income tax and indirect tax litigations</p> <p>[Refer to Notes 1(m) and 1(n) (Significant accounting policies), Note 27 (Contingent liabilities), Note 6.2 [Non-current tax assets(net)], Note 13 (Provisions) to the Consolidated Financial Statements]</p> <p>As at 31 March 2022, 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 “tax litigations”). These matters are in appeal before various judicial forums.</p> <p>The eventual outcome of tax litigations is uncertain and the positions taken by the management are based on the application of significant judgement and estimation. The assessment of the tax matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process and controls designed and implemented by the management and tested the design and operating effectiveness of relevant controls;</li> <li>• Obtained an understanding of the tax litigations through enquiry with the management, including the significant developments, additions and settlements during the year and subsequent to the year end;</li> <li>• Inspected demand notices received from the tax authorities and evaluated the Holding Company’s response to those matters;</li> <li>• Obtained independent confirmations from the Holding Company’s external tax experts including the status of the significant tax litigations, their views regarding the likely outcome and magnitude of the potential exposure;</li> </ul>	<p>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, the tax litigations have been disclosed as contingent liabilities in the Consolidated Financial Statements unless the possibility of outflow of resources is considered to be remote.</p> <p>We identified this matter as a key audit matter as the ultimate outcome of matters are uncertain and the positions taken by the management are based on the application of significant judgement, related legal advice including those relating to interpretation of laws and regulations.</p>	<ul style="list-style-type: none"> <li>• Involved specialists to evaluate the management’s assessment on the likely outcome and potential magnitude on complex or significant tax matters as considered necessary; and</li> <li>• Assessing the adequacy of the Holding Company’s disclosures in respect of litigations.</li> </ul> <p>We did not identify any significant exceptions to the management’s assessment of the ongoing tax litigations as a result of the above procedures.</p>
		<b>Other Information</b>	
		<p>5. The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Consolidated Financial Statements and our auditor’s report thereon.</p>	
		<p>Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p>	
		<p>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</p>	

the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

6. The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in 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 consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.
7. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
8. The respective Board of Directors of the companies 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**

9. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of

assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to Consolidated 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.
11. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- ### Report on Other Legal and Regulatory Requirements
14. This report does not contain a statement on the matter specified in paragraph 3(xxi) of 'the Companies (Auditor's Report) Order, 2020' ("CARO 2020") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act as, in our opinion, and according to the information and explanations given to us, CARO 2020 is not applicable to the subsidiary included in these Consolidated Financial Statements and there are no qualifications or adverse remarks in our CARO 2020 report issued in respect of the Standalone Financial Statements of the Holding Company.
  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), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows 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 2022 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 2022 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 Consolidated Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
  - (h) With respect to the other matters to be included in the 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 27 to the Consolidated Financial Statements.

- ii. The Group is not required to recognise a provision as at 31 March 2022 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contracts. The Group did not have any long-term derivative contracts as at 31 March 2022.
- iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year.
- iv. (a) The respective Managements of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the notes to the Consolidated Financial Statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or its subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Refer Note 38 to the Consolidated Financial Statements.
- (b) The respective Managements of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the notes to the Consolidated Financial Statements, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or its subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Refer Note 38 to the Consolidated Financial Statements.
- (c) Based on the audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- v. The dividend declared and paid during the year by the Holding Company, is in compliance with Section 123 of the Act. The subsidiary company has not declared or paid any dividend during the year.
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

**Anurag Khandelwal**  
Partner

Place: Gurugram  
Date: 27 May 2022

Membership Number: 078571  
UDIN: 22078571AJRYDL3380

# ANNEXURE TO INDEPENDENT AUDITORS' REPORT

## Annexure A

**Referred to in paragraph 15(g) of the Independent Auditor's Report of even date to the members of Akzo Nobel India Limited on the Consolidated Financial Statements for the year ended 31 March 2022**

### Report on the Internal Financial Controls with reference to Consolidated 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 Akzo Nobel India Limited and its subsidiary company as of and for the year ended 31 March 2022, 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, to whom reporting under clause (i) of sub-section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, 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 Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") 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 Holding Company's internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with 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 Consolidated 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 with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated 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 Consolidated 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 Holding Company's internal financial controls with reference to Consolidated 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 with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at 31 March 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

**Anurag Khandelwal**  
Partner

Place: Gurugram  
Date: 27 May 2022

Membership Number: 078571  
UDIN: 22078571AJRYDL3380

# CONSOLIDATED BALANCE SHEET

All amounts are in millions Indian ₹, unless otherwise stated)	Notes	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.1	4,153	4,413
Right-of-use assets	3.2	997	954
Capital work-in-progress	3.3	416	165
Intangible assets	4	52	63
Financial assets			
(i) Investments	5.1	*	5
(ii) Loans	5.2	4	4
(iii) Other financial assets	5.3	86	76
Deferred tax assets (net)	14	196	181
Non-current tax assets (net)	6.2	1,374	979
Other non-current assets	6.1	1,034	983
<b>Total non-current assets</b>		<b>8,312</b>	<b>7,823</b>
<b>Current assets</b>			
Inventories	7	6,644	4,882
Financial assets			
(i) Trade receivables	8.1	4,955	4,131
(ii) Cash and cash equivalents	8.2	1,450	1,391
(iii) Bank balances other than (ii) above	8.3	3,135	5,941
(iv) Loans	8.4	*	*
(v) Other financial assets	8.5	116	102
Other current assets	9	1,304	1,031
<b>Total current assets</b>		<b>17,604</b>	<b>17,478</b>
<b>Total assets</b>		<b>25,916</b>	<b>25,301</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	455	455
Other equity	11	12,140	12,428
<b>Total equity</b>		<b>12,595</b>	<b>12,883</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Lease liabilities	3.2	551	511
(ii) Other financial liabilities	12	179	183
Provisions	13	684	613
Other non-current liabilities	15	69	66
<b>Total non-current liabilities</b>		<b>1,483</b>	<b>1,373</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Lease liabilities	3.2	154	128
(ii) Trade payables	16.1		
- Total outstanding dues of micro enterprises and small enterprises		139	77
- Total outstanding dues of creditors other than micro enterprises and small enterprises		8,312	7,907
(iii) Other financial liabilities	16.2	774	828
Provisions	13	422	433
Other current liabilities	17	2,037	1,672
<b>Total current liabilities</b>		<b>11,838</b>	<b>11,045</b>
<b>Total liabilities</b>		<b>13,321</b>	<b>12,418</b>
<b>Total equity and liabilities</b>		<b>25,916</b>	<b>25,301</b>

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

The notes from note no. 1 to 43 form an integral part of these Consolidated Financial Statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

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

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

**Anurag Khandelwal**  
Partner  
Membership No. : 078571  
Place: Gurugram  
Date: 27 May 2022

**Oscar Wezenbeek**  
Chairman  
DIN : 08432564  
Place: Singapore  
Date: 27 May 2022

**Rajiv Rajgopal**  
Managing Director  
DIN : 06685599  
Place: Gurugram  
Date: 27 May 2022

**Krishna Rallapalli**  
Wholtime Director and CFO  
DIN : 03384607  
Place: Gurugram  
Date: 27 May 2022

**Harshi Rastogi**  
Company Secretary  
ACS 13642  
Place: Gurugram  
Date: 27 May 2022

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts are in millions Indian ₹, unless otherwise stated)	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	18	31,486	24,214
Other income	19	227	232
<b>Total income</b>		<b>31,713</b>	<b>24,446</b>
<b>Expenses</b>			
Cost of materials consumed	20	17,747	11,662
Purchases of stock-in-trade		1,939	1,737
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(902)	(172)
Employee benefits expense	22	2,640	2,518
Finance costs	23	145	103
Depreciation and amortisation expense	24	759	755
Other expenses	25	5,737	5,061
<b>Total expenses</b>		<b>28,065</b>	<b>21,664</b>
<b>Profit before exceptional items and tax</b>		<b>3,648</b>	<b>2,782</b>
Exceptional items (net)	26	20	-
<b>Profit before tax</b>		<b>3,668</b>	<b>2,782</b>
<b>Income tax expense:</b>			
Current tax	14	782	763
Deferred tax	14	(15)	(57)
<b>Total tax expense</b>		<b>767</b>	<b>706</b>
<b>Profit after tax for the year (A)</b>		<b>2,901</b>	<b>2,076</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement of defined benefit plans	35	(1)	(33)
Changes in fair value of equity instruments at FVOCI	5.1	-	*
Income tax relating to the above items	14	*	8
<b>Other comprehensive income for the year (B)</b>		<b>(1)</b>	<b>(25)</b>
<b>Total comprehensive income for the year (A + B)</b>		<b>2,900</b>	<b>2,051</b>
*Amount is below rounding off norms, adopted by the Group			
<b>Earnings per equity share attributable to owners of Akzo Nobel India Limited:</b>	29		
Basic earning per equity share (in ₹) [Face value of ₹ 10 each]		63.70	45.60
Diluted earning per equity share (in ₹) [Face value of Rs 10 each]		63.70	45.60

The notes from note no. 1 to 43 form an integral part of these Consolidated Financial Statements.

This is the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) referred to in our report of even date.

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

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

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

Place: Gurugram  
Date: 27 May 2022

**Oscar Wezenbeek**  
Chairman  
DIN : 08432564

Place: Singapore  
Date: 27 May 2022

**Rajiv Rajgopal**  
Managing Director  
DIN : 06685599

Place: Gurugram  
Date: 27 May 2022

**Krishna Rallapalli**  
Wholetime Director and CFO  
DIN : 03384607

Place: Gurugram  
Date: 27 May 2022

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 27 May 2022

# CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in millions Indian ₹, unless otherwise stated)	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A Cash flow from operating activities</b>			
<b>Profit before tax</b>		<b>3,668</b>	2,782
Adjustments for:			
Depreciation and amortisation expense	24	759	755
Loss on sale of property, plant and equipment (net)	25	20	26
Adjustment on termination of leases (net)	19	(9)	(17)
Exceptional items (net)	26	(20)	-
Provision for inventory obsolescence		(81)	(4)
Provision for doubtful debts and advances	25	(21)	(7)
Net foreign exchange differences		(29)	18
Provision/liabilities no longer required written back	18	(190)	(2)
Government grants	19	(11)	(12)
Interest income	19	(194)	(151)
Interest income from financial assets at amortised cost - Bonds	19	-	(48)
Gain on sale of investments	19	(7)	-
Finance costs	23	145	103
<b>Operating profit before change in operating assets and liabilities</b>		<b>4,030</b>	<b>3,443</b>
(Increase) / Decrease in trade receivables		(799)	(166)
(Increase) / Decrease in inventories		(1,681)	(641)
(Increase) / Decrease in loans		*	2
(Increase) / Decrease in other financial assets		(10)	12
(Increase) / Decrease in other assets		(253)	(460)
Increase / (Decrease) in trade payables		697	1,228
Increase / (Decrease) in other financial liabilities		(77)	(114)
Increase / (Decrease) in provisions		80	71
Increase / (Decrease) in other liabilities		359	277
<b>Cash generated from operations</b>		<b>2,346</b>	<b>3,652</b>
Income taxes paid (net)		(1,132)	(820)
<b>Net cash inflow from operating activities (A)</b>		<b>1,214</b>	<b>2,832</b>
<b>B Cash flow from investing activities</b>			
Payments for purchase of property, plant and equipment		(634)	(281)
Proceeds from sale of investments		13	835
Fixed deposits balances with banks		2,738	(3,021)
Interest received		187	218
<b>Net cash inflow / (outflow) from investing activities (B)</b>		<b>2,304</b>	<b>(2,249)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in millions Indian ₹, unless otherwise stated)	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>C Cash flow from financing activities</b>			
Principal element of lease payments		(153)	(112)
Dividend paid		(3,188)	(1,548)
Interest paid		(118)	(77)
<b>Net cash (outflow) from financing activities (C)</b>		<b>(3,459)</b>	<b>(1,737)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>		<b>59</b>	<b>(1,154)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,391</b>	2,545
<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>1,450</b>	<b>1,391</b>
<b>Non-cash investing activities</b>			
- Acquisition of right-of-use assets		295	328

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

## Notes:

- (i) The above Consolidated 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 bracket represent outflows.

## Components of cash and cash equivalents are as under:

Balances with banks			
- In current account	8.2	629	461
- In EEFC account	8.2	119	228
Deposits with maturity of less than three months	8.2	702	702
<b>Cash and cash equivalents (Refer note 8.2)</b>		<b>1,450</b>	<b>1,391</b>

The notes from note no. 1 to 43 form an integral part of these Consolidated Financial Statements.

This is the Consolidated Statement of Cash Flows referred to in our report of even date.

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

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

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

Place: Gurugram  
Date: 27 May 2022

**Oscar Wezenbeek**  
Chairman  
DIN : 08432564

Place: Singapore  
Date: 27 May 2022

**Rajiv Rajgopal**  
Managing Director  
DIN : 06685599

Place: Gurugram  
Date: 27 May 2022

**Krishna Rallapalli**  
Wholtime Director and CFO  
DIN : 03384607

Place: Gurugram  
Date: 27 May 2022

**Harshi Rastogi**  
Company Secretary  
ACS 13642

Place: Gurugram  
Date: 27 May 2022

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 march 2022

## (a) Equity share capital

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

	Number of Shares	Notes	Amount
<b>As at 31 March 2020</b>	45,540,314	10	455
Changes in equity share capital during 2020-21	-		-
<b>As at 31 March 2021</b>	45,540,314	10	455
Changes in equity share capital during 2021-22	-		-
<b>As at 31 March 2022</b>	<b>45,540,314</b>	<b>10</b>	<b>455</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 2020</b>	503	64	12	4,519	6,824	3	11,925
Profit for the year	-	-	-	-	2,076	-	2,076
Other comprehensive income arising from remeasurement of defined benefit plans	-	-	-	-	(25)	*	(25)
Transfer of gain on FVOCI equity investments	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>2,051</b>	<b>*</b>	<b>2,051</b>
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	(1,548)	-	(1,548)
<b>Balance as at 31 March 2021</b>	<b>503</b>	<b>64</b>	<b>12</b>	<b>4,519</b>	<b>7,327</b>	<b>3</b>	<b>12,428</b>
<b>Balance as at 1 April 2021</b>	<b>503</b>	<b>64</b>	<b>12</b>	<b>4,519</b>	<b>7,327</b>	<b>3</b>	<b>12,428</b>
Profit for the year	-	-	-	-	2,901	-	2,901
Other comprehensive income arising from remeasurement of defined benefit plans	-	-	-	-	(1)	*	(1)
Transfer of gain on FVOCI equity investments	-	-	-	-	3	(3)	-
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>2,903</b>	<b>(3)</b>	<b>2,900</b>
<b>Transactions with owners in their capacity as owners:</b>							
Dividends paid	-	-	-	-	(3,188)	-	(3,188)
<b>Balance as at 31 March 2022</b>	<b>503</b>	<b>64</b>	<b>12</b>	<b>4,519</b>	<b>7,042</b>	-	<b>12,140</b>

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

The notes from note no. 1 to 43 form an integral part of these Consolidated Financial Statements.

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

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

**Anurag Khandelwal**

Partner

Membership No. : 078571

Place: Gurugram

Date: 27 May 2022

**Oscar Wezenbeek**

Chairman

DIN : 08432564

Place: Singapore

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Place: Gurugram

Date: 27 May 2022

**Harshi Rastogi**

Company Secretary

ACS 13642

Place: Gurugram

Date: 27 May 2022

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Background

Akzo Nobel India Limited ('the Holding 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 Holding Company is situated in Kolkata (West Bengal). The Group (The Holding Company and its subsidiary) is engaged into the business of manufacturing, trading and selling of paints and related products. The Group also provides research and development services to its holding company and other group companies. The subsidiary Company – ICI India Research & Technology Centre – conducts research activity on behalf of the Holding Company and receives contributions to the extent of costs incurred on such research activity. The Holding Company's equity shares are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Consolidated Financial Statements for the year ended 31 March 2022 were approved by the Board of Directors and authorised for issue on 27 May 2022.

## 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 Consolidated 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 amendment to Ind AS for the first time for their annual reporting period commencing 1 April 2021:

- Extension of COVID-19 related concessions – amendments to Ind AS 116.

The amendment 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.

#### (iv) New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

#### (v) Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of Consolidated Financial Statements. These amendments are effective from 1 April 2021.

Consequent to above, the Group has changed the classification/presentation of security deposits and other bank balances, in the current year.

The security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets' line item. Previously, these deposits were included in 'loans' line item.

Further, the bank deposits with more than 12 months maturity have been included in 'Other financial assets' line item. Previously, these deposits were included in 'Other bank balances' line item.

The Group has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarised below:

Balance sheet (extract)	(₹ in Million)		
	31 March 2021 (as previously reported)	Increase/ (Decrease)	31 March 2021 (restated)
Other bank balances (non-current)	6	(6)	-
Loans (non-current)	74	(70)	4
Other financial assets (non-current)	-	76	76

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

Balance sheet (extract)	(₹ in Million)		
	31 March 2021 (as previously reported)	Increase/ (Decrease)	31 March 2021 (restated)
Loans (current)	15	(15)	-
Other financial assets (current)	87	15	102

## b) Principles of consolidation

The Consolidated Financial Statements have been prepared on the following basis:

**Subsidiary:** Subsidiary is an entity over which group has 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 Holding 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 Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the Group 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.

Foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other income / expenses. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when

the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

## d) Property, plant and equipment

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 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 recognised 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.

### Depreciation methods and estimated useful lives

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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

Particulars	Estimated Useful Life (in Years)
Buildings	10-60
Plant and machinery	15
Plant and machinery given under operating lease	10
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 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.

## Capital work-in-progress

Capital work-in-progress excluding capital advances includes property, plant and equipment under construction and not ready for intended use as on the balance sheet date.

## e) Impairment of assets, 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.

### (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 continue with the carrying value of its intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying values as the deemed cost of the intangible assets.

## 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 the statement of 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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## (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 in the other income on a net basis. 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 income on a net basis. 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 income on a net basis 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 income on a net basis in the period in which it arises. Interest income from these financial assets is included in other income.

### 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 consist of term deposits with banks, which have original maturities of more than three months. Such assets are recognised and measured at amortised cost (including directly attributable transaction cost) using 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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## (v) Derecognition of financial assets

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

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

Where the Group has neither transferred a financial asset nor 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 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 Group or the counterparty.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## 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 of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Excise duty on finished products is included in the value of finished products inventory. 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. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is required even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 recognise a contingent liability but discloses its existence in the Consolidated 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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

make good the shortfall of interest (basis the actuarial valuation), if any, as at the date of the balance sheet. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method.

## Gratuity and Pension –

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

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

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

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

**Post-retirement medical benefits:** The Group provides post-retirement medical 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 on government bonds that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

## p) Revenue recognition

### Sale of goods

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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## 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.

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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 Consolidated Financial Statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability that affects neither accounting profit nor taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

## r) Segment reporting

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

### Identification of segments:

Results of the operating segments are reviewed regularly by the country leadership team (Managing Director, Chief Financial Officer, Head HR, Company Secretary) which has been identified as the chief operating decision maker (CODM), to assess the financial performance and position of the Group and make strategic decisions. Refer note 33 for reportable segments determined by the Group.

## s) Leases

### As a lessee

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 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 payments 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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

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 the statement of profit and loss. Short term leases are the leases with a lease term of 12 months or less. Low-value assets comprise IT equipment 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. Initial direct costs incurred in obtaining an operating lease are added to carrying amount of underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective lease assets are included in balance sheet based on their nature.

## t) Earnings per share

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

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other

financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## u) Dividend

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

## v) Exceptional Items

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

## w) Rounding of amounts

All amounts disclosed in the Consolidated 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 Consolidated 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.

- Useful life of property, plant and equipment (Refer note 3.1)
- Provision for employee benefits and fair value of plan assets (Refer note 35)
- Tax litigations/claims (Refer note 27)
- Customer incentives (Refer note 17)
- Allowance for doubtful debts (Loss allowance on trade receivables) (Refer note 8.1)
- Inventory obsolescence (Refer note 7)

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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(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 2021	Additions	Disposals	As at 31 March 2022	Charge during the year	Disposals	As at 31 March 2021	As at 31 March 2022
Freehold land (Refer note 'a' below)	265	-	-	265	-	-	265	265
Buildings	2,195	14	(2)	2,207	85	*	1,683	1,610
Plant and equipment								
- owned	3,220	141	(59)	3,302	314	(44)	1,596	1,408
- given under operating lease	1,304	93	(18)	1,379	92	(15)	666	664
Motor vehicles	3	*	-	3	*	-	1	1
Furniture and fixtures	325	12	*	337	25	*	87	74
Office equipment	98	40	(1)	137	22	(1)	27	45
Leasehold improvements	107	-	-	107	6	-	48	42
Data processing equipment	176	22	*	198	18	*	38	42
Laboratory equipments	2	-	-	2	*	-	2	2
<b>Total</b>	<b>7,695</b>	<b>322</b>	<b>(80)</b>	<b>7,937</b>	<b>562</b>	<b>(60)</b>	<b>4,413</b>	<b>4,153</b>

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

(b) Refer note 28 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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

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

Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount	
	As at 31 March 2020	Additions	As at 31 March 2021	As at 31 March 2020	Charge during the year	Disposals	As at 31 March 2020	As at 31 March 2021
Freehold land (Refer note 'a' below)	265	-	265	-	-	-	265	265
Buildings	2,179	16	2,195	422	90	*	1,757	1,683
Plant and equipment								
- owned	3,130	125	3,220	1,316	331	(23)	1,814	1,596
- given under operating lease	1,199	166	1,304	605	80	(47)	594	666
Motor vehicles	3	-	3	2	*	-	1	1
Furniture and fixtures	324	1	325	209	29	*	115	87
Office equipment	87	11	98	46	25	*	41	27
Leasehold improvements	107	-	107	53	6	-	54	48
Data processing equipment	144	32	176	126	12	-	18	38
Laboratory equipments	-	2	2	-	*	-	-	2
<b>Total</b>	<b>7,438</b>	<b>353</b>	<b>7,695</b>	<b>2,779</b>	<b>573</b>	<b>(70)</b>	<b>4,659</b>	<b>4,413</b>

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

(b) Refer note 28 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.

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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 3.2 : Right-of-use assets and Lease liabilities

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, buildings, 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 2022	As at 31 March 2021
<b>Right-of-use assets</b>		
Building and warehouse leases	625	576
Land leases (Refer note 'a' & 'b' below)	366	368
Vehicles leases	6	10
<b>Total</b>	<b>997</b>	<b>954</b>
<b>Lease liabilities</b>		
Current lease liabilities	154	128
Non-current lease liabilities	551	511
<b>Total</b>	<b>705</b>	<b>639</b>

Additions to the right-of-use assets during the current financial year were ₹ 295 (31 March 2021 ₹ 328).

- (a) The Group had received the final possession of land acquired on lease-cum-sale basis at Mysore (gross carrying value ₹ 166) from Karnataka Industrial Area Development Board (KIADB) in March 2018. The registration of lease deed in respect of the said land is pending finalisation with the authorities and the sale deed will be executed after the lease period upon fulfillment of the conditions specified in the allotment letter.
- (b) The Group has leasehold land at Thane (gross carrying value ₹ 7) for which original title deed is not in possession of the Group. The Group is in process of obtaining the same from respective authorities.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 3.2 : Right-of-use assets and Lease liabilities (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 2022	For the year ended 31 March 2021
<b>Depreciation charge on right-of-use assets</b>		
Building and warehouse leases	181	165
Land leases	1	1
Vehicles leases	4	5
<b>Total</b>	<b>186</b>	<b>171</b>
	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expense (included in finance costs) (Refer note '23')	73	67
Expenses relating to short term leases (included in other expenses) (Refer note '25')	23	25
<b>Total</b>	<b>96</b>	<b>92</b>

The total cash outflow for leases including interest and short term leases ₹ 249 (31 March 2021 ₹ 200).

### (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 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 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 3.3 : Capital work-in-progress

As at 31 March 2022

### (a) Ageing of Capital work-in-progress:

Particulars	Amounts in capital work-in-progress for				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	366	27	*	-	393
(ii) Projects temporarily suspended	-	-	-	23	23
<b>Total</b>	<b>366</b>	<b>27</b>	<b>*</b>	<b>23</b>	<b>416</b>

### (b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>(i) Projects in progress</b>					
New production line at Thane plant	92	-	-	-	92
Computers equipment & software	71	-	-	-	71
Process equipments	28	-	-	-	28
Safety equipments	19	17	-	-	36
Additions to buildings	19	8	-	-	27
Process equipments	28	-	-	-	28
Laboratory equipments	3	-	-	-	3
<b>(ii) Projects temporarily suspended</b>					
Compound wall at Mysore land	-	-	-	23	23
<b>Total</b>	<b>260</b>	<b>25</b>	<b>-</b>	<b>23</b>	<b>308</b>

As at 31 March 2021

### (a) Ageing of Capital work-in-progress:

Particulars	Amounts in capital work-in-progress for				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	97	27	8	10	142
(ii) Projects temporarily suspended	-	-	-	23	23
<b>Total</b>	<b>97</b>	<b>27</b>	<b>8</b>	<b>33</b>	<b>165</b>

### (b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>(i) Projects in progress</b>					
Extension of warehouse	6	-	-	-	6
Safety equipments	2	13	-	-	15
Additions to buildings	-	5	-	-	5
Process equipments	5	3	-	-	8
Laboratory equipments	-	2	-	-	2
<b>(ii) Projects temporarily suspended</b>					
Compound wall at Mysore land	-	-	-	23	23
<b>Total</b>	<b>13</b>	<b>23</b>	<b>-</b>	<b>23</b>	<b>59</b>

Note: Capital work-in-progress mainly comprises plant and equipment and buildings.

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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 4 : Intangible Assets

Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount		
	As at 31 March 2021	Additions	Disposals	As at 31 March 2021	Charge during the year	Disposals	As at 31 March 2021	As at 31 March 2022	As at 31 March 2022
<b>Intangible assets (Acquired)</b>									
Customer Relationships	110	-	-	47	11	-	63	58	52
Non Compete Fees	9	-	-	9	-	-	-	9	-
<b>Total</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>56</b>	<b>11</b>	<b>-</b>	<b>63</b>	<b>67</b>	<b>52</b>
Particulars	As at 31 March 2020	Additions	Disposals	As at 31 March 2020	Charge during the year	Disposals	As at 31 March 2020	As at 31 March 2021	As at 31 March 2021
<b>Intangible assets (Acquired)</b>									
Customer Relationships	110	-	-	36	11	-	74	47	63
Non Compete Fees	9	-	-	9	-	-	-	9	-
<b>Total</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>11</b>	<b>-</b>	<b>74</b>	<b>56</b>	<b>63</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 ₹ Nil (₹ 17 as at 31 March 2021). If the useful life were estimated to be 15 years, the carrying amount would be ₹ 72 (₹ 79 as at 31 March 2021).

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 5.1 : Non current financial assets- investments

	Number as at 31 March 2022	Number as at 31 March 2021	Face value ₹ per unit	As at 31 March 2022	As at 31 March 2021
<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	100	-	*
Maneck-Chowk & Ahmedabad Manufacturing Co. Limited (fully paid up)	-	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	-	5
<b>(c) Investment in debentures and bonds (at Amortised Costs)</b>					
<b>Unquoted</b>					
6.5% Bengal Chamber of Commerce and Industry	19	19	1,000	*	*
6% The Sholapoor Spinning & Weaving Company Ltd. (in Liquidation)	-	523	100	-	*
				*	5
				As at 31 March 2022	As at 31 March 2021
Aggregate amount of quoted investments				-	-
Aggregate market value of quoted investments				-	-
Aggregate amount of unquoted investments				*	5
Aggregate amount of impairment in the value of investments				*	-
				*	5

\*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 2022	Dividend income recognised during 2021-22	Fair value at 31 March 2021	Dividend income recognised during 2020-21	Fair value at 1 April 2020
Woodlands Multispecialty Hospital Limited	-	-	5	-	5

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

(c) The Group has a subsidiary – 'ICI India Research & Technology Centre' which is limited by guarantee and does not have share capital. Based on undertaking given by the members of Akzo Nobel India Limited, they will contribute a maximum of Rupees one hundred in the event this subsidiary is wound up. The subsidiary conducts research activity on behalf of Akzo Nobel India Limited and receives contributions from the Holding Company to the extent of costs incurred on such research activity.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 5.2 : Non current financial assets - Loans

	As at 31 March 2022	As at 31 March 2021
Loan given to employees	4	4
	<b>4</b>	<b>4</b>
<b>Break - up of security details</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	4	4
Loans which have significant increase in credit risk	-	-
Loans credit impaired	-	-
<b>Total</b>	<b>4</b>	<b>4</b>
Less : Loss allowance	-	-
	<b>4</b>	<b>4</b>

## Note 5.3 : Non current financial assets - Other financial assets

	As at 31 March 2022	As at 31 March 2021
Security deposits	88	79
Less : Loss allowance	(9)	(9)
Fixed deposits with Banks (Refer note below)	7	6
	<b>86</b>	<b>76</b>

Note: 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 6.1 : Other non-current assets

	As at 31 March 2022	As at 31 March 2021
Capital advances	84	1
Advances other than capital advances		
Indirect taxes recoverable		
- Considered good	98	92
- Considered doubtful	31	31
Less: Provision for doubtful indirect taxes recoverable	(31)	(31)
Retirement benefit trusts surplus (Refer note 35)	57	61
Advance to customers	786	822
Miscellaneous	9	7
	<b>1,034</b>	<b>983</b>

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

	As at 31 March 2022	As at 31 March 2021
Income tax {net of provision ₹ 15,611 (31 March 2021 ₹ 14,827)}	1,374	979
	<b>1,374</b>	<b>979</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 7 : Inventories

	As at 31 March 2022	As at 31 March 2021
Raw materials (Refer note 'a' below)	2,853	1,993
Work in progress	156	123
Finished goods (Refer note 'b' below)	2,060	2,117
Stock-in-trade (in respect of goods acquired for trading) (Refer note 'a' and 'b' below)	1,565	639
Stores and spares	10	10
	<b>6,644</b>	<b>4,882</b>
(a) Includes in-transit inventory:		
Raw materials	250	10
Stock-in-trade (in respect of goods acquired for trading)	-	6

(b) Finished goods and stock-in-trade (in respect of goods acquired for trading) are written down by ₹ 26 (31 March 2021 ₹ 19) on account of cost or net realisable value, whichever is lower. These were recognised as an expense during the year and included in 'changes in inventories of finished goods, work-in-progress and stock-in-trade' in the statement of profit and loss.

## Note 8.1 : Current financial assets - Trade receivables

	As at 31 March 2022	As at 31 March 2021
Trade receivables from contracts with customers	4,683	4,111
Trade receivables from contracts with customers - related parties (Refer note 34)	459	273
Less: Loss allowance	(187)	(253)
	<b>4,955</b>	<b>4,131</b>
<b>Break - up of security details</b>		
Trade receivables considered good - Secured	284	273
Trade receivables considered good - Unsecured	4,858	4,111
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - Credit impaired	-	-
<b>Total</b>	<b>5,142</b>	<b>4,384</b>
Less: Loss allowance	(187)	(253)
	<b>4,955</b>	<b>4,131</b>

## Ageing of trade receivables

As at 31 March 2022

Particulars	Unbilled	Outstanding for following periods from the due date						Total
		Not Due	Less than 6 Months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed trade receivables</b>								
considered good	-	4,080	876	43	38	33	65	5,135
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
<b>Disputed trade receivables</b>								
considered good	-	-	-	7	-	-	-	7
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>4,080</b>	<b>876</b>	<b>50</b>	<b>38</b>	<b>33</b>	<b>65</b>	<b>5,142</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 8.1 : Current financial assets - Trade receivables (contd.)

As at 31 March 2021

Particulars	Unbilled	Outstanding for following periods from the due date					Total	
		Not Due	Less than 6 Months	6 months- 1 year	1-2 years	2-3 years		More than 3 years
<b>Undisputed trade receivables</b>								
considered good	-	3,464	710	42	65	56	47	4,384
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
<b>Disputed trade receivables</b>								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3,464</b>	<b>710</b>	<b>42</b>	<b>65</b>	<b>56</b>	<b>47</b>	<b>4,384</b>

## Note 8.2 : Current financial assets - Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Balance with banks:		
- In current accounts	629	461
- In EEFC accounts	119	228
Deposits with maturity of less than three months	702	702
	<b>1,450</b>	<b>1,391</b>

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

## Note 8.3 : Current financial assets - bank balances other than cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Fixed deposits (Refer note 'a' below)	3,032	5,808
Unpaid dividend accounts (Refer note 'b' below)	103	133
	<b>3,135</b>	<b>5,941</b>

(a) Fixed deposits include deposits held as margin money amounting to ₹ 11 (31 March 2021 ₹ 7) 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 8.4 : Current financial assets - Loans

	As at 31 March 2022	As at 31 March 2021
Loan given to employees	*	*
	<b>*</b>	<b>*</b>
<b>Break - up of security details</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	*	*
Loans which have significant increase in credit risk	-	-
Loans Credit impaired	-	-
	<b>*</b>	<b>*</b>

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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 8.5 : Current financial assets - Other financial assets

	As at 31 March 2022	As at 31 March 2021
<b>(Unsecured, considered good unless otherwise stated)</b>		
Amount recoverable from related parties (Refer note 34)	*	*
Government grant receivable	100	87
Security deposits	16	15
	<b>116</b>	<b>102</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 31 for the credit risk exposure.
- (b) Government grant relates to tax incentives receivable from the State Government of Madhya Pradesh in respect of the operations of the Group's factory at Gwalior. Refer note 19 for details.

## Note 9 : Other current assets

	As at 31 March 2022	As at 31 March 2021
<b>(Unsecured, considered good unless otherwise stated)</b>		
Advances to suppliers		
- Considered good	123	63
- Considered doubtful	30	18
Less: Provision for doubtful advances	(30)	(18)
Advances to employees		
- Considered good	4	4
- Considered doubtful	2	2
Less: Provision for doubtful advances	(2)	(2)
Advance to Customers		
- Considered good	525	399
- Considered doubtful	28	28
Less: Provision for doubtful advances	(28)	(28)
Prepaid expenses	218	189
Indirect tax recoverable	434	376
Others	*	*
	<b>1,304</b>	<b>1,031</b>

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

## Note 10 : Equity share capital

	As at 31 March 2022	As at 31 March 2021
<b>Authorised:</b>		
126,690,000 (31 March 2021 - 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 2021 - 45,540,314) equity shares of ₹ 10 each	455	455
	<b>455</b>	<b>455</b>

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

	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Opening balance	45,540,314	455	45,540,314	455
Add: Equity shares increased during the year	-	-	-	-
<b>Closing balance</b>	<b>45,540,314</b>	<b>455</b>	<b>45,540,314</b>	<b>455</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

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

### 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, 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 Akzo Nobel India Limited.

	As at 31 March 2022	As at 31 March 2021
	No. of Shares	No. of Shares
Imperial Chemical Industries Limited, United Kingdom	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 Group

	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	% holding	No. of Shares	% holding
Imperial Chemical Industries Limited, United Kingdom	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. Details of shareholding of promoters

	As at 31 March 2022			As at 31 March 2021		
	No. of Shares	Percentage of total number of shares	Percentage of change during the year	No. of Shares	Percentage of total number of shares	Percentage of change during the year
Imperial Chemical Industries Limited, United Kingdom	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>Total</b>	<b>34,044,335</b>	<b>74.76%</b>	<b>-</b>	<b>34,044,335</b>	<b>74.76%</b>	<b>-</b>

f. In terms of the shareholders resolution approved on 22 May 2018, 11,20,000 shares of the Akzo Nobel India Limited 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.

g. There are no shares reserved for issue under options and contracts or commitments for sale of shares or disinvestment.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 11 : Other equity

	As at 31 March 2022	As at 31 March 2021
Capital reserve (refer note 'a' below)	503	503
Capital redemption reserve (refer note 'b' below)	64	64
Revaluation reserve (refer note 'c' below)	12	12
General reserve (refer note 'd' below)	4,519	4,519
Retained earnings (refer note 'e' below)	7,042	7,327
Other reserves (refer note 'f' below)		
Equity instruments through OCI	-	3
	<b>12,140</b>	<b>12,428</b>
	As at 31 March 2022	As at 31 March 2021
<b>a Capital reserve</b>	503	503
Pursuant to various amalgamation schemes executed in the previous years as per the requirement of Companies Act, 1956 and Court orders, the Group had created 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>	64	64
Pursuant to the buy back scheme for purchase of equity shares offered by the Group during earlier years, 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>	12	12
It represents revaluation of certain land acquired as part of amalgamation done with various companies in the previous periods. This reserve is not available for distribution of the balance to shareholders. There is no movement during the year.		
<b>d General reserve</b>	4,519	4,519
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	7,327	6,824
Net profit for the year	2,901	2,076
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
Remeasurements of post-employment benefit obligation, net of tax	(1)	(25)
Transfer of gain on FVOCI equity investments	3	-
Dividends	(3,188)	(1,548)
<b>Balance at the end of the year</b>	<b>7,042</b>	<b>7,327</b>
Remeasurements of post-employment benefit obligation / (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).		
<b>f Other reserves</b>		
<b>Equity instruments through OCI</b>		
Balance at the beginning of the year	3	3
Add: Fair value gain/(loss) on equity instruments for the year	-	*
Less: Transfer of gain on FVOCI equity investments	(3)	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>3</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.

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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 12 : Non current financial liabilities - Others

	As at 31 March 2022	As at 31 March 2021
Security Deposits (Refer note below)	179	183
	<b>179</b>	<b>183</b>

Note : It represents deposits received from customers under operating lease arrangement, refer note 31.

## Note 13 : Provisions

	Non - current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Employee benefits (Refer note 35)				
Pension	3	14	-	-
Gratuity	315	229	2	1
Leave obligations (Refer note 'c' below)	-	-	161	155
Post retirement medical and others	316	320	25	24
Provident Fund	33	33	-	-
Long service award	13	13	3	2
Indirect taxes	-	-	185	185
Divested businesses	-	-	38	58
Others	4	4	8	8
	<b>684</b>	<b>613</b>	<b>422</b>	<b>433</b>

### Additional disclosure relating to provisions:

#### (a) Movement in provisions:

##### For the year ended 31 March 2022

Particulars	Class of provisions		
	Indirect taxes	Divested businesses	Others
Opening balance as at 31 March 2021	185	58	12
Provision created during the year	5	-	-
Provision utilised / written back during the year (includes ₹ 20 related to indirect tax provision pertaining to divested business, no longer required written back (Refer note 26))	(5)	(20)	-
<b>Closing balance as at 31 March 2022</b>	<b>185</b>	<b>38</b>	<b>12</b>

##### For the year ended 31 March 2021

Particulars	Class of provisions		
	Indirect taxes	Divested businesses	Others
Opening balance as at 31 March 2020	188	58	15
Provision created during the year	-	-	-
Provision utilised / written back during the year	(3)	-	(3)
<b>Closing balance as at 31 March 2021</b>	<b>185</b>	<b>58</b>	<b>12</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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 13 : Provisions (contd..)

### (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.

- (c) The entire amount of leave obligations provision of ₹ 161 (31 March 2021 ₹ 155) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

## Note 14 : Income Tax

### A. Income tax expense

	As at 31 March 2022	As at 31 March 2021
<b>Current tax expense</b>		
Current tax on profits for the year	944	763
Adjustments for current tax of prior periods	(162)	-
<b>Total current tax expense</b>	<b>782</b>	<b>763</b>
<b>Deferred tax</b>		
Decrease/(increase) in deferred tax assets	16	32
(Decrease)/increase in deferred tax liabilities	(31)	(89)
<b>Total deferred tax charge/(credit)</b>	<b>(15)</b>	<b>(57)</b>
<b>Income tax expense</b>	<b>767</b>	<b>706</b>

### B. Reconciliation of effective tax rate

	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	3,668	2,782
Tax at the Indian tax rate of 25.168% (31 March 2021 - 25.168%)	923	700
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Corporate social responsibility expenditure	15	15
Income tax provision of prior year	(162)	-
Non-taxable interest income on REC bond	-	(7)
Others	(9)	(2)
	<b>767</b>	<b>706</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

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

### C. Movement in deferred tax balances

	As at 31 March 2021	Recognised in P&L	Recognised in OCI	As at 31 March 2022
<b>Deferred tax liabilities</b>				
Property, plant and equipment	223	(24)	-	199
Surplus payments to retirement trusts	15	(1)	-	14
Investments at fair value through OCI	2	(2)	-	*
Right-of-use assets	154	12	-	166
Others	16	(16)	-	-
<b>Sub- total (a)</b>	<b>410</b>	<b>(31)</b>	<b>-</b>	<b>379</b>
<b>Deferred tax assets</b>				
Provision for doubtful debts and advances	81	(9)	-	72
Expenditure disallowed u/s 43B of Income Tax Act, 1961	210	19	*	229
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	18	(5)	-	13
Lease liabilities	161	17	-	178
Other disallowances under the Income Tax Act, 1961	121	(38)	-	83
<b>Sub- total (b)</b>	<b>591</b>	<b>(16)</b>	<b>*</b>	<b>575</b>
<b>Net deferred tax liabilities/(assets) (a)-(b)</b>	<b>(181)</b>	<b>(15)</b>	<b>*</b>	<b>(196)</b>

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

### D. Movement in deferred tax balances

	As at 1 April 2020	Recognised in P&L	Recognised in OCI	As at 31 March 2021
<b>Deferred tax liabilities</b>				
Property, plant and equipment	262	(39)	-	223
Surplus payments to retirement trusts	16	(1)	-	15
Investments at fair value through OCI	2	-	*	2
Right-of-use assets	166	(12)	-	154
Others	53	(37)	-	16
<b>Sub- total (a)</b>	<b>499</b>	<b>(89)</b>	<b>*</b>	<b>410</b>
<b>Deferred tax assets</b>				
Provision for doubtful debts and advances	94	(13)	-	81
Expenditure disallowed u/s 43B of Income tax Act, 1961	182	20	8	210
Expenditure deductible under section 35 DDA of the Income Tax Act, 1961	22	(4)	-	18
Lease liabilities	162	(1)	-	161
Other disallowances under the Income Tax Act, 1961	155	(34)	-	121
<b>Sub- total (b)</b>	<b>615</b>	<b>(32)</b>	<b>8</b>	<b>591</b>
<b>Net deferred tax liabilities/(assets) (a)-(b)</b>	<b>(116)</b>	<b>(57)</b>	<b>(8)</b>	<b>(181)</b>

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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 15 : Other non-current liabilities

	As at 31 March 2022	As at 31 March 2021
Deferred lease rentals (Refer note 'a' below)	8	21
Deferred government grant (Refer note 'b' below)	50	40
Others	11	5
	<b>69</b>	<b>66</b>

(a) Represents fair valuation of security deposits received from customers, Refer note 31.

	As at 31 March 2022	As at 31 March 2021
(b) Opening balance of Deferred/(Accrued) Government grant	40	32
Add : Government grant receivable	21	20
Less : Government grant recognised during the year	(11)	(12)
<b>Closing balance of (Deferred) /Accrued Government grant</b>	<b>50</b>	<b>40</b>

## Note 16.1 : Current financial liabilities - Trade payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises (Refer note 'b' below)	139	77
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Payables to related parties (Refer note 34)	1,893	1,580
- Acceptances	272	482
- Others	6,147	5,845
	<b>8,451</b>	<b>7,984</b>

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

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

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

	As at 31 March 2022	As at 31 March 2021
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	121	65
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	18	12
(iii) Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	401	247
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year"	-	-
(vi) Interest due and payable towards suppliers registered under MSMED Act for payments already made	6	3
(vii) Further interest remaining due and payable for earlier years	12	9

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 16.1 : Current financial liabilities - Trade payables (contd..)

### (c) Ageing of Trade Payables

As at 31 March 2022

Particulars	Outstanding for following periods from the due date						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed trade payables</b>							
Micro enterprises and small enterprises	67	60	12	*	-	-	139
Others	2,848	3,900	1,127	297	20	120	8,312
<b>Disputed trade payables</b>							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total</b>	<b>2,915</b>	<b>3,960</b>	<b>1,139</b>	<b>297</b>	<b>20</b>	<b>120</b>	<b>8,451</b>

As at 31 March 2021

Particulars	Outstanding for following periods from the due date						Total
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed trade payables</b>							
Micro enterprises and small enterprises	44	30	3	-	-	-	77
Others	3,313	2,468	1,910	77	89	50	7,907
<b>Disputed trade payables</b>							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total</b>	<b>3,357</b>	<b>2,498</b>	<b>1,913</b>	<b>77</b>	<b>89</b>	<b>50</b>	<b>7,984</b>

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

## Note: 16.2. Current financial liabilities - Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Security Deposits (Refer note 'a' below)	425	406
<b>Others</b>		
Unpaid dividends (Refer note 'b' below)	103	133
Payable to employees	136	202
Capital creditors	107	85
Derivatives not designated as hedges- forward contracts (Refer note 31)	2	1
Retention money payable	1	1
	<b>774</b>	<b>828</b>

(a) It represents deposits received from customers under operating lease arrangement, refer note 31.

(b) 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 2022	As at 31 March 2021
Cash and cash equivalents	1,450	1,391
Lease liabilities	(705)	(639)
<b>Net Debt</b>	<b>745</b>	<b>752</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 16.2 : Current financial liabilities - Other financial liabilities (contd..)

Particulars	Other assets		Liabilities from financing activities	Total
	Cash and cash equivalents	Current investments	Lease liabilities	
<b>Net Debt as on 1 April 2020</b>	<b>2,545</b>	<b>835</b>	<b>(643)</b>	<b>2,737</b>
Cash Flow	(1,154)	(835)	112	(1,877)
Net acquisition lease	-	-	(108)	(108)
Interest expense	-	-	(67)	(67)
Interest paid	-	-	67	67
<b>Net Debt as on 31 March 2021</b>	<b>1,391</b>	<b>-</b>	<b>(639)</b>	<b>752</b>
<b>Net debt as at 1 April 2021</b>	<b>1,391</b>	<b>-</b>	<b>(639)</b>	<b>752</b>
Cash Flow	59	-	153	212
Net acquisition lease	-	-	(219)	(219)
Interest expense	-	-	(73)	(73)
Interest paid	-	-	73	73
<b>Net Debt as on 31 March 2022</b>	<b>1,450</b>	<b>-</b>	<b>(705)</b>	<b>745</b>

## Note 17 : Other current liabilities

	As at 31 March 2022	As at 31 March 2021
Statutory liabilities	508	345
Liability towards customers	88	60
Deferred revenue (Refer note 'a' below)	197	181
Deferred lease rental (Refer note 'b' below)	8	20
Refund liabilities (Refer note 'c' below)	1,232	1,058
Others	4	8
	<b>2,037</b>	<b>1,672</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 ₹ 181 (31 March 2021 ₹ 318).
- (b) It includes fair valuation of security deposits received from customers, as explained in note 31.
- (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 ₹ 20 (31 March 2021 ₹ 22). Refund Liabilities are also recognised for expected volume discount and other incentives payable to customers amounting to ₹ 1,212 (31 March 2021 ₹ 1,036) 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 2022	For the year ended 31 March 2021
Revenue from contracts with customers		
- Sale of products	30,508	23,512
- Sale of services	579	459
Other operating revenue	399	243
	<b>31,486</b>	<b>24,214</b>

- (a) The customer incentive is recognised based on purchases made by the customers 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 is net of incentives to customers amounting to ₹ 7,335 (31 March 2021 ₹ 5,807).

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(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 2022	For the year ended 31 March 2021
Contract price	38,422	29,778
<b>Adjustments :</b>		
Deferred revenue	(16)	(64)
Refund liabilities	(1,232)	(1,058)
Incentive to customers	(6,087)	(4,685)
<b>Revenue from operations</b>	<b>31,087</b>	<b>23,971</b>

### (b) Breakup of other operating revenue

	For the year ended 31 March 2022	For the year ended 31 March 2021
Duty drawback on exports	9	3
Lease rentals	147	147
Scrap sales	21	35
Business auxiliary services	31	55
Provision/liabilities no longer required written back	190	2
Miscellaneous income	1	1
	<b>399</b>	<b>243</b>

## Note 19 : Other Income

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income from financial assets at amortised cost - Bonds	-	48
Gain on sale of investments	7	-
Government grants (Refer note below)	11	12
Interest income:		
- on income tax refund	45	-
- on fixed deposits	145	147
- on others	4	4
Net gain on termination of leases	9	17
Miscellaneous income	6	4
	<b>227</b>	<b>232</b>

Note: 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 8.5 and 15.

## Note 20 : Cost of materials consumed

	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw materials as at the beginning of the year	1,993	1,523
Add: Purchases	18,607	12,132
Less: Raw materials as at the end of the year	(2,853)	(1,993)
<b>Total cost of materials consumed</b>	<b>17,747</b>	<b>11,662</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

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

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Inventory at the beginning of the year</b>		
- Finished goods	2,117	2,019
- Stock-in-trade (in respect of goods acquired for trading)	639	553
- Work-in-progress	123	135
	<b>2,879</b>	<b>2,707</b>
<b>Inventory at the end of the year</b>		
- Finished goods	2,060	2,117
- Stock-in-trade (in respect of goods acquired for trading)	1,565	639
- Work-in-progress	156	123
	<b>3,781</b>	<b>2,879</b>
<b>(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade</b>	<b>(902)</b>	<b>(172)</b>

## Note 22 : Employee benefits expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	2,309	2,278
Contribution to provident and other funds (Refer note 35)	180	156
Other long-term employee benefits	51	20
Staff welfare expenses	100	64
	<b>2,640</b>	<b>2,518</b>

## Note 23 : Finance costs

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest and finance charges on financial liabilities not at FVTPL	17	15
Interest and finance charges on lease liabilities (Refer note 3.2)	73	67
Unwinding of discount on security deposits	27	18
Others	28	3
	<b>145</b>	<b>103</b>

## Note 24 : Depreciation and amortisation expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant and equipment (Refer note 3.1)	562	573
Depreciation of right-of-use-assets (Refer note 3.2)	186	171
Amortisation of intangible assets (Refer note 4)	11	11
	<b>759</b>	<b>755</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 25 : Other expenses

	For the year ended 31 March 2022	For the year ended 31 March 2021
Stores and spare parts consumed	43	33
Repairs and maintenance		
- Plant and Machinery	253	231
- Buildings	17	20
- Others	*	*
Power and fuel	166	127
Travelling	180	136
Rates and taxes	38	31
Rent	23	25
Insurance	101	121
Freight and transport	1,403	1,164
Advertisement and publicity	549	537
Royalty	1,089	834
Consultancy charges	144	119
Net foreign exchange differences	31	67
Payments to auditors (Refer note 'a' below)	15	14
Corporate social responsibility expenditure (Refer note 'b' below)	60	59
IT support & maintenance	298	274
Warehouse charges	258	243
Provision for doubtful debts and advances (Refer note 'c' below)	(21)	(7)
Loss on sale of property, plant and equipment (net)	20	26
Sub contracting charges	466	402
Miscellaneous expenses	604	605
	<b>5,737</b>	<b>5,061</b>

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

### (a) Details of payments to auditors #

	For the year ended 31 March 2022	For the year ended 31 March 2021
Statutory audit (including limited reviews)	8	8
Other audit related services	7	6
Reimbursement of expenses	*	*
	<b>15</b>	<b>14</b>

# Excluding Goods and Service Tax

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

### (b) Corporate social responsibility expenditure

	For the year ended 31 March 2022	For the year ended 31 March 2021
Vocational skill training	33	29
Promoting education	15	12
COVID19 relief work	2	9
Promoting preventive healthcare	5	3
Road safety awareness	1	1
Others	4	5
	<b>60</b>	<b>59</b>
Amount required to be spent as per Section 135 of the Act	60	59
Amount spent during the year on		
i) Construction/acquisition of an asset	2	1
ii) On purposes other than (i) above	58	58

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 25 : Other expenses (contd..)

### Details of ongoing CSR Projects under Section 135 (6) of the Act

Balance as at 1 April 2020		Amount required to be spent during the year	Amount spent during the year		Balance as on 31 March 2021	
With the Group	In separate CSR Unspent account		From the Group's bank account	From Separate CSR unspent Account	With the Group	In separate CSR unspent account
-	-	44	44	-	-	-

Balance as at 1 April 2021		Amount required to be spent during the year	Amount spent during the year		Balance as at 31 March 2022	
With the Group	In separate CSR Unspent account		From the Group's bank account	From Separate CSR unspent Account	With the Group	In separate CSR unspent account
-	-	-	-	-	-	-

### Details of CSR expenditure under Section 135 (5) of the Act in respect to other than ongoing projects

Balance unspent as on 1 April 2020	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as on 31 March 2021	Balance unspent as on 1 April 2021	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as on 31 March
									2022
-	-	15	15	-	-	-	60	60	-

### Details of excess CSR expenditure under Section 135 (5) of the Act

Balance excess spent as at 1 April 2020	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2021	Balance excess spent as at 1 April 2021	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as on 31 March 2022
-	-	-	-	-	-	-	-

(c) Excluding bad debts written off during the year amounting to ₹ 45 (31 March 2021 ₹ 23)

## Note 26 : Exceptional items (net)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Indirect tax provision related to divested business no longer required written back (Refer note 13 (a) and note below)	20	-
	20	-

Note: The Group had created a provision in prior years with respect to divested businesses. The Group has carried out the assessment of said provision and reversed the excess amount which is no longer required. This has been disclosed as an exceptional item.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 27 : Contingent liabilities

	As at 31 March 2022	As at 31 March 2021
<b>(a) Claims against the Group not acknowledged as debts</b>	<b>60</b>	<b>60</b>

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 experts 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 2022	As at 31 March 2021
<b>(b) Contingent liability of direct and indirect tax</b>		
Income tax matters in dispute / under appeal (Refer note below)	395	562
Sales tax / VAT matters in dispute / under appeal	207	160
Excise and Service tax matters in dispute / under appeal	129	134
	<b>731</b>	<b>856</b>

Note : The Income tax assessments for the Group have been completed up to the financial year ended 31 March 2017 and demands aggregating from such assessments and appellate orders amount to ₹ 395 (31 March 2021 ₹ 562). The Group as well as the Income tax department have filed appeals on various matters arising from these assessments. Based on the available documentation and tax experts view, the Group has created provisions wherever required and for the balance matters, it believes that more likely than not, these disputes would not result in additional outflow of resources.

The Group is contesting certain claims raised by authorities towards excise, service tax and sales tax / VAT dues at various forums. Based on the available documentation and expert view, the Group has created provisions wherever required and for the balance matters, it believes that 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 28 February 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) The Group has a subsidiary – 'ICI India Research & Technology Centre' which is limited by guarantee and does not have a share capital. (Refer note 5.1)
- (e) There are no contingent assets as at 31 March 2022 and as at 31 March 2021.

## Note 28 : Capital and other commitments

	As at 31 March 2022	As at 31 March 2021
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	360	123
Liability on partly paid investment: Adyar Property Holding Company Limited	*	*

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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 29 : Earnings per share

	As at 31 March 2022	As at 31 March 2021
Weighted average number of shares outstanding the during the year	45,540,314	45,540,314
Net profit after tax available for equity shareholders	2,901	2,076
Basic earning per equity share (in ₹) [Face value of ₹ 10 each]	63.70	45.60
Diluted earning per equity share (in ₹) [Face value of ₹ 10 each]	63.70	45.60

## Note 30 : Operating lease

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 3.1 (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 2022	As at 31 March 2021
Within one year	54	106
Later than one year and not later than five years	45	72
Later than five years	*	*
	99	178

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

## Note 31 : Fair Value Measurements

### a) Financial instruments by category

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial Assets</b>						
Investments in Equity shares	*	-	-	*	5	-
Loans	-	-	4	-	-	4
Other financial assets	-	-	195	-	-	172
Trade receivables	-	-	4,955	-	-	4,131
Cash and cash equivalents	-	-	1,450	-	-	1,391
Other bank balances	-	-	3,142	-	-	5,947
<b>Total Financial Assets</b>	*	-	9,746	*	5	11,645
<b>Financial Liabilities</b>						
Trade payables	-	-	8,451	-	-	7,984
Other financial liabilities	-	-	951	-	-	1,010
Other financial liabilities - Foreign exchange forward contracts	2	-	-	1	-	-
<b>Total Financial Liabilities</b>	2	-	9,402	1	-	8,994

### 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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

### Financial assets and liabilities measured at fair value as at 31 March 2022

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

### Financial assets and liabilities measured at fair value as at 31 March 2021

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

#### Notes:

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

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

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

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

### 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, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

### 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.
- 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 2022		31 March 2021		Level
	Carrying amount	Fair value	Carrying amount	Fair value	
<b>Financial Assets</b>					
Loans	4	4	4	4	3
Other financial assets	195	195	172	172	3
Trade receivables	4,955	4,955	4,131	4,131	3
<b>Total Financial Assets</b>	<b>5,154</b>	<b>5,154</b>	<b>4,307</b>	<b>4,307</b>	
<b>Financial Liabilities</b>					
Trade payables	8,451	8,451	7,984	7,984	3
Other financial liabilities	951	967	1,010	1,051	3
<b>Total Financial Liabilities</b>	<b>9,402</b>	<b>9,418</b>	<b>8,994</b>	<b>9,035</b>	

- The carrying amounts of loans, trade receivables, other financial assets and trade payables are considered to be the same as their fair values, due to their short-term nature.
- The fair values for security deposits are calculated based on cash flows discounted using a current lending 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.
- 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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : 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	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

In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures on account of expenditure in foreign currencies and earnings in foreign exchange (export of goods, service income, etc.). The Group does not enter into any derivative instruments for trading or speculative purposes or for highly probable forecast transactions.

The Group follows a forex Risk Management policy under which all material foreign currency exposures are hedged through forward covers to protect against swings in exchange rates.

The Group's risk management is carried out by a central treasury department / finance team under policies approved by the board of directors.

### i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amounts of financial assets represent the maximum credit risk exposure.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

#### Trade and other receivables

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from Trade Receivable amounting to ₹ 4,955 and ₹ 4,131 as at 31 March 2022 and 31 March 2021 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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

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 2022	As at 31 March 2021
Opening balance	253	305
Changes in loss allowance (net)	(66)	(52)
<b>Closing balance</b>	<b>187</b>	<b>253</b>

### Reconciliation of loss allowance provision – Other receivables

	As at 31 March 2022	As at 31 March 2021
Opening balance	9	9
Changes in loss allowance (net)	-	-
<b>Closing balance</b>	<b>9</b>	<b>9</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 Group attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies.

## ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>As at 31 March 2022</b>						
<b>Non-derivative financial liabilities</b>						
Lease liabilities (including interest)	1,143	110	105	198	319	411
Trade and other payables	8,451	8,451	-	-	-	-
Other financial liabilities	953	681	93	122	34	23

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

	Contractual cash flows					
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Derivative financial liabilities</b>						
Forward exchange contracts	2	2	-	-	-	-
<b>Contractual cash flows</b>						
	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>As at 31 March 2021</b>						
<b>Non-derivative financial liabilities</b>						
Lease liabilities (including interest)	1,078	95	89	169	299	426
Trade and other payables	7,984	7,984	-	-	-	-
Other financial liabilities	1,010	792	35	99	60	24
<b>Derivative financial liabilities</b>						
Forward exchange contracts	1	1	-	-	-	-

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>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
- Expiring within one year (bank overdraft facilities)	840	706

### iii. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. 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 2022 and 31 March 2021 are reinstated in millions Indian Rupees which is stated below :

	<b>USD</b>	<b>Euro</b>	<b>Other</b>
<b>As at 31 March 2022</b>			
<b>Financial assets</b>			
Trade and other receivables	151	264	5
Balance in EEFC account	119	-	-
<b>Derivative Assets</b>			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

	USD	Euro	Other
<b>Net Exposure to Foreign Currency Risk (Assets)</b>	<b>270</b>	<b>264</b>	<b>5</b>
<b>Financial liabilities</b>			
Trade and other payables	826	207	246
<b>Derivative liabilities</b>			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(524)	-	-
<b>Net Exposure to Foreign Currency Risk (Liabilities)</b>	<b>302</b>	<b>207</b>	<b>246</b>
<b>As at 31 March 2021</b>			
<b>Financial assets</b>			
Trade and other receivables	198	117	1
Balance in EEFC account	228	-	-
<b>Derivative Assets</b>			
Foreign Exchange Forward Contracts-Sell Foreign Currency	-	-	-
<b>Net Exposure to Foreign Currency Risk (Assets)</b>	<b>426</b>	<b>117</b>	<b>1</b>
<b>Financial liabilities</b>			
Trade and other payables	986	444	77
<b>Derivative liabilities</b>			
Foreign Exchange Forward Contracts-Buy Foreign Currency	(663)	(176)	-
<b>Net Exposure to Foreign Currency Risk (Liabilities)</b>	<b>323</b>	<b>268</b>	<b>77</b>

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars/EURO or other currencies 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.

Effect in INR	Impact on Profit after tax	
	Increase	Decrease
<b>31 March 2022</b>		
<b>10% movement</b>		
USD	(2)	2
Euro	4	(4)
Others	(18)	18
	<b>(16)</b>	<b>16</b>

Effect in INR	Impact on Profit after tax	
	Increase	Decrease
<b>31 March 2021</b>		
<b>10% movement</b>		
USD	8	(8)
Euro	(11)	11
Others	(6)	6
	<b>(9)</b>	<b>9</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 31 : Fair Value Measurements (contd..)

### 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 in INR	Impact on Profit after tax	
	Increase	Decrease
Increase 10%	*	*
Decrease 10%	*	*

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.

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

## Note 32 : Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the 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 2021 and 31 March 2022.

	For the year ended 31 March 2022	For the year ended 31 March 2021
The following dividends were declared and paid by the Group during the year:		
31 March 2021 ₹ 30 per equity share (31 March 2020 ₹ 14 per equity share)	1,366	638
Interim dividend for the year 31 March 2022 ₹ 40 per share (31 March 2021 ₹ 20 per share)	1,822	910
	<b>3,188</b>	<b>1,548</b>

In addition to the above dividend, directors have recommended the payment of dividend of ₹ 35 per equity share (31 March 2021 ₹ 30 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 2022	For the year ended 31 March 2021
31 March 2022 ₹ 35 per equity share (31 March 2021 ₹ 30 per equity share)	1,594	1,366
	<b>1,594</b>	<b>1,366</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 33 : 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 Group's performance as a single unit (Coatings consisting of decorative, automotive and industrial paints and related activities). Therefore, there is no separate reportable segment for the Group.

### B. Entity wide disclosures

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Revenue from operations</b>		
Domestic	29,761	23,283
Overseas	1,725	931
<b>Total</b>	<b>31,486</b>	<b>24,214</b>

Revenue from overseas customers includes ₹ 513 (31 March 2021 ₹ 413) from Akzo Nobel Car Refinishes B.V., Netherlands.

	As at 31 March 2022	As at 31 March 2021
<b>Non current segment assets</b>		
Domestic	6,595	6,517
Overseas	-	-

#### Break up of non current assets is as follows:

	As at 31 March 2022	As at 31 March 2021
Property, plant and equipment	4,153	4,413
Right-of-use assets	997	954
Capital work-in-progress	416	165
Intangible Assets	52	63
Other non-current assets (excluding retirement benefit trust surplus)	977	922
<b>Total</b>	<b>6,595</b>	<b>6,517</b>

### C. Information about major customers

No external customer individually accounted for more than 10% of the revenues during the year ended 31 March 2022 and 31 March 2021.

## Note 34 : Related Party Disclosures

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

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

Imperial Chemical Industries Limited, United Kingdom, 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 Argentina S.A.	Akzo Nobel Coatings (Dongguan) Co. Ltd.
Akzo Nobel Boya Sanayi ve Ticaret A.S.	Akzo Nobel Coatings (Jiaxing) Co. Ltd.
Akzo Nobel Car Refinishes (Singapore) Pte Ltd	Akzo Nobel Ltda
Akzo Nobel Chang Cheng Coatings (Guangdong) Co Ltd	Akzo Nobel Paints (Malaysia) Sdn. Bhd.
Akzo Nobel Coatings AS	Akzo Nobel Paints (Thailand) Limited
Akzo Nobel Coatings CZ a.s.	Akzo Nobel Paints Lanka (Pvt) Ltd
Akzo Nobel Coatings Inc.	Akzo Nobel Paints Taiwan Limited
Akzo Nobel Coatings K.K.	Akzo Nobel Powder Coatings Korea Co., Ltd.
Akzo Nobel Coatings Limited	Akzo Nobel UAE Paints L.L.C.
Akzo Nobel Coatings S.A. (Morocco)	AkzoNobel South Africa (Pty) Ltd
Akzo Nobel Coatings S.P.A.	Compania Mexicana de Pinturas International S.A. de C.V.
Akzo Nobel Coatings, S.L.U.	Flexcrete Technologies Limited

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 34 : Related Party Disclosures (contd..)

Akzo Nobel Decorative Coatings B.V.	International Farbenwerke GmbH
Akzo Nobel Global Business Services LLP	International Farg AB
Akzo Nobel Hilden GmbH	International Farvefabrik A/S
Akzo Nobel Industrial Coatings AB	International Paint (East Russia) Ltd
Akzo Nobel Industrial Coatings Korea Ltd.	International Paint (Hong Kong) Ltd.
Akzo Nobel International Paint (Suzhou) Co. Ltd.	International Paint Limited
Akzo Nobel LLC	International Paint LLC
Akzo Nobel Oman SAOC	International Paint Pazarlama Limited Sirketi
Akzo Nobel Packaging Coatings Limited	International Paint Sdn Bhd
Akzo Nobel Paints (Shanghai) Co., Ltd	International Paint (Akzo Nobel Chile) Ltda
Akzo Nobel Paints (Singapore) Pte. Ltd.	International Paint (Korea) Ltd
Akzo Nobel Paints Limited	International Paint (Nederland) B.V.
Akzo Nobel Performance Coatings (Changzhou) Co., Ltd.	International Paint (Panama) Inc.
Akzo Nobel Performance Coatings (Shanghai) Co Ltd	International Paint (Taiwan) Ltd
Akzo Nobel Powder Coatings (Langfang) Co Ltd.	International Paint of Shanghai Co Ltd
Akzo Nobel Powder Coatings GMBH	International Paint Singapore Pte. Ltd.
Akzo Nobel Powder Coatings Limited	Oy International Paint (Finland) AB
Akzo Nobel Pty. Limited	Pinturas Inca S.A.
Akzo Nobel SAS	PT Akzo Nobel Car Refinishes Indonesia
Akzo Nobel Saudi Arabia Ltd.	PT ICI Paints Indonesia
Akzo Nobel Server Boya Sanayi ve Ticaret A.S.	PT International Paint Indonesia
Akzo Nobel Vietnam Limited	Schramm Coatings GmbH
Akzo Nobel Car Refinishes B.V.	

### (c) Key Management Personnel

Mr. Oscar Wezenbeek - Non-Executive Director (upto 22 May 2021) and Chairman (from 23 May 2021)
Mr. Amit Jain - Chairman (upto 22 May 2021) and Independent Director (from 13 August 2021)
Mr. Rajiv Rajgopal - Managing Director
Mr. Krishna Rallapalli - Wholetime Director and CFO (from 1 December 2021)
Mr. Lakshay Kataria - Wholetime Director and CFO (upto 30 September 2021)
Mr. Hemant Sahai - Independent Director
Mr. Arvind Uppal - Independent Director (upto 22 May 2021)
Mr. Rahul Bhatnagar - Independent Director (upto 22 May 2021)
Mrs. Smriti Vijay - Independent Director
Mrs. Harshi Rastogi - Wholetime Director and CFO ( from 1 October 2021 upto 30 November 2021) and Company Secretary

### (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

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 34 : Related Party Disclosures (contd..)

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

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, United Kingdom	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Group	Key Management Personnel	Employee Benefit Trusts	Total
	2021-22 (2020-21)	2021-22 (2020-21)	2021-22 (2020-21)	2021-22 (2020-21)	2021-22 (2020-21)	2021-22 (2020-21)	2021-22 (2020-21)
<b>a) Transactions during the year</b>							
Purchase of materials / finished goods	-	-	-	1,547	-	-	1,547
Sale of finished goods	(-)	(-)	(-)	(1,110)	(-)	(-)	(1,110)
Expenses incurred and recovered/ recoverable from other Companies (Income)	(-)	(-)	(-)	(310)	(-)	(-)	(310)
Expenses reimbursed to other Companies (Expense)	(-)	(-)	(-)	139	(-)	(-)	139
Royalty	(-)	(-)	(-)	(13)	(-)	(-)	(13)
Dividend paid	(-)	(-)	(-)	13	(-)	(-)	13
Services provided (Income)	(-)	(-)	(-)	(834)	(-)	(-)	(834)
Services received (expenses)	(-)	1,608	775	(-)	(-)	(-)	2,383
Managerial remuneration	(-)	(781)	(376)	(-)	(-)	(-)	(1,157)
Short-term employee benefits	22	-	-	517	-	-	539
Post employment benefits	(44)	(-)	(-)	(413)	(-)	(-)	(457)
Other long - term benefits	280	(-)	(-)	130	(-)	(-)	410
Contributions made	(276)	(-)	(-)	(130)	(-)	(-)	(406)
Guarantee issued on behalf of the Group for credit facilities from banks	-	-	-	-	48	-	48
Managerial remuneration	(-)	(-)	(-)	(-)	(74)	(-)	(74)
Short-term employee benefits	(-)	(-)	(-)	(-)	3	(-)	3
Post employment benefits	(-)	(-)	(-)	(-)	(6)	(-)	(6)
Other long - term benefits	(-)	(-)	(-)	(-)	8	(-)	8
Contributions made	(-)	(-)	(-)	(-)	(7)	(-)	(7)
Guarantee issued on behalf of the Group for credit facilities from banks	(-)	(-)	(-)	(-)	(-)	192	192
Managerial remuneration	(-)	(-)	(-)	(-)	(-)	(173)	(173)
Short-term employee benefits	850	-	-	-	-	-	850
Post employment benefits	(850)	(-)	(-)	(-)	(-)	(-)	(850)

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

	Akzo Nobel N.V., Netherlands	Imperial Chemical Industries Limited, United Kingdom	Akzo Nobel Coatings International B.V.	Fellow Subsidiaries of the Group	Key Management Personnel	Employee Benefit Trusts	Total
	2021-22 (2020-21)	2021-22 (2020-21)	2021-22 (2020-21)	2021-22 (2020-21)	2021-22 (2020-21)	2021-22 (2020-21)	2021-22 (2020-21)
<b>b) Balances as at the end of the year</b>							
Dues to related parties	639	-	552	702	34	-	1,926
Dues from related parties	(353)	(-)	(479)	(748)	(27)	(-)	(1,607)
Share Capital outstanding as at end of the year	5	-	-	454	-	-	459
Dues to related parties	(2)	(-)	(-)	(271)	(-)	(-)	(273)
Share Capital outstanding as at end of the year	-	230	111	-	-	-	341
Dues to related parties	(-)	(230)	(111)	(-)	(-)	(-)	(341)

#### 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 2022 (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 2020-21

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 34 : 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 2022	For the year ended 31 March 2021
<b>Purchase of materials / finished goods</b>		
PT Akzo Nobel Car Refinishes Indonesia	329	303
Akzo Nobel Hilden GmbH	256	-
Others	962	807
	<b>1,547</b>	<b>1,110</b>
<b>Sales of finished goods</b>		
Akzo Nobel Vietnam Limited	8	58
PT ICI Paints Indonesia	89	62
Akzo Nobel LLC	6	60
Akzo Nobel Paints (Malaysia) Sdn. Bhd.	52	34
Akzo Nobel Paints (Thailand) Limited	38	-
Others	115	96
	<b>308</b>	<b>310</b>
<b>Expenses incurred and recovered/recoverable from other Companies ( Income)</b>		
Akzo Nobel Global Business Services LLP	132	160
Others	7	11
	<b>139</b>	<b>171</b>
<b>Expenses reimbursed to other Companies (Expense)</b>		
Akzo Nobel Paints (Singapore) Pte. Ltd.	13	11
Others	*	2
	<b>13</b>	<b>13</b>
<b>Royalty</b>		
Akzo Nobel Coatings International B.V.	1,089	834
	<b>1,089</b>	<b>834</b>
<b>Dividend paid</b>		
Imperial Chemical Industries Limited, United Kingdom	1,608	781
Akzo Nobel Coatings International B.V.	775	376
	<b>2,383</b>	<b>1,157</b>
<b>Services provided (Income)</b>		
Akzo Nobel Car Refinishes B.V.	513	413
Akzo Nobel N.V. Netherlands	22	44
Others	4	-
	<b>539</b>	<b>457</b>
<b>Services received (Expense)</b>		
Akzo Nobel N.V. Netherlands	280	276
Akzo Nobel Global Business Services LLP	130	130
	<b>410</b>	<b>406</b>
<b>Managerial remuneration</b>		
Mr. Rajiv Rajgopal	32	52
Mr. Lakshay Kataria	6	19
Ms. Harshi Rastogi	10	9
Others	11	7
	<b>59</b>	<b>87</b>
<b>Contributions made</b>		
The Alkali and Chemical Corporation of India Limited Provident Fund	189	173
Others	3	*
	<b>192</b>	<b>173</b>
<b>Guarantee issued on behalf of the Group for credit facilities from banks</b>		
Akzo Nobel N.V. Netherlands	850	850
	<b>850</b>	<b>850</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 34 : Related Party Disclosures (contd..)

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Dues to related parties</b>		
Akzo Nobel Coatings International B.V.	552	479
Akzo Nobel N.V. Netherlands	639	353
PT Akzo Nobel Car Refinishes Indonesia	67	163
Others	668	612
	<b>1,926</b>	<b>1,607</b>
<b>Dues from related parties</b>		
Akzo Nobel Car Refinishes B.V.	264	116
Akzo Nobel Global Business Services LLP	42	58
Akzo Nobel Vietnam Limited	-	28
Others	153	71
	<b>459</b>	<b>273</b>
<b>Share capital outstanding</b>		
Imperial Chemical Industries Limited, United Kingdom	230	230
Akzo Nobel Coatings International B.V.	111	111
	<b>341</b>	<b>341</b>

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

## Note 35 : Employee benefits

### Defined benefit plans

The Group makes specified monthly contributions towards employees' provident fund and pension to the trusts administered by the Group for certain employees. The minimum interest payable by the provident fund trusts to the beneficiaries every year is notified by the Government. The Group has an obligation to make good the shortfall of 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 27 (c).

### Post-retirement medical benefits

The Group provides post-retirement healthcare benefits to its 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 i.e. actuarial valuation using the projected unit credit method. 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 scheme for eligible employees. The Group recognises contribution payable to the respective employee benefit fund 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 27 (c).

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 35 : Employee benefits (contd..)

### 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 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021
	<b>(A) Employee benefit expense recognised in statement of profit and loss</b>							
(a) Current service cost	53	50	2	1	4	3	89	74
(b) Interest cost (net)	13	11	(4)	(4)	20	20	3	1
(c) Past service cost - plan amendments	-	-	-	-	-	-	-	-
<b>Total expense / (gain)</b>	<b>66</b>	<b>61</b>	<b>(2)</b>	<b>(3)</b>	<b>24</b>	<b>23</b>	<b>92</b>	<b>75</b>
<b>Remeasurements recognised directly in other comprehensive income</b>								
(a) Return on plan assets (greater/ less than discount rate)	(1)	(22)	(5)	(11)	-	-	(39)	(56)
(b) Actuarial (gains) / losses								
- from changes in demographic assumptions	-	-	2	-	-	-	-	-
- from changes in financial assumptions	(20)	7	(5)	2	(16)	7	(5)	58
- Experience adjustments	43	16	4	(6)	6	9	33	19
(c) Adjustment for limit on net asset	-	-	4	10	-	-	-	-
<b>Total expense / (gain)</b>	<b>22</b>	<b>1</b>	<b>*</b>	<b>(5)</b>	<b>(10)</b>	<b>16</b>	<b>(11)</b>	<b>21</b>

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
	<b>(B) Net Asset / (Liability) as at year end</b>							
(a) Present value of obligations as at year end	673	583	89	94	341	344	1,748	1,485
(b) Fair value of plan assets as at year end	356	353	247	247	-	-	1,715	1,452
(c) Fair value of plan assets, limited to present value of future contributions	356	353	146	155	-	-	1,715	1,452
<b>Net Asset / (Liability) (b)-(a)</b>	<b>(317)</b>	<b>(230)</b>	<b>158</b>	<b>153</b>	<b>(341)</b>	<b>(344)</b>	<b>(33)</b>	<b>(33)</b>
<b>Net Asset / (Liability) recognised in Balance Sheet (c)-(a)</b>	<b>(317)</b>	<b>(230)</b>	<b>57</b>	<b>61</b>	<b>(341)</b>	<b>(344)</b>	<b>(33)</b>	<b>(33)</b>
<b>(Refer below details for amount recognised in balance sheet)</b>								
Provision in Balance Sheet (Refer note 13)								
Current	(2)	(1)	-	-	(25)	(24)	-	-
Non-Current	(315)	(229)	-	-	(316)	(320)	(33)	(33)
	<b>(317)</b>	<b>(230)</b>	<b>-</b>	<b>-</b>	<b>(341)</b>	<b>(344)</b>	<b>(33)</b>	<b>(33)</b>
<b>Retirement Benefit Trust Surplus (Refer note 6.1)</b>								
Current	-	-	-	-	-	-	-	-
Non-Current	-	-	57	61	-	-	-	-
	<b>-</b>	<b>-</b>	<b>57</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 35 : Employee benefits (contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
	<b>Net Asset / (Liability) recognised in Balance Sheet</b>							
Current	(2)	(1)	-	-	(25)	(24)	-	-
Non-Current	(315)	(229)	57	61	(316)	(320)	(33)	(33)
	<b>(317)</b>	<b>(230)</b>	<b>57</b>	<b>61</b>	<b>(341)</b>	<b>(344)</b>	<b>(33)</b>	<b>(33)</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 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
	<b>(C) Change in defined benefit obligations during the year</b>							
Present value of obligations at beginning of the year	583	510	94	117	344	327	1,485	1,250
(a) Current service cost	54	50	2	2	4	3	89	74
(b) Interest cost	34	30	5	6	20	20	92	80
(c) Benefits paid	(22)	(30)	(13)	(26)	(17)	(21)	(131)	(111)
(d) Actuarial (gains) / losses	23	23	1	(5)	(10)	15	28	78
(e) Employee Contributions	-	-	-	-	-	-	111	102
(f) Other Adjustments	1	-	-	-	-	-	74	12
<b>Present value of obligations at end of the year</b>	<b>673</b>	<b>583</b>	<b>89</b>	<b>94</b>	<b>341</b>	<b>344</b>	<b>1,748</b>	<b>1,485</b>

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
	<b>(D) Change in fair value of plan assets during the year</b>							
Fair value of plan assets as at beginning of the year	353	329	247	257	-	-	1,452	1,242
(a) Return on plan assets (greater)/less than discount rate	1	22	5	11	-	-	40	56
(b) Interest income on plan assets	21	20	14	15	-	-	91	79
(c) Group contributions	3	-	-	-	-	-	79	72
(d) Employee Contributions	-	-	-	-	-	-	111	102
(e) Benefits paid	(22)	(18)	(13)	(26)	-	-	(131)	(111)
(f) Adjustment of defined contribution	-	-	(6)	-	-	-	73	12
(g) Acquisition cost	-	-	-	(10)	-	-	-	-
<b>Fair value of plan assets</b>	<b>356</b>	<b>353</b>	<b>247</b>	<b>247</b>	<b>-</b>	<b>-</b>	<b>1,715</b>	<b>1,452</b>
<b>(E) Change in Irrevocable Surplus</b>								
Irrevocable Surplus as at the beginning of the year	-	-	92	76	-	-	-	-
(a) Interest in Irrevocable Surplus	-	-	6	5	-	-	-	-
(b) Change in Irrevocable Surplus in excess of interest	-	-	3	11	-	-	-	-
<b>Irrevocable Surplus as at the end of the year</b>	<b>-</b>	<b>-</b>	<b>101</b>	<b>92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(F) Expected maturity analysis of undiscounted defined benefit plans</b>								
Less than a year	97	80	17	18	26	24	287	241
Between 1-2 years	94	81	16	16	26	25	265	222
Between 2-5 years	277	237	41	42	81	74	571	476
Over 5 years	464	400	41	43	137	118	1,179	985
<b>Total</b>	<b>932</b>	<b>798</b>	<b>115</b>	<b>119</b>	<b>270</b>	<b>241</b>	<b>2,302</b>	<b>1,924</b>

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 35 : Employee benefits (contd..)

	Gratuity		Pension		Post Retirement Medical Benefit		Provident Fund	
	As at	As at	As at	As at				
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>(G) Weighted Average Duration</b>	6	6	6	6	6	6	6	6
<b>(H) Sensitivity Analysis</b>								
<b>Discount Rate (%age)</b>								
Effect on DBO due to 0.5% increase in Discount Rate	-2.8%	-2.9%	-3.4%	-4.3%	-5.0%	-5.8%	-1.9%	-
Effect on DBO due to 0.5% decrease in Discount Rate	3.0%	3.1%	4.5%	4.3%	5.3%	5.6%	1.9%	-
<b>Salary Escalation Rate (%age)</b>								
Effect on DBO due to 0.5% increase in Salary Escalation Rate	2.8%	2.9%	-	-	-	-	-	-
Effect on DBO due to 0.5% decrease in Salary Escalation Rate	-2.7%	-2.9%	-	-	-	-	-	-
<b>Medical Inflation Rate (%)</b>								
Effect on DBO due to 0.5% increase in Medical Inflation	-	-	-	-	4.7%	4.8%	-	-
Effect on DBO due to 0.5% decrease in Medical Inflation	-	-	-	-	-4.4%	-4.4%	-	-
<b>Mortality Rate (%)</b>								
Effect on DBO if Post retirement medical rates are scaled up by one year	-	-	-	-	-5.3%	-4.7%	-	-
Effect on DBO if Post retirement medical rates are scaled down by one year	-	-	-	-	5.6%	4.9%	-	-

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.

	Long service award obligation		Pension obligation		Leave obligation	
	As at	As at	As at	As at	As at	As at
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Current	(3)	(2)	-	-	(161)	(155)
Non-Current	(13)	(13)	(3)	(14)	-	-
<b>Total</b>	<b>(16)</b>	<b>(15)</b>	<b>(3)</b>	<b>(14)</b>	<b>(161)</b>	<b>(155)</b>

(J) Expected contributions to defined benefit plans for the year ending on 31 March 2023 is ₹ 245 (31 March 2022 ₹ 182).

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 35 : Employee benefits (contd..)

### (K) Major category of plan assets

	Gratuity		Pension				Provident Fund					
	As at		As at		As at		As at		As at			
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021		
	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
Government of India Securities (Central and State)	9%	32	9%	32	24%	58	23%	56	57%	971	50%	714
High Quality Corporate Bonds (including Public sector bonds)	7%	25	9%	30	19%	46	23%	57	34%	596	32%	478
Cash (including special deposits)	18%	62	2%	7	4%	9	14%	33	5%	79	6%	87
Scheme of Insurance-conventional Products	17%	62	30%	106	-	-	-	-	-	-	-	-
Scheme of Insurance-ULIP products	44%	155	46%	162	-	-	-	-	-	-	-	-
Other	5%	20	4%	16	53%	134	40%	101	4%	69	12%	173
	100%	356	100%	353	100%	247	100%	247	100%	1715	100%	1452

### Actuarial Assumptions

	2021-22	2020-21
Discount Rate (annual)	6.50%	6.00%
Salary growth rate	7.00%	7.00%
Expected rate of return (annualised)	7.25%	7.65%
Medical Inflation Rate	8.00%	8.00%

### (L) Risk exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

**Asset Volatility :** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a return lesser than the yield. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk to minimise risk to an acceptable level.

**Changes in bond yields :** The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**Inflation risks :** In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

**Life expectancy :** The pension and medical plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary conditions result in higher sensitivity to changes in life expectancy.

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.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 36 : Statutory Group Information

a) Additional information to consolidated financial statements (Pursuant to Schedule III to the Companies Act, 2013):

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹	As % of consolidated profit and loss	₹	As % of consolidated other comprehensive income	₹	As % of total comprehensive income	₹
<b>Holding Company</b>								
<b>AKZO NOBEL INDIA LIMITED</b>								
Balance as at 31 March 2022	99.94%	12,588	99.97%	2,900	0.01%	*	100.00%	2,900
Balance as at 31 March 2021	99.95%	12,876	99.99%	2,076	99.99%	(25)	100.00%	2,051
<b>Indian Subsidiary</b>								
<b>ICI India Research &amp; Technology Centre</b>								
Balance as at 31 March 2022	0.06%	7	0.03%	1	99.99%	(1)	-	-
Balance as at 31 March 2021	0.05%	7	0.01%	*	0.01%	*	-	-
<b>Total</b>								
Balance as at 31 March 2022	100.00%	12,595	100.00%	2,901	100.00%	(1)	100.00%	2,900
Balance as at 31 March 2021	100.00%	12,883	100.00%	2,076	100.00%	(25)	100.00%	2,051

b) The 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 Holding Company, they will contribute a maximum of ₹ 100/- (Rupees hundred) in the event the subsidiary is wound up. The subsidiary conducts research activity on behalf of Akzo Nobel India Limited and receives contributions from the Holding Company to the extent of costs incurred on such research activity.

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

## Note 37 : Disclosure of transactions with struck off companies

Details of transactions entered into by Group with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 are as follows:

Name of struck off Company	Nature of transactions with struck off Company	Balance outstanding as at March 31, 2022	Balance outstanding as at March 31, 2021	Relationship with the struck off Company, if any, to be disclosed
Kohinoor Mills Limited	Investment in equity instruments*	-	*	None

\*These balances were written off during the year. (Amount is below rounding off norms, adopted by the Group)

## Note 38 : Additional regulatory information required by Schedule III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The Group does not have any borrowings from banks and financial institutions on the basis of security of current assets.

(iii) Wilful defaulter

The Group is not declared wilful defaulter by any bank or financial institution or government or any government authority.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 38 : Additional regulatory information required by Schedule III (contd..)

(iv) Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

(v) Compliance with approved scheme(s) of arrangements

The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vi) Utilisation of borrowed funds and share premium

The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
- b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

- a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(vii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(viii) Details of crypto currency or virtual currency

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

(ix) Valuation of Property, plant and equipment and intangible asset

The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

**Note 39 :** Managerial remuneration paid by erstwhile Akzo Nobel Coatings India Private Limited ("AN Coatings"), since amalgamated with the Group, for the years ended 31 March 1999 and 31 March 2000 was in excess of limits prescribed under the Companies Act, 1956 by an amount of ₹ 10. AN Coatings had, therefore, made applications with the Central Government for approval of the excess remuneration paid, for which response is awaited.

**Note 40 :** The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 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 Consolidated Financial Statements, particularly on the amount of tax expense and that of provision for taxation.

**Note 41 :** The Group has revised useful lives of certain assets with effect from 1 April 2020 based on their expected period of use and physical condition, which has resulted in reduction in depreciation and amortisation expense by ₹ 90 for the year ended 31 March 2021 with corresponding impact on profit before tax.

# NOTES

to the Consolidated Financial Statements for the year ended 31 March 2022  
(All amounts are in millions Indian ₹, unless otherwise stated)

## Note 42 : COVID-19

In preparation of Consolidated Financial Statements for the year ended 31 March 2022, the Group has taken into account the possible impact of COVID-19 and the related internal and external factors known to the management upto the date of approval of these Consolidated Financial Statements to assess the carrying amount of its assets and liabilities. Accordingly no material impact is anticipated in these Consolidated Financial Statements.

**Note 43 :** Previous year's figures have been regrouped/reclassified where required to conform to the current year's classification.

As per our report of even date attached.

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

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

### Anurag Khandelwal

Partner

Membership No. : 078571

Place: Gurugram

Date: 27 May 2022

### Oscar Wezenbeek

Chairman

DIN : 08432564

Place: Singapore

Date: 27 May 2022

### Rajiv Rajgopal

Managing Director

DIN : 06685599

Place: Gurugram

Date: 27 May 2022

### Krishna Rallapalli

Wholetime Director and CFO

DIN : 03384607

Place: Gurugram

Date: 27 May 2022

### Harshi Rastogi

Company Secretary

ACS 13642

Place: Gurugram

Date: 27 May 2022



# 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 68th Annual General Meeting ('AGM') of the Members of Akzo Nobel India Limited will be held on Friday, 5 August 2022 at 1430 hours through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the audited financial statements (standalone and consolidated) for the year ended 31 March 2022 and the reports of the Directors and Auditors thereon.
2. To confirm interim Dividend as declared and paid and to declare final Dividend on equity shares for the year ended 31 March 2022.
3. To appoint a Director in place of Mr Oscar Christian Maria Józef Wezenbeek (DIN 08432564) who retires by rotation and being eligible, offers himself for re-appointment.

### Special Business

4. To consider appointment of Mrs Smriti Rekha Vijay (DIN 03305041) as an Independent Director and, if thought fit, pass the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of sections 149, 150, 152, Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs Smriti Rekha Vijay (DIN 03305041), Independent Director of the Company who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as

an Independent Director of the Company to hold office for a second term of three consecutive years with effect from 16 August 2022 to 15 August 2025 and she shall not be liable to retire by rotation."

"RESOLVED FURTHER that the Key Managerial Personnel of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution."

5. To consider ratification of remuneration to M/s Chandra Wadhwa & Co., Cost Auditors and, if thought fit, pass the following resolution as an ordinary resolution:

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory amendment or modification or re-enactment thereof, for the time being in force), 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 of India, appointed as the Cost Auditors of the Company for the year 2022-23 by the Board of Directors, be and is hereby ratified."

By order of the Board for Akzo Nobel India Limited

27 May 2022  
Gurugram

**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, the Ministry of Corporate Affairs (“MCA”) has vide its Circular No. 02/2022 dated 5 May 2022 read with Circular No. 02/2021 dated 13 January 2021, Circular No. 20/2020 dated 5 May 2020, Circular No. 14/2020 dated 8 April 2020 and Circular No. 17/2020 dated 13 April 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, upto 31 December 2022.

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 shall be conducted 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 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice.
- 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 30 July 2022 to 5 August 2022 (both days inclusive).
- vii) Final Dividend, if approved at the Meeting, will be paid on or around 26 August 2022 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 29 July 2022 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 29 July 2022.

## 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

#### 1. Resident Individual

- a. TDS is required to be deducted at the rate of 10% under Section 194 of the Act.

Rate of TDS @10% under section 194 of the Act is subject to provisions of section 206AB of Act which provides for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted at the highest of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

As per Central Board of Direct Taxes vide Circular No. 11 of 2021 dated 21st June 2021, for determining TDS rate on Dividend, the Company will be using functionality of the Income-tax department to determine the applicability of Section 206AB of the Act.

Your PAN number which would be available in the database of the RTA/ Depository as on the record date will be considered by the Company for the purpose of tax deduction at source and the relevant tax compliances. The specified person who has not submitted PAN and/ or has not filed the income-tax returns; the tax shall be deducted at the higher of the two rates prescribed in Section 206AA and Section 206AB of the Act.

- b. In case the dividend is not exceeding ₹ 5,000 in a fiscal year to resident individual shareholder then no tax will be deducted from the dividend. If any resident individual shareholder is in receipt of Dividend exceeding ₹ 5,000 in a fiscal year, entire dividend will be subject to applicable rate of tax.

- c. No TDS is required to be deducted on furnishing of valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income).
- d. TDS is required to be deducted at the rate of 20% under Section 206AA of the Act, if valid PAN of the shareholder is not available.\*
- e. TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued under Section 197 of the Act, if such valid certificate is provided.

\* If the PAN is not as per the database of the Income-tax Portal, it would be considered as invalid PAN. Further as per the Notification of Central Board of Direct Taxes, individual shareholders are requested to link their Aadhaar number with PAN and file your income tax return to avoid deduction of tax at higher rates.

## 2 Resident Non-Individual:

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 and registration certificate issued by IRDA.
- 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 SEBI registration certificate.
- Recognized Provident Fund: No TDS is required to be deducted as per Circular No.18/2017, subject to specified conditions Self-attested copy of a valid order from Commissioner under Rule 3 of Part A of Fourth Schedule to the Act, or self-attested valid documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees' Provident Funds Act, 1952 needs to be submitted.
- Approved Superannuation Fund: No TDS is required to be deducted as per Circular No.18/2017, subject to specified conditions. Self-attested copy of valid approval granted by

Commissioner under Rule 2 of Part B of Fourth Schedule to the Act needs to be submitted.

- Approved Gratuity Fund: No TDS is required to be deducted as per Circular No.18/2017, subject to specified conditions. Self- attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the Act needs to be submitted.
- National Pension Scheme: No TDS is required to be deducted as per Section 197A(1E) of the Act.
- Government (Central/State): No TDS is required to be deducted as per Section 196(i) of the Act.
- Other Non-Individual shareholders: Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.

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. Further, in case you are identified as a "Specified Person" under section 206AB then we request you to submit self-declaration for not having permanent establishment in India as per tax law so that tax can be deducted as per the applicable provisions of Income Tax Act, 1961. 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 2022 to March

2023) 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 2022 to March 2023) 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 [rta@cbmsl.com](mailto:rta@cbmsl.com) on or before Friday, 29 July 2022 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, 29 July, 2022. 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/address 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 ("DP") in case of shares held in dematerialized form or to the Registrar and Transfer Agent ("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 2015 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 2022.

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 [rta@cbmsl.com](mailto:rta@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 DP (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. 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 for online inspection.

- 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. 02/2022 dated 5 May 2022 read with Circular No. 02/2021 dated 13 January 2021, Circular No. 20/2020 dated 5 May 2020, Circular No. 14/2020 dated 8 April 2020 and Circular No. 17/2020 dated 13 April 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 2021-22 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.

### **E-Voting Instructions for remote e-voting**

1. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as

amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by National Securities Depository Limited ('NSDL').

2. The members who have cast their vote by remote e-voting prior to the Annual General Meeting 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"
3. The remote e-voting period commences on 2 August 2022 (9 am) and ends on 4 August 2022 (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 29 July 2022, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter.
4. 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: Access to NSDL e-Voting system**

- A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated 9 December 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

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**Type of shareholders**

Individual Shareholders holding securities in demat mode with NSDL.

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**Login Method**

1. Existing IDeAS user can visit the e-Services website of NSDL Viz. <https://eservices.nsdl.com> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
2. If you are not registered for IDeAS e-Services, option to register is available at <https://eservices.nsdl.com>. Select “Register Online for IDeAS Portal” or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.



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Individual Shareholders holding securities in demat mode with CDSL

1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <https://web.cdslindia.com/myeasi/home/login> or [www.cdslindia.com](http://www.cdslindia.com) and click on New System Myeasi.
  2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.
  3. If the user is not registered for Easi/Easiest, option to register is available at <https://web.cdslindia.com/myeasi/Registration/EasiRegistration>
  4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
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**Type of shareholders**

Individual Shareholders (holding securities in demat mode) login through their depository participants

**Login Method**

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk** for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

**Login type**

Individual Shareholders holding securities in demat mode with NSDL

**Helpdesk details**

Members facing any technical issue in login can contact NSDL helpdesk by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Individual Shareholders holding securities in demat mode with CDSL

Members facing any technical issue in login can contact CDSL helpdesk by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 or 022-23058542-43

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal 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 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP 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 :

**Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical**

**Your User ID is:**

a) For Members who hold shares in demat account with NSDL.

8 Character DP ID followed by 8 Digit Client ID

For example if your DP ID is IN300\*\*\* and Client ID is 12\*\*\*\*\* then your user ID is IN300\*\*\*12\*\*\*\*\*.

b) For Members who hold shares in demat account with CDSL.

16 Digit Beneficiary ID

For example if your Beneficiary ID is 12\*\*\*\*\* then your user ID is 12\*\*\*\*\*

c) For Members holding shares in Physical Form.

EVEN Number followed by Folio Number registered with the company  
For example if EVEN is 101456 and folio number is 001\*\*\* then user ID is 101456001\*\*\*

5. Password details for shareholders other than Individual shareholders 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'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, 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 etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
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.

## Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. 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.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. 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 grievance 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). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
- 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 queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr Amit Vishal, AVP, NSDL and /or Ms Pallavi Mhatre, Senior Manager, NSDL at [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 29 July 2022.
- e. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. 29 July 2022, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. 1800 1020 990 and 1800 22 44 30 . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 29 July 2022 may follow steps mentioned in the Notice of the AGM under Step 1: "Access to NSDL e-Voting system" (above).
- 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, after the conclusion of e-voting at the Meeting, will 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 shall be declared within 48 hours from the conclusion of the meeting. 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. Members 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. After successful login, you can see link of "VC/OAVM link" placed under "Join Meeting" menu against company name. You are requested to click on VC/OAVM link placed under "Join Meeting" menu. 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. 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 a stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

4. 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 25 July 2022 (9:00 a.m. IST) to 2 August 2022 (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.
5. Adequate audio/video infrastructure, internet connectivity and speed available at the Speaker's location are essential to ensure smooth interaction.
6. In the interest of time, each Speaker is requested to express his / her views in 2–3 minutes.
7. 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.
8. Members who need assistance for attending the AGM, please call toll free number 1800 1205 764 (available only on AGM day).

## **Explanatory statement pursuant to Section 102 of the Companies Act, 2013**

### **Item No. 4**

#### **Re-appointment of Mrs Smriti Rekha Vijay as an Independent Director**

Mrs Smriti Rekha Vijay ('Mrs Vijay') joined the Board of the Company as an Independent Director on 16 August 2019. She is currently the Chairperson of the Audit Committee and CSR Committee. She is also a member of the Nomination and Remuneration Committee and Risk Management Committee.

Under the provisions of the Act, a person can serve as an independent Director on the Board of a company for a maximum of two consecutive terms of five years each. In case the Board decides to recommend a Board member for a second term as an Independent Director, such appointment shall require approval of shareholders by means of a special resolution.

The present term of appointment of Mrs Vijay as an Independent Director of the Company ends on 15 August 2022. Pursuant to the recommendations of the Nomination and Remuneration

Committee, the Board, at its meeting held on 27 May 2022, resolved to recommend her re-appointment for another term of three years, subject to the approval of the shareholders by means of a special resolution.

Relevant details relating to the appointment of Mrs Vijay, including her profile, as required by the Act, Listing Regulations and Secretarial Standards issued by ICSI are provided in the 'Annexure' to the Notice.

In the opinion of the Nomination and Remuneration Committee and the Board of Directors of the Company, the appointment of Mrs Vijay as an Independent Director would be in the interest of the Company and its shareholders considering her wealth of experience and immense value she brings to the Board.

Mrs Vijay is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has consented to act as an Independent Director of the Company. The Company has also received declarations from Mrs Vijay that she meets the criteria of independence as prescribed under Section 149 of the Act and the Listing Regulations. Mrs Vijay is not related to any of the Directors of the Company nor does she hold any shares of the Company. She is independent of the management. The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mrs Vijay for the office of Independent Director of the Company. In the opinion of the Board, Mrs Vijay fulfils the conditions for appointment as an Independent Director as specified in the Act and Listing Regulations.

Copy of the draft letter of appointment for Mrs Vijay as an Independent Director setting out the terms and conditions will be open for inspection by any member at the registered office of the Company between 10 am to 12 noon on all working days (excluding Saturdays) upto and including the date of the Annual General Meeting.

The Board recommends the resolution for approval by the shareholders. Except Mrs Vijay, no other Director or Key Managerial Personnel ('KMP') has any interest or concern in this resolution.

### **Item No. 5**

#### **Ratification of remuneration to Cost Auditors**

The Board, at its meeting held on 27 May 2022, 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 2022-23, 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.

## Annexure

### Brief profile of Directors to be appointed/re-appointed

Name of Director(s)	<b>Mrs Smriti Rekha Vijay (DIN: 03305041)</b>	<b>Mr Oscar Christian Maria Jozef Wezenbeek (DIN: 08432564)</b>
Age (years)	63	58
Experience and Qualification	<p>Mrs Smriti Rekha Vijay is currently an Independent Director of the Company. She is also the proprietor of Smriti Rekha &amp; Co. Chartered Accountants, a firm rendering CFO services. She has extensive experience in Corporate Finance, Tax and Governance. She has held the CFO position with the engineering MNCs such as Aker Solutions India, Aker Powergas India, Progress Software Limited, GE Industrial India Limited. Prior to this she held finance and accounting positions with Bharat Heavy Electricals, IndusInd Media &amp; Communications and Hindustan Unilever Limited.</p> <p>Mrs Vijay is an alumna of Yale School of Management with a Global executive leadership certification. She is certified information systems auditor from ISACA and ICAI. She graduated with university rank in BCom from the Madurai Kamaraj University in 1980.</p>	<p>Mr Oscar Christian Maria Jozef Wezenbeek is currently the Chairman of the Company. He is also the Managing Director of Decorative Paints, South East &amp; South Asia (SESA) with the parent Company.</p> <p>He has been associated with AkzoNobel Group over 33 years and led various portfolios in the coatings and automobile businesses in different countries.</p> <p>Mr Wezenbeek 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.</p> <p>Mr Wezenbeek holds a Master's degree in Business Engineering and Management Sciences from Technical University Eindhoven. He 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.</p>
Expertise in specific Functional Areas	Finance, General Management, Legal and Governance.	Sales & Marketing, General Management, Finance and International Business.
Date of first appointment on the Board	16 August 2019	4 May 2019
Number of meetings of the Board attended during the Financial year 2021-2022	She has attended all 6 (six) board meetings held during the financial year.	He has attended all 6 (six) board meetings held during the financial year.
No. of Committees Meetings attended during the year 2021-2022.	She has attended all 12 (twelve) committee meetings, where she is a member, held during the financial year.	He has attended all 5 (five) committee meetings, where he is a member, held during the financial year
Skills and capabilities required for the role and the manner in which the proposed Independent Director meets such requirements	Skills and capabilities required for the role are financial expertise with management skills. Mrs Vijay fulfills the requirement as she is a Chartered Accountant with extensive experience in Corporate Finance, Tax and Governance and has held the CFO position with large organizations.	NA
Shareholding in the Company as on 31 March 2022	Nil	Nil
Term and conditions of re-appointment	Independent Director not liable to retire by rotation	Non-Executive Director, liable to retire by rotation
Detail of remuneration last drawn (FY 2021-22)	₹ 1.9 million	No remuneration paid by the Company as he is in full time employment with the parent Company.

<b>Name of Director(s)</b>	<b>Mrs Smriti Rekha Vijay (DIN: 03305041)</b>	<b>Mr Oscar Christian Maria Jozef Wezenbeek (DIN: 08432564)</b>
Detail of proposed remuneration	Sitting fees and commission as may be approved by the Board of Directors in accordance with applicable provisions of law.	No remuneration proposed by the Company as he is in full time employment with the parent Company.
Resignation from the directorship of the listed companies in the past three years	None	None
Others companies (in India) in which he/she holds Directorship	None other than Akzo Nobel India Limited	ICI India Research & Technology Centre
Chairman / Member of the Committees of the Board of the Companies on which he/ she is a Director*	Chairperson of Audit Committee, Akzo Nobel India Limited	None
Disclosure of relationships between directors inter-se	None	None

\*Committees considered for the purpose are those prescribed in Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, viz. Audit Committee and Stakeholders' Relationship Committee.



## Corporate Office

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# AkzoNobel

## About AkzoNobel:

We supply the sustainable and innovative paints and coatings that our customers, communities – and the environment – are increasingly relying on. That's why everything we do starts with People. Planet. Paint. Our world class portfolio of brands – including Dulux, International, Sikkens and Interpon – is trusted by customers around the globe. We're active in more than 150 countries and have set our sights on becoming the global industry leader. It's what you'd expect from a pioneering paints company that's committed to science-based targets and is taking genuine action to address globally relevant challenges and protect future generations. For more information please visit [www.akzonobel.com](http://www.akzonobel.com).

## About Akzo Nobel India:

Akzo Nobel India has been present in India for over 60 years and is a significant player in the paints industry. In 2008, the company became a member of the AkzoNobel Group. With an employee strength of around 1,500, Akzo Nobel 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. It's 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. For more information please visit [www.akzonobel.co.in](http://www.akzonobel.co.in).

# *Building more resilience*

As a major supplier of sustainable paints and coatings to the construction industry, we can make an important contribution to the ongoing transformation of the built environment. Our one of the largest portfolio of green buildings certified solutions, including powder coatings, coil coatings, protective coatings and wood coatings are helping reduce the carbon footprint of buildings, increasing circularity in buildings and making them healthier places to live and work.

